

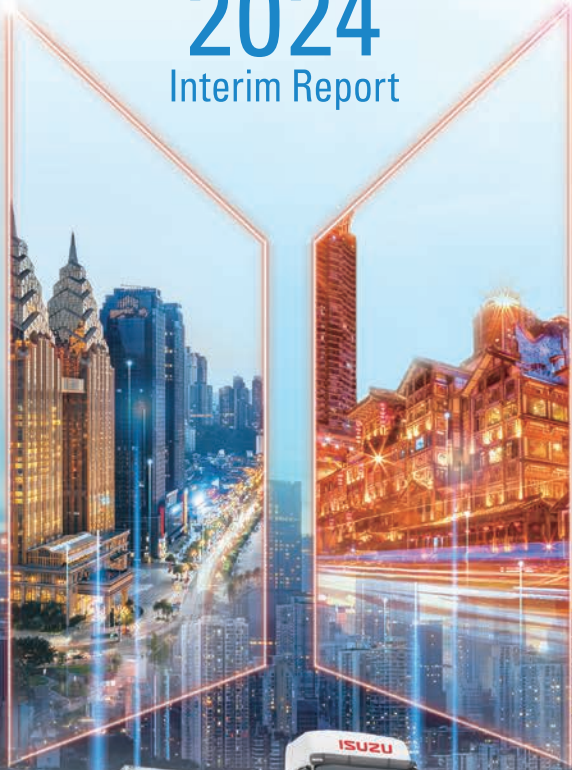


慶鈴汽車股份有限公司 Qingling Motors Co. Ltd

(A Sino-foreign joint venture joint stock limited company incorporated in the People's Republic of China ("PRC") with limited liability)

Stock Code: 1122

2024 Interim Report



REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



天健國際會計師事務所有限公司
Confucius International CPA Limited

Certified Public Accountants

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TO THE BOARD OF DIRECTORS OF QINGLING MOTORS CO. LTD

(A Sino-foreign joint venture joint stock limited company incorporated in the People's Republic of China)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Qingling Motors Co. Ltd (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 3 to 44, which comprise the condensed consolidated statement of financial position as of 30 June 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements, including material accounting policy information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and fair presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.



REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Confucius International CPA Limited

Certified Public Accountants

Tsang Kwong Kin

Practising Certificate Number: P07368

Hong Kong

29 August 2024

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	NOTES	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Revenue	3	2,112,181	1,933,895
Cost of Sales		(1,964,841)	(1,766,278)
Gross profit		147,340	167,617
Other income		136,709	129,954
Other expenses		(3,989)	(4,325)
Impairment losses under expected credit loss model, net of reversal		108	–
Other gains and losses, net		(5,547)	(4,759)
Distribution and selling expenses		(111,091)	(105,006)
Administrative expenses		(90,272)	(95,288)
Research expenses		(79,517)	(83,632)
Finance costs		(671)	(806)
Share of results of associates		75	(468)
Share of results of joint ventures		2,169	1,646
(Loss) profit before tax	4	(4,686)	4,933
Income tax (expense) credit	5	(3,456)	7,091
(Loss) profit and total comprehensive (expenses) income for the period		(8,142)	12,024
(Loss) profit and total comprehensive (expenses) income for the period attributable to:			
Owners of the Company		(12,290)	6,915
Non-controlling interests		4,148	5,109
		(8,142)	12,024
		RMB cents	RMB cents
Basic (loss) earnings per share	7	(0.50)	0.28



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

		At 30 June 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
	<i>NOTES</i>		
Non-current assets			
Property, plant and equipment	8	1,250,624	1,212,392
Right-of-use assets		44,657	53,389
Investment properties		18,536	18,677
Intangible assets		165,505	119,905
Interests in associates		15,037	44,362
Interests in joint ventures		484,414	481,423
Deferred tax assets		59,265	59,822
Time deposits	10	2,447,349	2,569,260
Trade receivables	9	280,309	45,886
Finance lease receivables		2,368	2,740
Deposit paid for property, plant and equipment		1,070	191
		4,769,134	4,608,047
Current assets			
Inventories		1,120,296	1,318,413
Trade, bills and other receivables and prepayments	9	1,941,509	1,531,029
Time deposits	10	1,527,922	1,486,295
Cash and cash equivalents		1,011,837	1,027,775
Tax recoverable		12,486	12,448
Finance lease receivables		616	483
		5,614,666	5,376,443

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2024

	NOTE	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Current liabilities			
Trade, bills and other payables	11	2,432,921	1,775,320
Tax liabilities		1,990	1,810
Contract liabilities		121,852	357,331
Refund liabilities		65,942	72,624
Lease liabilities		16,784	16,457
		2,639,489	2,223,542
Net current assets			
		2,975,177	3,152,901
Total assets less current liabilities			
		7,744,311	7,760,948
Capital and reserves			
Share capital		2,482,268	2,482,268
Share premium and reserves		4,903,245	4,915,535
Equity attributable to owners of the Company			
		7,385,513	7,397,803
Non-controlling interests		343,606	339,458
Total equity			
		7,729,119	7,737,261
Non-current liabilities			
Lease liabilities		11,276	19,404
Deferred income – government grants		3,916	4,283
		15,192	23,687
		7,744,311	7,760,948



