

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 with limited liability)

(Stock Code: 1122)

ANNOUNCEMENT OF 2022 RESULTS

The board of directors (the “**Board**”) of Qingling Motors Co. Ltd (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2022, which has been prepared in accordance with Hong Kong Financial Reporting Standards as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	NOTES	2022 RMB'000	2021 RMB'000
Revenue	2,3	3,248,080	4,828,237
Cost of sales		<u>(3,132,923)</u>	<u>(4,273,893)</u>
Gross profit		115,157	554,344
Other income		385,405	463,350
Other expenses		(7,295)	(9,560)
Impairment losses under expected credit loss (“ECL”) model, net of reversal		(9,529)	614
Other gains and losses, net		13,705	85,653
Distribution and selling expenses		(78,260)	(244,464)
Administrative expenses		(213,745)	(232,801)
Research expenses		(243,132)	(269,928)
Finance costs		(4,717)	(1,374)
Share of results of associates		(7,339)	(5,616)
Share of results of joint ventures		<u>10,131</u>	<u>4,306</u>
(Loss) profit before tax	4	(39,619)	344,524
Income tax credit (expense)	5	<u>34,636</u>	<u>(13,638)</u>
(Loss) profit and total comprehensive (expenses) income for the year		<u>(4,983)</u>	<u>330,886</u>
(Loss) profit and total comprehensive (expenses) income attributable to:			
Owners of the Company		(14,575)	322,080
Non-controlling interests		<u>9,592</u>	<u>8,806</u>
		<u>(4,983)</u>	<u>330,886</u>
Basic (loss) earnings per share	6	<u>RMB(0.01)</u>	<u>RMB0.13</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2022

	<i>NOTES</i>	2022 RMB'000	2021 RMB'000
Non-current assets			
Property, plant and equipment		1,153,221	1,047,558
Right-of-use assets		61,126	44,738
Investment properties		18,956	19,235
Intangible assets		154,997	189,659
Interests in associates		43,792	51,131
Interests in joint ventures		486,526	489,471
Deferred tax assets		53,779	13,939
Time deposits		1,499,018	3,132,775
Deposit paid for property, plant and equipment		186	–
		3,471,601	4,988,506
Current assets			
Inventories		1,418,835	1,035,550
Trade, bills and other receivables and prepayments	8	1,557,481	2,597,025
Tax recoverable		12,448	11,770
Time deposits		2,915,887	599,083
Cash and cash equivalents		972,924	1,673,977
		6,877,575	5,917,405

	<i>NOTES</i>	2022 RMB'000	2021 <i>RMB'000</i>
Current liabilities			
Trade, bills and other payables	9	1,973,545	2,119,936
Tax liabilities		4,263	3,050
Contract liabilities		478,958	594,746
Refund liabilities		59,115	89,066
Lease liabilities		14,812	22,816
		<u>2,530,693</u>	<u>2,829,614</u>
Net current assets		<u>4,346,882</u>	<u>3,087,791</u>
Total assets less current liabilities		<u>7,818,483</u>	<u>8,076,297</u>
Capital and reserves			
Share capital	10	2,482,268	2,482,268
Share premium and reserves		4,969,804	5,257,429
Equity attributable to owners of the Company		7,452,072	7,739,697
Non-controlling interests		333,925	327,525
Total equity		<u>7,785,997</u>	<u>8,067,222</u>
Non-current liabilities			
Lease liabilities		27,361	1,923
Deferred income – government grants		5,125	7,152
		<u>32,486</u>	<u>9,075</u>
		<u>7,818,483</u>	<u>8,076,297</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on 1 January 2022 for the preparation of the 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 amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendment to HKFRS 16	Lease Liability in a Sale and Leaseback ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1	Non-current Liabilities with covenants ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

1 Effective for annual periods beginning on or after 1 January 2023.

2 Effective for annual periods beginning on or after a date to be determined.

3 Effective for annual periods beginning on or after 1 January 2024.

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 *Income Taxes* so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The Group applies HKAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for the Group's annual reporting period beginning on 1 January 2023. As at 31 December 2022, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to RMB42,117,000 and RMB42,173,000 respectively, in which the Group will recognise the related deferred tax assets and deferred tax liabilities of RMB6,326,000 and RMB6,318,000 respectively. The cumulative effect of initially applying the amendments will be recognised as an adjustment to the opening balance of retained profits (or other component of equity, as appropriate) at the beginning of the earliest comparative period presented.

