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慶鈴汽車股份有限公司

QINGLING MOTORS CO. LTD

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

(Stock Code: 1122)

ANNOUNCEMENT OF 2024 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 2024, 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 2024

	NOTES	2024 RMB'000	2023 RMB'000
Revenue	2, 3	4,123,733	3,596,535
Cost of sales		(3,852,881)	(3,373,181)
Gross profit		270,852	223,354
Other income		307,907	295,743
Other expenses		(5,433)	(8,026)
Impairment losses under expected credit loss model (“ ECL ”), net of reversal		428	(277)
Other gains and losses, net		(4,368)	13,586
Distribution and selling expenses		(213,112)	(189,768)
Administrative expenses		(204,361)	(205,456)
Research expenses		(185,774)	(177,802)
Finance costs		(2,189)	(1,680)
Share of results of associates		(4,370)	570
Share of results of joint ventures		5,207	2,504
Loss before tax	4	(35,213)	(47,252)
Income tax (expense) credit	5	(12,559)	1,845
Loss and total comprehensive expenses for the year		(47,772)	(45,407)

		2024	2023
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
Loss and total comprehensive expenses attributable to:			
Owners of the Company		(55,097)	(54,269)
Non-controlling interests		<u>7,325</u>	<u>8,862</u>
		<u>(47,772)</u>	<u>(45,407)</u>
Basic loss per share	7	<u>RMB (0.02)</u>	<u>RMB (0.02)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2024

	<i>NOTES</i>	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment		1,237,481	1,212,392
Right-of-use assets		35,926	53,389
Investment properties		18,398	18,677
Intangible assets		145,245	119,905
Interests in associates		7,174	44,362
Interests in joint ventures		488,329	481,423
Deferred tax assets		62,696	59,822
Time deposits		2,057,376	2,569,260
Trade receivables	8	512,962	45,886
Finance lease receivables		2,248	2,740
Deposit paid for property, plant and equipment		592	191
		4,568,427	4,608,047
Current assets			
Inventories		1,276,508	1,318,413
Trade, bills and other receivables and prepayments	8	1,382,127	1,531,029
Time deposits		2,268,069	1,486,295
Cash and cash equivalents		688,304	1,027,775
Tax recoverable		–	12,448
Finance lease receivables		493	483
		5,615,501	5,376,443

		2024	2023
	NOTES	RMB'000	RMB'000
Current liabilities			
Trade, bills and other payables	9	2,440,211	1,775,320
Tax liabilities		460	1,810
Contract liabilities		134,223	357,331
Refund liabilities		65,611	72,624
Lease liabilities		17,118	16,457
		<u>2,657,623</u>	<u>2,223,542</u>
Net current assets		<u>2,957,878</u>	<u>3,152,901</u>
Total assets less current liabilities		<u>7,526,305</u>	<u>7,760,948</u>
Capital and reserves			
Share capital	10	2,482,268	2,482,268
Share premium and reserves		4,860,438	4,915,535
		<u>7,342,706</u>	<u>7,397,803</u>
Equity attributable to owners of the Company		177,399	339,458
Non-controlling interests		<u>177,399</u>	<u>339,458</u>
Total equity		<u>7,520,105</u>	<u>7,737,261</u>
Non-current liabilities			
Lease liabilities – Non-current		2,651	19,404
Deferred income – government grants		3,549	4,283
		<u>6,200</u>	<u>23,687</u>
		<u>7,526,305</u>	<u>7,760,948</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

1. APPLICATION OF NEW AND 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 or after 1 January 2024 for the preparation of the consolidated financial statements:

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

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

2. REVENUE

(i) Disaggregation of revenue from contracts with customers

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

	2024 RMB’000	2023 RMB’000
Types of goods		
Sales of light-duty trucks	1,758,008	1,529,085
Sales of pick-up trucks	581,306	625,600
Sales of medium and heavy-duty trucks	926,377	703,503
Sales of chassis	465,366	468,001
Sales of automobile parts, accessories and others	392,676	270,346
Total	<u>4,123,733</u>	<u>3,596,535</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 2024					
Sales of light-duty trucks	1,758,008	–	–	–	1,758,008
Sales of pick-up trucks	–	581,306	–	–	581,306
Sales of medium and heavy-duty trucks	–	–	926,377	–	926,377
Sales of chassis	452,770	63	12,533	–	465,366
Sales of automobile parts, accessories and others	–	–	–	392,676	392,676
Revenue	<u>2,210,778</u>	<u>581,369</u>	<u>938,910</u>	<u>392,676</u>	<u>4,123,733</u>
For the year ended 31 December 2023					
Sales of light-duty trucks	1,529,085	–	–	–	1,529,085
Sales of pick-up trucks	–	625,600	–	–	625,600
Sales of medium and heavy-duty trucks	–	–	703,503	–	703,503
Sales of chassis	446,210	3,139	18,652	–	468,001
Sales of automobile parts, accessories and others	–	–	–	270,346	270,346
Revenue	<u>1,975,295</u>	<u>628,739</u>	<u>722,155</u>	<u>270,346</u>	<u>3,596,535</u>

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

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

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

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

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

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

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

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

The Group has aggregate amount of the transaction price allocated to remaining performance obligations which are mainly in respect of sales of trucks and chassis that are unsatisfied amounted to RMB134,223,000 at 31 December 2024 (2023: RMB357,331,000).

Based on the information available to the Group at the end of the reporting period, the directors of the Company expect the transaction price allocated to the above unsatisfied contracts as at 31 December 2024 and 2023 will be recognized as revenue in the following year.

3. SEGMENT INFORMATION

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

Specially, 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 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 2024

	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>2,210,778</u>	<u>581,369</u>	<u>938,910</u>	<u>392,676</u>	<u>4,123,733</u>
Result					
Segment (loss) profit	<u>(49,202)</u>	<u>(15,788)</u>	<u>10,087</u>	<u>50,394</u>	<u>(4,509)</u>
Other income					265,059
Other expenses					(5,433)
Impairment losses under ECL model, net of reversal					428
Other gains and losses, net					(4,368)
Central administration costs					(99,264)
Research expenses					(185,774)
Finance costs					(2,189)
Share of results of associates					(4,370)
Share of results of joint ventures					<u>5,207</u>
Loss before tax					<u>(35,213)</u>

For the year ended 31 December 2023

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

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. Segment (loss) profit represents the (loss incurred from) profit earned by each segment without allocation of certain other income, other expenses, impairment losses under ECL model, net of reversal, other gains and losses, net, central administration costs, research expenses, finance costs, share of results of associates and share of results of joint ventures. This is the measure reported to the chief operating decision makers for the purpose 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 2024

	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>1,446,126</u>	<u>448,781</u>	<u>679,900</u>	<u>828,571</u>	<u>3,403,378</u>
Interchangeably used assets between segments					
– property, plant and equipment					370,183
– right-of-use assets					35,926
– inventories					387,650
Investment properties					18,398
Interests in associates					7,174
Interests in joint ventures					488,329
Cash and cash equivalents and time deposits					5,013,749
Other unallocated assets					<u>459,141</u>
Consolidated total assets					<u>10,183,928</u>
Liabilities					
Segment liabilities	<u>178,347</u>	<u>46,822</u>	<u>76,038</u>	<u>50,167</u>	<u>351,374</u>
Unallocated trade, bills and other payables					2,290,342
Unallocated lease liabilities					19,769
Other unallocated liabilities					<u>2,338</u>
Consolidated total liabilities					<u>2,663,823</u>

	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>1,150,733</u>	<u>511,513</u>	<u>786,822</u>	<u>322,274</u>	<u>2,771,342</u>
Interchangeably used assets between segments					
– property, plant and equipment					436,077
– right-of-use assets					53,389
– inventories					486,864
Investment properties					18,677
Interests in associates					44,362
Interests in joint ventures					481,423
Cash and cash equivalents and time deposits					5,083,330
Other unallocated assets					<u>609,026</u>
Consolidated total assets					<u>9,984,490</u>
Liabilities					
Segment liabilities	<u>313,631</u>	<u>101,730</u>	<u>109,139</u>	<u>–</u>	<u>524,500</u>
Unallocated trade, bills and other payables					1,680,775
Unallocated lease liabilities					35,861
Other unallocated liabilities					<u>6,093</u>
Consolidated total liabilities					<u>2,247,229</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, interest in associates, interests in joint ventures, cash and cash equivalents and time deposits, and other unallocated assets held by the head office; and
- All liabilities are allocated to operating and reportable segments other than unallocated trade, bills and other payables, unallocated lease liabilities and other unallocated liabilities of the head office.

