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潍柴動力股份有限公司

WEICHAI POWER CO., LTD.

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2338)

**FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

FINANCIAL HIGHLIGHTS

- Revenue was approximately RMB203,548 million, representing an increase of approximately 3.2%.
- Net profit attributable to the shareholders of the parent was approximately RMB9,254 million, representing an increase of approximately 0.3%.
- Basic earnings per share was approximately RMB1.10.

(Important notice: This announcement is published in Chinese and English versions. In case of inconsistency, the Chinese version shall prevail.)

The board of directors (the “Board”) of Weichai Power Co., Ltd. (the “Company”) is pleased to announce the audited consolidated financial statements of the Company and its subsidiaries (the “Group”) prepared in accordance with the China Accounting Standards for Business Enterprises for the year ended 31 December 2021 (the “Year”), together with comparative figures for the corresponding period of 2020 as follows:

CONSOLIDATED INCOME STATEMENT

January to December 2021 (Expressed in Renminbi Yuan)

Item	Notes	2021	2020 (Restated)
Revenue	7	203,547,703,297.37	197,288,388,945.87
Less: Cost of sales	7	163,946,764,918.08	158,978,858,817.89
Taxes and surcharges	8	796,735,088.84	832,000,211.88
Distribution and selling expenses		10,902,601,764.68	10,961,099,749.97
General and administrative expenses		8,056,000,035.29	7,731,078,789.83
Research & development expenses		6,887,576,040.82	6,013,083,402.83
Finance expenses		(450,407,733.67)	295,943,850.76
Incl: Interest expenses		1,077,691,524.65	1,139,022,760.28
Interest income		1,724,138,078.06	1,279,986,400.99
Add: Other income		415,123,919.40	327,707,784.88
Investment income		442,083,057.70	1,294,912,961.65
Incl: investment income from associates and joint ventures		187,111,511.95	253,063,274.50
Profit (loss) on change of fair value		395,921,311.86	(409,598,297.43)
Impairment loss of credit		(207,358,155.65)	(570,814,116.01)
Impairment loss of assets		(687,876,553.39)	(663,235,953.02)
Gain on disposal of assets		122,664,674.63	31,753,643.63
Operating profit		13,888,991,437.88	12,487,050,146.41
Add: Non-operating income		311,114,991.32	363,037,455.45
Less: Non-operating expenses		145,314,982.64	141,947,972.50
Total profit		14,054,791,446.56	12,708,139,629.36
Less: Income tax expenses	9	2,492,901,942.50	1,412,157,030.50
Net profit		11,561,889,504.06	11,295,982,598.86
(I) Breakdown by continuity of operations			
1. Net profit from continuing operations		11,561,889,504.06	11,295,982,598.86
(II) Breakdown by attributable interests			
1. Net profit attributable to shareholders of the parent		9,254,488,225.85	9,228,271,985.67
2. Minority interests		2,307,401,278.21	2,067,710,613.19

Item	Notes	2021	2020 (Restated)
Net other comprehensive income after tax		1,195,519,919.89	(1,995,162,932.35)
Net other comprehensive income attributable to shareholders of the parent after tax	<i>11</i>	<u>1,122,705,624.77</u>	<u>(972,796,131.21)</u>
(I) Those other comprehensive income not to be reclassified into profit or loss			
1. Changes arising from re-measuring of defined benefit plan		625,093,753.70	(435,444,292.90)
2. Other comprehensive income not to be reclassified into profit or loss using the equity method		694,902.41	11,854,432.02
3. Change in fair value of investment in other equity instruments		<u>492,233,671.71</u>	<u>116,444,579.15</u>
(II) Those other comprehensive income to be reclassified into profit or loss			
1. Other comprehensive income to be reclassified into profit or loss using the equity method		2,632,875.60	2,243,452.59
2. Cashflow hedging reserve		7,587,369.05	43,953,036.86
3. Exchange differences on foreign currency translation		<u>(5,536,947.70)</u>	<u>(711,847,338.93)</u>
Net other comprehensive income attributable to minority interests after tax		<u>72,814,295.12</u>	<u>(1,022,366,801.14)</u>
Total comprehensive income		12,757,409,423.95	9,300,819,666.51
Total comprehensive income attributable to the shareholders of the parent		10,377,193,850.62	8,255,475,854.46
Total comprehensive income attributable to minority interests		<u>2,380,215,573.33</u>	<u>1,045,343,812.05</u>
Earnings per share	<i>10</i>		
(I) Basic earnings per share		1.10	1.16
(II) Diluted earnings per share		<u>1.10</u>	<u>1.16</u>

There was an acquisition through combination under common control in 2021. Net profit realised by the acquiree before the combination amounted to RMB8,440,214.48. In 2020, net profit realised by the acquiree amounted to RMB21,142,811.90.

CONSOLIDATED BALANCE SHEET

31 December 2021 (Expressed in Renminbi Yuan)

Item	Notes	31 December 2021	31 December 2020 (Restated)
Current assets			
Cash and cash equivalents		75,043,361,416.53	62,429,259,908.55
Financial assets held for trading		6,387,192,900.95	5,852,397,849.29
Notes receivable	3	9,602,183,466.78	19,295,757,243.60
Accounts receivable	4	18,190,789,560.77	15,285,272,764.88
Receivable financing		6,959,742,245.35	9,480,867,833.47
Prepayments		1,569,596,698.04	1,163,691,041.64
Other receivables		1,071,229,244.59	1,459,753,778.19
Inventories		31,585,184,575.31	31,301,456,901.62
Contract assets		3,766,036,780.20	1,385,150,902.30
Assets held for sale		2,014,296.30	24,237,289.50
Non-current assets due within one year		3,357,896,909.40	3,179,721,675.00
Other current assets		3,103,160,413.18	1,928,299,969.92
Total current assets		160,638,388,507.40	152,785,867,157.96
Non-current assets			
Long-term receivables		9,521,961,254.20	9,622,504,650.00
Long-term equity investments		6,713,071,046.92	4,944,359,514.39
Investment in other equity instruments		3,690,906,502.96	2,421,112,072.96
Other non-current financial assets		262,923,856.20	243,013,050.00
Investment property		646,846,522.22	682,163,758.85
Fixed assets		33,190,117,856.79	31,724,647,365.84
Construction in progress		6,032,124,361.34	5,046,193,396.84
Right-of-use assets		5,757,986,438.76	7,714,233,013.45
Intangible assets		20,908,195,224.42	23,825,708,656.91
Development expenditure		212,459,914.33	287,116,831.24
Goodwill		22,847,040,337.79	24,665,842,392.79
Long-term prepaid expenses		294,121,454.13	252,157,738.41
Deferred tax assets		5,507,265,696.27	6,279,852,583.99
Other non-current assets		821,015,934.23	566,913,969.77
Total non-current assets		116,406,036,400.56	118,275,818,995.44
Total assets		277,044,424,907.96	271,061,686,153.40

Item	<i>Notes</i>	31 December 2021	31 December 2020 (Restated)
Current liabilities			
Short-term loans		2,222,220,246.16	5,731,086,536.96
Financial liabilities held for trading		111,876,471.20	57,504,235.74
Notes payable	5	27,797,219,810.42	23,112,029,799.00
Accounts payable	6	39,596,466,106.26	45,177,316,710.60
Contract liabilities		14,143,607,489.73	15,602,718,825.73
Payroll payable		5,965,115,532.22	5,547,179,631.22
Taxes payable		1,587,336,387.25	2,190,210,373.32
Other payables		7,361,700,273.33	8,459,843,635.56
Non-current liabilities due within one year		10,760,241,864.08	11,274,647,277.08
Other current liabilities		5,836,509,910.22	6,605,718,930.97
Total current liabilities		<u>115,382,294,090.87</u>	<u>123,758,255,956.18</u>
Non-current liabilities			
Long-term borrowings		12,906,667,271.93	12,026,638,367.24
Bonds payable		5,932,319,194.50	8,702,767,425.04
Lease liabilities		5,029,692,442.33	7,235,898,107.78
Long-term payables		7,144,750,346.72	7,004,697,931.12
Long-term payroll payable		11,312,236,596.44	14,200,680,302.61
Accruals and provisions		445,059,417.36	509,080,971.37
Deferred income		4,272,320,314.95	4,996,880,280.64
Deferred tax liabilities		4,541,700,032.87	5,049,832,969.04
Other non-current liabilities		7,115,720,413.05	6,877,782,237.66
Total non-current liabilities		<u>58,700,466,030.15</u>	<u>66,604,258,592.50</u>
Total liabilities		<u>174,082,760,121.02</u>	<u>190,362,514,548.68</u>

Item	<i>Notes</i>	31 December 2021	31 December 2020 (Restated)
Shareholders' equity			
Share capital		8,726,556,821.00	7,933,873,895.00
Capital reserve		12,254,564,796.74	369,851,318.63
Other comprehensive income	<i>11</i>	(1,128,121,143.02)	(2,250,826,767.79)
Special reserve		271,641,061.54	223,430,167.81
Surplus reserve		2,397,198,590.54	1,630,243,076.46
Retained earnings		48,384,964,194.07	43,561,591,779.54
		<hr/>	<hr/>
Total equity attributable to the shareholders of the parent		70,906,804,320.87	51,468,163,469.65
Minority interests		32,054,860,466.07	29,231,008,135.07
		<hr/>	<hr/>
Total shareholders' equity		102,961,664,786.94	80,699,171,604.72
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Total liabilities and shareholders' equity		277,044,424,907.96	271,061,686,153.40
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

1. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

a. Preparation basis of the financial statements

Preparation basis

The Group has adopted the Accounting Standards for Business Enterprises and relevant provisions promulgated by the MOF. In addition, the Group also disclosed relevant financial information in accordance with Compilation Rules No. 15 for Information Disclosure by Companies Offering Securities to the Public – General Requirements for Financial Reporting (2014 Revision), the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Continuing operations

The Group carried out assessment on the going concern for the 12 months' period commencing from 31 December 2021, and did not recognise any matters and situation leading to material doubt on the continuity of operation. Therefore, these financial statements have been prepared based on the going-concern assumption.

Basis of book-keeping and principle of measurement

The Group adopts the accrual basis as the basis of book-keeping in accounting. Other than certain financial instruments, these financial statements have been prepared at historical costs. Disposal group held-for-sale is carried at the lower of carrying amount or the net value of fair value less selling expenses. If the assets are impaired, corresponding provisions for impairment shall be made according to relevant provisions.

Under historical cost method, the amount of assets was measured at the fair value of cash or cash equivalents or consideration paid at the time of purchase. Liabilities were measured at the amount of money or assets due to the current obligations actually received, or a present obligation of the contract amount, or the measurement of cash or cash equivalents in accordance with daily activities to repay the liabilities of the amount expected to be paid.

The fair value refers to the amount, at which both willing parties engaged to an orderly transaction who are familiar with the condition sell their assets or transfer their liabilities. Whether the fair value is observable or measured by valuation techniques, the measurement and disclosure of the fair value in these financial statements were all based on it.

For financial assets with transaction prices as the fair value upon initial recognition and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that the results of the valuation technique equals to the transaction price.

Fair value measurements are categorized into three levels based on the degree to which the inputs of the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

b. The accounting treatment of business combinations involving enterprises under common control and business combinations involving enterprises not under common control

Business combinations include business combinations involving enterprises under common control and business combinations involving enterprises not under common control.

Business combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

Assets and liabilities that are obtained in a business combination shall be measured at the carrying amounts on the financial statements of the acquiree as at the combination date. The difference between the carrying amount of the net assets obtained by the acquirer and the carrying amount of the consideration paid for the combination (or the aggregate face value of shares issued as consideration) shall be adjusted to share premium under capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Costs that are directly attributable to the combination are charged to profit or loss when incurred.

Business combinations involving enterprises not under common control and goodwill

A business combination involving enterprises not under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination.

Combination cost refers to the fair value of assets paid, liabilities incurred or assumed and equity instruments issued by the acquirer for acquiring control of the acquiree. For business combinations of enterprises not under common control achieved in stages through multiple transactions, the combination cost shall be the sum of the consideration paid on the date of acquisition and the fair value, as at the date of acquisition, of the equity interests in the acquiree held prior to the date of acquisition.

The fees paid to intermediaries including audit, legal services, appraisal and so forth and other related administrative expenses incurred by the acquirer for the business combination are charged to profit or loss for the current period when incurred.

The identifiable assets, liabilities and contingent liabilities of acquiree qualifying for the conditions of recognition acquired by the acquirer in the business combination are measured at fair value on the date of acquisition. When the business combination contract provides that, upon the occurrence of multiple future contingencies, the acquirer shall require the return of consideration paid for the business combination, such contingent consideration as set out in the contract shall be recognised as an asset by the Group as a part of the aggregate consideration transferred in the business combination, and be included in the cost of combination at the fair value at the date of acquisition. Within twelve months after the acquisition, if the contingent consideration needs to be adjusted as new or further evidences are obtained in respect of circumstances existed as of the date of acquisition, the amount previously included in the goodwill shall be adjusted. A change in or adjustment to the contingent consideration under other circumstances shall be measured in accordance with Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments and Accounting Standards for Business Enterprises No. 13 – Contingencies. Any change or adjustment is included in profit or loss for the current period.

