



# 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

## 2022 Interim Report



# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

# Deloitte.

# 德勤

## **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 with limited liability)*

## **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 42, which comprise the condensed consolidated statement of financial position as of 30 June 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. 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. The directors of the Company are responsible for the preparation and 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 Hong Kong Institute of Certified Public Accountants. 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.

### **Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong  
25 August 2022

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

For the six months ended 30 June 2022

	NOTES	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
<b>Revenue</b>	3	<b>1,917,823</b>	2,704,082
Cost of sales		<b>(1,742,636)</b>	(2,355,356)
Gross profit		<b>175,187</b>	348,726
Other income and expenses		<b>149,488</b>	125,246
Other gains and losses, net		<b>3,975</b>	3,883
Distribution and selling expenses		<b>(95,794)</b>	(134,737)
Administrative expenses		<b>(95,672)</b>	(102,375)
Research expenses		<b>(99,457)</b>	(101,750)
Finance costs		<b>(3,435)</b>	(654)
Share of results of associates		<b>(3,159)</b>	(1,242)
Share of results of joint ventures		<b>(3,764)</b>	234
<b>Profit before tax</b>	4	<b>27,369</b>	137,331
Income tax credit	5	<b>7,215</b>	2,298
<b>Profit and total comprehensive income for the period</b>		<b>34,584</b>	139,629
<b>Profit and total comprehensive income for the period attributable to:</b>			
Owners of the Company		<b>28,947</b>	134,917
Non-controlling interests		<b>5,637</b>	4,712
		<b>34,584</b>	139,629
Basic earnings per share	7	<b>RMB0.01</b>	RMB0.05

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	NOTES	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	8	1,120,341	1,047,558
Right-of-use assets		32,825	44,738
Investment properties		19,095	19,235
Intangible assets		172,560	189,659
Interests in associates		47,972	51,131
Interests in joint ventures		485,707	489,471
Deferred tax assets		21,981	13,939
Time deposits	10	1,174,058	3,132,775
Deposit paid for property plant and equipment		1,345	–
		<b>3,075,884</b>	4,988,506
<b>Current assets</b>			
Inventories		1,305,366	1,035,550
Trade, bills and other receivables and prepayments	9	1,492,932	2,597,025
Tax recoverable		13,804	11,770
Time deposits	10	3,123,347	599,083
Bank balances and cash		1,294,668	1,673,977
		<b>7,230,117</b>	5,917,405
<b>Current liabilities</b>			
Trade, bills and other payables	11	2,107,084	2,119,936
Tax liabilities		2,835	3,050
Contract liabilities		277,852	594,746
Refund liabilities		70,486	89,066
Lease liabilities		13,399	22,816
		<b>2,471,656</b>	2,829,614
<b>Net current assets</b>		<b>4,758,461</b>	3,087,791
<b>Total assets less current liabilities</b>		<b>7,834,345</b>	8,076,297

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2022

	At 30 June 2022 <i>RMB'000</i> (unaudited)	At 31 December 2021 <i>RMB'000</i> (audited)
<b>Capital and reserves</b>		
Share capital	<b>2,482,268</b>	2,482,268
Share premium and reserves	<b>5,013,326</b>	5,257,429
Equity attributable to owners of the Company	<b>7,495,594</b>	7,739,697
Non-controlling interests	<b>333,162</b>	327,525
<b>Total equity</b>	<b>7,828,756</b>	8,067,222
<b>Non-current liabilities</b>		
Lease liabilities	–	1,923
Deferred income – governments grants	<b>5,589</b>	7,152
	<b>5,589</b>	9,075
	<b>7,834,345</b>	8,076,297

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Equity attributable to owners of the Company								
	Share capital	Share premium	Capital reserve	Statutory surplus reserve fund	Discretionary surplus reserve fund	Retained profits	Total	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 1 January 2022 (audited)</b>	<b>2,482,268</b>	<b>1,764,905</b>	<b>571,200</b>	<b>1,236,497</b>	<b>2,347</b>	<b>1,682,480</b>	<b>7,739,697</b>	<b>327,525</b>	<b>8,067,222</b>
Profit and total comprehensive income for the period	-	-	-	-	-	28,947	28,947	5,637	34,584
2021 final dividends declared (Note 6)	-	-	-	-	-	(273,050)	(273,050)	-	(273,050)
<b>At 30 June 2022 (unaudited)</b>	<b>2,482,268</b>	<b>1,764,905</b>	<b>571,200</b>	<b>1,236,497</b>	<b>2,347</b>	<b>1,438,377</b>	<b>7,495,594</b>	<b>333,162</b>	<b>7,828,756</b>
<b>At 1 January 2021 (audited)</b>	<b>2,482,268</b>	<b>1,764,905</b>	<b>571,200</b>	<b>1,204,923</b>	<b>2,347</b>	<b>1,640,201</b>	<b>7,665,844</b>	<b>321,581</b>	<b>7,987,425</b>
Profit and total comprehensive income for the period	-	-	-	-	-	134,917	134,917	4,712	139,629
2020 final dividends declared (Note 6)	-	-	-	-	-	(248,227)	(248,227)	-	(248,227)
<b>At 30 June 2021 (unaudited)</b>	<b>2,482,268</b>	<b>1,764,905</b>	<b>571,200</b>	<b>1,204,923</b>	<b>2,347</b>	<b>1,526,891</b>	<b>7,552,534</b>	<b>326,293</b>	<b>7,878,827</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	<b>2022</b> <i>RMB'000</i> <b>(unaudited)</b>	2021 <i>RMB'000</i> (unaudited)
<b>Operating activities</b>		
Operating cash flows before movements in working capital	<b>22,623</b>	101,448
Increase in inventories	<b>(264,517)</b>	(14,221)
Decrease in trade, bills and other receivables and prepayments	<b>541,834</b>	136,274
(Decrease) increase in trade, bills and other payables	<b>(5,689)</b>	35,570
Decrease in contract liabilities	<b>(316,894)</b>	(72,255)
Decrease in refund liability	<b>(18,580)</b>	(2,144)
Other operating activities	<b>672</b>	(2,656)
<b>Net cash (used in) from operating activities</b>	<b>(40,551)</b>	182,016
<b>Investing activities</b>		
Purchases of property, plant and equipment	<b>(109,179)</b>	(74,909)
Investment in an associate	–	(24,500)
Withdrawal of time deposits	<b>326,000</b>	1,766,000
Placement of time deposits	<b>(840,000)</b>	(670,000)
Interest received	<b>70,904</b>	117,765
Proceeds on disposal of property, plant and equipment	<b>5</b>	277
<b>Net cash (used in) from investing activities</b>	<b>(552,270)</b>	1,114,633