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the Company									
	Share capital	Share premium	Capital reserve	Statutory surplus reserve fund	Discretionary surplus reserve fund	Special reserve	Retained profits	Subtotal	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January										
2024 (audited)	2,482,268	1,764,905	571,200	1,236,497	2,347	563	1,340,023	7,397,803	339,458	7,737,261
Loss and total comprehensive expenses for the period	-	-	-	-	-	-	(12,290)	(12,290)	4,148	(8,142)
Transfer	-	-	-	-	-	1,541	(1,541)	-	-	-
At 30 June 2024 (unaudited)	2,482,268	1,764,905	571,200	1,236,497	2,347	2,104	1,326,192	7,385,513	343,606	7,729,119
At 1 January										
2023 (audited)	2,482,268	1,764,905	571,200	1,236,497	2,347	-	1,394,855	7,452,072	333,925	7,785,997
Profit and total comprehensive income for the period	-	-	-	-	-	-	6,915	6,915	5,109	12,024
At 30 June 2023 (unaudited)	2,482,268	1,764,905	571,200	1,236,497	2,347	-	1,401,770	7,458,987	339,034	7,798,021

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	2024 <i>RMB'000</i> (unaudited)	2023 <i>RMB'000</i> (unaudited)
Operating activities		
Operating cash flows before movements in working capital	(14,405)	(21,713)
Decrease in inventories	198,117	126,658
Increase in trade, bills and other receivables and prepayments	(644,569)	(295,757)
Increase (decrease) in trade, bills and other payables	657,601	(131,203)
Decrease in contract liabilities	(235,479)	(283,606)
(Decrease) increase in refund liabilities	(6,682)	14,305
Other operating activities	(4,160)	(8,320)
Net cash used in operating activities	(49,577)	(599,636)
Investing activities		
Purchases of property, plant and equipment	(58,256)	(60,398)
Purchases of intangible assets	(64,862)	(41,851)
Withdrawal of time deposits	712,000	2,570,000
Placement of time deposits	(620,000)	(2,242,000)
Interest received	51,228	110,712
Proceeds on disposal of property, plant and equipment	62	–
Advances to Qingling Group (as defined in Note 9)	(209,303)	(179,338)
Repayments of advance to Qingling Group	209,303	231,129
Proceeds from capital reduction from an associate	29,400	–
Net cash from investing activities	49,572	388,254



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2024

	2024 RMB'000 (unaudited)	2023 <i>RMB'000</i> (unaudited)
Financing activities		
Repayments of lease liabilities	(7,801)	(5,485)
Payments of interest expense	(671)	(806)
Net cash used in financing activities	(8,472)	(6,291)
Net decrease in cash and cash equivalents	(8,477)	(217,673)
Cash and cash equivalents at 1 January	1,027,775	972,924
Effect of foreign exchange rate changes	(7,461)	(5,139)
Cash and cash equivalents at 30 June, represented by cash and cash equivalents	1,011,837	750,112

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. MATERIAL ACCOUNTING POLICY INFORMATION

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than change in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the annual consolidated financial statements of Qingling Motors Co. Ltd (the “Company”) and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2023.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

3. REVENUE/SEGMENT INFORMATION

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, which are recognised at a point in time. The following is an analysis of the Group's revenue from its major products:

	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Types of goods		
Sales of light-duty trucks	902,670	807,520
Sales of pick-up trucks	227,963	368,470
Sales of medium and heavy-duty trucks	511,302	381,095
Sales of chassis	298,421	247,090
Sales of automobile parts, accessories and others	171,825	129,720
Total	2,112,181	1,933,895

Except for export sales to countries outside the People's Republic of China (the "PRC") amounting to RMB181,712,000 (unaudited) (six months ended 30 June 2023: RMB51,974,000 (unaudited)), all other sales of the Group are made to customers located in the PRC.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

3. REVENUE/SEGMENT INFORMATION (CONTINUED)

i. Disaggregation of revenue from contracts with customers (Continued)

Set out below is the reconciliation of the revenue from contracts with customers disclosed in the segment information:

	Light-duty trucks and chassis	Pick-up trucks and chassis	Medium and heavy-duty trucks and chassis	Automobile parts, accessories and others	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Six months ended 30 June 2024					
Sales of light-duty trucks	902,670	-	-	-	902,670
Sales of pick-up trucks	-	227,963	-	-	227,963
Sales of medium and heavy-duty trucks	-	-	511,302	-	511,302
Sales of chassis	291,237	-	7,184	-	298,421
Sales of automobile parts, accessories and others	-	-	-	171,825	171,825
Revenue	1,193,907	227,963	518,486	171,825	2,112,181

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

3. REVENUE/SEGMENT INFORMATION (CONTINUED)

i. Disaggregation of revenue from contracts with customers (Continued)

	Light-duty trucks and chassis	Pick-up trucks and chassis	Medium and heavy-duty trucks and chassis	Automobile parts, accessories and others	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Six months ended 30 June 2023					
Sales of light-duty trucks	807,520	-	-	-	807,520
Sales of pick-up trucks	-	368,470	-	-	368,470
Sales of medium and heavy-duty trucks	-	-	381,095	-	381,095
Sales of chassis	235,859	2,982	8,249	-	247,090
Sales of automobile parts, accessories and others	-	-	-	129,720	129,720
Revenue	1,043,379	371,452	389,344	129,720	1,933,895



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

3. REVENUE/SEGMENT INFORMATION (CONTINUED)

ii. 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 operating and 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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

3. REVENUE/SEGMENT INFORMATION (CONTINUED)

ii. Segment information (Continued)

Segment revenue and results

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

Six months ended 30 June 2024

	Light-duty trucks and chassis <i>RMB'000</i> (unaudited)	Pick-up trucks and chassis <i>RMB'000</i> (unaudited)	Medium and heavy-duty trucks and chassis <i>RMB'000</i> (unaudited)	Automobile parts, accessories and others <i>RMB'000</i> (unaudited)	Consolidated <i>RMB'000</i> (unaudited)
Segment revenue	1,193,907	227,963	518,486	171,825	2,112,181
Result					
Segment profit (loss)	(17,710)	(20,267)	692	25,714	(11,571)
Central administration costs					(42,452)
Other income					136,709
Other expenses					(3,989)
Impairment losses under expected credit loss model, net of reversal					108
Other gains and losses, net					(5,547)
Research expenses					(79,517)
Finance costs					(671)
Share of results of associates					75
Share of results of joint ventures					2,169
Loss before tax					(4,686)