Where the combination cost is larger than the portion of fair value of net identifiable assets of acquiree acquired in the business combination, the difference is recognised as goodwill as an asset, and initially measured at cost. For those with combination cost lower than the portion of fair value of net identifiable assets of acquiree acquired in the business combination, re-verification is first carried out on the measurement of the fair value of all identifiable assets, liabilities and contingent liabilities as well as the combination cost. For those with combination cost lower than the portion of fair value of net identifiable assets of acquiree acquired in the business combination after re-verification, they are charged to profit or loss for the current period.

If either the fair values of identifiable assets, liabilities and contingent liabilities acquired in a combination or the cost of business combination can be determined only provisionally by the end of the period in which the business combination was effected, the acquirer recognises and measures the combination using those provisional values. Any adjustments to those provisional values within 12 months after the acquisition date are treated as if they had been recognised and measured on the acquisition date.

Goodwill arising from the business combination shall be recognised separately in the consolidated financial statements and measured at cost less accumulated impairment losses.

c. Basis for preparation of consolidated financial statements

The consolidation scope of consolidated financial statements is determined on the basis of control. Control refers to the power of an investor over an investee, and exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of its returns. Once the relevant facts and situation which alters the elements that define control change, the Group shall perform re-evaluation.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

For a subsidiary acquired through a business combination involving enterprises not under common control, the operating results and cash flows from the date of acquisition (the date when the control is obtained) are included in the consolidated income statement and consolidated cash flow statement, as appropriate.

No matter when the business combination occurs in the reporting period, subsidiaries acquired through a business combination involving enterprises under common control or the party being absorbed under merger by absorption are included in the Group's scope of consolidation as if they had been included in the scope of consolidation from the date when they first came under the common control of the ultimate controlling party. Their operating results and cash flows from the beginning of the earliest reporting period or from the date when they first came under the common control of the ultimate controlling party are included in the consolidated income statement and consolidated cash flow statement, as appropriate.

The significant accounting policies and accounting periods adopted by the subsidiaries are determined based on the uniform accounting policies and accounting periods set out by the Company.

The effect of all intra-group transactions between the Company and its subsidiaries and among subsidiaries on the consolidated financial statements is eliminated on consolidation.

The portion of subsidiaries' equity that is not attributable to the Company is treated as minority interests and presented as "minority interests" in the consolidated balance sheet within shareholders' equity. The portion of net profits or losses of subsidiaries attributable to minority interests is presented as "minority interests" in the consolidated income statement below the "net profit" line item.

Where the amount of losses of a subsidiary attributable to the minority shareholders exceeds their share of the opening balance of owner's equity of the subsidiary, the excess shall be allocated against minority interests.

Acquisition of minority interests or disposal of interest in a subsidiary that does not result in the loss of control over the subsidiary is accounted for as an equity transaction. The carrying amounts of the interests attributable to the parent and minority interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the minority interests are adjusted and the fair value of the consideration paid or received is adjusted to capital reserve. If the capital reserve is not sufficient to absorb the difference, the excess is adjusted against retained earnings.

2. SEGMENT REPORTING

Operating segments

The Group organizes and manages its operating business in accordance with the nature of business and provision of products and services. Each operating segment of the Group is one operating group, providing products and services with risks and rewards different from those of other operating segments.

The details of operating segments are as follows:

- (a) manufacturing and sale of engines and related parts (“Engines”);
- (b) manufacturing and sale of automobiles and automobile components other than Engines (“Automobiles and automobile components”);
- (c) forklift trucks production, warehousing technology and supply chain solution services (“Intelligent logistics”).

Management monitors the results of operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reported segment profit, which is a measure of adjusted total profits. The adjusted total profits are measured consistently with the Group’s total profits, except that finance expenses, investment income, gains from changes in fair value of financial instruments as well as other unallocated income or expense are excluded from such measurement.

Segment assets exclude cash and cash equivalents, derivative instruments, dividends receivable, interests receivable, investment in other equity instruments, deferred tax assets and other unallocated head office assets.

Segment liabilities exclude derivative instruments, borrowings, income tax payable, deferred tax liabilities and other unallocated head office liabilities.

Inter-segment transfers are transacted with reference to the prices used in the transactions carried out with third parties.

RMB

Item	Engines	Automobiles and automobile components	Intelligent logistics	Elimination of inter-segment sale	Total
Incurred during the year					
Segment revenue:					
Sale to external customers	52,330,563,666.51	72,736,797,944.64	78,480,341,686.22	-	203,547,703,297.37
Inter-segment sale	12,129,226,345.32	1,521,167,366.61	144,230,489.58	(13,794,624,201.51)	-
Total	<u>64,459,790,011.83</u>	<u>74,257,965,311.25</u>	<u>78,624,572,175.80</u>	<u>(13,794,624,201.51)</u>	<u>203,547,703,297.37</u>
Segment results	7,407,326,569.26	446,251,977.03	5,337,769,950.00	(590,769,161.64)	12,600,579,334.65
Adjustment:					
Interest income	-	-	-	-	1,724,138,078.06
Dividend income and unallocated income	-	-	-	-	1,149,119,360.88
Corporate and other unallocated expenses	-	-	-	-	(145,314,982.64)
Finance expenses	-	-	-	-	(1,273,730,344.39)
Profit before tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,054,791,446.56</u>
31 December 2021					
Segment assets	58,910,774,380.14	57,419,262,695.26	98,035,126,171.27	(27,971,143,483.78)	186,394,019,762.89
Adjustment:					
Corporate and other unallocated assets	-	-	-	-	90,650,405,145.07
Total assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>277,044,424,907.96</u>
Segment liabilities	42,538,539,512.63	43,150,087,388.25	58,053,913,887.48	(4,859,255,955.89)	138,883,284,832.47
Adjustment:					
Corporate and other unallocated liabilities	-	-	-	-	35,199,475,288.55
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>174,082,760,121.02</u>
Incurred during the year					
Other segment information:					
Share of profit and loss from:					
Gain/(loss) from associates and joint ventures	(45,347,735.20)	132,105,959.56	100,353,287.59	-	187,111,511.95
Loss of impairment of inventories	(182,996,093.52)	(334,402,785.82)	(124,226,395.73)	-	(641,625,275.07)
Loss of credit impairment of receivables and lease receivable	(2,208,675.05)	(149,400,593.50)	(55,748,887.10)	-	(207,358,155.65)
Loss of impairment of non-current assets	(18,129,988.19)	(11,118,538.52)	(17,030,367.27)	-	(46,278,893.98)
Depreciation and amortization	(1,390,398,556.22)	(1,565,083,562.56)	(7,641,958,915.12)	-	(10,597,441,033.90)
Gain/(loss) from disposal of fixed assets	80,536,767.93	(43,000.50)	42,170,907.20	-	122,664,674.63
Investment in associates and joint ventures	4,742,173,159.92	1,198,267,252.10	772,630,634.90	-	6,713,071,046.92
Capital expenditure	<u>2,241,972,627.47</u>	<u>3,490,991,947.79</u>	<u>10,825,136,343.10</u>	<u>-</u>	<u>16,558,100,918.36</u>

Operating segments (Restated)

RMB

Item	Engines	Automobiles and automobile components	Intelligent logistics	Elimination of inter-segment sale	Total
Incurred in the previous year					
Segment revenue:					
Sale to external customers	47,491,301,792.56	84,817,615,370.41	64,979,471,782.90	–	197,288,388,945.87
Inter-segment sale	15,026,376,749.53	1,088,949,165.23	130,248,941.91	(16,245,574,856.67)	–
Total	<u>62,517,678,542.09</u>	<u>85,906,564,535.64</u>	<u>65,109,720,724.81</u>	<u>(16,245,574,856.67)</u>	<u>197,288,388,945.87</u>
Segment results	8,523,853,742.93	1,668,380,469.80	1,789,378,624.57	(83,933,504.35)	11,897,679,332.95
Adjustment:					
Interest income	–	–	–	–	1,279,986,400.99
Dividend income and unallocated income	–	–	–	–	1,248,352,119.67
Corporate and other unallocated expenses	–	–	–	–	(141,947,972.50)
Finance expenses	–	–	–	–	(1,575,930,251.75)
Profit before tax	–	–	–	–	<u>12,708,139,629.36</u>
31 December 2020					
Segment assets	61,554,911,194.33	59,491,364,495.28	95,874,389,844.38	(22,913,076,057.19)	194,007,589,476.80
Adjustment:					
Corporate and other unallocated assets	–	–	–	–	77,054,096,676.60
Total assets	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>271,061,686,153.40</u>
Segment liabilities	46,885,477,219.47	49,994,949,079.93	58,625,165,715.00	(11,343,252,095.55)	144,162,339,918.85
Adjustment:					
Corporate and other unallocated liabilities	–	–	–	–	46,200,174,629.83
Total liabilities	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>190,362,514,548.68</u>
Incurred in the previous year					
Other segment information:					
Share of profit and loss from:					
Gain from associates and joint ventures	22,946,041.60	162,669,968.59	67,447,264.31	–	253,063,274.50
Loss of impairment of inventories	(3,639,323.91)	(180,473,632.36)	(226,744,968.83)	–	(410,857,925.10)
Loss of credit impairment of receivables and lease receivable	(28,297,166.96)	(331,212,737.95)	(211,304,211.10)	–	(570,814,116.01)
Loss of impairment of non-current assets	(402,042.29)	(80,000,000.00)	(171,948,369.97)	–	(252,350,412.26)
Depreciation and amortization	(1,253,607,900.62)	(1,394,830,994.93)	(6,210,004,022.96)	–	(8,858,442,918.51)
Gain/(loss) from disposal of fixed assets	(3,883,904.52)	(3,895,755.05)	39,533,303.20	–	31,753,643.63
Investment in associates and joint ventures	2,937,798,927.52	1,235,037,086.87	771,523,500.00	–	4,944,359,514.39
Capital expenditure	<u>3,142,451,423.65</u>	<u>2,693,669,009.48</u>	<u>9,667,330,606.14</u>	<u>–</u>	<u>15,503,451,039.27</u>

Group information

Information about products and services

Revenue from external transactions

RMB

Item	Incurred during the year	Incurred in previous year (Restated)
Powertrain, complete vehicles and machines and key components	104,305,813,547.60	115,841,603,328.52
Other components	13,064,172,377.10	10,681,601,590.25
Intelligent logistics	78,480,341,686.22	64,979,471,782.90
Others	7,697,375,686.45	5,785,712,244.20
Total	<u>203,547,703,297.37</u>	<u>197,288,388,945.87</u>

Geographic information

Revenue from external transactions

RMB

Item	Incurred during the year	Incurred in previous year (Restated)
China	117,893,710,165.73	127,133,551,855.74
Other countries and regions	85,653,993,131.64	70,154,837,090.13
Total	<u>203,547,703,297.37</u>	<u>197,288,388,945.87</u>

Revenue from external transactions is attributable to the areas where customers are located.

Total non-current assets

RMB

Item	31 December 2021	31 December 2020 (Restated)
China	27,899,524,489.91	25,295,606,011.52
Other countries and regions	69,523,454,601.02	74,413,730,626.97
Total	<u>97,422,979,090.93</u>	<u>99,709,336,638.49</u>

Non-current assets are attributable to the areas where the assets are located, excluding financial assets and deferred tax assets.

3. NOTES RECEIVABLE

Classification of notes receivable

RMB

Item	31 December 2021	31 December 2020 (Restated)
Bank acceptance bills	9,568,923,269.78	19,186,637,894.98
Commercial acceptance bills	33,260,197.00	109,119,348.62
Total	9,602,183,466.78	19,295,757,243.60

Notes receivable pledged by the Group as at year end

RMB

Item	31 December 2021	31 December 2020
Bank acceptance bills	7,646,194,060.76	10,674,221,892.99
Commercial acceptance bills	–	29,286,642.01
Total	7,646,194,060.76	10,703,508,535.00

Notes receivable endorsed or discounted as at year end and not yet expired as at the balance sheet date

RMB

	31 December 2021		31 December 2020	
	Derecognised	Not derecognised	Derecognised	Not derecognised
Bank acceptance bills	1,040,115,707.49	–	4,270,190,667.91	–

As at 31 December 2021, the Group had not transferred any notes into accounts receivable due to issuers' failure in performance (31 December 2020: Nil).

As the Group considered that the credit rating of the bank acceptance bills was relatively high and the credit quality of acceptors of all commercial acceptance bills held by it was good, there was no significant credit risk. Therefore, no provision for losses was made.

4. ACCOUNTS RECEIVABLE

The Group trades with its customers primarily on credit terms, and generally requires prepayments or cash on delivery for new customers. Credit period for credit customers is generally one to twelve months. Accounts receivable is non-interest bearing.