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2022

	<b>2022</b> <b>RMB'000</b> <b>(unaudited)</b>	2021 <i>RMB'000</i> (unaudited)
<b>Financing activities</b>		
Dividends paid	<b>(273,050)</b>	(248,227)
Repayments of lease liabilities	<b>(11,340)</b>	(8,619)
Proceeds from discounting bank acceptance bills	<b>526,746</b>	–
Payments of interest expense	<b>(3,435)</b>	(654)
<b>Net cash from (used in) financing activities</b>	<b>238,921</b>	(257,500)
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(353,900)</b>	1,039,149
<b>Cash and cash equivalents at 1 January</b>	<b>1,673,977</b>	1,041,733
<b>Effect of foreign exchange rate changes</b>	<b>(25,409)</b>	(268)
<b>Cash and cash equivalents at 30 June, represented by bank balances and cash</b>	<b>1,294,668</b>	2,080,614

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2022*

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

## 2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 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 2021.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2022

### 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### **Application of amendments to Hong Kong Financial Reporting Standards (“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 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendment to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020

The application of the above 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 2022

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

	<b>2022</b> <b>RMB'000</b> <b>(unaudited)</b>	2021 <i>RMB'000</i> (unaudited)
<b>Types of goods</b>		
Sales of light-duty trucks	<b>807,647</b>	457,791
Sales of pick-up trucks	<b>257,992</b>	447,798
Sales of medium and heavy-duty trucks	<b>274,339</b>	520,825
Sales of chassis	<b>449,542</b>	1,118,627
Sales of automobile parts, accessories and others	<b>128,303</b>	159,041
<b>Total</b>	<b>1,917,823</b>	2,704,082

Except for export sales to countries outside the People's Republic of China (the "PRC") amounting to RMB31,080,000 (unaudited) (six months ended 30 June 2021: RMB33,223,000 (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 2022

### 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 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)
<b>Six months ended 30 June 2022</b>					
Sales of light-duty trucks	807,647	-	-	-	807,647
Sales of pick-up trucks	-	257,992	-	-	257,992
Sales of medium and heavy-duty trucks	-	-	274,339	-	274,339
Sales of chassis	429,369	943	19,230	-	449,542
Sales of automobile parts, accessories and others	-	-	-	128,303	128,303
Revenue	1,237,016	258,935	293,569	128,303	1,917,823
<b>Six months ended 30 June 2021</b>					
Sales of light-duty trucks	457,791	-	-	-	457,791
Sales of pick-up trucks	-	447,798	-	-	447,798
Sales of medium and heavy-duty trucks	-	-	520,825	-	520,825
Sales of chassis	1,073,498	2,345	42,784	-	1,118,627
Sales of automobile parts, accessories and others	-	-	-	159,041	159,041
Revenue	1,531,289	450,143	563,609	159,041	2,704,082

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2022

### 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 and 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 2022

### 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 2022

	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	1,237,016	258,935	293,569	128,303	1,917,823
Result					
Segment profit (loss)	5,854	(15,570)	(1,502)	9,946	(1,272)
Central administration costs					(15,007)
Other income and expenses					149,488
Other gains and losses, net					3,975
Research expenses					(99,457)
Finance costs					(3,435)
Share of results of associates					(3,159)
Share of results of joint ventures					(3,764)
Profit before tax					27,369

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2022

### 3. REVENUE/SEGMENT INFORMATION (CONTINUED)

#### (ii) Segment information (Continued)

##### *Segment revenue and results (Continued)*

Six months ended 30 June 2021

	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	1,531,289	450,143	563,609	159,041	2,704,082
Result					
Segment profit (loss)	102,921	(6,771)	14,490	25,909	136,549
Central administration costs					(24,935)
Other income and expenses					125,246
Other gains and losses, net					3,883
Research expenses					(101,750)
Finance costs					(654)
Share of results of associates					(1,242)
Share of results of joint ventures					234
Profit before tax					137,331

There have been no inter-segment sales during the six months ended 30 June 2022 and 2021 (unaudited).