2. REVENUE

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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Types of goods		
Sales of light-duty trucks	1,344,581	1,097,316
Sales of pick-up trucks	478,749	796,354
Sales of medium and heavy-duty trucks	509,977	1,003,879
Sales of chassis	633,512	1,630,864
Sales of automobile parts, accessories and others	281,261	299,824
Total	<u>3,248,080</u>	<u>4,828,237</u>

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

	Light-duty trucks and chassis <i>RMB'000</i>	Pick-up trucks and chassis <i>RMB'000</i>	Medium and heavy-duty trucks and chassis <i>RMB'000</i>	Automobile parts, accessories and others <i>RMB'000</i>	Consolidated <i>RMB'000</i>
For the year ended 31 December 2022					
Sales of light-duty trucks	1,344,581	–	–	–	1,344,581
Sales of pick-up trucks	–	478,749	–	–	478,749
Sales of medium and heavy-duty trucks	–	–	509,977	–	509,977
Sales of chassis	590,036	2,461	41,015	–	633,512
Sales of automobile parts, accessories and others	–	–	–	281,261	281,261
Revenue	<u>1,934,617</u>	<u>481,210</u>	<u>550,992</u>	<u>281,261</u>	<u>3,248,080</u>
For the year ended 31 December 2021					
Sales of light-duty trucks	1,097,316	–	–	–	1,097,316
Sales of pick-up trucks	–	796,354	–	–	796,354
Sales of medium and heavy-duty trucks	–	–	1,003,879	–	1,003,879
Sales of chassis	1,565,205	5,680	59,979	–	1,630,864
Sales of automobile parts, accessories and others	–	–	–	299,824	299,824
Revenue	<u>2,662,521</u>	<u>802,034</u>	<u>1,063,858</u>	<u>299,824</u>	<u>4,828,237</u>

3. SEGMENT INFORMATION

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

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

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

(i) Segment revenue and results

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

For the year ended 31 December 2022

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

For the year ended 31 December 2021

	Light-duty trucks and chassis	Pick-up trucks and chassis	Medium and heavy-duty trucks and chassis	Automobile parts, accessories and others	Consolidated
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment revenue	2,662,521	802,034	1,063,858	299,824	4,828,237
Result					
Segment profit (loss)	277,197	(33,100)	14,836	40,924	299,857
Other income					283,350
Other expenses					(9,560)
Impairment losses under ECL model, net of reversal					614
Other gains and losses, net					85,653
Central administration costs					(42,778)
Research expenses					(269,928)
Finance costs					(1,374)
Share of results of associates					(5,616)
Share of results of joint ventures					4,306
Profit before tax					344,524

There have been no inter-segment sales during the year ended 31 December 2022 and 2021.

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

(ii) Segment assets and liabilities

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

At 31 December 2022

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

At 31 December 2021

	Light-duty trucks and chassis	Pick-up trucks and chassis	Medium and heavy-duty trucks and chassis	Automobile parts, accessories and others	Consolidated
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Assets					
Segment assets	<u>1,586,178</u>	<u>574,000</u>	<u>1,143,074</u>	<u>379,195</u>	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
Cash and cash equivalents and time deposits					5,405,835
Other unallocated assets					<u>508,999</u>
Consolidated total assets					<u>10,905,911</u>
Liabilities					
Segment liabilities	<u>532,231</u>	<u>162,432</u>	<u>232,141</u>	<u>–</u>	926,804
Unallocated trade, bills and other payables					1,876,944
Unallocated lease liabilities					24,739
Other unallocated liabilities					<u>10,202</u>
Consolidated total liabilities					<u>2,838,689</u>

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.