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

3. REVENUE/SEGMENT INFORMATION (CONTINUED)

ii. Segment information (Continued)

Segment revenue and results (Continued)

Six months ended 30 June 2023

	Light-duty trucks and chassis <i>RMB'000</i> (unaudited)	Pick-up trucks and chassis <i>RMB'000</i> (unaudited)	Medium and heavy-duty trucks and chassis <i>RMB'000</i> (unaudited)	Automobile parts, accessories and others <i>RMB'000</i> (unaudited)	Consolidated <i>RMB'000</i> (unaudited)
Segment revenue	1,043,379	371,452	389,344	129,720	1,933,895
Result					
Segment profit (loss)	8,284	(11,218)	6,160	437	3,663
Central administration costs					(36,340)
Other income					129,954
Other expenses					(4,325)
Other gains and losses, net					(4,759)
Research expenses					(83,632)
Finance costs					(806)
Share of results of associates					(468)
Share of results of joint ventures					1,646
Profit before tax					4,933

There have been no inter-segment sales during the six months ended 30 June 2024 and 2023 (unaudited).

Segment profit (loss) represents the profit earned by (loss incurred from) each segment without allocation of central administration costs, other income, other expenses, impairment losses under expected credit loss model, net of reversal, other gains and losses, net, 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

3. REVENUE/SEGMENT INFORMATION (CONTINUED)

ii. Segment information (Continued)

Segment assets and liabilities

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

As at 30 June 2024

	Light-duty trucks and chassis RMB'000 (unaudited)	Pick-up trucks and chassis RMB'000 (unaudited)	Medium and heavy-duty trucks and chassis RMB'000 (unaudited)	Automobile parts, accessories and others RMB'000 (unaudited)	Consolidated RMB'000 (unaudited)
Assets					
Segment assets	1,695,348	387,616	746,328	586,857	3,416,149
Interchangeably used assets between segments					
– Property, plant and equipment					411,704
– Right-of-use assets					44,657
– Inventories					573,225
Investment properties					18,536
Interests in associates					15,037
Interests in joint ventures					484,414
Cash and cash equivalents and time deposits					4,987,108
Other unallocated assets					432,970
Consolidated total assets					10,383,800
Liabilities					
Segment liabilities	200,356	57,582	82,503	41,506	381,947
Unallocated trade, bills and other payables					2,237,676
Unallocated lease liabilities					28,060
Other unallocated liabilities					6,998
Consolidated total liabilities					2,654,681



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

3. REVENUE/SEGMENT INFORMATION (CONTINUED)

ii. Segment information (Continued)

Segment assets and liabilities (Continued)

As at 31 December 2023

	Light-duty trucks and chassis RMB'000 (audited)	Pick-up trucks and chassis RMB'000 (audited)	Medium and heavy-duty trucks and chassis RMB'000 (audited)	Automobile parts, accessories and others RMB'000 (audited)	Consolidated RMB'000 (audited)
Assets					
Segment assets	1,150,733	511,513	786,822	322,274	2,771,342
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					9,984,490
Liabilities					
Segment liabilities	313,631	101,730	109,139	–	524,500
Unallocated trade, bills and other payables					1,680,775
Unallocated lease liabilities					35,861
Other unallocated liabilities					6,093
Consolidated total liabilities					2,247,229

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

3. REVENUE/SEGMENT INFORMATION (CONTINUED)

ii. Segment information (Continued)

Segment assets and liabilities (Continued)

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, interests 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.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

4. (LOSS) PROFIT BEFORE TAX

	2024 RMB'000 (unaudited)	2023 <i>RMB'000</i> (unaudited)
(Loss) profit before tax has been arrived at after charging (crediting):		
Salaries and other payments and benefits	137,094	134,988
Retirement benefits scheme contributions	19,815	19,936
Total staff costs (including directors' and supervisors' remuneration)	156,909	154,924
Staff costs capitalised in inventories	(92,342)	(71,060)
	64,567	83,864
Loss on disposal of property, plant and equipment, net	938	766
Amortisation of intangible assets	19,174	19,193
Depreciation of property, plant and equipment	31,858	27,438
Depreciation of right-of-use assets	8,732	9,030
Total depreciation	40,590	36,468
Capitalised in inventories	(21,299)	(16,940)
	19,291	19,528

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

4. (LOSS) PROFIT BEFORE TAX (CONTINUED)

	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Finance costs of lease liabilities	671	806
Depreciation of investment properties	141	140
Expenses relating to short-term leases	3,763	2,664
Net foreign exchange loss	5,718	4,132
Cost of inventories recognised as an expense (including write-down of inventories: nil (six months ended 30 June 2023: nil))	1,964,841	1,766,278
Subsequent sales of written-down inventories	(2,334)	(4,724)
Interest income from time deposits and bank balances	(69,808)	(73,908)
Rental income from renting of investment properties	(2,126)	(2,126)
Less: Direct operating expenses from investment properties that generated rental income during the period	255	255
	(1,871)	(1,871)
Rental income from renting of equipment	(21,444)	(11,051)
Miscellaneous service income	(4,310)	(5,464)
Miscellaneous service expenses	3,989	4,325
Government grants, including release from deferred income (<i>Note (a)</i>)	(12,241)	(37,398)



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

4. (LOSS) PROFIT BEFORE TAX (CONTINUED)

Note:

- (a) The government grants mainly comprise the special funds for innovative development projects, which are compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs.

During the six months ended 30 June 2024, the Group recognised grants of RMB10,870,000 (unaudited) (six months ended 30 June 2023: RMB13,590,000 (unaudited)) related to special funds for innovative development projects.