An aging analysis of accounts receivable based on invoice dates is presented as follows:

RMB

Age	31 December 2021	31 December 2020 (Restated)
Within 3 months	13,650,619,230.61	12,362,644,730.80
3 to 6 months	2,046,543,171.75	1,576,404,903.59
6 months to 1 year	2,161,491,547.88	761,004,097.29
1 to 2 years	432,493,383.62	1,469,589,085.25
2 to 3 years	1,108,972,387.69	207,153,635.57
Over 3 years	1,101,146,561.35	1,075,242,691.44
Gross carrying amount	20,501,266,282.90	17,452,039,143.94
Less: Provision for credit loss	2,310,476,722.13	2,166,766,379.06
Carrying amount	18,190,789,560.77	15,285,272,764.88

Disclosure by category of provision for bad debt:

Item	31 December 2021				Carrying amount
	Gross carrying amount	Proportion (%)	Provision for credit losses	Percentage (%)	
Items assessed for expected credit losses individually	3,037,100,920.75	14.81	1,686,319,478.13	55.52	1,350,781,442.62
Items assessed for expected credit losses by group with distinctive credit risk characteristics	17,464,165,362.15	85.19	624,157,244.00	3.57	16,840,008,118.15
Total	20,501,266,282.90	100.00	2,310,476,722.13	11.27	18,190,789,560.77
Item	31 December 2020 (Restated)				Carrying amount
	Gross carrying amount	Proportion (%)	Provision for credit losses	Percentage (%)	
Items assessed for expected credit losses individually	3,060,291,864.96	17.54	1,504,675,270.50	49.17	1,555,616,594.46
Items assessed for expected credit losses by group with distinctive credit risk characteristics	14,391,747,278.98	82.46	662,091,108.56	4.60	13,729,656,170.42
Total	17,452,039,143.94	100.00	2,166,766,379.06	12.42	15,285,272,764.88

As at 31 December 2021, accounts receivable assessed for expected credit losses individually are presented as follows:

RMB

Customer	Gross carrying amount	Provision for credit loss	Percentage (%)	Reasons
Customer 1	787,419,791.88	574,280,991.77	72.93	Bad repayment ability
Customer 2	109,122,330.18	109,122,330.18	100.00	Long credit age
Customer 3	75,871,191.17	75,871,191.17	100.00	Bad repayment ability
Customer 4	61,493,300.24	61,493,300.24	100.00	Long credit age
Customer 5	56,927,140.00	56,927,140.00	100.00	Long credit age
Customer 6	49,159,575.31	49,159,575.31	100.00	Bad repayment ability
Customer 7	47,813,595.03	32,349,172.31	67.66	Liquidation
Customer 8	40,914,433.09	40,914,433.09	100.00	Long credit age
Customer 9	40,516,068.59	40,516,068.59	100.00	Bad repayment ability
Customer 10	37,449,568.86	37,449,568.86	100.00	Liquidation
Others	1,730,413,926.40	608,235,706.61	35.15	Long credit age, etc.
Total	3,037,100,920.75	1,686,319,478.13		

As at 31 December 2021 the Group's accounts receivable for which credit losses are provided for using impairment matrix based on aging analysis are presented as follows:

RMB

Age	31 December 2021		
	Gross carrying amount	Lifetime expected credit loss	Expected credit loss rate (%)
Within 1 year	6,413,209,184.73	152,810,021.48	2.38
1 to 2 years	205,968,004.77	35,287,371.78	17.13
2 to 3 years	109,227,806.31	38,630,244.23	35.37
3 to 4 years	61,086,049.65	45,189,963.73	73.98
4 to 5 years	27,284,393.76	26,003,523.36	95.31
Over 5 years	266,955,055.25	266,955,055.25	100.00
Total	7,083,730,494.47	564,876,179.83	7.97

As at 31 December 2021, the Group's accounts receivable for which credit losses are provided for using overdue ages as credit risk characteristics are presented as follows:

RMB

Overdue age	31 December 2021		
	Gross carrying amount	Lifetime expected credit loss	Expected credit loss rate (%)
Not yet overdue or overdue for less than 90 days	9,086,177,414.30	36,658,549.64	0.40
Overdue for more than 90 days but less than 180 days	298,723,973.05	6,034,434.42	2.02
Overdue for more than 180 days	400,447,724.06	9,051,651.63	2.26
Total	9,785,349,111.41	51,744,635.69	0.53

As at 31 December 2021, provisions for credit losses for the Group's accounts receivable with good credit history are presented as follows:

RMB

Item	31 December 2021		
	Gross carrying amount	Lifetime expected credit loss	Expected credit loss rate (%)
Accounts receivable with good credit history	595,085,756.27	7,536,428.48	1.27

As at 31 December 2021, top five balances in respect of accounts receivable by closing balance are presented as follows:

RMB

Name of entity	Gross carrying amount	Proportion (%)	Provision for credit losses
First place	926,224,632.12	4.52	–
Second place	787,419,791.88	3.84	574,280,991.77
Third place	607,079,988.57	2.96	157,840.80
Fourth place	308,826,170.64	1.51	6,406,981.59
Fifth place	298,600,485.11	1.46	8,958,014.56
Total	2,928,151,068.32	14.29	589,803,828.72

Movements in provision for credit losses:

RMB

Provision for credit losses	Lifetime expected credit loss (without impairment of credit)	Lifetime expected credit loss (with impairment of credit)	Total
Balance as at 31 December 2020 (restated)	1,166,035,922.43	1,000,730,456.63	2,166,766,379.06
Balance as at 31 December 2020 in the current year			
– Transferred to receivables with impairment of credit	(463,736,533.41)	463,736,533.41	–
– Reversal of receivables without impairment of credit	–	–	–
Provision for the year	406,695,851.19	134,638,638.09	541,334,489.28
Reversal during the year	(361,462,369.41)	(1,014,192.19)	(362,476,561.60)
Transferred out during the year			
Written off during the year	–	(21,792,827.07)	(21,792,827.07)
Disposal of subsidiaries	(192,944.42)	16,324,226.78	16,131,282.36
Adjustment for exchange differences	(29,547,819.05)	61,779.15	(29,486,039.90)
Balance as at 31 December 2021	<u>717,792,107.33</u>	<u>1,592,684,614.80</u>	<u>2,310,476,722.13</u>

As at 31 December 2021, the balance of restricted accounts receivable of the Group amounted to RMB272,424,416.97 (31 December 2020: Nil).

5. NOTES PAYABLE

RMB

Item	31 December 2021	31 December 2020 (Restated)
Bank acceptance bills	24,326,728,470.00	23,039,328,182.22
Commercial acceptance bills	3,470,491,340.42	72,701,616.78
Total	27,797,219,810.42	23,112,029,799.00

As at 31 December 2021, the Group had no outstanding notes payable which were due (31 December 2020: Nil).

6. ACCOUNTS PAYABLE

RMB

Item	31 December 2021	31 December 2020 (Restated)
Within 3 months	32,323,000,707.61	38,654,178,366.59
3 to 6 months	5,065,513,461.23	5,140,360,453.02
6 to 12 months	1,350,134,006.14	628,023,420.20
Over 12 months	857,817,931.28	754,754,470.79
Total	39,596,466,106.26	45,177,316,710.60

Accounts payable are non-interest bearing, and are generally settled within three to six months.

As at 31 December 2021, there was no payable which was material and aged over one year (31 December 2020: Nil).

7. REVENUE AND COST OF SALES

(1) Revenue and cost of sales

RMB

Item	Incurred during the year		Incurred in previous year (Restated)	
	Revenue	Cost	Revenue	Cost
Revenue from principal operations	198,498,527,831.92	159,591,676,734.44	191,704,360,658.02	154,053,958,311.45
Other revenue	5,049,175,465.45	4,355,088,183.64	5,584,028,287.85	4,924,900,506.44
Total	203,547,703,297.37	163,946,764,918.08	197,288,388,945.87	158,978,858,817.89

(2) Details of revenue

RMB

Item	Incurred during the year	Incurred in previous year (Restated)
Revenue from principal operations		
Sales of goods and others	120,018,186,145.70	126,724,888,875.12
Revenue from forklift trucks production and sales and warehousing technology	49,609,393,119.57	44,281,131,020.01
Revenue from supply chain solution services	28,870,948,566.65	20,698,340,762.89
Sub-total	198,498,527,831.92	191,704,360,658.02
Other revenue		
Sales of materials	4,382,715,454.89	4,908,962,536.49
Lease income	94,158,858.69	88,888,591.85
Provision of non-industrial labour	73,141,733.92	104,851,149.78
Others	499,159,417.95	481,326,009.73
Sub-total	5,049,175,465.45	5,584,028,287.85
Total	203,547,703,297.37	197,288,388,945.87

(3) Reporting segment*RMB*

Item	Engines	Automobiles and automobile components	Intelligent logistics	Total
Major regions of operation				
Incl: Mainland China	46,271,473,856.52	66,382,785,946.21	5,239,450,363.00	117,893,710,165.73
Other countries and regions	6,059,089,809.99	6,354,011,998.43	73,240,891,323.22	85,653,993,131.64
Total	52,330,563,666.51	72,736,797,944.64	78,480,341,686.22	203,547,703,297.37
Categorized by time for recognition of revenue				
Incl: transferred at a certain point of time	52,263,740,757.21	72,555,858,183.53	39,949,765,096.29	164,769,364,037.03
provided over a certain period of time	19,122,529.79	128,108,503.15	30,889,807,577.73	31,037,038,610.67
Subtotal of revenue arising from contracts with customers	52,282,863,287.00	72,683,966,686.68	70,839,572,674.02	195,806,402,647.70
Revenue under the Standard on Leases	47,700,379.51	52,831,257.96	7,640,769,012.20	7,741,300,649.67
Total	52,330,563,666.51	72,736,797,944.64	78,480,341,686.22	203,547,703,297.37

(4) Performance of obligations

The supply chain solution services provided by the Group belong to the performance obligation satisfied over a certain period of time. The performance costs actually incurred on a cumulative basis as a percentage of estimated total costs is used to ascertain progress of performance of supply chain solution services contracts. As at 31 December 2021, some of the Group's supply chain solution services contracts were still in the process of performance, the transaction price allocated to the outstanding (or partially unperformed) performance obligations is related to the performance progress of each supply chain solution services contract, and will be recognised as revenue in the future performance period of each supply chain solution services contracts based on the performance progress.

(5) **Allocation to the outstanding performance obligations**

The amount of revenue corresponding to the contract performance obligations for which the contracts had been entered into and which had not been performed or fully performed as at the end of the Year was RMB33,396,281,805.20. Information related to revenue expected to be recognised in respect of outstanding performance obligations under contracts is set out below:

RMB

Term	31 December 2021
Within 1 year	21,831,788,004.30
1 to 2 years	7,426,753,776.30
2 to 3 years	1,952,806,115.10
3 to 4 years	1,300,795,008.10
4 to 5 years	504,151,651.00
Over 5 years	379,987,250.40

8. **TAXES AND SURCHARGES**

RMB

Item	Incurred during the year	Incurred in previous year (Restated)
City maintenance and construction tax	198,537,798.40	220,017,210.44
Property tax	199,653,765.52	187,673,464.34
Educational surtax	142,215,833.45	161,006,789.38
Stamp duty	145,695,938.51	103,292,609.40
Others	110,631,752.96	160,010,138.32
Total	796,735,088.84	832,000,211.88

9. INCOME TAX EXPENSES

RMB

Item	Incurred during the year	Incurred in previous year (Restated)
Current tax expenses	2,647,040,480.38	2,809,745,643.49
Deferred tax expenses	(154,138,537.88)	(1,397,588,612.99)
Total	2,492,901,942.50	1,412,157,030.50

The relationship between income tax expenses and the total profit is listed as follows:

RMB

Item		Incurred during the year	Incurred in previous year (Restated)
Total profit		14,054,791,446.56	12,708,139,629.36
Tax at statutory tax rate	<i>Note 1</i>	3,513,697,861.64	3,177,034,907.34
Effect of different tax rates applicable to the Company and some subsidiaries	<i>Note 2</i>	(850,702,386.47)	(1,298,523,176.15)
Effect of tax rate change on opening balance of deferred income tax		(5,875,134.39)	5,008,867.38
Adjustments to current tax of previous periods		7,872,862.91	(1,170,790.86)
Profits and losses attributable to associates and joint ventures		(1,630,962.20)	(13,535,305.38)
Income not subject to tax		(141,272,914.63)	(1,748,535.66)
Expenses not deductible for tax		243,641,502.04	193,510,716.24
Effect of tax incentives on eligible expenditures		(748,945,027.86)	(607,340,105.30)
Effect of utilization of deductible losses and deductible temporary difference of unrecognised deferred tax assets from prior years		(87,861,710.32)	(522,629,554.22)
Effect of unrecognised deductible losses and deductible temporary difference		580,778,356.53	473,838,832.84
Others		(16,800,504.75)	7,711,174.27
Tax expense at the Group's effective tax rate		2,492,901,942.50	1,412,157,030.50

Note 1: The Company is subject to a statutory tax rate of 25%.