(iii) Other segment information

For the year ended 31 December 2022

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

For the year ended 31 December 2021

	Light-duty trucks and chassis	Pick-up trucks and chassis	Medium and heavy-duty trucks and chassis	Automobile parts, accessories and others	Unallocated	Consolidated
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to property, plant and equipment	39	35,666	20,830	–	94,464	150,999
Additions to right-of-use assets	–	–	–	–	15,492	15,492
Amortisation of intangible assets	–	–	32,629	–	6,293	38,922
Depreciation of property, plant and equipment	10,846	5,524	11,320	–	18,168	45,858
Depreciation of right-of-use assets	–	–	–	–	20,660	20,660
Depreciation of investment properties	–	–	–	–	2,159	2,159

(iv) Geographical information

Excluding deferred tax assets and time deposits, the Group's non-current assets amounting to RMB1,918,804,000 (2021: RMB1,841,792,000) are located in the People's Republic of China (the “PRC”). Except for export sales to countries outside the PRC amounting to RMB51,151,000 (2021: RMB66,275,000), all other sales of the Group are made to customers located in the PRC.

4. (LOSS) PROFIT BEFORE TAX

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
(Loss) profit before tax has been arrived at after charging (crediting):		
Salaries and other payments and benefits	296,886	318,085
Retirement benefit scheme contributions	41,965	40,818
	<hr/>	<hr/>
Total staff costs (including directors' and supervisors' remuneration)	338,851	358,903
Staff costs capitalised in inventories	(147,479)	(151,646)
	<hr/>	<hr/>
	191,372	207,257
	<hr/>	<hr/>
Amortisation of intangible assets	38,499	38,922
Depreciation of property, plant and equipment	51,885	45,858
Capitalised in inventories	(31,660)	(25,353)
	<hr/>	<hr/>
	20,225	20,505
	<hr/>	<hr/>
Finance costs of lease liabilities	637	1,374
Finance costs of discounted bank acceptance bills	4,080	–
Depreciation of investment properties	279	2,159
Depreciation of right-of-use assets	23,862	20,660
Auditor's remuneration		
– Audit service	2,606	2,784
– Non-audit service	330	313
Cost of inventories recognised as an expense (including write-down of inventories amounting to RMB645,000 (2021: RMB23,293,000))	3,132,923	4,273,893
Subsequent sales of written-down inventories	(9,546)	(6,616)
Rental income from renting of investment properties	4,210	5,375
Less: Direct operating expenses from investment properties that generated rental income during the year	(279)	(1,995)
	<hr/>	<hr/>
	3,931	3,380
	<hr/> <hr/>	<hr/> <hr/>

5. INCOME TAX (CREDIT) EXPENSE

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current tax	7,256	5,555
(Over) under provision in prior years	(2,052)	3,831
Deferred tax	(39,840)	4,252
	<u>(34,636)</u>	<u>13,638</u>

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

重慶慶鈴技術中心有限責任公司 and 慶鈴(深圳)新能源汽車銷售服務有限公司, subsidiaries of the Company, are subject to EIT rate of 25% (2021: 25%) for the year ended 31 December 2022.

6. (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:

(Loss) earnings

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
(Loss) earnings for the purpose of basic (loss) earnings per share (Loss) profit for the year attributable to owners of the Company	<u>(14,575)</u>	<u>322,080</u>

Number of shares

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

No diluted (loss) earnings per share was presented as there were no potential ordinary shares in issues in both years presented.

7. DIVIDEND

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Dividends recognised as distribution during the year:		
2021 Final, paid – RMB0.11 (2021: 2020 Final, paid – RMB0.10) per share	273,050	248,227

No dividend was paid or proposed for ordinary shareholders of the Company during 2022, nor has any dividend been proposed since the end of the reporting period (2021: final dividend of RMB273,050,000 or RMB0.11 per ordinary share in respect of the year ended 31 December 2021).

8. TRADE, BILLS AND OTHER RECEIVABLES AND PREPAYMENTS

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables, less allowance for credit losses	116,900	102,810
Bills receivables	845,821	2,083,402
Other receivables, less allowance for credit losses	203,831	77,698
Prepayments for raw materials	170,935	142,530
Value-added tax recoverable	50,054	10,585
Grants receivable, less allowance for credit losses (<i>note</i>)	169,940	180,000
	1,557,481	2,597,025

Note: As at 31 December 2022 and 31 December 2021, there was reasonable assurance that the Group will comply with the conditions attached and the grants under the hydrogen fuel cell vehicles subsidies. Hence a grant receivable was recognised as at 31 December 2022 and 31 December 2021. During the year ended 31 December 2022, grants receivable of RMB90,000,000 have been received.