Segment profit (loss) represents the profit earned by (loss incurred from) each segment without allocation of central administration costs, other income and expenses, 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 2022

### 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 2022

	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)
<b>Assets</b>					
Segment assets	1,334,856	409,108	774,942	331,363	2,850,269
Interchangeably used assets between segments					
– property, plant and equipment					422,032
– right-of-use assets					32,825
– inventories					375,682
Investment properties					19,095
Interests in associates					47,972
Interests in joint ventures					485,707
Time deposits, bank balances and cash					5,592,073
Other unallocated assets					480,346
Consolidated total assets					10,306,001
<b>Liabilities</b>					
Segment liabilities	372,091	75,806	121,558	–	569,455
Unallocated trade, bills and other payables					1,885,967
Unallocated lease liabilities					13,399
Other unallocated liabilities					8,424
Consolidated total liabilities					2,477,245

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2022

### 3. REVENUE/SEGMENT INFORMATION (CONTINUED)

#### (ii) Segment information (Continued)

##### *Segment assets and liabilities (Continued)*

As at 31 December 2021

	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)
<b>Assets</b>					
Segment assets	1,586,178	574,000	1,143,074	379,195	3,682,447
Interchangeably used assets between segments					
– property, plant and equipment					389,409
– right-of-use assets					44,738
– inventories					314,646
Investment properties					19,235
Interests in associates					51,131
Interests in joint ventures					489,471
Time deposits, bank balances and cash					5,405,835
Other unallocated assets					508,999
Consolidated total assets					10,905,911
<b>Liabilities</b>					
Segment liabilities	532,231	162,432	232,141	–	926,804
Unallocated trade, bills and other payables					1,876,944
Unallocated lease liabilities					24,739
Other unallocated liabilities					10,202
Consolidated total liabilities					2,838,689

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2022

### 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, time deposits, bank balances and cash 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 2022

### 4. PROFIT BEFORE TAX

	<b>2022</b> <b>RMB'000</b> <b>(unaudited)</b>	2021 <i>RMB'000</i> (unaudited)
Profit before tax has been arrived at after charging (crediting):		
Salaries and other payments and benefits	<b>138,854</b>	149,726
Retirement benefits scheme contributions	<b>21,225</b>	21,013
Total staff costs (including directors' and supervisors' remuneration)	<b>160,079</b>	170,739
Staff costs capitalised in inventories	<b>(72,247)</b>	(74,125)
	<b>87,832</b>	96,614
Loss on disposal of property, plant and equipment, net	–	3,995
Amortisation of intangible assets	<b>19,407</b>	19,735
Depreciation of property, plant and equipment	<b>25,575</b>	21,925
Depreciation of right-of-use assets	<b>11,913</b>	8,374
Total depreciation	<b>37,488</b>	30,299
Capitalised in inventories	<b>(13,824)</b>	(9,831)
	<b>23,664</b>	20,468

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2022

### 4. PROFIT BEFORE TAX (CONTINUED)

	<b>2022</b> <b>RMB'000</b> <b>(unaudited)</b>	2021 <i>RMB'000</i> (unaudited)
Finance costs of lease liabilities	<b>436</b>	654
Finance costs of discounted bank acceptance bills	<b>2,999</b>	–
Depreciation of investment properties	<b>140</b>	1,225
Expenses relating to short-term leases	–	2,192
Net foreign exchange gains	<b>(3,700)</b>	(7,878)
Cost of inventories recognised as cost of sales	<b>1,742,636</b>	2,355,356
Reversals of write-down of inventories (included in cost of sales)	<b>(5,299)</b>	(3,044)
Interest income from time deposits and bank balances	<b>(91,836)</b>	(90,737)
Receipt from other guarantors from 2015 Litigation (as defined in <i>Note (a)</i> )	<b>(29,000)</b>	–
Rental income from renting of investment properties	<b>(2,126)</b>	(2,904)
Less: Direct operating expenses from investment properties that generated rental income during the period	<b>255</b>	1,337
	<b>(1,871)</b>	(1,567)
Rental income from renting of equipment	<b>(21,295)</b>	(21,325)
Miscellaneous service income	<b>(5,457)</b>	(5,063)
Miscellaneous service expenses	<b>4,784</b>	4,443
Government grants, including release from deferred income ( <i>Note (b)</i> )	<b>(4,558)</b>	(9,539)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2022

### 4. PROFIT BEFORE TAX (CONTINUED)

Notes:

- (a) In respect of the litigation brought forward from 2015 (the "2015 Litigation"), which was fully disclosed in Note 38 to the 2020 annual report of the Company, the Company entered into a formal agreement (the "Agreement") with Qingling Zhuan Yong (as defined in Note 12), a related company which acquired the right of the plaintiff in the 2015 Litigation for a consideration of RMB89,000,000. Under the Agreement, the Company paid Qingling Zhuan Yong RMB89,000,000, representing the amount Qingling Zhuan Yong paid the plaintiff to settle the 2015 Litigation. In return, Qingling Zhuan Yong agreed to transfer to the Company the amount it recovers, if any, from other guarantors involved in the 2015 Litigation.

During the six months ended 30 June 2022, Qingling Zhuan Yong recovered RMB29,000,000 (unaudited) (six months ended 30 June 2021: nil), and after deducting its costs incurred, transferred the amount to the Company.