Note 2: The PRC income tax of the Group is calculated based on the estimated taxable income gained in the PRC and applicable tax rate. Tax arising from the taxable income in other regions is calculated at applicable tax rate according to existing laws, interpretations and practices of the country in which the Group operates.

No provision for Hong Kong profit tax has been made as the Group had no taxable profits arising in Hong Kong for the Year.

10. EARNINGS PER SHARE (EPS)

The basic EPS is calculated by dividing the net profit of the current period attributable to the ordinary shareholders of the Company by the weighted average number of outstanding ordinary shares.

The calculation of basic EPS is detailed as follows:

Item	<i>RMB</i>	
	Incurred during the year	Incurred in previous year (Restated)
Earnings		
Net profit of the current year attributable to ordinary shareholders of the Company	<u>9,254,488,225.85</u>	<u>9,228,271,985.67</u>
Shares		
Weighted average number of the ordinary shares outstanding of the Company	<u>8,396,272,268.50</u>	<u>7,933,873,895.00</u>
Basic EPS (RMB/share)	<u>1.10</u>	<u>1.16</u>

The Group holds no potential shares that are significantly dilutive.

11. OTHER COMPREHENSIVE INCOME

Other comprehensive income, on a cumulative basis, attributable to the parent as shown in the consolidated balance sheet is as follows:

RMB

Item	Balance as at 31 December 2020	Incurred before the income tax for the current year	Incurred during the year		Less: Income tax expenses	Attributable to parent company after tax	Attributable to minority interests after tax	Balance as at 31 December 2021
			Less: Amount recognised in other comprehensive income in previous period and recognised in profit or loss in current period	Incurred during the year				
I. Those other comprehensive income not to be reclassified into profit or loss								
Changes arising from re-measuring of defined benefit plan	(1,372,279,480.28)	1,768,277,025.92	-	483,685,066.50	625,093,753.70	659,498,205.72	(747,185,726.58)	
Other comprehensive income not to be reclassified into profit or loss using the equity method	(147,444,220.30)	(5,660,203.90)	-	-	694,902.41	(6,355,106.31)	(146,749,317.89)	
Change in fair value of investment in other equity instruments	541,471,521.49	586,510,579.04	-	85,940,975.84	492,233,671.71	8,335,931.49	1,033,705,193.20	
II. Other comprehensive income to be reclassified into profit or loss								
Other comprehensive income to be reclassified into profit or loss using the equity method	38,927,058.35	2,632,875.60	-	-	2,632,875.60	-	41,559,933.95	
Cashflow hedging reserve	(10,501,515.24)	(70,863,418.60)	(57,418,353.10)	(6,574,989.62)	7,587,369.05	(14,457,444.93)	(2,914,146.19)	
Exchange differences on foreign currency translation	(1,301,000,131.81)	(579,744,238.55)	-	-	(5,536,947.70)	(574,207,290.85)	(1,306,537,079.51)	
Total of other comprehensive income	<u>(2,250,826,767.79)</u>	<u>1,701,152,619.51</u>	<u>(57,418,353.10)</u>	<u>563,051,052.72</u>	<u>1,122,705,624.77</u>	<u>72,814,295.12</u>	<u>(1,128,121,143.02)</u>	

12. DIVIDEND

	2021 RMB'000	2020 RMB'000
Proposed final dividend – RMB0.185 (2020: RMB0.233) per ordinary share	<u>1,614,413</u>	<u>2,033,288</u>

On 30 March 2022, the Company's 2021 profit distribution proposal was approved by the Company's third meeting of the sixth session of the Board. The Company proposed a distribution to all shareholders of a cash dividend of RMB1.85 (including tax) for every 10 shares held, based on the 8,726,556,821 shares available for distribution as at 31 December 2021, without any capitalisation of reserve. Completion of the proposal is subject to the consideration and approval by the 2021 annual general meeting of the Company.

13. COMPARATIVE FIGURES

The merger and absorption of Shandong Weichai Import and Export Co., Ltd. during the Year, which is considered a business combination under common control, has been accounted for as if it had been consolidated as at the beginning of the period pursuant to the "Accounting Standard for Business Enterprises No. 20 – Business Combination" (《企业会计准则第20号—企业合并》), and opening balance data was dealt with on a retrospective basis.

CHAIRMAN'S STATEMENT

I. REVIEW OF OPERATING CONDITIONS

In 2021, the Chinese government pursued to construct a new development landscape and promoted high-quality development. With the nation's continuously rising strategic technological power and strengthened industrial chain resilience, China's key macroeconomic indicators maintained within a reasonable range and achieved a good start of the "14th Five-Year Plan". The annual gross domestic product reached RMB114 trillion, representing a year-on-year increase of 8.1%. The heavy-duty truck industry of China delivered sales volume of 1,395,000 units, representing a year-on-year decrease of 13.8%; the construction machinery industry of China delivered sales volume of 1,014,000 units (including 417,000 units of diesel forklift trucks), representing a year-on-year growth of 10.4%.

During the reporting period, the Company remained focused on its principal businesses and proactively responded to external and internal environmental changes and critical market challenges, achieving high-quality development. Through expediting breakthroughs in key and core technologies, we strived to offer the most competitive products and services and solidified our leading position in the market. Strong breakthroughs have been made in new business format, new energy and new technology; overseas business has grown substantially; and the advantages of diversified businesses and the effect of structural adjustment have been highlighted, further enhancing our comprehensive competitiveness. In 2021, the Company's revenue increased by approximately 3.2% as compared with that in the corresponding period of 2020 to approximately RMB203,548 million. Net profit attributable to shareholders of the listed company was approximately RMB9,254 million, representing an increase of approximately 0.3% as compared with that in the corresponding period of 2020. Basic earnings per share was RMB1.1, representing a decrease of approximately 5.2% as compared with that in the corresponding period of 2020.

1. Power System Business

Moving towards the high end in all series and aspects, we strived to take lead in the industry with key and core technologies. Leveraging the globally collaborated research and development (R&D) platform, we continued to enhance our forward-looking research and development capabilities and established a product development system based on the segment markets. In January 2022, we launched the world's first diesel engine with a thermal efficiency of 51.09%, which made another world record. The enhanced economic efficiency and reliability of our road-going engines and the leading competitiveness of our products have won us good reputation in the market. We completed the development of the new generation WP2.5N/WP7H/WP13H products whose indicators have reached the world-class level. Tapping into the high-end pick-up truck market with the 2H platform, we filled our gap in the 2L engine sector. Following our inclusion in the first environmental information disclosure list of Non-road-going Stage IV Products in China, we have sped up our product layout, innovation and upgrading and completed the launch of such products in key segment markets and regions. We continued to upgrade the powertrain system and strengthened our advantages of the industrial chain. In terms of traditional power, we completed

the development of integrated powertrain system of engines with high thermal efficiency + automated mechanical transmission (AMT) + axle, which led to a great enhancement in the power and comfort level. The establishment of our system simulation capability has achieved remarkable progress, leading to a significant reduction in fuel consumption and weight. The excavator hydraulic powertrain of “Weichai Engine + Linde Hydraulics” has established a significant differentiated competitive advantage and been widely recognised by the market and customers. The development of the 240hp CVT powertrain has been completed and the tractor equipped with this product is the first model of automatic CVT heavy-duty tractor in China. Meanwhile, the development of the sample machine of 340hp CVT powertrain has been completed. We have created significant advantages of product differentiation in different industries including hydraulic pressure powertrain for static hydraulic loaders, road rollers and agricultural machinery.

During the reporting period, the development of the Company’s powertrain business was steady: sales volume of engines increased year-on-year by 3.1% to 1,020,000 units, in which the sales volume of heavy-duty truck engines was 429,000 units, achieving a year-on-year growth in market share by 2.8 percentage points to 30.7%; sales volume of gear boxes was 1,153,000 units, in which the sales volume of heavy-duty truck gear boxes was 1,010,000 units, achieving a year-on-year growth in market share by 5.3 percentage points to 72.4%; sales volume of axles was 938,000 units, in which the sales volume of medium-heavy duty truck axles was 697,000 units. At the same time, our high-end strategic products continued to make contribution, with the sales revenue of large-diameter engines achieving RMB1.41 billion, representing a year-on-year growth of 49.3%, and the sales revenue of high-end hydraulic products achieving RMB560 million, representing a year-on-year growth of 11.8%. With the continuous optimisation of the Company’s product structure and the market structure, the Company’s competitiveness has improved significantly.

2. Commercial Vehicles Business

By giving full play to the advantages of complete vehicles and machineries as a leading segment and leveraging the Group’s industrial chain resources, the Company responded promptly to the demands of customers from the segment markets. Focusing on the upgrade of laws and regulations on China VI emission standards, Shaanxi Heavy-duty Motor Company Limited (陝西重型汽車有限公司), a controlling subsidiary of the Company, continued to adjust and optimise its product structure and recorded a total heavy-duty trucks sales volume of 150,000 units. Seizing the opportunities arising from the switch to China VI standards, we continued to increase the market share of our major products in segment markets. Products including port tractors, urban dump trucks and coal, sand and gravel transportation trucks continued to maintain the industry’s leading position. The growth rate of the 480hp standard load logistics vehicles ranked first in the industry. Overseas and export businesses grew significantly with an annual sales volume of 19,000 units throughout the Year, representing a year-on-year increase of 72%. Innovation-driven development created new competitive edges for complete vehicles comprehensively. Shaanxi Heavy-duty X6000, a new generation of self-developed high-end heavy-duty truck, was put into mass promotion. It is industry-leading in terms of key indicators such as fuel efficiency, comfort,

safety and intelligence and leads the high-end heavy-duty trucks in China to a new era. We put great effort in promoting intelligent manufacturing upgrade and transformation from old to new energy, which improved the production efficiency by a maximum of 35%. We also accelerated the construction of a new heavy-duty truck intelligent manufacturing base to build up new momentum for development. Leveraging the high-quality big data platform, our pre-sale PPM index achieved a year-on-year decrease of 57%, winning us the nomination award of the 4th “China Quality Award”.

3. Intelligent Logistics Business

KION Group AG (“KION”), an overseas controlling subsidiary of the Company, is a globally leading supplier in the area of intralogistics, and has two major businesses, namely, Industrial Trucks & Services and Supply Chain Solutions. KION assists factories, warehouses and distribution centres to optimise their materials flow and information flow through the design, establishment and improvement of logistics solutions in over a hundred countries and regions around the world. In 2021, benefitting from the recovery of Industrial Trucks & Services and the continuous growth of Supply Chain Solutions, KION achieved outstanding performance in various operating indicators and realised a sales revenue of EUR10.29 billion, representing a year-on-year growth of 23.4% and hitting a record high, in which the business of Supply Chain Solutions (represented by Dematic Group) realised a sales revenue of EUR3.8 billion, representing a substantial year-on-year growth of 44.5%, and a total profit of EUR290 million, representing a year-on-year growth of 97.4%. In December 2021, the commencement of operation of the “KION China Forklift Truck Project – Phase One” which also marked the commencement of the “US Dematic Group Project” will help the Company to expand its intelligent logistics business in the Asia-Pacific market, especially the Chinese market.

4. New Business Format, New Energy and New Technology

The Company actively implemented the national carbon peak and carbon neutrality development strategies by cultivating and strengthening the new business format and new technologies such as new energy, electronic control and intelligent networking. We firmly controlled the high-quality new energy resources and mastered the core technologies, and accelerated the implementation of industrialisation. The Company has made comprehensive layout for its three major powertrain platforms, namely fuel cell, hybrid and battery electric, and developed the full series of 30-200kW fuel cell products and put it into mass production with industry-leading core technology. In April 2021, led by Weichai, the National Fuel Cell Technology Innovation Centre (國家燃料電池技術創新中心) was established in Shandong. We entered into strategic cooperation with Switzerland-based FISCHER Spindle Group AG with a view to providing global customers with high-performance, high-quality and highly cost-effective fuel cell compressor product solutions. We actively participated in advancing the “Hydrogen Energy into Ten Thousand Homes (氫進萬家)” Scientific Technology Demonstration Project in promoting breakthroughs and industrialisation of the core technology along the entire hydrogen energy industry chain. The accumulated operating mileage of hydrogen fuel cell buses exceeds 15 million kilometers. The application of hydrogen fuel cell heavy-duty trucks has been achieved in multiple

scenarios such as ports, parks, steel mills and highways. Empowered by digital technology, we are able to seize the new opportunities of future development. We sped up the development of controllers in the power domain, intelligent driving domain and cockpit domain as well as the development of domain-based electrical/electronic vehicular architectures, in order to take lead in the development towards electric-powered, autonomous and connected commercial vehicles. We explored digital products, digital services and new business models as well as the transition from traditional information architecture to platform-supported digital architecture. We used the smart cloud platform to connect real-time operation data of products to serve the internal operations and external customers, thereby realising efficient operation.