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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 3 months	97,960	73,645
Between 3 to 6 months	4,593	5,547
Between 7 to 12 months	6,356	6,658
Over 1 year	7,991	16,960
	116,900	102,810

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

	2022 RMB'000	2021 <i>RMB'000</i>
Within 1 month	315,809	630,793
Between 1 to 2 months	137,857	319,575
Between 2 to 3 months	120,004	251,312
Between 3 to 6 months	263,904	801,996
Between 6 to 12 months	8,247	79,726
	845,821	2,083,402

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

9. TRADE, BILLS AND OTHER PAYABLES

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

	2022 RMB'000	2021 <i>RMB'000</i>
Trade and bills payables	1,570,470	1,666,388
Selling expenses payables	171,483	211,298
Other tax payable	2,375	2,802
Other payables (<i>note</i>)	229,217	239,448
	1,973,545	2,119,936

Note: As at 31 December 2022, other payables amounted to RMB229,217,000 (2021: RMB239,448,000) mainly including accrued continuing royalties payable of RMB10,533,000 (2021: RMB18,897,000), accrual royalties and license fee of RMB58,129,000 (2021: RMB61,523,000), payables for purchase of property, plant and equipment of RMB21,305,000 (2021: RMB19,361,000) and payroll payable of RMB24,273,000 (2021: RMB24,480,000).

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

	2022 RMB'000	2021 <i>RMB'000</i>
Within 3 months	1,458,571	1,437,413
Between 3 to 6 months	99,921	197,792
Between 7 to 12 months	1,110	15,658
Over 12 months	10,868	15,525
	1,570,470	1,666,388

10. SHARE CAPITAL

At 1 January 2021,
31 December 2021
and 31 December 2022
RMB'000

Registered, issued and fully paid 2,482,268

Number of shares
At 1 January 2021,
31 December 2021
and 31 December 2022
'000

Shares of RMB1 each

– Domestic shares 1,243,616

– H shares 1,238,652

2,482,268

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

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

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

2022 RESULTS

As at 31 December 2022, the Company sold 28,853 vehicles, representing a decrease of 34.24% over 43,876 vehicles sold last year. Revenue was RMB3,248 million, representing a decrease of 32.73% over RMB4,828 million as recorded last year. For the year ended 31 December 2022, the Company recorded a loss after tax for the year of RMB5 million, while it was a profit after tax of RMB331 million for the year ended 31 December 2021, the result was decreased by 101.51%.

REVIEW OF RESULTS

In 2022, the Company experienced multiple challenges and superimposed impacts such as the lockdown for the epidemic, the downward trend of the industry, the power limit under high temperature, the shutdown of production due to supply cut, and closed-loop production. Under the extremely severe and complex situation, the Company united and led all cadres and staff to implement the work requirements of the central government of “preventing the epidemic, stabilising economy, and developing safely”, prevented the epidemic situation, strengthened innovation, deepened reform, grasped the market, and stabilised operation, making steady improvement in various work.

- 1. Product innovation and technological innovation have achieved fruitful results.** The Company independently completed the research and development of 2.5L high-performance engine and compliant blue-brand light truck; made achievement in the research and development of four-stage fuel consumption technology; introduced automatic transmission for all series of models, and upgraded the products comprehensively; constantly enriched the lineup of independent products with improved cost performance ratio; continuously improved IVI Internet of Vehicles and expanded service functions; made a rapid start in pure electric vehicles; developed rapidly in the hydrogen fuel cell vehicle industry; made improvement in the technical capability of key assemblies and revealed the R&D achievements.
- 2. Facing challenges directly, the marketing system has stood the test.** The Company made efforts to maintain stable channels and stable teams, and dealers and marketing personnel have withstood the test; strengthened the key client marketing and stabilised the marketing base; focused on marketing to promote retails, and took new steps in building marketing capacity; undertook projects and facilitated transactions to build the supporting capacity of the export system.
- 3. Overcome difficulties to ensure delivery and strengthen management to improve efficiency.** The Company made prevention to the epidemic and fought against high temperature to ensure supply and delivery; managed and made good use of intelligent production lines to improve efficiency and quality; continuously focused on IM on-site management; actively promoted technological innovation and small reforms.
- 4. Continuously improve the quality detection capability and strictly control the product quality.** The Company basically improved the hardware conditions for quality inspection; constructed vehicle inspection data management system; strengthened the consistency and compliance control of mass production products; strictly conducted quality assessment.