During the six months ended 30 June 2024, RMB367,000 (unaudited) (six months ended 30 June 2023: RMB475,000 (unaudited)) was released to profit or loss from deferred income.

The remaining balances of grants are incentives received upon fulfilling the conditions for compensation of research expenses already incurred or as immediate financial support with no future related costs nor related to any assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

5. INCOME TAX EXPENSE (CREDIT)

	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax	3,441	3,273
Over provision in respect of prior year	(542)	(4)
Deferred tax	557	(10,360)
	3,456	(7,091)

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 period accounted for 60% of their respective total revenue, and therefore continue to enjoy the preferential EIT rate of 15% for both periods.

Under the Laws of the PRC on the Enterprise Income Tax ("EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the remaining PRC subsidiaries are 20% and 25% for the six months ended 30 June 2024 (six months ended 30 June 2023: 25%).



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

6. DIVIDENDS

No dividends were paid, declared or proposed during the interim period (six months ended 30 June 2023: nil).

The directors of the Company have determined that no dividend will be paid in respect of the interim period (six months ended 30 June 2023: nil).

7. (LOSS) EARNINGS PER SHARE

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

	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)

(Loss) Earnings

(Loss) earnings for the purpose of basic
(loss) earnings per share
((Loss) profit and total comprehensive
(expenses) income for the period
attributable to owners of the
Company)

(12,290)

6,915

	2024	2023
	'000	'000
	(unaudited)	(unaudited)

Number of shares

Number of shares for the purpose of
basic (loss) earnings per share

2,482,268

2,482,268

No diluted (loss) earnings per share were presented as there were no potential ordinary shares in issue in both periods presented.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

8. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired property, plant and equipment of RMB77,650,000 (unaudited) (six months ended 30 June 2023: RMB71,868,000 (unaudited)) mainly for constructions in progress, and disposed of property, plant and equipment with an aggregate carrying amount of RMB1,000,000 (unaudited) (six months ended 30 June 2023: RMB766,000 (unaudited)).

9. 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:

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Trade receivables, less allowance for credit losses	896,166	271,184
Bills receivables	968,299	831,289
Other receivables, less allowance for credit losses	23,070	161,972
Prepayments for raw materials	126,319	140,107
Value-added tax recoverable	–	8,723
Grant receivable, less allowance for credit losses (<i>Note</i>)	207,964	163,640
	2,221,818	1,576,915



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

9. TRADE, BILLS AND OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

	At 30 June 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
Trade receivables comprise:		
Within one year	615,857	225,298
Within a period of more than one year but not exceeding five years	280,309	45,886
	896,166	271,184

Note:

As at 30 June 2024 and 31 December 2023, there was reasonable assurance that the Group will comply with the conditions attached and the grants under the hydrogen fuel cell vehicles subsidies and special funds for innovative development projects. Hence a grant receivable was recognised as at 30 June 2024 and 31 December 2023.

The credit period granted on sales of goods is mainly from 3 to 6 months except for the subsidiaries of 慶鈴汽車(集團)有限公司 ("Qingling Group", the ultimate holding company of the Company), to which a credit period of 1 year is granted.

Since last year, the Company has entered into contracts with several customers in structured installment payment methods, each with a fixed term of 5 years.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

9. TRADE, BILLS AND OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

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:

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Within 3 months	272,478	156,244
Between 3 to 6 months	371,746	48,815
Between 7 to 12 months	198,756	52,847
Over 1 year	53,186	13,278
	896,166	271,184



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

9. TRADE, BILLS AND OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

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

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Within 1 month	284,027	389,320
Between 1 to 2 months	103,455	133,299
Between 2 to 3 months	110,721	131,577
Between 3 to 6 months	470,096	95,740
Between 6 to 12 months	–	81,353
	968,299	831,289

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

9. TRADE, BILLS AND OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

Included in the Group's trade and other receivables and prepayments at the end of the reporting period are amounts due from related parties, which are trade in nature, as follows:

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Qingling Group and its subsidiaries	138,043	147,862
Joint ventures of the Group		
– 慶鈴五十鈴(重慶)汽車銷售服務有限公司 (“Qingling Isuzu Sales”)	50,941	49,241
– 五十鈴(中國)發動機有限公司 (“Isuzu Engine”)	26,468	2,413
Associate of the Group		
– 五十鈴慶鈴(重慶)汽車技術開發有限公司 (“Isuzu Qingling Engineering”)	1	–
博世氣動力系統(重慶)有限公司 (“Bosch”) (Note a)	308	–
	215,761	199,516

Note:

- a. 40% equity interest of which is owned by Qingling Group.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

10. TIME DEPOSITS

The time deposits are with a term from more than 3 months to 36 months (unaudited) (31 December 2023: from more than 3 months to 36 months (audited)) and carry interest at rates ranging from 1.95% to 3.55% (unaudited) (31 December 2023: from 2.15% to 3.99% (audited)) per annum.

11. TRADE, BILLS AND OTHER PAYABLES

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

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Trade and bills payables	2,108,597	1,471,366
Selling expenses payables	164,366	139,802
Other tax payables	63,750	3,774
Other payables	96,208	160,378
	2,432,921	1,775,320

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

11. TRADE, BILLS AND OTHER PAYABLES (CONTINUED)

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

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Within 3 months	1,885,404	1,346,750
Between 3 to 6 months	208,893	109,839
Between 7 to 12 months	7,783	1,191
Over 12 months	6,517	13,586
	2,108,597	1,471,366



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

11. TRADE, BILLS AND OTHER PAYABLES (CONTINUED)

Included in the balance of trade, bills and other payables at the end of the reporting period are amounts due to related parties as follows:

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Joint ventures of the Group		
– Qingling Isuzu Sales	4,998	–
– Isuzu Engine	220,141	89,049
Qingling Group and its subsidiaries	112,788	47,104
	337,927	136,153

The amounts due to related parties are trade in nature, unsecured, interest-free and the credit period granted on purchase of materials is 3 to 6 months.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

12. RELATED PARTY TRANSACTIONS/BALANCES

Apart from the amounts due from and to related companies as disclosed in Notes 9 and 11, during the current interim period, the Group entered into the following transactions with related parties that are conducted in accordance with the terms of the relevant agreements.