- (b) During the six months ended 30 June 2022, RMB413,000 (unaudited) (six months ended 30 June 2021: RMB413,000 (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 2022

### 5. INCOME TAX CREDIT

	<b>2022</b> <b>RMB'000</b> <b>(unaudited)</b>	2021 <i>RMB'000</i> (unaudited)
Current tax	<b>2,879</b>	2,827
(Over) under provision in respect of prior year	<b>(2,052)</b>	3,831
Deferred tax	<b>(8,042)</b>	(8,956)
	<b>(7,215)</b>	(2,298)

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.

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% for the six months ended 30 June 2022 (six months ended 30 June 2021: 25%).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2022

### 6. DIVIDENDS

During the current interim period, a final dividend of RMB273,050,000 or RMB0.11 per share in respect of the year ended 31 December 2021 (six months ended 30 June 2021: RMB248,227,000 or RMB0.10 per share in respect of the year ended 31 December 2020) was declared to the owners of the Company.

The directors of the Company have resolved not to declare an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

### 7. EARNINGS PER SHARE

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

	<b>2022</b> <b>RMB'000</b> <b>(unaudited)</b>	2021 <i>RMB'000</i> (unaudited)
<b>Earnings</b>		
Earnings for the purpose of basic earnings per share (Profit and total comprehensive income for the period attributable to owners of the Company)	<b>28,947</b>	134,917



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2022

### 7. EARNINGS PER SHARE (CONTINUED)

	2022 '000 (unaudited)	2021 '000 (unaudited)
<b>Number of shares</b>		
Number of shares for the purpose of basic earnings per share	<b>2,482,268</b>	2,482,268

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

### 8. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired property, plant and equipment of RMB100,671,000 (six months ended 30 June 2021: RMB105,146,000) mainly for constructions in progress, and disposed of property, plant and equipment with an aggregate carrying amount of RMB5,000 (six months ended 30 June 2021: RMB4,272,000).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2022

### 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:

	<b>At 30 June 2022 RMB'000 (unaudited)</b>	At 31 December 2021 RMB'000 (audited)
Trade receivables, less allowance for credit losses	<b>75,421</b>	102,810
Bills receivables	<b>1,032,330</b>	2,083,402
Other receivables, less allowance for credit losses	<b>70,697</b>	77,698
Prepayments for raw materials	<b>134,246</b>	142,530
Value-added tax recoverable	<b>238</b>	10,585
Grants receivable ( <i>Note</i> )	<b>180,000</b>	180,000
	<b>1,492,932</b>	2,597,025

*Note:*

As at 30 June 2022 and 31 December 2021, there was reasonable assurance that the Group will comply with the conditions attached under the hydrogen fuel cell vehicles subsidies. Hence a grant receivable was recognised as at 30 June 2022 and 31 December 2021.

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 was granted.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2022

### 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:

	<b>At 30 June 2022 RMB'000 (unaudited)</b>	At 31 December 2021 RMB'000 (audited)
Within 3 months	<b>43,117</b>	73,645
Between 3 to 6 months	<b>7,602</b>	5,547
Between 7 to 12 months	<b>6,298</b>	6,658
Over 1 year	<b>18,404</b>	16,960
	<b>75,421</b>	102,810

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2022

### 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 2022 <i>RMB'000</i> (unaudited)	At 31 December 2021 <i>RMB'000</i> (audited)
Within 1 month	<b>397,453</b>	630,793
Between 1 to 2 months	<b>72,509</b>	319,575
Between 2 to 3 months	<b>210,672</b>	251,312
Between 3 to 6 months	<b>243,090</b>	801,996
Between 6 to 12 months	<b>108,606</b>	79,726
	<b>1,032,330</b>	2,083,402

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 2022

### 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:

	<b>At 30 June 2022 RMB'000 (unaudited)</b>	At 31 December 2021 RMB'000 (audited)
Subsidiaries of Qingling Group	<b>34,429</b>	77,388
Associate of the Group		
– 五十鈴慶鈴(重慶)汽車技術開發有限公司 (“Isuzu Qingling Engineering”)	<b>11</b>	21
Joint venture of the Group		
– 五十鈴(中國)發動機有限公司 (“Isuzu Engine”)	<b>2,271</b>	–
	<b>36,711</b>	77,409

The above amounts due from related parties are trade in nature, unsecured and interest-free.

### 10. TIME DEPOSITS

The time deposits are with a term from more than 3 months to 36 months (unaudited) (31 December 2021: from more than 3 months to 36 months (audited)) and carry interest at rates ranging from 2.10% to 4.18% (unaudited) (31 December 2021: from 2.10% to 4.18% (audited)) per annum.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2022

### 11. TRADE, BILLS AND OTHER PAYABLES

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

	<b>At 30 June 2022 RMB'000 (unaudited)</b>	At 31 December 2021 RMB'000 (audited)
Trade and bills payables	<b>1,733,759</b>	1,666,388
Selling expenses payables	<b>177,957</b>	211,298
Other tax payables	<b>13,484</b>	2,802
Other payables	<b>181,884</b>	239,448
	<b>2,107,084</b>	2,119,936