5. **Deepen the reform of organization and mechanism to stimulate vitality.** The Company deepened the reform of research and development organisations, stimulated the vitality of personnel and improved organisational efficiency; achieved initial results in quality system reform; successfully concluded the three-year reform of state-owned enterprises.
6. **Reduce costs and increase benefits.** The Company put technology first, and combined the technology with procurement to reduce costs; reduced costs through procurement comparison and selection of parts and bulk materials and business negotiation; innovated fund management mode, expanded channels, and strengthened fund management to increase benefits.
7. **Fully implement the main responsibilities of safety and environmental protection.** The Company strictly implemented risk research and judgment and hidden danger troubleshooting and rectification; increased investment in safety; strengthened safety and environmental protection education and training; achieved safe and stable production with standard environmental protection and emission to avoid fatal accidents and occupational diseases, and set the best level in history in the controlling goal of injury rate of 1,000 people.

OUTLOOK AND PROSPECTS

The 2022 Central Economic Work Conference pointed out that “the current foundation of China’s economic recovery is not yet solid, the triple pressures of demand contraction, supply shock and weakening expectation are still large, the external environment is volatile and brings deep impact on China’s economy”. However, “China’s economy is of strong resilience, potential and vitality, with the continuous effects of various policies, the economic operation is expected to rebound in 2023”. China Automobile Association has studied and judged that the development of the automobile industry this year has six favorable factors and six challenges, and challenges and opportunities coexist in general.

In the government work report of the State Council in 2023, it was proposed that “stabilise mass consumption and promote the recovery of life service consumption; converge high-quality resources in the key industrial chain of the manufacturing industry to jointly promote key core technologies; green transformation to promote energy conservation and carbon reduction in key areas”, which laid the tone for promoting the high-quality development of the automobile industry, pointed out the direction, and released a positive signal of expanding demand and increasing support for the real economy. The key work of the Company in 2023 is as follows:

1. **Focus on regulatory changes and the competitiveness of main products, and adhere to the innovation-driven.** The Company will deeply interpret the new policy of “double points for commercial vehicles” and clarify the research and development priorities; improve EV technology, performance and cost competitiveness; quickly complete the research and development of new laws and regulations for fuel vehicles; focus on main products, improve performance, reduce costs and improve competitiveness; continue to launch hydrogen-powered vehicles and accelerate the development of strategically new industries.

2. **Strengthen the market awareness of all employees and compete for the market in an integrated way.** The Company will urge all staff to firmly establish market awareness, competition awareness and service awareness; hold dealer conference to enhance market confidence; deepen the reform of marketing organisation and mechanism, activate and improve efficiency; accelerate the construction of supporting capacity of vehicle export system; focus on the sales of new energy vehicles and heavy vehicles; strengthen the sales expansion of pick-up trucks; enhance after-sales services.
3. **Improve internal management and integration-supported marketing.** The Company will consolidate its capacity, stabilize quality and ensure delivery in production system; consolidate the reform achievements in quality system, give full play to the function of the inspection line, and manage the product quality well; prevent risks, ensure supply and quality, and reduce costs in procurement system.

In the new year, the Company will strive to seize the market, strengthen the key products, improve performance, reduce costs, enhance quality, ensure delivery, break down the list of objectives and tasks, clarify the responsibilities and progress objectives, fight for the achievements with clear target, and promote the development of the enterprise with new accomplishment!