(1) Transactions with Qingling Group and its subsidiaries

Type of transactions	2024 <i>RMB'000</i> (unaudited)	2023 <i>RMB'000</i> (unaudited)
Sales of chassis to 重慶慶鈴專用汽車有限公司 (“Qingling Zhuan Yong”)	66,505	58,656
Sales of automobile parts, accessories and others to:		
– 重慶慶鈴鑄造有限公司 (“Qingling Casting”)	6,323	6,824
– 重慶慶鈴日發座椅有限公司 (“Qingling Chair”)	2,256	2,432
– 重慶慶鈴車橋有限公司 (“Qingling Axle”)	10,560	2,075
– Qingling Zhuan Yong	1,390	1,144
– 重慶慶鈴汽車機加部品製造有限公司 (“Qingling Jijia”)	498	662
– 重慶慶鈴鍛造有限公司 (“Qingling Forging”)	245	419
– 重慶慶鈴汽車底盤部品有限公司 (“Qingling Chassis”)	169	327
– 重慶慶鈴鑄鋁有限公司 (“Qingling Cast Aluminium”)	104	163



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

12. RELATED PARTY TRANSACTIONS/BALANCES (CONTINUED)

(1) Transactions with Qingling Group and its subsidiaries (Continued)

Type of transactions	2024 <i>RMB'000</i> (unaudited)	2023 <i>RMB'000</i> (unaudited)
– 重慶慶鈴塑料有限公司 ("Qingling Plastics")	91	111
– 重慶慶鈴汽車配件製造有限公司 ("Qingling Parts")	–	104
– Qingling Group	39	51
Purchases of automobile parts, accessories and others from:		
– Qingling Axle	126,894	136,045
– Qingling Zhuan Yong	57,227	64,170
– Qingling Plastics	31,877	26,433
– Qingling Chair	21,978	20,384
– Qingling Forging	8,261	9,310
– Qingling Jijia	3,868	5,730
– Qingling Casting	3,885	5,271
– Qingling Parts	–	2,741
– Qingling Cast Aluminium	3,759	2,465
– Qingling Chassis	1,577	1,471

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

12. RELATED PARTY TRANSACTIONS/BALANCES (CONTINUED)

(1) Transactions with Qingling Group and its subsidiaries (Continued)

Type of transactions	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Interest on lease liabilities for renting warehouse:		
– Qingling Group	302	447
– 重慶慶鈴科渝汽車配件有限公司 (“Qingling Keyu”)	37	55
Interest on lease liabilities for renting buildings:		
– Qingling Group	30	45
– Qingling Keyu	3	6
Interest on lease liabilities for renting equipment:		
– Qingling Forging	71	107
– Qingling Group	31	48
Rental income from renting of equipment:		
– Qingling Axle	191	191
– Qingling Forging	106	–



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

12. RELATED PARTY TRANSACTIONS/BALANCES (CONTINUED)

(1) Transactions with Qingling Group and its subsidiaries (Continued)

Type of transactions	2024 <i>RMB'000</i> (unaudited)	2023 <i>RMB'000</i> (unaudited)
Rental income from renting of investment properties:		
– Qingling Keyu	21	21
Miscellaneous service income:		
– Qingling Group and its subsidiaries	1,323	1,095

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

12. RELATED PARTY TRANSACTIONS/BALANCES (CONTINUED)

(1) Transactions with Qingling Group and its subsidiaries (Continued)

Nature of balances	At 30 June 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
Lease liabilities for renting warehouse		
– Qingling Group	11,719	15,511
– Qingling Keyu	1,491	1,969
Lease liabilities for renting buildings		
– Qingling Group	1,203	1,588
– Qingling Keyu	213	281
Lease liabilities for renting equipment		
– Qingling Forging	2,898	3,827
– Qingling Group	1,275	1,684

Note:

During the six months ended 30 June 2024 and 2023, the Group did not enter into new lease agreements with the related parties. Except for short-term lease in which the Group applied recognition exemption for right-of-use assets, all lease agreements for the use of warehouse, buildings and equipment with the related parties are for 3 years.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

12. RELATED PARTY TRANSACTIONS/BALANCES (CONTINUED)

(2) **Transactions with substantial shareholder of the Company, 五十鈴汽車有限公司 (Isuzu Motors Limited) (“Isuzu”) (Note a)**

Type of transactions	2024 <i>RMB'000</i> (unaudited)	2023 <i>RMB'000</i> (unaudited)
Purchases of automobile parts and components	6,482	19,761
Sales of automobile parts, accessories and others	2,075	1,417
Royalties and licence fee paid on sales of trucks and other vehicles	6,366	5,142
Purchase of intangible assets	64,862	–
Consultancy and quality control fee paid	941	–
Compensation for software upgrades	–	828

Note:

- a. As at 30 June 2024 and 31 December 2023, Isuzu owned 496,453,654 H shares of the Company, representing 20% of the entire issued share capital of the Company and, in the opinion of the directors of the Company, Isuzu has significant influence over the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

12. RELATED PARTY TRANSACTIONS/BALANCES (CONTINUED)

(3) Transactions with Isuzu Engine

Type of transactions	2024 <i>RMB'000</i> (unaudited)	2023 <i>RMB'000</i> (unaudited)
Purchases of automobile parts and raw materials	252,037	326,428
Sales of automobile parts, accessories and others	83,764	170,512
Rental income from renting of equipment	21,105	10,860
Rental income from renting of investment properties	2,105	2,105
Miscellaneous service income	1,438	1,407