(iii) Other segment information

For the year ended 31 December 2024

	Light-duty trucks and chassis	Pick-up trucks and chassis	Medium and heavy-duty trucks and chassis	Automobile parts, accessories and others	Unallocated	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to property, plant and equipment	171	64,177	117	13,819	18,123	96,407
Additions to intangible assets	–	64,862	–	–	1,064	65,926
Amortisation of intangible assets	–	6,277	32,081	–	2,228	40,586
Depreciation of property, plant and equipment	3,342	10,175	10,406	12,708	33,170	69,801
Depreciation of right-of-use assets	–	–	–	–	17,463	17,463
Depreciation of investment properties	–	–	–	–	279	279

For the year ended 31 December 2023

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

(iv) Geographical information

Excluding deferred tax assets and time deposits, the Group's non-current assets amounting to RMB2,448,355,000 (2023: RMB1,978,965,000) are located in the People's Republic of China (the "PRC"). Except for export sales to countries outside the PRC amounting to RMB132,769,000 (2023: RMB93,133,000), all other sales of the Group are made to customers located in the PRC.

4. LOSS BEFORE TAX

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Loss before tax has been arrived at after charging (crediting):		
Salaries and other payments and benefits	301,045	287,858
Retirement benefit scheme contributions	39,931	38,953
Total staff costs (including directors' and supervisors' remuneration)	340,976	326,811
Staff costs capitalised in inventories	(145,323)	(142,997)
	195,653	183,814
Amortisation of intangible assets	40,586	37,591
Depreciation of property, plant and equipment	69,801	56,949
Capitalised in inventories	(44,598)	(38,147)
	25,203	18,802
Finance costs of lease liabilities	1,237	1,680
Finance costs of acceptance of bills	952	–
Depreciation of investment properties	279	279
Depreciation of right-of-use assets	17,463	17,761
Auditor's remuneration		
– Audit service	2,434	2,358
– Non-audit service	–	373
Cost of inventories recognised as an expense (including write-down of inventories amounting to RMB2,486,000 (2023: RMB200,000))	3,852,881	3,373,181
Subsequent sales of written-down inventories	(5,315)	(9,588)
Rental income from renting of investment properties	4,210	4,210
Less: Direct operating expenses from investment properties that generated rental income during the year	(805)	(279)
	3,405	3,931

5. INCOME TAX (EXPENSE) CREDIT

	2024 RMB'000	2023 RMB'000
Current tax	(3,528)	(4,202)
(Under) over provision in prior years	(11,905)	4
Deferred tax	2,874	6,043
	<u>(12,559)</u>	<u>1,845</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 business 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.

Under the Laws of the PRC on the Enterprise Income Tax (“EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the remaining PRC subsidiaries are 20% and 25% (2023: 25%).

The income tax (expense) credit for the year can be reconciled to the loss before tax per consolidated statement of loss and other comprehensive expenses as follows:

	2024 RMB'000	2023 RMB'000
Loss before tax	(35,213)	(47,252)
Tax at the applicable income tax rate of 15% (2023: 15%)	5,282	7,088
Tax effect of expenses not deductible for tax purpose	(8,373)	(1,244)
Additional tax benefit applicable to the Group (Note)	23,201	20,623
Effect of different tax rate of subsidiaries	(751)	(1,065)
Tax effect of share of results of associates	(656)	85
Tax effect of share of results of joint ventures	782	376
Write-down of deferred tax	(20,139)	(24,022)
(Under) over provision in prior years	(11,905)	4
Income tax (expense) credit for the year	<u>(12,559)</u>	<u>1,845</u>

Note:

Pursuant to the relevant tax rules and regulation, expenses in research nature are deductible at 100% (2023: 100%) of such expenses incurred additionally. The related tax benefit amounted to RMB23,201,000 (2023: RMB20,623,000) for the year ended 31 December 2024.

6. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company for the years ended 31 December 2024 and 2023, nor has any dividend been proposed since the end of the reporting period.

7. LOSS PER SHARE

Loss

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

	2024 RMB'000	2023 RMB'000
Loss for the purpose of basic loss per share (loss for the year attributable to owners of the Company)	<u>(55,097)</u>	<u>(54,269)</u>

Number of shares

	2024 '000	2023 '000
Number of shares for the purpose of basic loss per share	<u>2,482,268</u>	<u>2,482,268</u>

No diluted loss per share was presented as there were no potential ordinary shares in issue for both 2024 and 2023.

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:

	2024 RMB'000	2023 RMB'000
Trade receivables, less allowance for credit losses	1,163,549	271,184
Bills receivables	337,650	831,289
Other receivables, less allowance for credit losses	24,999	161,972
Prepayments for raw materials	140,039	140,107
Value-added tax recoverable	–	8,723
Grants receivable, less allowance for credit losses (<i>Note</i>)	<u>228,852</u>	<u>163,640</u>
	<u>1,895,089</u>	<u>1,576,915</u>
Less: Non-current – Trade receivables	<u>(512,962)</u>	<u>(45,886)</u>
	<u>1,382,127</u>	<u>1,531,029</u>

Note: As at 31 December 2024 and 31 December 2023, there was reasonable assurance that the Group will comply with the conditions attached and the grants under the hydrogen fuel cell vehicles subsidiaries. Hence a grant receivable was recognized as at 31 December 2024 and 31 December 2023.

As at 31 December 2024 and 2023, trade receivables from contracts with customers amounted to RMB1,163,549,000 (net of allowance for credit losses of RMB708,000) and RMB271,184,000 (net of allowance for credit losses of RMB1,108,000), respectively.

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables comprise:		
Within one year	650,587	225,298
Within a period of more than one year but not exceeding five years	512,962	45,886
	<u>1,163,549</u>	<u>271,184</u>

As at 1 January 2023, trade receivables from contracts with customers amounted to RMB116,900,000 (net of allowance for credit losses of RMB2,164,000).

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

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 3 months	601,284	156,244
Between 3 to 6 months	202,744	48,815
Between 7 to 12 months	316,342	52,847
Over 1 year	43,179	13,278
	<u>1,163,549</u>	<u>271,184</u>

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

	2024 RMB'000	2023 <i>RMB'000</i>
Within 1 month	220,654	389,320
Between 1 to 2 months	32,650	133,299
Between 2 to 3 months	13,356	131,577
Between 3 to 6 months	70,990	95,740
Between 6 to 12 months	–	81,353
	337,650	831,289

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

As at 31 December 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB125,394,000 (2023: RMB96,903,000), which are past due as at reporting date. Out of the past due balances, an aggregate of RMB125,271,000 (2023: RMB45,899,000) has been past due 90 days or more and are not considered as in default, as these debtors normally fully settled the outstanding balances subsequently with reference to the debtors' settlement pattern. The Group does not hold any collateral over these balances.

9. TRADE, BILLS AND OTHER PAYABLES

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

	2024 RMB'000	2023 <i>RMB'000</i>
Trade and bills payables	2,126,249	1,471,366
Selling expenses payables	124,660	139,802
Other tax payables	28,169	3,774
Other payables (<i>Note</i>)	161,133	160,378
	2,440,211	1,775,320

Note:

As at 31 December 2024, other payables amounted to RMB161,133,000 (2023: RMB160,378,000) mainly including accrued continuing royalties payable of RMB14,907,000 (2023: RMB11,180,000), accrual royalties and license fee of RMB16,099,000 (2023: RMB17,485,000), payables for purchase of property, plant and equipment of RMB9,132,000 (2023: RMB20,127,000) and payroll payable of RMB29,287,000 (2023: RMB22,917,000).