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>At 30 June 2022 RMB'000 (unaudited)</b>	At 31 December 2021 RMB'000 (audited)
Within 3 months	<b>1,490,579</b>	1,437,413
Between 3 to 6 months	<b>231,606</b>	197,792
Between 7 to 12 months	<b>766</b>	15,658
Over 12 months	<b>10,808</b>	15,525
	<b>1,733,759</b>	1,666,388

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2022

### 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:

	<b>At 30 June 2022 RMB'000 (unaudited)</b>	At 31 December 2021 RMB'000 (audited)
Subsidiaries of Qingling Group	<b>32,306</b>	151,550
Substantial shareholder of the Company		
– 五十鈴汽車有限公司 (“Isuzu Motors Limited”) (“Isuzu”) (Note)	<b>68,419</b>	80,420
Qingling Group	<b>2,354</b>	14,822
Joint ventures of the Group		
– Isuzu Engine	<b>83,459</b>	93,443
– 慶鈴五十鈴(重慶)汽車銷售服務有限公司 (“Qingling Isuzu Sales”)	<b>1,843</b>	788
Associate of the Group		
– 慶鈴鑫源汽車有限公司 (“Qingling Shinerary”)	<b>5,103</b>	2,547
	<b>193,484</b>	343,570

Note:

As at 30 June 2022, Isuzu owns 496,453,654 H shares 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.

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2022

### 12. RELATED PARTY TRANSACTIONS AND 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	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Sales of chassis to Qingling Group and its subsidiaries	<b>119,171</b>	762,152
Sales of automobile parts and others to:		
– 重慶慶鈴鑄造有限公司 ("Qingling Casting")	<b>6,788</b>	9,098
– 重慶慶鈴日發座椅有限公司 ("Qingling Chair")	<b>2,849</b>	5,394
– 重慶慶鈴車橋有限公司 ("Qingling Axle")	<b>2,418</b>	4,050
– 重慶慶鈴汽車配件製造有限公司("Qingling Parts")	<b>996</b>	728
– 重慶慶鈴專用汽車有限公司 ("Qingling Zhuan Yong")	<b>846</b>	1,018
– 重慶慶鈴汽車機加部品製造有限公司("Qingling Jijia")	<b>648</b>	1,278
– 重慶慶鈴鍛造有限公司 ("Qingling Forging")	<b>373</b>	1,398
– 重慶慶鈴汽車底盤部品有限公司("Qingling Chassis")	<b>354</b>	745



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2022

### 12. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

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

Type of transactions	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
– 重慶慶鈴鑄鋁有限公司 (“Qingling Cast Aluminium”)	211	479
– 重慶慶鈴塑料有限公司 (“Qingling Plastics”)	145	552
– Qingling Group	80	31
Purchases of automobile parts and others from:		
– Qingling Axle	134,071	208,583
– Qingling Zhuan Yong	44,501	12,804
– Qingling Plastics	24,430	40,311
– Qingling Chair	20,050	34,429
– Qingling Forging	9,115	18,097
– Qingling Casting	5,262	12,912
– Qingling Jijia	4,789	5,372
– Qingling Cast Aluminium	2,499	5,358
– Qingling Parts	2,412	2,619
– Qingling Chassis	1,226	2,012

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2022

### 12. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

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

Nature of balances	At 30 June 2022 RMB'000 (unaudited)	At 31 December 2021 RMB'000 (audited)
Lease liabilities for renting warehouse (Note):		
– Qingling Group	4,041	7,993
– 重慶慶鈴科渝汽車配件有限公司 (“Qingling Keyu”)	506	1,001
– Qingling Isuzu Sales	389	770
Lease liabilities for renting buildings (Note):		
– Qingling Group	408	807
– Qingling Keyu	–	138
Lease liabilities for renting equipment (Note):		
– Qingling Forging	987	1,952
– Qingling Group	430	851
– Qingling Isuzu Sales	281	556

Note: During the six months ended 30 June 2022 and 2021, 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 2022

### 12. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

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

Type of transactions	2022 <i>RMB'000</i> <b>(unaudited)</b>	2021 <i>RMB'000</i> (unaudited)
Interest on lease liabilities for renting warehouse:		
– Qingling Group	<b>143</b>	315
– Qingling Keyu	<b>20</b>	41
– Qingling Isuzu Sales	<b>12</b>	20
Interest on lease liabilities for renting buildings:		
– Qingling Group	<b>16</b>	33
Interest on lease liabilities for renting equipment:		
– Qingling Forging	<b>34</b>	120
– Qingling Group	<b>17</b>	35
– Qingling Isuzu Sales	<b>9</b>	27
Expense relating to short-term lease for renting buildings:		
– Qingling Keyu	–	144
– Qingling Isuzu Sales	–	105

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2022

### 12. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

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

Type of transactions	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Rental income from renting of equipment:		
– Qingling Axle	191	191
Rental income from renting of investment properties:		
– Qingling Keyu	21	22
Miscellaneous service income:		
– Qingling Group	1,021	1,343

#### (2) Transactions with Isuzu

Type of transactions	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Purchases of automobile parts and components	22,940	80,169
Sales of automobile parts, accessories and others	947	2,591
Royalties and licence fee paid on sales of trucks and other vehicles	4,814	7,935
Marketing fee received	–	7,326

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2022

### 12. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

#### (3) Transactions with Isuzu Engine

Type of transactions	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Purchases of automobile parts and raw materials	301,721	503,211
Sales of automobile parts, accessories and others	93,284	217,573
Rental income from renting of equipment	21,104	21,104
Rental income from renting of investment properties	2,105	2,105
Miscellaneous service income	946	553