(4) Transactions with Qingling Isuzu Sales

Type of transactions	2024 <i>RMB'000</i> (unaudited)	2023 <i>RMB'000</i> (unaudited)
Sales of trucks and automobile parts, accessories and others	4,556	77,457
Interest on lease liabilities for renting warehouse	–	39
Interest on lease liabilities for renting equipment	–	30



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

12. RELATED PARTY TRANSACTIONS/BALANCES (CONTINUED)

(5) Transactions with Isuzu Qingling Engineering

Type of transactions	2024 <i>RMB'000</i> (unaudited)	2023 <i>RMB'000</i> (unaudited)
Miscellaneous service income	91	63
Sales of automobile parts, accessories and others	1	45

(6) Transactions with Bosch

Type of transactions	2024 <i>RMB'000</i> (unaudited)	2023 <i>RMB'000</i> (unaudited)
Sales of automobile parts, accessories and others	273	406
Purchases of automobile parts	79,613	91,149

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

12. RELATED PARTY TRANSACTIONS/BALANCES (CONTINUED)

(7) Transactions with 慶鈴鑫源汽車有限公司("Qingling Shinerary")

Type of transactions	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Sales of trucks and automobile parts	–	39,636

Except for the transactions with Qingling Shinerary (if any), all the above transactions with related parties also constitute connected transactions or continuing connected transactions (as respectively defined in Chapter 14A of the Listing Rules) and were conducted in accordance with the terms of the relevant agreements.

(8) Transactions/balances with other government-related entities in the PRC

The Group operates in an economic environment currently predominated by entities directly or indirectly owned or controlled, jointly controlled or significantly influenced by the PRC government ("government-related entities"). In addition, the Group itself is part of a larger group of companies under Qingling Group which is controlled by the PRC government. Apart from the transactions with Qingling Group and its subsidiaries disclosed in section (1) above, the Group also conducts businesses with other government related entities. The directors of the Company consider those government-related entities are independent third parties so far as the Group's business transactions with them are concerned.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

12. RELATED PARTY TRANSACTIONS/BALANCES (CONTINUED)

(8) Transactions/balances with other government-related entities in the PRC (Continued)

Material transactions/balances with other government-related entities are as follows:

	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Trade sales	62,852	33,012
Trade purchases	112,376	97,879
	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Trade and other balances due from other government-related entities	140,898	64,055
Trade and other balances due to other government-related entities	32,989	56,266

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

12. RELATED PARTY TRANSACTIONS/BALANCES (CONTINUED)

(8) Transactions/balances with other government-related entities in the PRC (Continued)

In addition, the Group has entered into various transactions, including utilities services and surcharges/taxes charged by the PRC government, and deposits with certain banks and financial institutions which are government-related entities in their ordinary course of business. In view of the nature of these banking transactions, the directors of the Company are of the opinion that separate disclosure would not be meaningful.

Except as disclosed above, the directors of the Company are of the opinion that transactions with government-related entities are not significant to the Group's operations.

(9) Compensation of directors, supervisors and key management personnel

The remuneration of directors, supervisors and other members of key management during the period was as follows:

	2024 RMB'000 (unaudited)	2023 <i>RMB'000</i> (unaudited)
Short-term employee benefits	2,100	2,301
Retirement benefits scheme contributions	476	643
	2,576	2,944



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

13. COMMITMENTS

At the end of the reporting period, the Group had the following capital commitments:

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Contracted for but not provided in the condensed consolidated financial statement in respect of:		
– acquisition of property, plant and equipment	125,657	200,133

14. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets and liabilities that are not measured at fair value on a recurring basis

The management considers that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the condensed consolidated financial statements approximate their fair values.

2024 FIRST HALF-YEARLY RESULTS

For the six months ended 30 June 2024, the Group sold 17,154 vehicles, representing a decrease of 3.42% as compared to the corresponding period last year. Sales revenue amounted to RMB2,112 million, representing an increase of 9.22% as compared to the corresponding period last year. Loss and total comprehensive expenses for the period attributable to owners of the Company was RMB12,290,000, and profit and total comprehensive income attributable to owners of the Company for the corresponding period last year was RMB6,915,000, representing a turnaround from profit to loss.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF RESULTS

From January to June 2024, the production and sales volume of commercial vehicles in domestic market reached 2.005 million and 2.068 million, respectively, representing a year-on-year increase of 2% and 4.9%, respectively. Overall, China still faced a relatively significant downward economic pressure. Although the economy showed signs of recovery, demand remained as inadequate, the pace of market recovery was slower than expected, and enterprises generally suffered from relatively significant pressures on their operations. Coupled with the complex and volatile international situation, the task of maintaining stable growth remained tough for the automotive industry. In the face of market challenges, vast majority of the staff and executives of the Company were rallying their efforts to overcome the challenges proactively. On the one hand, the Company endeavours to expand its market. In the first half of the year, sales of its light-duty trucks increased by 1.5% year on year, sales of heavy-duty trucks increased by 33.2% year on year, complete vehicle exports increased by 101% year on year, and sales of new energy vehicles increased by 3.1 times year on year, realising a slight year-on-year increase in sales revenue. On the other hand, the Company adhered to the innovation-driven development. R&D investment intensity in the first half of the year reached 3.76%, development of key new products of new energy vehicles was progressing in an orderly manner, and R&D on core new products of traditional fuel vehicles was steadily advancing. Meanwhile, it rigorously upholds the quality management of manufacturing new products, enhancing the First Time Quality (FTQ) of complete vehicle to over 95%.