FINANCIAL RESOURCES AND LIQUID FUNDS SITUATION

Financial Performance

For the year ended 31 December 2022, the revenue of the Group was RMB3,248,080,000 representing a decrease of 32.73% as compared to last year mainly due to the continuous sporadic outbreak of the novel coronavirus, coupled with factors such as rising raw material prices, power rationing due to high temperature and suspension of power and work, etc., which has brought certain negative impact on the market sentiment and business environment, affecting the overall performance of the sales volume of the Group for the year ended 31 December 2022.

Gross profit for the year was RMB115,157,000 representing a decrease of 79.23% as compared to last year. Gross profit margin of the Group for the year was 3.55% as compared with 11.48% last year. For the year ended 31 December 2022, the Group recorded a loss after tax for the year of RMB4,983,000, while it was a profit after tax for the year ended 31 December 2021, the result was decreased by 101.51%.

For the year ended 31 December 2022, other income mainly included government grants, interest income and rental income, totaling RMB385,405,000, representing a decrease of 16.82% as compared to last year.

For the year ended 31 December 2022, the Group's expenses, including distribution and selling costs, administrative expenses and research expenses, decreased by 28.38% as compared to last year, principally due to the decrease of sales volume for the year as compared to last year.

For the year ended 31 December 2022, the share of results of joint ventures of the Group was RMB10,131,000, representing an increase of 135.28% as compared to last year, mainly due to the profit increase of 五十鈴(中國)發動機有限公司 (“**Isuzu Engine**”), which is a joint venture that was established in May 2007.

For the year ended 31 December 2022, basic loss per share was RMB0.01. The Company did not issue any new shares and the basic earnings per share decreased by 107.69% as compared to last year.

Financial Position

As at 31 December 2022, the total assets and total liabilities of the Group were RMB10,349,176,000 and RMB2,563,179,000 respectively.

As at 31 December 2022, the Group’s non-current assets amounted to RMB3,471,601,000 which mainly includes property, plant and equipment, right-of-use assets, investment properties, intangible assets, interests in associates and joint ventures, deferred tax assets, time deposits and deposit paid for property, plant and equipment.

As at 31 December 2022, the Group’s current assets amounted to RMB6,877,575,000 which mainly includes inventories, trade, bills and other receivables and prepayments, tax recoverable, time deposits, cash and cash equivalents.

As at 31 December 2022, the Group’s current liabilities amounted to RMB2,530,693,000 which mainly includes trade, bills and other payables, tax liabilities, contract liabilities, refund liabilities and lease liabilities.

As at 31 December 2022, the Group’s non-current liabilities amounted to RMB32,486,000 which includes deferred income – government grants and lease liabilities.

As at 31 December 2022, the Group’s net current assets was RMB4,346,882,000 (2021: RMB3,087,791,000), representing an increase of 40.78% as compared to last year, mainly due to the liquidity classification of time deposits.

Liquidity and Capital Structure

As at 31 December 2022, the time deposits, cash and cash equivalents retained by the Group due within one year were RMB3,888,811,000 and increased by 71.08% as compared with the balances on 31 December 2021. The Group’s working capital requirement was financed by its own cash flow. Gearing ratio represented the percentage of total liabilities over total equity as per consolidated statement of financial position. The gearing ratio of the Group as at 31 December 2022 was 32.92% (as at 31 December 2021: 35.19%). Issued share capital as at 31 December 2022 maintained at the level of RMB2,482,268,000 as no share was issued during this year.

For the year ended 31 December 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 31 December 2022 was RMB7,452,072,000. The net assets value per share (representing total equity attributable to owners of the Company divided by number of shares of the Company as at 31 December 2022) as at 31 December 2022 was RMB3.00.

Significant Investment

As at 31 December 2022, the Group's interests in joint ventures were RMB486,526,000 and interests in associates were RMB43,792,000. For the year ended 31 December 2022, the joint ventures and associates of the Group were under normal operation.

During the year ended 31 December 2022, there were no significant acquisition and disposal of the Group.

Segment Information

The revenue contributed by light-duty trucks and medium and heavy-duty trucks were RMB1,934,617,000 and RMB550,992,000 respectively, representing 76.53% of the total revenue. Light-duty trucks and medium and heavy-duty trucks are currently the major products accounting for the highest contribution to the Group.