#### (4) Transactions with Qingling Isuzu Sales

Type of transactions	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Sales of trucks and automobile parts, accessories and others	2,853	4,448
Purchase trucks and automobile parts	–	908
Rental income from renting of investment properties	–	777
Miscellaneous service income	2	2

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2022

### 12. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

#### (5) Transactions with Isuzu Qingling Engineering

Type of transactions	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Miscellaneous service income	61	31
Sales of automobile parts, accessories and others	39	24

#### (6) Transactions with 博世氫動力系統(重慶)有限公司(Note)

Type of transactions	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Purchases of automobile parts	26,607	–

Note: 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 2022

### 12. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

#### (7) Transactions with Qingling Shinerary

Type of transactions	2022 <i>RMB'000</i> <b>(unaudited)</b>	2021 <i>RMB'000</i> (unaudited)
Sales of trucks and automobile parts	<b>101,580</b>	157,569

Except for the transactions with Qingling Shinerary, all above transactions with related parties also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules and are 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 2022

### 12. RELATED PARTY TRANSACTIONS AND 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:

	<b>2022</b> <b>RMB'000</b> <b>(unaudited)</b>	2021 <i>RMB'000</i> (unaudited)
Trade sales	<b>44,973</b>	19,274
Trade purchases	<b>104,377</b>	89,286

  

	<b>At</b> <b>30 June</b> <b>2022</b> <b>RMB'000</b> <b>(unaudited)</b>	At 31 December 2021 <i>RMB'000</i> (audited)
Trade and other balances due to other government-related entities	<b>46,555</b>	39,919
Trade and other balances due from other government-related entities	<b>132,550</b>	154,484



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

*For the six months ended 30 June 2022*

### 12. RELATED PARTY TRANSACTIONS AND 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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2022

### 12. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

#### (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:

	<b>2022</b> <b>RMB'000</b> <b>(unaudited)</b>	2021 RMB'000 (unaudited)
Short-term employee benefits	<b>2,289</b>	2,179
Post-employment benefits	<b>611</b>	479
	<b>2,900</b>	2,658

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2022

### 13. COMMITMENTS

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

	<b>At 30 June 2022 RMB'000 (unaudited)</b>	At 31 December 2021 RMB'000 (audited)
Contracted for but not provided in the condensed consolidated financial statements in respect of: – acquisition of property, plant and equipment	<b>233,748</b>	300,326

### 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.

## 2022 FIRST HALF-YEARLY RESULTS

For the six months ended 30 June 2022, the Group sold 17,575 vehicles, representing a decrease of 29.80% over the corresponding period of the previous year. Sales revenue amounted to RMB1,920 million, representing a decrease of 29.08% over the corresponding period of the previous year. Profit and total comprehensive income for the period was RMB34.6 million, representing a decrease of 75.23% over the corresponding period of the previous year.

## MANAGEMENT DISCUSSION AND ANALYSIS

### REVIEW OF RESULTS

In the first half of the year, the production and sales of commercial trucks dropped significantly. According to the statistics of the China Association of Automobile Manufacturers, the sales volume of commercial trucks in China in the first half of the year was 1,522,000 units, representing a year-on-year decrease of 42.2%. The economic efficiency of automobile enterprises dropped significantly. The procurement cost of bulk raw materials of enterprises increased, which compressed the operating profit margin. According to the National Bureau of Statistics, the total profit of the manufacturing industry decreased by 10.8%, of which the profit of the automobile manufacturing industry decreased by 37.5% year-on-year. The profit of commercial vehicle-based enterprises decreased significantly. The poor automobile market and the difficulties in operation by dealers have led to a large-scale withdrawal from the market. Facing the severe industry situation, the Company has on one hand enhanced the sense of pressure and urgency; on the other hand, the Company has carefully studied the shortcomings and weaknesses of its survival and development, and has made every effort to stabilise the current operation and accumulate strong development momentum. The major works in the first half of the year are summarised as follows:

1. Effective implementation of key tasks. The Company implemented project-based and list-based management of key tasks, proposed A, B, C, three categories and multiple major projects, and integrated internal and external resources to advance the implementation of the key tasks collectively. The implementation of major projects as scheduled will not only support the current production and operation, but also accumulate strength for future development.

2. Withstanding the pressure of the industry and stabilising the marketing situation. We made every effort to stabilise old business and strive to open new business; focused on the redecorated vehicle market and increased sales volume by securing large customer orders; and launched publicity and promotion through new media and new securing means.
3. New platform and new mechanism were put into operation. We reconstructed the "7 + 17 + 55" R&D organisation, created a dual channel of promotion, and revised and improved the Integrated Development and Operation Process of New Products, and the new R&D organisation and process began to run; the new mechanism establishes an integrated quality management system covering the whole-process from R&D, manufacturing to after-sales, from rough cast, parts and components to complete vehicles, and has issued the Several Provisions on Further Strengthening Quality Management, which for the first time contains the key points of quality management in the whole-process and each stage of new products.
4. Rapid development of strategic emerging industries. The hydrogen fuel cell vehicle industry developed rapidly; the key core assembly of new energy vehicles also developed rapidly; and solid progress was made in pure electric vehicle technology.
5. Rapid advancement of key R&D projects for fuel vehicles. The product portfolio of self-owned brands continued to be diversified; progress was made in the research and development of the fourth stage fuel consumption technology; Qingling Intelligent Manufacturing APP and Qingling Service APP were put into operation.
6. Continuous improvement in production management. The transformation from "Qingling Manufacturing" to "Qingling Intelligent Manufacturing" was accelerated; production site management was improved continuously; orderly production organisation and management was promoted.