OUTLOOK AND PROSPECTS

Based on the Decision of the CPC Central Committee on Further Deepening Reform Comprehensively to Advance Chinese Modernisation resolved and passed at the Third Plenary Session of the 20th CPC Central Committee, it was emphasised that the advancement of new industrialisation should be accelerated, advanced manufacturing industry clusters should be nurtured and expanded, and the high-end, intelligent, and green development of the manufacturing industry should be promoted. In the second half of the year, with the continuous optimisation of the domestic economic environment and the stimulus of a new round of favorable policies, it is expected that commercial vehicles market will continue to operate steadily and normally. However, enterprise development will still face challenges due to the lack of growth momentum in the industry market and the subsistence of inventory backlog issues. Given the fierce competition, enterprises will have to expand market share and sales externally while strengthening internal management and laying a solid foundation. The Company will advance various tasks in a concrete manner in line with the annual and semi-annual work plans, laying emphasis on the advancing of the following tasks in the second half of the year:

1. to ensure the attainment of its annual sales targets, enhance its basic marketing capabilities, strengthen the quality and effectiveness of its marketing network construction, and expedite the mass production of new energy products;
2. to focus on market demand, timely launch new products into the market, and consistently improve products' cost-effectiveness;
3. to further standardise production management on a flexible change basis, reinforce basic management, and accelerate the construction of "Digital Qingling";
4. to assure the quality of new products, continuously enhance supervision and regular inspections, ensure the stable and controlled quality of components, assemblies, and complete vehicles, and promptly rectify market quality issues; and
5. to continuously advance cost reduction efforts for all series of vehicle models in line with cost reduction objectives.

FINANCIAL REVIEW

FINANCIAL PERFORMANCE

For the six months ended 30 June 2024, the revenue of the Group was RMB2,112,181,000, representing an increase of 9.22% as compared to the corresponding period last year, mainly attributable to the increased demand in overseas commercial vehicle markets.

Gross profit for the period was RMB147,340,000, representing a decrease of 12.10% as compared to the corresponding period last year. Gross profit margin of the Group for the period was 6.98%, and it was 8.67% for the corresponding period last year. Loss and total comprehensive expenses for the period attributable to owners of the Company was RMB12,290,000, and profit and total comprehensive income attributable to owners of the Company for the corresponding period last year was RMB6,915,000, representing a turnaround from profit to loss.

For the six months ended 30 June 2024, other income was RMB136,709,000, which mainly included bank interest income, government grants and rental income, representing an increase of 5.20% as compared to the corresponding period last year. The increase was mainly due to the increase in rental income in respect of leasing of equipment.

For the six months ended 30 June 2024, basic loss per share was RMB0.50 cent. The Company did not issue any new shares during the period.



FINANCIAL POSITION

As at 30 June 2024, the total assets and total liabilities of the Group were RMB10,383,800,000 and RMB2,654,681,000, respectively.

The non-current assets were RMB4,769,134,000, mainly including time deposits, property, plant and equipment, interests in joint ventures, trade receivables and intangible assets.

The current assets amounted to RMB5,614,666,000, including inventories of RMB1,120,296,000, finance lease receivables of RMB616,000, trade, bills and other receivables and prepayments of RMB1,941,509,000, time deposits of RMB1,527,922,000, cash and cash equivalents of RMB1,011,837,000 and tax recoverable of RMB12,486,000.

The current liabilities amounted to RMB2,639,489,000, including trade, bills and other payables of RMB2,432,921,000, tax liabilities of RMB1,990,000, contract liabilities of RMB121,852,000, refund liabilities of RMB65,942,000 and lease liabilities of RMB16,784,000.

As at 30 June 2024, the Group's non-current liabilities amounted to RMB15,192,000, mainly including lease liabilities.

Net current assets dropped from RMB3,152,901,000 as at 31 December 2023 to RMB2,975,177,000 as at 30 June 2024, representing a decrease of 5.64%.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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 condensed consolidated statement of financial position. The gearing ratio of the Group as at 30 June 2024 was 34.35% (as at 31 December 2023: 29.04%).

The issued share capital of the Company as at 30 June 2024 was maintained at RMB2,482,268,000 as no share was issued during the six months ended 30 June 2024. For the six months ended 30 June 2024, 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 30 June 2024 was RMB7,385,513,000. The net asset per share (calculated by dividing the total equity attributable to owners of the Company by the number of ordinary shares in issue of the Company) as at 30 June 2024 was RMB2.98.

SIGNIFICANT INVESTMENT

As at 30 June 2024, the Group's interests in joint ventures were RMB484,414,000 which mainly included the interest in 五十鈴(中國)發動機有限公司 ("Isuzu Engine") of RMB420,693,000 and interests in associates were RMB15,037,000. For the six months ended 30 June 2024, the joint ventures and associates of the Group were under normal operation.

During the six months ended 30 June 2024, the Group had no significant acquisition or disposal.



SEGMENT INFORMATION

The revenue contributed by light-duty trucks and chassis, medium and heavy-duty trucks and chassis were RMB1,193,907,000 and RMB518,486,000, respectively, representing 81.07% of the total revenue. The revenue contributed by pick-up trucks and chassis was RMB227,963,000, representing 10.79% of the total revenue.

Light-duty trucks and chassis, medium and heavy-duty trucks and chassis are currently the major products accounting for the highest contribution to the revenue of the Group.

PLEDGE OF ASSETS

During the period ended 30 June 2024, no asset of the Group was pledged for financial facilities (during the period ended 30 June 2023: nil).

EFFECTS OF FOREIGN EXCHANGE RATE CHANGES

As at 30 June 2024, the Group had bank balances denominated in foreign currency of RMB21,639,000 and foreign currency-denominated trade, bills and other receivables and prepayments of RMB352,000.

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

COMMITMENTS

As at 30 June 2024, the Group had capital commitments of RMB125,657,000 that had been contracted for but not provided in the condensed consolidated financial statements, mainly including the outstanding consideration payable for acquisition of property, plant and equipment. The Group expects to finance the above capital requirement by its own cash flows.