II. DIVIDENDS AND CAPITALISATION OF RESERVE

On 30 March 2022, the Company's 2021 profit distribution proposal was considered and approved by the Company's third meeting of the sixth session of the Board. Based on the 8,726,556,821 shares eligible for distribution as at 31 December 2021, the Company intends to distribute to all shareholders a cash dividend of RMB1.85 (including tax) for every 10 shares held, without any capitalisation of reserve. Completion of the proposal is subject to the consideration and approval by the 2021 annual general meeting of the Company. The expected payment date for the cash dividend as well as the relevant record date on the entitlements to the payment of the cash dividend will be determined by the Board and announced no later than two months after the date of obtaining the said shareholders' approval.

III. OUTLOOK AND PROSPECTS

In 2022, affected by the volatile development of the pandemic and the complicated international political environment, the global economic recovery is facing multiple challenges, such as increasing debts and inflation, which will bring greater pressure and slow down the economic growth. China's economic development will face pressure from three major aspects, namely decreasing demand, supply shock and weakening expectations. The Chinese government will sustain stability while seeking progress by continuing its proactive fiscal policy and prudent monetary policy and enhancing its endogenous power of development. Affected by factors such as overstimulation of demand in the switch to China VI and the continuous promotion of the "transformation from road haulage to rail-freight transport (公轉鐵)", the overall new demand in the heavy-duty truck industry will be weakened. However, factors such as infrastructure development in advance, growth in export and the traffic restriction policies of China IV and China V standard automobiles in some regions still will bring a certain amount of new demands. Under the influences of the carbon peak and carbon neutrality strategy and advantageous policies such as rights of way, environmental protection and subsidies, new energy heavy-duty truck will usher in a period of rapid growth. Light trucks with blue plates, new regulations on annual inspection and weighing as well as the rapid growth of cold chain transportation and logistics will bring favorable factors to the light-duty truck industry. Infrastructure and the implementation of the Non-road Stage IV Emission Regulations will bring certain opportunities to the construction machinery industry. The demand for seaborne bulk cargo is expected to be strong and the freight rate will remain at a high level as the increase of logistics capacity is less than that of cargo volume. The demand for engines in the coastal cargo shipping market will increase slightly.

New situation, new opportunities and new challenges. In 2022, the Company will accurately grasp the market situation, seize market opportunities, and step up our efforts in cost reduction and efficiency enhancement to achieve lean management. Accelerating the breakthrough of “bottleneck” technologies to consolidate our core competitiveness, we will continue to lead the industry to the high end.

Focusing on the annual targets, the Company will firmly strive for market expansion. Aiming at customer satisfaction, the Company will conduct accurate research on segment markets to provide effective inputs for product development. We will continue to fortify our dominant markets and accelerate breakthroughs in strategic markets. Giving full play to the advantages of comprehensive full-series products and fully expanding in non-road-going markets and overseas markets such as those for construction machinery and agricultural equipment, we will speed up the sales of strategic products such as large-diameter engines, hydraulics and new energies products. We will make flexible use of new media matrices for “online and offline” all-channel and all-dimensional publicity, thereby continuously enhancing our brand influence. We will adopt technology-driven solutions to take the lead amid technological revolution and industrial transformation. Speeding up the R&D of power system integration, we focus on driving up the performance of complete vehicles and machineries to provide optimal solutions for power systems. We will facilitate the commercial application of thermal efficiency of diesel engines and pursue better thermal efficiency. With the advantages of the globally coordinated R&D platform, we will conduct ongoing competitive benchmarking to ensure that our products are globally leading in respect of various indicators such as affordability, reliability and power performance. Leveraging the National Fuel Cell Technology Innovation Centre (國家燃料電池技術創新中心), we will give play to the coordinated advantages between technological and resource innovations in order to expedite the technical bottleneck breakthrough and industrial implementation for fuel cell industrial chain. We will focus on high-quality development to continuously improve quality and efficiency. The Company will rely on processes and data to promote the comprehensive management of the whole industrial chain comprising “research, production, supply, sales and services”. We will dig deep into data values to speed up our digital transformation. By accelerating the upgrade and promotion of the WOS model, we will optimise the appraisal mechanism to enhance the overall level of operation. By strengthening the product quality control, we strive to sustain and enhance the consistency of our products in respect of their appearance, performance and lifespan, so as to create high-end products in the industry. We will step up our cost reduction work during the courses of design, processing, procurement and manufacturing and take multiple measures to enhance the profitability of different series of products, thereby striving to take a lead in high-quality development.

IV. APPRECIATION

Last but not least, I would like to express my sincere appreciation to all our shareholders, the general public and our customers for their care and support, as well as to all of our staff for their hard work and dedication!

MANAGEMENT DISCUSSION AND ANALYSIS

The Directors are pleased to present a management discussion and analysis of the results of operations of the Group for the year ended 31 December 2021 as follows:

I. Industry Analysis

The Company is one of the vehicle and equipment manufacturing conglomerates in the PRC with the best comprehensive strengths. It is a leading company in the areas of powertrain, complete vehicles and machineries, hydraulic controlling parts, new energy cells and automotive ECU and parts and components, which is equipped with the most comprehensive golden industrial chain of engines, gear boxes and axles, and offers related aftersales market services. Meanwhile, with its leading advantages in intelligent logistics, the Group is able to provide the most comprehensive logistics solutions to its customers.

1. *Commercial Vehicles, Construction Machinery and Agricultural Equipment Industries*

In 2021, the recovery of the global economy was still affected by the COVID-19 pandemic. Despite the availability of COVID-19 vaccination in various countries, the virus variants raged in many countries and affected the effectiveness of pandemic prevention and control. The Chinese government sustained stability while seeking progress and responded calmly to the challenges brought by the COVID-19 pandemic, so as to promote high-quality economic development. With the continued proactive fiscal measures and prudent monetary policies implemented by the Chinese government, the major macroeconomic indicators were within a reasonable range, and the economic development showed a positive trend of improvement on the basis of stability. In 2021, the gross domestic product of the PRC reached RMB114 trillion, representing a year-on-year increase of 8.1%.

For the heavy-duty truck market, as affected by factors such as overstimulation of demand in the switch to China VI and the continuous promotion of the “transformation from road haulage to rail-freight transport (公轉鐵)”, the overall new demand in the heavy-duty truck industry reduced. However, with national new infrastructures and investment in fixed assets, and implementation of the traffic restriction policies of China IV and China V standards automobiles in some regions, it is expected that the heavy-duty truck market shall continue to operate at a high level. During the Year, the heavy-duty truck industry achieved a sales volume of approximately 1,395,000 units, representing a year-on-year decrease of approximately 13.8%; the construction machinery industry (including forklift trucks using internal combustion engines) achieved an annual sales volume of approximately 1,014,000 units, representing a year-on-year increase of approximately 10.4%.

2. *Forklift Truck and Supply Chain Solutions Industry*

The International Monetary Fund announced that, the global economic output resumed a positive increase of 5.9% in 2021 from the decrease of 3.1% in the previous year. Due to the differences in the scale and progress of pandemic prevention and control and vaccination as well as different economic and fiscal policy incentives adopted by countries and regions, the pace of recovery varied around the world. With the pandemic under control, the Chinese economic growth was higher than the global average level due to strong export and domestic demand. Following the recovery of economic growth, the global order volume of industrial forklift trucks increased from approximately 1,639,000 units in 2020 to approximately 2,343,000 units during the Year, representing a year-on-year increase of approximately 43.0%. In the supply chain solution industry, increasing consumers switched to online shopping due to the pandemic. Driven by the e-commerce, food and consumer goods retail industries, demand for automation and intelligence in warehouses and distribution centres continued to increase. As estimated by Interact Analysis, a research institution, global revenue for warehouse automation solutions recorded an increase of approximately 21% in 2021.

II. The Group's Business

An analysis of the Group's business segments is set out in Note 2 to the consolidated financial statements. The following is an overview of the operating conditions of the major products of the Group:

1. *Powertrain, Complete Vehicles and Machines and Key Components*

The Group has been adhering to the innovation-oriented approach in making breakthroughs in core technologies with the advantages of the globally coordinated R&D platform. In 2021, the Company released the first diesel engines in the world with a thermal efficiency of 51.09%, which once again broke its record. We continued to improve the core competitiveness of our products and sped up the integration of industrial chain. During the Year, the Company sold a total of approximately 1,020,000 units of engines, representing an increase of approximately 3.1% as compared to approximately 989,000 units in the same period in 2020. The Company sold approximately 1,153,000 units of gear boxes, in which the sales volume of heavy-duty truck gear boxes was approximately 1,010,000 units, achieving a market share of 72.4%. The engines segment contributed RMB52,331 million to the sales revenue of the Group during the Year, representing a year-on-year increase of 10.2%.

Focusing on the upgrade of laws and regulations for China VI emission standards, Shaanxi Heavy-duty Motor Company Limited (陝西重型汽車有限公司), a controlling subsidiary of the Group, fully took a leading role in complete vehicles by focusing on customers' demand in segment markets and continuously optimising its product structure. Its products, including port tractors, urban dump trucks and coal, sand and gravel transportation trucks continued to rank top in the industry. During the Year, the Group sold approximately 150,000 units of heavy-duty trucks, representing a decrease of approximately 17.1% as compared to approximately 181,000 units for the same period in 2020.

2. *Intelligent Logistics*

During the Year, as the global order volume of industrial forklift trucks increased, the number of the Group's forklift truck orders increased from approximately 198,300 units in the previous year to approximately 299,400 units, representing a significant year-on-year increase of approximately 51.0%, outperforming the industry with the most significant growth in Central America. The annual amount of orders increased by approximately 40.9% to approximately EUR8,166 million. The amount of orders of supply chain solution services increased by approximately 18.5% year-on-year to approximately EUR4,329 million from approximately EUR3,654 million in the corresponding period last year, mainly attributable to the rapid growth of e-commerce and demand for automation of warehouse and logistics as well as the Group's abilities to provide state-of-the-art information technologies in sensors, softwares, big data and cloud solutions and to apply these technologies to its internal logistics projects. Intelligent logistics business contributed approximately RMB78,480 million to the Group's sales revenue, representing an increase of approximately 20.8% from approximately RMB64,979 million in the same period of last year.

Last year, the Company expected that its sales revenue in 2021 would increase by approximately 15% to approximately RMB227.0 billion. The actual sales revenue amounted to approximately RMB203.5 billion, representing a year-on-year increase of approximately 3%. The lower-than-expected actual sales revenue was mainly affected by the decline in demand for heavy-duty trucks and the volatile COVID-19 situation.

Looking into 2022, the global economy will still be under the impacts of factors including the COVID-19 variants, geopolitical tensions and inflation. The Company will expedite the research and development of the integrated powertrain system and focus on high quality development to seize the initiative in the industry reform. As at 31 December 2021, the Company's order on hand amounted to approximately RMB60.2 billion. The Company expects that its sales revenue in 2022 would increase by approximately 5% to approximately RMB213.7 billion.

III. FINANCIAL REVIEW

1. *The Group's Results of Operations*

a. *Revenue*

In 2021, the Group's revenue amounted to approximately RMB203,548 million, representing an increase of approximately RMB6,260 million or approximately 3.2% from approximately RMB197,288 million in the corresponding period in 2020. Despite the reduction in sale volume in the heavy-duty truck industry, the Group continued to increase its investment in research and development and expedited breakthroughs in key and core technologies to increase the competitiveness of its products, which led to an increase of 2.8 percentage points in market share of engines to approximately 30.7%, offsetting some adverse market factors. Meanwhile, benefitting from the change in the pattern of consumption and increased demand for warehouse automation and updates by enterprises, the revenue from the Group's intelligent logistics business increased significantly. Revenue from principal operations amounted to approximately RMB198,499 million, representing an increase of approximately RMB6,795 million or approximately 3.5% from approximately RMB191,704 million in the corresponding period last year.

b. *Profit from Principal Operations*

During the Year, the Group generated profit from principal operations in the amount of approximately RMB38,907 million, representing an increase of approximately RMB1,257 million or 3.3% from approximately RMB37,650 million recorded in the corresponding period in 2020. This was primarily attributable to the robust growth in overseas businesses and intelligent logistics business that led to an increase in the profit they contributed. The Group strictly controlled the costs and maintained a stable profit margin from principal operations at approximately 19.6%.

c. *Distribution and Selling Expenses*

Distribution and selling expenses decreased by approximately 0.5% to approximately RMB10,903 million in the Year from approximately RMB10,961 million in the corresponding period of 2020. This was primarily attributable to the decrease in the after-sales and repair fees, costs of freight and packaging and marketing expenses. The distribution and selling expenses as a percentage of revenue dropped from approximately 5.6% in the corresponding period of last year to approximately 5.4% during the Year.

d. *General and Administrative Expenses*

General and administrative expenses increased by approximately RMB325 million or approximately 4.2% from approximately RMB7,731 million in the corresponding period of 2020 to approximately RMB8,056 million in the Year. The increase was mainly due to the increased number of staff for expansion of overseas business during the Year, which led to an increase in expenses for staff costs. However, the overall expenses were under effective control. The general and administrative expenses as a percentage of revenue remained stable at approximately 4.0%.