## OUTLOOK AND PROSPECTS

During the second half of the year, from a macro perspective, with the continued improvement in the pandemic prevention and control, and the implementation of a package of policies to stabilise the economy, manufacturing activities are showing a general trend of expansion. From the perspective of enterprises, the inventory alert index of distributors of major competing goods remains at a high level all along due to management and control measures in response to the pandemic, changes of laws and regulations and contracting demand. In the second half of the year, the Company will focus on giving full play to its strengths, focus on resource integration, capitalise on the market externally, strengthen its internal support, take advantage of the market rebound, and strive for orders and to increase sales volume:

1. To strengthen the strong links and points. We will be firmly committed to developing our own brands; striving to enhance the competitiveness of our powertrain.
2. To focus on “two improvements, one reduction”, to build the competitiveness of key products. We will strive to do well in market research to find the right information about the key vehicle models; focus on the key products and improve the technical performance of our products, to improve the quality and sense of experience and reduce costs and prices of our products.
3. To focus on key market and strive for increase in sales volume through “major clients and large orders”, “incremental market”, “retail market”, “mass production and sales of high horsepower light trucks”, etc.
4. To accelerate the development of and production arrangement for e-drive units and RD.

## FINANCIAL REVIEW

### FINANCIAL PERFORMANCE

For the six months ended 30 June 2022, the revenue of the Group was RMB1,917,823,000 representing a decrease of 29.08% as compared to the corresponding period last year mainly attributable to the increased adverse impact on business operations, resulting from the significant decline in production and sales amount of the commercial truck industry for several consecutive months, coupled with factors such as the continuous sporadic outbreak of the novel coronavirus and the increase in the prices of chips, batteries and other raw materials in the first half of 2022, affecting the overall performance of the Group in sales volume for the six months ended 30 June 2022.

Gross profit for the period was RMB175,187,000 representing a decrease of 49.76% as compared to the corresponding period last year. Gross profit margin of the Group for the period was 9.13%, it was 12.90% for the corresponding period last year. Profit and total comprehensive income for the period attributable to owners of the Company was RMB28,947,000, representing a decrease of 78.54% as compared to the corresponding period last year.

For the six months ended 30 June 2022, other income and expenses were RMB149,488,000, mainly included bank interest income, receipt from other guarantors from 2015 Litigation and rental income, representing an increase of 19.36% as compared to the corresponding period last year. The change mainly came from receipt from other guarantors from the 2015 Litigation.

For the six months ended 30 June 2022, the total distribution and selling expenses of the Group mainly including transportation costs, maintenance fees and other market promotion expenses, were RMB95,794,000, representing a decrease of 28.90% as compared to the corresponding period last year, mainly due to the decline of sales volume.

For the six months ended 30 June 2022, a loss of RMB6,923,000 was recognised from the share of results of associates and joint ventures, representing a decrease of 586.81% as compared to the corresponding period last year, principally due to the significant decline in production and sales amount of the commercial truck industry.

For the six months ended 30 June 2022, basic earnings per share was RMB0.01. The Company did not issue any new shares during the period.

## FINANCIAL POSITION

As at 30 June 2022, the total assets and total liabilities of the Group were RMB10,306,001,000 and RMB2,477,245,000, respectively.

The non-current assets were RMB3,075,884,000, mainly including time deposits, property, plant and equipment, interests in joint ventures and intangible assets.

The total current assets amounted to RMB7,230,117,000, mainly including RMB1,305,366,000 of inventories, RMB1,492,932,000 of trade, bills and other receivables and prepayments, RMB13,804,000 of tax recoverable, RMB3,123,347,000 of time deposits and RMB1,294,668,000 of bank balances and cash.

The total current liabilities amounted to RMB2,471,656,000, mainly including trade, bills and other payables of RMB2,107,084,000, tax liabilities of RMB2,835,000, contract liabilities of RMB277,852,000, refund liabilities of RMB70,486,000 and lease liabilities of RMB13,399,000.

As at 30 June 2022, the Group's non-current liability amounted to RMB5,589,000, mainly including deferred income-government grants.

Net current assets rose from RMB3,087,791,000 as at 31 December 2021 to RMB4,758,461,000 as at 30 June 2022, representing an increase of 54.11%.



## LIQUIDITY 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 2022 was 31.64% (as at 31 December 2021: 35.19%).

Issued share capital as at 30 June 2022 maintained at RMB2,482,268,000 and no share was issued during the six months ended 30 June 2022.

For the six months ended 30 June 2022, 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 2022 was RMB7,495,594,000. 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) as at 30 June 2022 was RMB3.02.

## SIGNIFICANT INVESTMENT

As at 30 June 2022, the Group's interests in joint ventures were RMB485,707,000 which mainly included the interest in 五十鈴(中國)發動機有限公司("Isuzu Engine"), a joint venture, of RMB424,341,000 and interests in associates were RMB47,972,000. For the six months ended 30 June 2022, the joint ventures and associates of the Group were under normal operation.