INTERIM DIVIDEND

The board of directors of the Company (the “**Board**”) has resolved not to declare an interim dividend for the six months ended 30 June 2024 (for the period ended 30 June 2023: nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2024, the Group had 2,747 employees. For the six months ended 30 June 2024, labour cost was RMB156,909,000. The Group determines the emoluments payable to its employees based on their performances, 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.



STRUCTURE OF SHAREHOLDING

- (1) As at 30 June 2024, 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 30 June 2024, shareholders other than directors, supervisors or 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 30 June 2024.

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

As at 30 June 2024, none of the directors, supervisors and chief executives of the Company had any interests or short positions in the shares, underlying shares and 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 six months ended 30 June 2024, none of directors, supervisors and chief executives of the Company, their spouse or children under age of 18 years had any rights to subscribe for equity or debt securities of the Company, nor has any of them exercised such rights.

PURCHASE, REDEMPTION OR SALE OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2024, there were no purchase, redemption or sales of the Company's listed securities (including sale of treasury shares) by the Company or any of its subsidiaries. As at 30 June 2024, the Company did not hold any treasury shares.

CORPORATE GOVERNANCE

The Company puts high emphasis on and 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 six months ended 30 June 2024, the Company has complied with the code provisions of the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange. Since Mr. YASUTA Tatsuya retired as a general manager of the Company on 27 June 2024, his duties of general manager are currently performed by Mr. CHEN Daijing, the executive deputy general manager of the Company.



MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the directors and supervisors of the Company. 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 six months ended 30 June 2024.

EVENTS AFTER THE LATEST ANNUAL REPORT

Save as disclosed in this report, there were no other significant events affecting the Company or any of its subsidiaries after the latest annual report requiring disclosure in this report.

INDEPENDENT REVIEW

The interim results for the six months ended 30 June 2024 are unaudited, but have been reviewed by the auditors of the Company in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. The interim results have also been reviewed by the audit committee of the Company.

CHANGE IN DIRECTOR'S AND SUPERVISOR'S INFORMATION

In accordance with Rule 13.51B(1) of the Listing Rules, during the period from 28 March 2024 (as the date of approval of the 2023 annual report of the Company) to 29 August 2024 (as the date of approval of the 2024 interim report of the Company), changes in information required to be disclosed by the directors and the supervisors of the Company pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules are as follows:

1. Mr. YASUTA Tatsuya has retired as an executive director of the Company at the conclusion of the annual general meeting of the Company held on 27 June 2024 (the "**AGM**") and ceased to be a vice chairman and a general manager of the Company at the same time.
2. Mr. NAKAMURA Osamu has retired as an executive director of the Company at the conclusion of the AGM.
3. Mr. LIU Erh Fei has retired as an independent non-executive director of the Company at the conclusion of the AGM and ceased to be a member of the audit committee, the remuneration committee and the nomination committee of the Company at the same time.
4. Mr. NAKAMURA Koji has been appointed as an executive director and a vice chairman of the Company at the conclusion of the AGM.
5. Mr. TSUKUI Mikio has been appointed as an executive director of the Company at the conclusion of the AGM.
6. Ms. CHEN Yen Yung has been appointed as an independent non-executive director, a member of the audit committee, the remuneration committee and the nomination committee of the Company at the conclusion of the AGM.



7. Mr. KIJIMA Katsuya has been appointed as a deputy general manager of the Company with effect from 27 June 2024.
8. Ms. MIN Qing has retired as a supervisor representing the shareholders of the Company at the conclusion of the AGM.
9. Mr. XIAN Feng has been appointed as a supervisor representing the shareholders of the Company at the conclusion of the AGM.

PUBLICATION OF FINANCIAL INFORMATION

The Company's 2024 interim report containing all the financial information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.qingling.com.cn) in due course.

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

Chongqing, the PRC, 29 August 2024

CORPORATE INFORMATION

DIRECTORS

Executive Directors:

Mr. LUO Yuguang (*Chairman*)

Mr. NAKAMURA Koji (*Vice Chairman*)

Mr. KIJIMA Katsuya (*Deputy General Manager*)

Mr. TSUKUI Mikio

Mr. XU Song

Mr. LI Juxing

Mr. LI Xiaodong

Independent Non-Executive Directors:

Mr. LONG Tao

Mr. SONG Xiaojiang

Mr. LIU Tianni

Ms. CHEN Yen Yung

SUPERVISORS

Mr. XIAN Feng

Ms. PU Qing

COMPANY SECRETARIES

responsible for PRC affairs: Mr. LEI Bin

responsible for Hong Kong affairs: Mr. TUNG Tat Chiu Michael

AUDIT COMMITTEE

Mr. SONG Xiaojiang (*Committee Chairman*)

Mr. LONG Tao

Mr. LIU Tianni

Ms. CHEN Yen Yung



REMUNERATION COMMITTEE

Mr. SONG Xiaojiang (*Committee Chairman*)

Mr. LUO Yuguang

Mr. LONG Tao

Mr. LIU Tianni

Ms. CHEN Yen Yung

NOMINATION COMMITTEE

Mr. LUO Yuguang (*Committee Chairman*)

Mr. LONG Tao

Mr. SONG Xiaojiang

Mr. LIU Tianni

Ms. CHEN Yen Yung

CORPORATE INFORMATION AVAILABLE AT

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the PRC

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H SHARE LISTING PLACE

The Stock Exchange of Hong Kong Limited
Stock code: 1122

PRINCIPAL BANKERS

Bank of China, Huayu Road Branch
Industrial and Commercial Bank of China, Huafu Road Branch
Industrial Bank, Business Department of Chongqing Branch
China CITIC Bank, Jiangbei Sub-branch

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