e. *Earnings Before Interest and Tax (EBIT)*

During the Year, the Group's EBIT was approximately RMB15,132 million, representing an increase of approximately RMB1,285 million or 9.3% from approximately RMB13,847 million in the corresponding period of 2020. The increase in EBIT was primarily attributable to the increase in profit contributed by the intelligent logistics business, increase in gain on change of fair value and decrease in impairment loss of credit. As a result, EBIT margin increased from approximately 7.0% last year to approximately 7.4% during the Year.

f. *Finance Expenses*

Finance expenses increased from a net expense of approximately RMB296 million in the corresponding period of 2020 to a net income of approximately RMB450 million during the Year. This was mainly due to the increase in interest income and decrease in exchange losses and bank handling fees.

g. *Income Tax Expenses*

The Group's income tax expenses increased by approximately 76.5% from approximately RMB1,412 million in the corresponding period in 2020 to approximately RMB2,493 million during the Year. During the Year, the Group's significant increase in offshore profits led to the increase in the average effective tax rate from approximately 11.1% in the corresponding period last year to approximately 17.7% during the Year.

h. *Net Profit and Net Profit Margin*

The Group's net profit increased by approximately 2.4% from approximately RMB11,296 million in the corresponding period of 2020 to approximately RMB11,562 million during the Year. The Group's net profit margin for the Year remained stable at approximately 5.7% as compared to the corresponding period last year.

i. Liquidity and Cash Flow

During the Year, the Group generated net operating cash flows of approximately RMB14,658 million and net cash flows from financing activities of approximately RMB3,123 million. A portion of that was applied to the acquisition of 60% equity interest of Chongyou Hi-Tech Electronic Fuel Injection System (Chongqing) Co., Ltd. (total consideration amounting to approximately RMB477 million), 100% equity interest of Shandong Weichai Import and Export Co., Ltd. (total consideration amounting to approximately RMB314 million) and 39.31% equity interest of Weichai Lovol Heavy Industry Co., Ltd. (total consideration amounting to approximately RMB985 million), repayment of borrowings, payment of interest, as well as the acquisition of property, plant and equipment for the expansion of the Group's business. As of 31 December 2021, the Group's cash and cash equivalents (net of interest-bearing debts) amounted to net cash of RMB42,579 million (as of 31 December 2020, the Group's cash and cash equivalents (net of interest-bearing debts) amounted to net cash of RMB23,652 million). Based on the above calculations, the Group is in a net cash position. As at 31 December 2021, the Group's gearing ratio (net interest-bearing debts/(shareholders' equity + net interest-bearing debts)) was approximately 18.0% (as at 31 December 2020: 26.6%).

2. Financial Position

a. Assets and Liabilities

As at 31 December 2021, the Group had total assets of approximately RMB277,044 million, of which approximately RMB160,638 million were current assets. As at 31 December 2021, the Group had cash and cash equivalents of approximately RMB75,043 million (as at 31 December 2020: RMB62,429 million). On the same date, the Group's total liabilities amounted to approximately RMB174,082 million, of which approximately RMB115,382 million were current liabilities. The current ratio was approximately 1.39x (as at 31 December 2020: 1.23x).

b. Capital Structure

As at 31 December 2021, the Group had total equity of approximately RMB102,962 million, of which approximately RMB70,907 million was attributable to equity holders of the Company and the remaining balance was minority interests. Interest attributable to minority interest holders includes the perpetual capital securities in the principal amount of US\$775 million issued in September 2017.

The borrowings of the Group as at 31 December 2021 amounted to approximately RMB22,555 million, which included bonds of approximately RMB6,600 million and bank borrowings of approximately RMB15,955 million. Borrowings repayable on demand or within a period not exceeding one year were approximately RMB3,049 million; borrowings repayable within a period of more than one year but not exceeding two years were approximately RMB2,348 million; borrowings repayable within a period of more than two years but not exceeding five years were approximately RMB9,937 million; and borrowings repayable within a period of more than 5 years were approximately RMB621 million. The bank borrowings included fixed interest rate bank borrowings of approximately RMB1,817 million and floating interest rate bank borrowings of approximately RMB14,138 million. Other than Euro-denominated borrowings equivalent to approximately RMB10,461 million, USD-denominated borrowings equivalent to approximately RMB1,528 million and GBP-denominated borrowings equivalent to approximately RMB239 million, borrowings are primarily Renminbi-denominated borrowings. The revenue of the Group is mainly in Renminbi and Euro. Contracts have been entered into with financial institutions to swap the USD775 million USD-denominated perpetual capital securities issued in September 2017 to Euro, and therefore the Group does not consider its currency risk significant. As a policy, the Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debts and equity balance. The Group's overall strategy remains unchanged from prior years.

c. Pledge of Assets

As at 31 December 2021, bank deposits, notes receivable, receivable financing, financial assets held for trading and accounts receivable of approximately RMB19,572 million (as at 31 December 2020: approximately RMB24,929 million) were pledged to banks to secure the Group's notes payable, letter of guarantee, acceptance bills and letter of credit, etc. issued by banks. The pledged bank deposits carry prevailing bank interest rates. The pledge will be released upon the settlement of the relevant bank borrowings. The fair value of the bank deposits as at the balance sheet date was approximately the same as the carrying amount. Fixed assets and long-term receivables of approximately RMB6,247 million were also pledged by the Group to secure bank borrowings, guarantee its liabilities under the staff retirement benefit and use in asset securitization financing.

d. Contingencies

As at 31 December 2021, the Group provided certain distributors and agents with bank guarantee amounting to approximately RMB1,409 million (as at 31 December 2020: approximately RMB3,587 million) to secure their obtaining and use of banking facilities.

As at 31 December 2021, the Group provided guarantee for joint liabilities in respect of failure of the lessees under finance leases to settle instalment payments plus interest. Risk exposure in respect of possible guarantee for joint liabilities amounted to approximately RMB2,800 million (as at 31 December 2020: approximately RMB3,550 million).

e. Commitments

As at 31 December 2021, the Group had capital commitments of approximately RMB6,018 million (as at 31 December 2020: approximately RMB3,285 million), principally for the capital expenditure for the acquisition of property, plant and equipment. The capital expenditure will be financed by internal resources.

As at 31 December 2021, the Group had no other investment commitments (as at 31 December 2020: approximately RMB682 million).

3. Other Financial Information

a. Employees

As at 31 December 2021, the Group had approximately 82,600 employees (including approximately 39,600 employees of KION). During the Year, the Group paid remuneration of approximately RMB28,927 million. The emolument policy of the employees of the Group is set up by the remuneration committee of the Company on the basis of their merits, qualifications and competence. During the Year, the Company formulated training projects for staff that suit positions of different levels and provided customised and standardised trainings through combination of Wei Learning (an online platform) and offline courses. Relevant trainings were conducted for all senior leaders, newly promoted middle-level cadres and newly promoted middle-level cadres of the Company to comprehensively enhance the leadership and political literacy of the management, and promote the construction of the Company's core decision-making power. During the Year, training expenses of approximately RMB37 million in total were incurred and a total of 3,793,000 hours of training was provided to 28,403 participants.

b. Material Investment, Major Acquisition and Disposal

During the Year, the Group did not have any material investment, major acquisition or disposal.

c. Subsequent Events

- (i) On 30 March 2022, the Company's 2021 profit distribution proposal was considered and approved by the Company's third meeting of the sixth session of the Board. Based on the 8,726,556,821 shares eligible for distribution as at 31 December 2021, the Company intends to distribute to all shareholders a cash dividend of RMB1.85 (including tax) for every 10 shares held, without any capitalisation of reserve. Completion of the proposal is subject to the consideration and approval by the 2021 annual general meeting of the Company.

- (ii) On 30 March 2022, the proposed adjustment to the timeline for the application of proceeds from the non-public issuance of A Shares (the details of such issuance were set out below) was considered and approved by the Company's third meeting of the sixth session of the Board. The adjusted timetable for the application of the relevant proceeds is set out below:

RMB million

Name of project	Name of investment project Name of sub-project	Amount of proceeds proposed to be applied	Adjusted application of proceeds			
			2021	2022	2023	2024
Fuel cell industry chain development project	Hydrogen-fueled cell and key components industrialisation project	500.00	65.13	200.00	234.87	–
	Solid oxide fuel cell and key components industrialisation project	500.00	8.16	120.55	214.35	156.94
	Key components of fuel cell powertrain research and development and construction capabilities project	1,000.00	146.44	210.00	350.00	293.56
Full series of H platform high-end road-going engines of China VI or above emission standards project	New million units digitalised power industry base stage I project	3,000.00	12.14	900.00	1,200.00	887.86
	H platform engines intelligent manufacturing upgrade project	1,000.00	118.04	260.00	400.00	221.96
Large diameter high-end engine industrialisation project	Large diameter high-end engine laboratory project	1,075.00	140.79	311.50	330.00	292.71
	High efficiency and high speed self-owned brand engine industrialisation project	685.00	77.65	250.00	270.00	87.35
	Large diameter high-end engine development project	1,240.00	194.84	248.00	425.00	372.16
Full series hydraulic pressure powertrain and large-scale continuously variable transmission (CVT) powertrain industrialisation project		3,000.00	166.02	917.73	1,011.39	904.86
	Total	12,000.00	929.21	3,417.78	4,435.61	3,217.40

Notes:

1. The figures for 2021 are the actual amounts applied by the Company to the relevant investment projects; and
2. the figures for 2022 to 2024 are adjusted investment application amounts to be applied to the relevant investment projects.

The adjustment is mainly due to the operational needs of the Group and the actual status of the relevant investment projects and is in compliance with the relevant requirements for the management of proceeds raised of the Chinese Securities Regulation Commission and the Shenzhen Stock Exchange. It will not adversely affect the implementation of the relevant investment projects, change the proposed use of proceeds or harm the interest of the shareholders of the Company. Such adjustment will not adversely impact the normal production and operation of the Company and is in line with the long-term development strategy of the Company.

For further details of the abovementioned adjustment to the timeline for the application of proceeds, please refer to the announcement of the Company entitled “《濰柴動力股份有限公司關於2021年年度募集資金存放與使用情況的專項報告》(the Special Report of Weichai Power Co., Ltd. on the Deposit and Use of the Proceeds Raised in the Year 2021)” dated 30 March 2022 published on the website of the Shenzhen Stock Exchange.

d. Use of proceeds

Reference is made to the announcements of the Company dated 24 December 2020, 25 January 2021, 26 January 2021, 29 January 2021, 12 April 2021, 23 April 2021 and 26 May 2021, and the circular (the “Circular”) of the Company dated 11 January 2021, in respect of, inter alia, the non-public issuance of A shares of the Company (“A Shares”).

The reasons for the non-public issuance of A Shares include to raise funds for the specific investments projects detailed in the table below and to replenish working capital, which will strengthen the capital capability of the Group and lay a sound foundation for the Group’s further expansion of its operations, and, in turn, enable it to realise breakthrough in its development and enhance its competitive strength.

The non-public issuance of A Shares of the Company was completed on 31 May 2021 and the relevant new A Shares were listed on the Shenzhen Stock Exchange on 1 June 2021. A total of 792,682,926 A Shares of RMB1.00 each (with an aggregate nominal value of RMB792,682,926) were issued to 25 subscribers which are in compliance with the relevant requirements of the “Measures for Administration of Issuance of Securities by Listed Companies” (《上市公司證券發行管理辦法》) and the “Implementation Rules for the Non-public Issuance of Shares by Listed Companies” (《上市公司非公開發行股票實施細則》) and are third parties independent of the Company and its connected persons at the issue price of RMB16.40 (and net price of approximately RMB16.38) per A Share.

The issue price of RMB16.40 per A Share represents a premium of approximately 9.26% to the benchmarked price of HK\$18.02 (equivalent to approximately RMB15.01), such benchmarked price being the closing price of H Shares on the date of the Company's acceptance of the subscriptions involving the non-public issuance of A Shares under the relevant general mandate. The total proceeds of the non-public issuance of A Shares amounted to RMB12,999,999,986.40. The status of the use of such proceeds as of 31 December 2021 is set out below:

Project name	Name of the investment project		<i>RMB million</i>		
	Sub-project name	Total investment amount of the relevant project	The amount of proceeds to be applied	The amount of proceeds applied as of 31 December 2021	
Fuel Cell Industry Chain Development Project	Hydrogen-fueled cell and key components industrialisation project	712.28	500.00	65.13	
	Solid oxide fuel cell and key components industrialisation project	1,512.50	500.00	8.16	
	Key components of fuel cell powertrain research and development and construction capabilities project	1,479.27	1,000.00	146.44	
Full Series of H Platform High-end Road-going Engines of China VI or above Emission Standards Project	New million units digitalised power industry base stage I project	5,625.85	3,000.00	12.14	
	H platform engines intelligent manufacturing upgrade project	1,100.00	1,000.00	118.04	
Large Diameter High-end Engine Industrialisation Project	Large diameter high-end engine laboratory project	1,395.00	1,075.00	140.79	
	High efficiency and high speed self-owned brand engine industrialisation project	998.42	685.00	77.65	
	Large diameter high-end engine development project	1,847.84	1,240.00	194.84	
Full Series hydraulic pressure powertrain and large-scale continuously variable transmission (CVT) powertrain industrialisation project		3,134.08	3,000.00	166.02	
Replenishment of working capital		1,000.00	1,000.00	800.71	
	Total	18,805.24	13,000.00	1,729.92	

It is expected that the remaining proceeds, being approximately RMB11.27 billion in aggregate, would continue to be used for the relevant investment projects as set out above. The Board considers that the proceeds from the issuance of A shares had been and will be applied in accordance with the specific uses and timeline of proposed use of proceeds as disclosed in the Circular (with adjusted timeline approved by the Board on 30 March 2022).