During the six months ended 30 June 2022, there were no significant acquisition or disposal of the Group.

## SEGMENT INFORMATION

The revenue contributed by light-duty trucks and chassis, medium and heavy-duty trucks and chassis were RMB1,237,016,000 and RMB293,569,000 respectively, representing 79.81% of the total revenue. The revenue contributed by pick-up trucks and chassis was RMB258,935,000, representing 13.50% 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 2022, no asset of the Group was pledged for financial facilities (during the period ended 30 June 2021: nil).

## EFFECTS OF FOREIGN EXCHANGE RATE CHANGES

As at 30 June 2022, the Group had bank balances of foreign currency of RMB217,885,000 and foreign currency trade, bills and other receivables and prepayments of RMB13,211,000.

The major foreign currency transactions of the Group was 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 2022, the Group had capital commitments of RMB233,748,000 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 has resolved not to declare an interim dividend for the six months ended 30 June 2022 (for the period ended 30 June 2021: nil).

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 June 2022, the Group had 2,975 employees. For the six months ended 30 June 2022, labour cost was RMB160,079,000. 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.

## **SALES OF STAFF QUARTERS**

For the six months ended 30 June 2022, the Group has not sold any staff quarters to its employees.

## STRUCTURE OF SHAREHOLDING

- (1) As at 30 June 2022, 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 2022, shareholders other than a director, supervisor or chief executive of the Company having an interest and short positions in 5% or more of the issued share capital of the Company of the relevant classes 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 2022.

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

As at 30 June 2022, 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 2022, none of the directors, supervisors and chief executives of the Company, 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, REDEMPTION AND SALE OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2022, there were no purchase, redemption or sales of the Company's listed securities by the Company or any of its subsidiaries.

## 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 six months ended 30 June 2022, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) without deviation.

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

The Company has adopted the Model Code set out in Appendix 10 of 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 2022.

## **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 2022 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 INFORMATION

In accordance with Rule 13.51B(1) of the Listing Rules, during the period from 25 March 2022 (as the date of approval of the 2021 Annual Report of the Company) to 25 August 2022 (as the date of approval of the 2022 Interim Report of the Company), changes in information required to be disclosed by Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules are as follows:

1. Mr. MASUDA Yoichi resigned as an executive director of the Company with effect from 25 August 2022;
2. Mr. YAGI Naoto resigned as an executive director of the Company with effect from 25 August 2022;
3. Mr. NAKAMURA Osamu was appointed as an executive director of the Company with effect from 25 August 2022; and
4. Mr. KIJIMA Katsuya was appointed as an executive director of the Company with effect from 25 August 2022.

## PUBLICATION OF FINANCIAL INFORMATION

The Company's 2022 interim report containing all the financial information required by the Listing Rules will be dispatched to the shareholders and published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.qingling.com.cn](http://www.qingling.com.cn)) in due course.

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

Chongqing, the People's Republic of China, 25 August 2022

## CORPORATE INFORMATION

### DIRECTORS

*Executive Directors:*

LUO Yuguang (*Chairman*)

YASUTA Tatsuya (*Vice Chairman and General Manager*)

NAKAMURA Osamu

KIJIMA Katsuya

LI Juxing

XU Song

LI Xiaodong

*Independent Non-executive Directors:*

LONG Tao

SONG Xiaojiang

LIU Erh Fei

LIU Tianni

### SUPERVISORS

MIN Qing

PU Qing

### COMPANY SECRETARY

responsible for PRC affairs: LEI Bin

responsible for Hong Kong affairs: TUNG Tat Chiu Michael

### AUDIT COMMITTEE

SONG Xiaojiang (*Committee Chairman*)

LONG Tao

LIU Erh Fei

LIU Tianni



### **REMUNERATION COMMITTEE**

SONG Xiaojiang (*Committee Chairman*)

LUO Yuguang

LONG Tao

LIU Erh Fei

LIU Tianni

### **NOMINATION COMMITTEE**

LUO Yuguang (*Committee Chairman*)

LONG Tao

SONG Xiaojiang

LIU Erh Fei

LIU Tianni

### **CORPORATE INFORMATION AVAILABLE AT**

Qingling Motors Co. Ltd

### **LEGAL ADDRESS**

1 Xiexing Cun

Zhongliangshan

Jiulongpo District

Chongqing

the People's Republic of China

### **PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

Office 1601, 16th Floor

LHT Tower

31 Queen's Road Central

Central, Hong Kong

### **COMPANY'S WEBSITE**

[www.qingling.com.cn](http://www.qingling.com.cn)

## **H SHARE REGISTRARS**

Hong Kong Registrars Limited  
Shops 1712–1716  
17th Floor, Hopewell Centre  
183 Queen’s Road East  
Wan Chai, Hong Kong

## **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

## **AUDITORS**

Deloitte Touche Tohmatsu Certified Public Accountants LLP  
30/F Bund Center  
222 Yan An Road East  
Shanghai 200002  
the People’s Republic of China

Deloitte Touche Tohmatsu  
35/F, One Pacific Place  
88 Queensway, Hong Kong

## **LEGAL ADVISERS**

*as to Hong Kong laws:*

Tung & Co.

Office 1601, 16th Floor

LHT Tower

31 Queen's Road Central

Central, Hong Kong