Pledge of Assets

As at 31 December 2022, no asset of the Group was pledged for financial facilities (for the year ended 31 December 2021: Nil).

Effects of Foreign Exchange Rate Changes

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

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 December 2022 (2021: RMB0.11 per share).

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held at New Conference Hall of the Company, 1st Floor, 1 Xiexing Cun, Zhongliangshan, Jiulongpo District, Chongqing, the People's Republic of China on Wednesday, 31 May 2023 at 10:00 a.m. (the "AGM").

CLOSURE OF REGISTER OF SHAREHOLDERS

To ascertain the H shareholders' entitlement to attend and vote at the AGM, the register of shareholders of the Company will be closed from Monday, 1 May 2023 to Wednesday, 31 May 2023 (both dates inclusive), during which period no transfer of shares will be registered. All duly completed transfer forms relating to H shares accompanied by the relevant share certificates must be lodged with the Company's H Share Registrars, Hong Kong Registrars Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Friday, 28 April 2023.

PREFERENTIAL TREATMENTS FOR CONSOLIDATED INCOME TAX AND LOCAL TAX

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 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 Qingling Moulds, a subsidiary of the Company, are engaged in the encouraged businesses included in the related notice and catalogue and the total revenue of their major businesses for the year accounted for 60% of their respective total revenue, and therefore continue to enjoy the preferential EIT rate of 15% for both years.

DESIGNATED DEPOSITS

As at 31 December 2022, the Group did not hold any designated deposit or any time deposits that were overdue but could not be collected upon maturity.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2022, the Group has 2,846 employees (2021: 2,934 employees). For the year ended 31 December 2022, labor cost was RMB338,851,000 (2021: RMB358,903,000). The Group determines the emoluments payable to its employees based on their performance, experience and prevailing industry practices while the Group's remuneration policy and packages are reviewed on a regular basis so as to ensure that the pay levels are competitive and effective in attracting, retaining and motivating employees. Depending on the assessment about their work performances, employees may be granted bonuses and rewards which in turn provide the motives and incentives for better individual performance.

DISPOSAL OF STAFF QUARTERS

For the year ended 31 December 2022, the Group has not sold any of its staff quarters to its employees.

STRUCTURE OF SHAREHOLDING

- (1) As at 31 December 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 31 December 2022, shareholders other than directors, supervisors and chief executives of the Company having an interest and short positions in 5% or more of the relevant class of the issued share capital of the Company as recorded in the register of interests in shares and short positions required to be kept by the Company pursuant to Section 336 of the Securities and Futures Ordinance (the “SFO”) were as follows:

Long positions in the shares of the Company:

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

Save as disclosed above, the register required to be kept under section 336 of the SFO showed that the Company had not been notified of any interests or short positions in the shares and underlying shares of the Company as at 31 December 2022.

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

As at 31 December 2022, none of the directors, supervisors and chief executives of the Company has any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (as defined under the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”). For the year ended 31 December 2022, none of directors, supervisors and chief executives of the Company, or their spouse or children under 18 had any rights to subscribe for equity or debt securities of the Company, nor has any of them exercised such rights.

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

There were no purchase, sale, redemption or cancellation of the Company's listed securities by the Company and its subsidiaries during the year ended 31 December 2022.

CORPORATE GOVERNANCE

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

During the year ended 31 December 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 (the “**Listing Rules**”) on the Stock Exchange without deviation.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the directors and supervisors. Having made specific enquiry of all directors and supervisors of the Company, the Company confirmed all directors and supervisors have complied with the required standard set out in the Model Code during the year ended 31 December 2022.

REVIEW OF AUDITED ANNUAL RESULTS

The audit committee of the Company has reviewed, with the management and auditor of the Company, the accounting principles and practices adopted by the Group, and discussed auditing, risk management and internal control and financial reporting matters including the review of the audited consolidated financial statements for the year ended 31 December 2022 and the 2022 annual results.

DIRECTORS

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

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

Chongqing, the PRC, 28 March 2023