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

	2024 RMB'000	2023 RMB'000
Within 3 months	1,853,310	1,346,750
Between 3 to 6 months	268,300	109,839
Between 7 to 12 months	940	1,191
Over 12 months	3,699	13,586
	2,126,249	1,471,366

10. SHARE CAPITAL

	At 1 January 2023, 31 December 2023 and 31 December 2024 RMB'000
Registered, issued and fully paid	2,482,268
	Number of shares
	At 1 January 2023, 31 December 2023 and 31 December 2024 '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.

2024 RESULTS

For the year ended 31 December 2024, the Company sold 33,178 vehicles, representing an increase of 6.72% over 31,089 vehicles sold last year. Revenue was approximately RMB4,124 million, representing an increase of 14.66% over approximately RMB3,597 million as recorded last year. For the year ended 31 December 2024, the Company recorded a loss after tax for the year of approximately RMB48 million, while it was a loss after tax of approximately RMB45 million for the last year.

REVIEW OF RESULTS

The year 2024 marked the 75th anniversary of the founding of the People's Republic of China and was a crucial year for achieving the goals of the 14th Five-Year Plan. China has focused on deepening reform and opening-up, expanding domestic demand, and maintaining overall stable and progressive economic performance. The domestic automotive market has continued to recover, with annual production and sales remaining above 30 million vehicles, driven by rapid growth in new energy vehicles and exports. However, commercial truck sales declined to 3.3 million units, a year-on-year decrease of 6.7%. In the face of challenges such as weak overall demand in the commercial truck industry, a year-on-year market decline, and intense market competition, the Company focused on its core responsibilities and principal business, and prioritized the development of new energy and export markets. By accelerating the development of new productive forces and implementing multiple measures to improve operations, the Company achieved growth across its light-duty, medium-duty, and heavy-duty truck segments. Of which, new energy vehicle sales surged by 168%, export sales increased by 42.56% and operating profit increased by 10%, demonstrating an upward “scissors difference (剪刀差)”.

The Company has accelerated its five transformations and promoted industrial upgrades in 2024. The major achievements include:

1. Significant growth in the new energy and accelerated electrification transformation. Firstly, the independent innovation has been strengthened. The Company has completed the research and development of electric VANs, small trucks, and high-capacity rechargeable heavy-duty trucks, filling in the product gaps. Secondly, the marketing model has been innovated. The Company joined hands with financial institutions to provide convenient and fast financing services, removing market barriers and bottlenecks.
2. Significant increase in vehicle exports and accelerated marketing globalisation. Firstly, “going out” for our brands. The Company registered dozens of products in many countries throughout the year, and registered Qingling trademarks in nearly 50 countries, registering nearly 200 products. Secondly, “going in” for marketing personnel. The Company sent a number of teams to expand the overseas market, with a presence in countries like Vietnam and the Philippines, launching the first year of marketing globalisation. Thirdly, “going up” for sales volume. The Company built several KD factories and marketing centres in Southeast Asia and Central Asia.

3. Significant increase in export sales of parts and components, and the marketisation was accelerated. The Company has increased the assessment of export sales, with the revenue from export sales of parts and components and assembly and the proportion of export sales both increased, and the export market has continued to expand.
4. Integration of industrial resources and accelerated development transformation. Firstly, the Company started to collaborate with Huawei to expedite the construction of ultra-fast charging networks, develop heavy-duty electric vehicles, and establish a liquid-cooled ultra-fast charging ecosystem. Secondly, the Company deepened cooperation with Bosch, launched new products, significantly reducing costs for electric stacks and hydrogen-powered light/heavy-duty vehicles, penetrating markets in cities like Wuxi, Tianjin, and Hubei. The Qingling-Bosch project was recognized as one of the CCTV Financial's "Investing in China" annual cases in 2024.
5. Systematic planning and accelerated implementation of digital transformation. Firstly, the ERP data management platform was completed. The Company took the integration of industry and finance as the starting point to accelerate digital upgrading by linking six areas, including R&D and production, and leading 22 systems, including SRM and DMS. Secondly, the "One Thing" reform initiative has been launched. The Company has launched 15 reform scenarios to realise data sharing and multi-cross-collaboration by focusing on barriers and bottlenecks.