OTHER INFORMATION

Directors' and Supervisors' Interests in Shares and Underlying Shares

As at 31 December 2021, the interests and short position (if any) of the directors, the chief executives and the supervisors in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), were as follows:

Name of director	Capacity	Number of "A" shares held	Number of "H" shares held	Percentage of the issued share capital of the Company
Tan Xuguang	Beneficial owner	58,842,596 (Note 1)	–	0.67%
Zhang Quan	Beneficial owner	13,684,324 (Note 1)	–	0.16%
Xu Xinyu	Beneficial owner	13,684,324 (Note 1)	–	0.16%
Sun Shaojun	Beneficial owner	13,684,324 (Note 1)	–	0.16%
Yuan Hongming	Beneficial owner	1,000,440	–	0.011%
	Interest held by spouse	444	–	0.000005%
		<u>1,000,884</u>		<u>0.011%</u>
Yan Jianbo	Beneficial owner	1,097,904	–	0.013%
Wen Daocai	Beneficial owner	21,940	–	0.0003%
Name of supervisor	Capacity	Number of "A" shares held	Number of "H" shares held	Percentage of the issued share capital of the Company
Lu Wenwu	Beneficial owner	600,000	–	0.0069%
Wu Hongwei	Beneficial owner	4,789,516	–	0.05%

Notes:

- These shares were derived from the previous domestic shares of the Company. The domestic shares were ordinary shares issued by the Company, with a Renminbi denominated par value of RMB1.00 each, which were subscribed for and paid up in Renminbi or credited as fully paid up. These shares became A shares of the Company upon the A share listing of the Company on the Shenzhen Stock Exchange.
- All the shareholding interests listed in the above table are "long" position.
- The percentages disclosed in the above table were calculated based on the total number of issued shares of the Company as at 31 December 2021, i.e. 8,726,556,821 shares (comprised of 6,783,516,821 A shares and 1,943,040,000 H shares).

Interests in the shares of associated corporations of the Company

Name of director	Name of associated corporation	Nature of interest	Class and number of securities interested or deemed to be interested	Approximate percentage interest in the entire issued share capital of associated corporation
Gordon Riske (<i>Note</i>)	KION Group AG ("KION")	Beneficial owner	146,460 ordinary shares	0.11%
		Interest held by spouse	93,940 ordinary shares	0.07%
			240,400 ordinary shares	0.18%
Jiang Kui	Shantui Engineering Machinery Co., Ltd.	Beneficial owner	42,697 ordinary shares	0.0028%

Note: Gordon Riske, a non-executive Director, was the beneficial owner of 146,460 shares in KION and he was also deemed to be interested in 93,940 shares in KION which were beneficially held by his wife, Ms. Benita Riske.

Save as disclosed above, as at 31 December 2021, none of the Directors, the chief executives nor the supervisors had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company pursuant to the Model Code.

Details of Changes in Share Capital and Substantial Shareholders' Shareholdings

(I) Changes in share capital

1. Changes in share capital (as at 31 December 2021)

	Before the movement		Increase/decrease in the movement (+, -)					After the movement	
	No. of shares	Percentage (%)	New shares issued	Bonus Issue	Transfer of surplus to capital	Others	Sub-total	No. of shares	Percentage (%)
I. Restricted circulating shares	1,746,518,070	22.01%	-	-	-	(13,203,765)	(13,203,765)	1,733,314,305	19.86%
1. State-owned legal person shares	1,642,531,008	20.70%	-	-	-	-	-	1,642,531,008	18.82%
2. Shares held by other domestic entities	103,987,062	1.31%	-	-	-	(13,203,765)	(13,203,765)	90,783,297	1.04%
Shares held by domestic natural persons	103,987,062	1.31%	-	-	-	(13,203,765)	(13,203,765)	90,783,297	1.04%
II. Non-restricted circulating shares	6,187,355,825	77.99%	792,682,926	-	-	13,203,765	805,886,691	6,993,242,516	80.14%
1. RMB ordinary shares	4,244,315,825	53.50%	792,682,926	-	-	13,203,765	805,886,691	5,050,202,516	57.87%
2. Overseas listed foreign shares	1,943,040,000	24.49%	-	-	-	-	-	1,943,040,000	22.27%
III. Total number of shares	7,933,873,895	100.00%	792,682,926	-	-	-	792,682,926	8,726,556,821	100.00%

(II) Shareholdings of the Substantial Shareholders (as at 31 December 2021)

Total number of Shareholders The number of shareholders is 474,432 among which 474,202 are shareholders of “A” shares and 230 are shareholders of “H” shares.

Shareholdings of the top ten shareholders

Name of shareholder	Type of shareholder	Percentage of shares held (%)	Total number of shares held as at the end of the reporting period	Number of restricted shares held	Pledged, marked or frozen
HKSCC Nominees Limited	Foreign shareholder	22.22%	1,938,772,406	–	–
Weichai Group Holdings Limited	State-owned legal person	16.30%	1,422,550,620	1,345,905,600	–
Hong Kong Securities Clearing Company Limited (Note)	Overseas legal person	4.78%	417,494,304	–	–
Weifang Investment Group Company Limited	State-owned legal person	3.40%	296,625,408	296,625,408	–
China Securities Finance Corporation Limited	Domestic non-state-owned legal person	1.87%	163,608,906	–	–
IVM Technical Consultants Wien Gesellschaft m.b.H.	Overseas legal person	1.31%	113,938,700	–	–
Tan Xuguang	Domestic natural person	0.67%	58,842,596	44,131,947	–
GIC PRIVATE LIMITED	Overseas legal person	0.52%	45,092,181	–	–
National Manufacturing Transformation and Upgrade Fund Co., Ltd.* (國家製造業轉型升級基金股份有限公司)	Domestic non-state-owned legal person	0.49%	42,682,926	–	–
Hu Zhongxiang	Domestic natural person	0.42%	36,632,166	–	–

Note: Hong Kong Securities Clearing Company Limited holds 417,494,304 A shares on behalf of shareholders under the Shenzhen - Hong Kong Stock Connect mechanism.

Shareholdings of the top ten non-restricted shareholders

Name of shareholder	Number of the non-restricted shares held as at the end of the reporting period	Types of shares
HKSCC Nominees Limited	1,938,772,406	Overseas listed foreign shares
Hong Kong Securities Clearing Company Limited	417,494,304	RMB ordinary shares
China Securities Finance Corporation Limited	163,608,906	RMB ordinary shares
IVM Technical Consultants Wien Gesellschaft m.b.H.	113,938,700	RMB ordinary shares
Weichai Group Holdings Limited	76,645,020	RMB ordinary shares
GIC PRIVATE LIMITED	45,092,181	RMB ordinary shares
National Manufacturing Transformation and Upgrade Fund Co., Ltd.* (國家製造業轉型升級基金股份有限公司)	42,682,926	RMB ordinary shares
Hu Zhongxiang	36,632,166	RMB ordinary shares
Nanjing Rongjing Huikang Equity Investment Partnership Enterprise (Limited Partnership)* (南京融京匯康股權投資合夥企業 (有限合夥))	35,365,853	RMB ordinary shares
Overlook Investments Limited – client funds	35,365,853	RMB ordinary shares

Notes:

1. Among the aforesaid shareholders, Mr. Tan Xuguang is the chairman of Weichai Group Holdings Limited. It is not certain whether there is any connected relationship among other top ten shareholders and the other top ten non-restricted shareholders, or whether there is any acting in concert relationship among them.
2. Among the top ten shareholders of the Company, Mr. Hu Zhongxiang holds 36,632,166 shares through the client credit trading guarantee securities account.

* For identification purposes only

Substantial Shareholders

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO (including interests filed with the Hong Kong Stock Exchange) shows that as at 31 December 2021, the following persons (other than directors, chief executives and supervisors) had the following interests and short positions (if any) in the shares and underlying shares of the Company:

Name	Capacity	Long/ Short position	Number of A shares	Percentage of share capital comprising only A shares	Number of H shares	Percentage of share capital comprising only H shares	Percentage of total issued share capital
Weichai Group Holdings Limited	Beneficial owner	Long	1,422,550,620	20.97%	–	–	16.30%
Shandong Heavy Industry Group Co., Ltd. (Note 1)	Interest of corporation controlled by you	Long	1,422,550,620	20.97%	–	–	16.30%
Brandes Investment Partners, LP (Note 3)	Investment manager	Long	–	–	78,578,612	16.18%	3.60%
Lazard Emerging Markets Equity Portfolio (Note 4)	Investment manager	Long	–	–	23,707,500	5.86%	1.30%
Barclays PLC (Note 3)	Person having a security interest in shares	Long	–	–	525,552	0.11%	0.02%
	Interest of corporation controlled by you	Long	–	–	25,453,050	5.24%	1.17%
					<u>25,978,602</u>	<u>5.35%</u>	<u>1.19%</u>
	Interest of corporation controlled by you	Short	–	–	24,102,475	4.96%	1.10%
Morgan Stanley (Note 2)	Interest of corporation controlled by you	Long	–	–	49,335,508	5.08%	1.13%
	Interest of corporation controlled by you	Short	–	–	42,078,545	4.33%	0.96%

Name	Capacity	Long/ Short position	Number of A shares	Percentage of share capital comprising only A shares	Number of H shares	Percentage of share capital comprising only H shares	Percentage of total issued share capital
Lazard Asset Management LLC	Investment manager	Long	-	-	328,810,940	16.92%	3.77%
Schroders Plc	Investment manager	Long	-	-	250,936,854	12.91%	2.88%
Citigroup Inc.	Interest of corporation controlled by you	Long	-	-	3,493,078	0.18%	0.04%
	Approved lending agent	Long	-	-	<u>131,776,169</u>	<u>6.78%</u>	<u>1.51%</u>
					<u>135,269,247</u>	<u>6.96%</u>	<u>1.55%</u>
	Interest of corporation controlled by you	Short	-	-	2,000,000	0.10%	0.02%
Brown Brothers Harriman & Co.	Approved lending agent	Long	-	-	97,410,212	5.01%	1.12%

Notes:

1. Shandong Heavy Industry Group Co., Ltd., a subsidiary of State-owned Assets Supervision and Administration Commission of Shandong Province, held the entire share capital of Weichai Group Holdings Limited (formerly known as Weifang Diesel Engine Works).
2. The number of H shares reported above held by the relevant substantial shareholder does not take into consideration the Company's bonus share issuance on 21 July 2017 as there is no disclosure of interest obligation under the SFO where there is no change in percentage of shareholdings for a substantial shareholder.
3. The number of H shares reported above held by the relevant substantial shareholder does not take into consideration the Company's bonus share issuance on 20 August 2015 and 21 July 2017 as there is no disclosure of interest obligation under the SFO where there is no change in percentage of shareholdings for a substantial shareholder.
4. The number of H shares reported above held by the relevant substantial shareholder does not take into consideration the Company's bonus share issuance on 17 August 2012, 20 August 2015 and 21 July 2017 as there is no disclosure of interest obligation under the SFO where there is no change in percentage of shareholdings for a substantial shareholder.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 December 2021.

DETAILS OF THE APPOINTMENT OR RESIGNATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. At the Board meeting convened on 30 March 2021, the Board considered and approved the appointment of Mr. Wang Zhijian as an executive president of the Company.
2. At the Board meeting convened on 29 April 2021, the Board considered and approved the resignation of Mr. Liu Yuanqiang as a vice president of the Company and approved the appointment of Mr. Jiang Ningtao as a vice president of the Company.
3. At the Board meeting convened on 21 May 2021, the Board considered and approved the resignation of Mr. Hu Haihua as a vice president of the Company.
4. At the Board meeting convened on 7 June 2021, the Board considered and approved the resignation of Mr. Kwong Kwan Tong as the chief financial officer of the Company and approved the appointment of Ms. Ling Yun as a vice president and Ms. Qu Hongkun as the chief financial officer of the Company.
5. At the Board meeting convened on 17 August 2021, the Board considered and approved the resignation of Ms. Wang Li as the secretary to the board of directors of the Company and approved the appointment of Mr. Liu Tonggang as the secretary to the board of directors of the Company.
6. At the Board meeting convened on 22 November 2021, the Board considered and approved the resignation of Mr. Sun Shaojun as an executive president of the Company.
7. At the Board meeting convened on 24 December 2021, the Board considered and approved the resignation of Mr. Sun Jian as a vice president of the Company and approved the appointment of Mr. Chen Wenmiao and Mr. Cheng Guangxu as executive presidents and Mr. Wang Decheng, Mr. Guo Shenggang and Mr. Liu Xingyin as vice presidents of the Company.
8. At the Board meeting convened on 21 January 2022, the Board considered and approved the resignation of Mr. Zhang Quan as an executive president and the resignation of Mr. Zhang Jiyuan and Ms. Cao Zhiyue as vice presidents of the Company and approved the appointment of Mr. Feng Gang as an executive president of the Company.
9. At the Board meeting convened on 30 March 2022, the Board considered and approved the resignation of Mr. Kwong Kwan Tong as an authorised representative and company secretary of the Company and approved the appointment of Ms. Hu Yunyun as an authorised representative and company secretary of the Company.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the remuneration committee of the Company (the “Remuneration Committee”) on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Group’s operating results, individual performance and comparable market statistics.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the Year was the Company or any of its subsidiaries a party to any arrangements that enabled the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF SECURITIES OF THE COMPANY

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company’s articles of association or the laws of the PRC, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

INCOME TAX FOR H SHAREHOLDERS

According to the regulations in the Enterprise Income Tax Law of the People’s Republic of China, Implementation Regulations on Enterprise Income Tax Law of People’s Republic of China which came into effect in 2008 and the Notice of the State Administration of Taxation on Issues Relating to the Withholding and Remittance of Enterprise Income Tax on Dividends Paid by Chinese Resident Enterprises to Overseas Non-resident Enterprises which hold H Shares (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)) issued by China’s State Administration of Taxation on 6 November 2008 (collectively, the “Tax Law”), any domestic enterprise of the PRC which pays dividends to non-resident enterprise shareholders (as defined in the Tax Law) for the year of 2008 and thereafter shall withhold and remit enterprise income tax with the payer as withholding agent. After receiving dividends, non-resident enterprise shareholders may, where applicable, apply for tax refund pursuant to relevant requirements under tax treaty (arrangement).

In accordance with the Tax Law, the Company is obliged to withhold and remit enterprise income tax at the rate of 10% on behalf of the non-resident enterprise holders of H Shares whose names appear on the register of members for H Shares of the Company on the record date when distributing dividends to them. For holders of H Shares who are registered in the name of non-natural person registered shareholders (including HKSCC (Nominees) Limited, other corporate nominees, trustees, or other organisations or groups which are all treated as “non-resident enterprise” shareholders) on the register of members for H Shares of the Company on the record date, the Company will distribute the cash dividends, after withholding for payment of 10% enterprise income tax.

Pursuant to the Notice on the Tax Policies Concerning the Pilot Program of the Shenzhen-Hong Kong Stock Connect (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》) and the Tax Policies Concerning the Pilot Program of the Shanghai-Hong Kong Stock Connect (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》), for mainland corporate investors that invest in a company via the Southbound Trading Link, corporate income tax will be levied according to the law. In particular, for any dividend to be distributed to resident enterprises in the mainland China which hold H shares for more than 12 consecutive months, corporate income tax may be exempt according to the law. Such mainland enterprises shall declare and pay taxes by themselves in respect of such dividends, which will not be withheld by such H share company.

According to the Notice of the Ministry of Finance and the State Administration of Taxation on Certain Policies Regarding Individual Income Tax (Cai Shui Zi [1994] No. 20) (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》(財稅字 [1994]第20號)), foreign individual resident shareholders are exempt from personal income tax in respect of the dividends or bonus received from domestic foreign invested enterprises for now. As the Company is a foreign invested enterprise, for all natural person shareholders whose names are registered on the register of members for H Shares of the Company on the record date, the Company does not need to withhold personal income tax. The Company shall obtain latest updates by consulting relevant tax authorities in the PRC in due course.

In respect of dividends for the H shares of a company invested in by mainland individual investors and listed on the Hong Kong Stock Exchange through the Southbound Trading Link, the H share company shall apply to China Securities Depository and Clearing Co., Ltd., which will then provide the H share company with the register of mainland individual investors. The H share company shall withhold an individual income tax at the rate of 20% on such dividends.

For dividends received by investors (including enterprise and individual investors) in the Hong Kong market from investing in A shares listed on the Shenzhen Stock Exchange, and before Hong Kong Securities Clearing Company Limited is able to furnish China Securities Depository and Clearing Co., Ltd. with the identity, holding period and other detailed data of the investors in the Hong Kong market, the differentiated tax treatment based on the holding period of shares will not be implemented temporarily. Listed companies shall withhold income tax at the rate of 10% and make withholding filings with the relevant tax authorities. For those investors who are tax residents of other countries and the tax rate applicable to dividends is lower than 10% under the tax treaty between China and the relevant countries, such investors may, by themselves or request the withholding agent to act on their behalf to, apply to the relevant tax authorities in respect of the listed company for the preferential relevant treatment under the relevant treaties. Upon the verification of the relevant tax authorities, the amount being the difference between the tax withheld and the tax calculated at the rate as prescribed under the corresponding tax treaty shall be refunded.

If anyone would like to change the identity of the holders in the register of members, please enquire about the relevant procedures with the nominees or trustees. The Company will withhold for payment of the enterprise income tax for its non-resident enterprise shareholders strictly in accordance with the relevant laws and requirements of the relevant government departments and adhere strictly to the information set out in the Company's register of members on the record date.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the aggregate sales attributable to the Group's five largest customers were less than 30% of the Group's total sales.

During the Year, the aggregate purchase attributable to the Group's five largest suppliers were less than 30% of the Group's total purchases.

At no time during the Year did a director, a supervisor, an associate of a director or a shareholder of the Company, which to the knowledge of the directors, own more than 5% of the Company's share capital, have an interest in any of the Group's five largest suppliers or customers.

SUBSEQUENT EVENTS

- (i) On 30 March 2022, the Company's 2021 profit distribution proposal was considered and approved by the Company's third meeting of the sixth session of the Board. Based on the 8,726,556,821 shares eligible for distribution as at 31 December 2021, the Company intends to distribute to all shareholders a cash dividend of RMB1.85 (including tax) for every 10 shares held, without any capitalisation of reserve. Completion of the proposal is subject to the consideration and approval by the 2021 annual general meeting of the Company.

- (ii) On 30 March 2022, the proposed adjustment to the timeline for the application of proceeds from the non-public issuance of A Shares (the details of such issuance were set out below) was considered and approved by the Company's third meeting of the sixth session of the Board. The adjusted timetable for the application of the relevant proceeds is set out below:

RMB million

Name of project	Name of investment project Name of sub-project	Amount of proceeds proposed to be applied	Adjusted application of proceeds			
			2021	2022	2023	2024
Fuel cell industry chain development project	Hydrogen-fueled cell and key components industrialisation project	500.00	65.13	200.00	234.87	–
	Solid oxide fuel cell and key components industrialisation project	500.00	8.16	120.55	214.35	156.94
	Key components of fuel cell powertrain research and development and construction capabilities project	1,000.00	146.44	210.00	350.00	293.56
Full series of H platform high-end road-going engines of China VI or above emission standards project	New million units digitalised power industry base stage I project	3,000.00	12.14	900.00	1,200.00	887.86
	H platform engines intelligent manufacturing upgrade project	1,000.00	118.04	260.00	400.00	221.96
Large diameter high-end engine industrialisation project	Large diameter high-end engine laboratory project	1,075.00	140.79	311.50	330.00	292.71
	High efficiency and high speed self-owned brand engine industrialisation project	685.00	77.65	250.00	270.00	87.35
	Large diameter high-end engine development project	1,240.00	194.84	248.00	425.00	372.16
Full series hydraulic pressure powertrain and large-scale continuously variable transmission (CVT) powertrain industrialisation project		3,000.00	166.02	917.73	1,011.39	904.86
	Total	12,000.00	929.21	3,417.78	4,435.61	3,217.40

Notes:

1. The figures for 2021 are the actual amounts applied by the Company to the relevant investment projects; and
2. the figures for 2022 to 2024 are adjusted investment application amounts to be applied to the relevant investment projects.

The adjustment is mainly due to the operational needs of the Group and the actual status of the relevant investment projects and is in compliance with the relevant requirements for the management of proceeds raised of the Chinese Securities Regulation Commission and the Shenzhen Stock Exchange. It will not adversely affect the implementation of the relevant investment projects, change the proposed use of proceeds or harm the interest of the shareholders of the Company. Such adjustment will not adversely impact the normal production and operation of the Company and is in line with the long-term development strategy of the Company.

For further details of the abovementioned adjustment to the timeline for the application of proceeds, please refer to the announcement of the Company entitled “《濰柴動力股份有限公司關於2021年年度募集資金存放與使用情況的專項報告》(the Special Report of Weichai Power Co., Ltd. on the Deposit and Use of the Proceeds Raised in the Year 2021)” dated 30 March 2022 published on the website of the Shenzhen Stock Exchange.

- (iii) On 30 March 2022, the proposed amendments to the terms of reference to the strategic development and investment committee of the Board and to the Rules of Procedures for Board Meetings (董事會議事規則) of the Company in order to clearly state the functions of the Board in relation to the environmental, social and governance (“ESG”) matters were considered and approved by the Company’s third meeting of the sixth session of the Board. The amended terms of reference to the strategic development and investment committee of the Board will be published on the websites of the Company and of the Hong Kong Stock Exchange on the same date while the proposed amendments to the Rules of Procedures for Board Meetings of the Company will be submitted for the consideration and (if fit) approval by the shareholders of the Company at the upcoming 2021 annual general meeting of the Company. For further details, please refer to the relevant announcements of the Company dated 30 March 2022 published on the Shenzhen Stock Exchange.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) comprises all independent non-executive directors of the Company. The chairman of the Audit Committee is Ms. Jiang Yan, an independent non-executive director. Ms. Jiang has appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules, for the purpose of this appointment. Throughout the Year, the Audit Committee discharged its responsibilities, reviewed and discussed the financial results and internal control matters of the Company. In accordance with the requirements of Appendix 16 to the Listing Rules, the Audit Committee has reviewed the audited consolidated financial statements for the Year.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE IN APPENDIX 14 TO THE LISTING RULES

During the Year, other than the roles of the Chairman and the Chief Executive Officer being performed by Mr. Tan Xuguang (“Mr. Tan”) and directors not being able to attend all annual general meeting and extraordinary general meetings due to other important work-related affairs, the Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

Mr. Tan is in charge of the overall management of the Company. The Company considers that the combination of the roles of the Chairman and the Chief Executive Officer can promote the efficient formulation and implementation of the Company’s strategies which will enable the Group to grasp business opportunities efficiently and promptly. The Company considers that through the supervision of its Board and its independent non-executive directors, there is adequate balance of power and authority in place.

COMPLIANCE WITH THE MODEL CODE

During the Year, the Company adopted a code of conduct regarding securities transactions by directors on terms no less than the required standard set out in the Model Code. Having made specific enquiry of all directors, the directors have confirmed that they have complied with the required standard set out in the Model Code during the Year.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, the Company has maintained the prescribed public float under the Listing Rules as at the date of this announcement.

AUDITORS

The Company appointed Deloitte Touche Tohmatsu Certified Public Accountants LLP (德勤華永會計師事務所(特殊普通合伙)) as the Company’s auditors on 20 June 2019 in place of Ernst & Young Hua Ming LLP. Deloitte Touche Tohmatsu Certified Public Accountants LLP will retire and a resolution for their reappointment as auditors of the Company for the year of 2022 will be proposed at the forthcoming annual general meeting.

APPROVAL OF THE FINANCIAL STATEMENTS

The audited consolidated financial statements for the Year were approved by the Board on 30 March 2022.

PUBLICATION OF THE ANNUAL REPORT ON THE WEBSITES OF THE HONG KONG STOCK EXCHANGE AND THE COMPANY

The 2021 annual report of the Company will be despatched to the shareholders as well as made available on the Hong Kong Stock Exchange's website at www.hkexnews.hk and the Company's website at www.weichaipower.com in due course.

Tan Xuguang

Chairman and Chief Executive Officer

Hong Kong, 30 March 2022

As at the date of this announcement, the executive Directors of the Company are Mr. Tan Xuguang, Mr. Zhang Quan, Mr. Xu Xinyu, Mr. Sun Shaojun, Mr. Yuan Hongming and Mr. Yan Jianbo; the non-executive Directors of the Company are Mr. Zhang Liangfu, Mr. Jiang Kui, Mr. Gordon Riske and Mr. Michael Martin Macht; and the independent non-executive Directors of the Company are Mr. Li Hongwu, Mr. Wen Daocai, Ms. Jiang Yan, Mr. Yu Zhuoping and Ms. Zhao Huifang.