OUTLOOK AND PROSPECTS

The year 2025 marks the conclusion of the 14th Five-Year Plan and the 40th anniversary of the joint venture cooperation between Qingling and Japan Isuzu. The Government Work Report emphasizes the need to fully, accurately, and comprehensively implement the new development philosophy, accelerate the construction of a new development paradigm, and solidly promote high-quality development. It also calls for further comprehensive deepening of reforms, expanding high-level opening-up, building a modern industrial system, boosting domestic demand, and driving the integrated development of technological and industrial innovation. In 2025, the Company will accelerate the diversification of overseas markets, continue to consolidate core markets, rapidly initiate new market entries, seize policy opportunities, and expedite the transformation and upgrading of new energy. The key priorities of the Company are as follows:

1. Deepen reforms, strengthen core businesses, improve efficiency, and assume greater responsibilities. By deepening the reform and consolidating the achievements of "three reforms and one revitalization", the Company will strengthen its main responsibilities and businesses to better fulfil its strategic mission.
2. Seize incremental volume, scale up, accelerate transformation, and increase efficiency. The focus will be on increasing the volume of vehicle exports, increasing the volume of new energy vehicles, seizing opportunities in consumer goods replacement, major strategic initiatives, and security infrastructure development in key areas to expand sales volume.
3. Prioritize key projects, pool resources, build ecosystems, and promote development. The Company will accelerate its cooperation with Huawei to build the landmark achievement of super charging ecosystem; and accelerate its cooperation with Ningde Times to launch the next generation of pure electric light trucks.

FINANCIAL RESOURCES AND LIQUID FUNDS SITUATION

Financial Performance

For the year ended 31 December 2024, the revenue of the Group was RMB4,123,733,000, representing an increase of 14.66% as compared to last year mainly due to the increase of sales volume.

Gross profit for the year was RMB270,852,000, representing an increase of 21.27% as compared to last year. Gross profit margin of the Group for the year was 6.57% as compared with 6.21% last year. Loss after tax of the Group for the year was RMB47,772,000 representing an increase of 5.21% as compared to last year.

For the year ended 31 December 2024, other income mainly included government grants, interest income and rental income, totaling RMB307,907,000, representing an increase of 4.11% as compared to last year.

For the year ended 31 December 2024, the Group's expenses, including distribution and selling expenses, administrative expenses and research expenses, increased by 5.27% as compared to last year, principally attributable to the increase in selling expenses for the year as compared to last year.

For the year ended 31 December 2024, the share of results of joint ventures of the Group was RMB5,207,000, representing an increase of 107.95% as compared to last year, mainly due to the profit increase of Isuzu (China) Engine Co., Ltd., which is a joint venture that was established in May 2007.

For the year ended 31 December 2024, basic loss per share was RMB0.02. The Company did not issue any new shares and the basic loss per share is comparable with last year.

Financial Position

As at 31 December 2024, the total assets and total liabilities of the Group were RMB10,183,928,000 and RMB2,663,823,000 respectively.

As at 31 December 2024, the Group's non-current assets amounted to RMB4,568,427,000 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 trade receivables.

As at 31 December 2024, the Group's current assets amounted to RMB5,615,501,000 which mainly includes inventories, trade, bills and other receivables and prepayments, time deposits and cash and cash equivalents.

As at 31 December 2024, the Group's current liabilities amounted to RMB2,657,623,000 which mainly includes trade, bills and other payables, tax liabilities, contract liabilities, refund liabilities and lease liabilities.

As at 31 December 2024, the Group's non-current liabilities amounted to RMB6,200,000 which includes lease liabilities and deferred income – governments grants.

As at 31 December 2024, the Group's net current assets was RMB2,957,878,000 (2023: RMB3,152,901,000), representing a decrease of 6.19% as compared to last year, mainly due to the liquidity classification of time deposits.

Liquidity and Capital Structure

As at 31 December 2024, the time deposits, bank deposits and cash and cash equivalents retained by the Group due within one year were RMB2,956,373,000 and increased by 17.59% as compared with the balances on 31 December 2023. 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 2024 was 35.42% (as at 31 December 2023: 29.04%). Issued share capital as at 31 December 2024 maintained at the level of RMB2,482,268,000 as no share was issued during this year.

For the year ended 31 December 2024, there was no material change in the financing strategies of the Group and the Group did not incur any bank borrowings nor any non-current liabilities. The Company would closely monitor the financial and liquidity position of the Group and financial market from time to time in order to formulate financing strategies appropriate to the Group.

The total equity attributable to owners of the Company as at 31 December 2024 was RMB7,342,706,000. 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 2024) as at 31 December 2024 was RMB2.96.

Significant Investment

As at 31 December 2024, the Group's interests in joint ventures were RMB488,329,000 and interests in associates were RMB7,174,000. On 21 December 2024, 慶鈴鑫源汽車有限公司 (Qingling Shinerary Automobile Co., Ltd.*), the associate of the Group, was deregistered. For the year ended 31 December 2024, besides the above-mentioned, the joint ventures and associates of the Group were under normal operation.

During the year ended 31 December 2024, there were no significant acquisition and disposal of the Group.

Segment Information

The revenue contributed by light-duty trucks and chassis and medium and heavy-duty trucks and chassis were RMB2,210,778,000 and RMB938,910,000 respectively, representing 76.38% 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 2024, no asset of the Group was pledged for financial facilities (for the year ended 31 December 2023: 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 2024 (2023: Nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held at the Conference Room, Intelligent Network New Energy Commercial Vehicle Research and Development Centre (智能網絡新能源商用車研發中心) of the Company, 1 Xiexing Cun, Zhongliangshan, Jiulongpo District, Chongqing, the People's Republic of China on Friday, 27 June 2025 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 Wednesday, 28 May 2025 to Friday, 27 June 2025 (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, Computershare Hong Kong Investor Services 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 Tuesday, 27 May 2025.

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]), companies located in the western region of the PRC and engaged in the business encouraged by the PRC government are entitled to the preferential EIT rate of 15% from 1 January 2021 to 31 December 2030 if the operating revenue of the encouraged business in a year accounted for more than 60% of the total income in that year.

DESIGNATED DEPOSITS

As at 31 December 2024, 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 2024, the Group has 2,863 employees (2023: 2,877 employees). For the year ended 31 December 2024, labor cost was RMB340,976,000 (2023: RMB326,811,000). 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 2024, the Group has not sold any of its staff quarters to its employees.

DEREGISTRATION OF SUBSIDIARY

On 28 November 2024, 重慶慶鈴技術中心有限責任公司 (Chongqing Qingling Technology Center Co., Ltd.*), the subsidiary of the Group, was deregistered.

STRUCTURE OF SHAREHOLDING

- (1) As at 31 December 2024, the entire share capital of the Company comprised 2,482,268,268 shares, including:

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

- (2) Substantial shareholders

As at 31 December 2024, 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 2024.

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

As at 31 December 2024, none of the directors, supervisors and chief executives of the Company had 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 2024, 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 (including sale of treasury shares) by the Company and its subsidiaries during the year ended 31 December 2024. As at 31 December 2024, the Company did not hold any treasury shares.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the directors and supervisors. Having made specific enquiry of all directors and supervisors of the Company, the Company confirmed all directors and supervisors of the Company have complied with the required standard set out in the Model Code during the year ended 31 December 2024.

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 2024 and the 2024 annual results.

DIRECTORS

As at the date of this announcement, the Board comprises 11 directors, of which Mr. LUO Yuguang, Mr. NAKAMURA Koji, Mr. KIJIMA Katsuya, Mr. TSUKUI Mikio, Mr. XU Song, Mr. LI Juxing and Mr. LI Xiaodong are executive directors; and Mr. LONG Tao, Mr. SONG Xiaojiang, Mr. LIU Tianni and Ms. CHEN Yen Yung are independent non-executive directors.

On behalf of
QINGLING MOTORS CO. LTD
LUO Yuguang
Chairman and Executive Director

Chongqing, the PRC, 28 March 2025

* *For identification purpose only*