DONGFENG MOTOR GROUP COMPANY LIMITED*

東風汽車集團股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 489)

2023 ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors (the "Board") of Dongfeng Motor Group Company Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group" or the "Dongfeng Motor Group") for the year ended 31 December 2023 together with the comparative figures in 2022.

In this announcement, unless otherwise specified, all references to business, including manufacture, research and development, outputs and sales volume, market share, investment, sales network, employee, motivation, social responsibility, corporate governance include all relating to the Dongfeng Motor Group, subsidiaries, joint ventures and associates (including subsidiaries, joint ventures and associates of the Company in which the members of the Group have direct or indirect equity interests).

DONGFENG MOTOR GROUP COMPANY LIMITED

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

		Year ended 31 December	
		2023	2022
	Notes	**RMB million**	RMB million
Revenue	3	**99,315**	92,663
Cost of sales		**(89,849)**	(83,836)
Gross profit		**9,466**	8,827
Other income	4	**4,143**	6,031
Selling and distribution expenses		**(8,221)**	(6,569)
Administrative expenses		**(5,309)**	(5,126)
Net impairment losses on financial assets	7	**(1,075)**	(1,209)
Other expenses		**(5,601)**	(5,287)
Finance expenses	6	**(1,108)**	(1,029)
Share of profits and losses of:			
Joint ventures		**513**	11,884
Associates		**807**	862
PROFIT/(LOSS) BEFORE INCOME TAX	5	**(6,385)**	8,384
Income tax credit/(expense)	8	**(428)**	929
PROFIT/(LOSS) FOR THE YEAR		**(6,813)**	9,313
Profit attributable to:			
Equity holders of the Company		**(3,996)**	10,265
Non-controlling interests		**(2,817)**	(952)
		(6,813)	9,313
Earnings/(Loss) per share attributable to ordinary equity holders of the Company:	10		
Basic for the year		**(46.94) cents**	119.14 cents
Diluted for the year		**(46.94) cents**	119.14 cents

DONGFENG MOTOR GROUP COMPANY LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Year ended 31 December	
	2023	2022
	RMB million	RMB million
PROFIT/(LOSS) FOR THE YEAR	(6,813)	9,313
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss		
Share of other comprehensive income of investments accounted for using the equity method	2	(24)
Remeasurements of post-employment benefit obligations	36	12
Changes in the fair value of financial assets at fair value through other comprehensive income	5,888	(2,450)
	5,926	(2,462)
Items that may be reclassified to profit or loss		
Currency translation differences	14	(16)
Income tax effect		
Item that will not be reclassified subsequently to profit or loss	(1,478)	606
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	4,462	(1,872)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	(2,351)	7,441
Total comprehensive income attributable to:		
Equity holders of the Company	448	8,391
Non-controlling interests	(2,799)	(950)
	(2,351)	7,441

DONGFENG MOTOR GROUP COMPANY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	31 December **2023** **RMB million**	31 December 2022 RMB million
ASSETS			
Non-current assets			
Property, plant and equipment		**24,477**	21,672
Right-of-use assets		**4,751**	4,799
Investment properties		**4,344**	2,698
Intangible assets		**10,475**	8,553
Goodwill		**3,155**	3,155
Investments in joint ventures		**38,814**	40,880
Investments in associates		**16,612**	15,714
Financial assets at fair value through other comprehensive income		**8,997**	10,384
Other non-current assets		**35,363**	34,350
Deferred tax assets		**5,082**	4,827
Total non-current assets		**152,070**	147,032
Current assets			
Inventories		**14,234**	13,132
Trade receivables	11	**8,555**	10,398
Bills receivable		**7,304**	5,311
Prepayments, deposits and other receivables		**37,963**	50,776
Financial assets at fair value through other comprehensive income		**9,248**	6,777
Due from joint ventures		**1,280**	10,867
Financial assets at fair value through profit or loss		**16,568**	15,743
Pledged bank balances and time deposits		**4,159**	1,954
Cash and cash in bank		**79,297**	68,046
Total current assets		**178,608**	183,004
TOTAL ASSETS		**330,678**	330,036

DONGFENG MOTOR GROUP COMPANY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2023

		31 December	
	Notes	**2023 RMB million**	2022 RMB million
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Issued capital		8,302	8,616
Reserves		26,905	25,082
Treasury shares		(78)	(93)
Retained profits		117,658	122,247
		152,787	155,852
Non-controlling interests		6,822	9,684
TOTAL EQUITY		159,609	165,536
Non-current liabilities			
Interest-bearing borrowings		28,280	24,344
Lease liabilities		1,807	1,928
Other long term liabilities		2,189	2,285
Government grants		2,198	2,499
Deferred tax liabilities		1,691	1,621
Provisions		1,942	1,754
Total non-current liabilities		38,107	34,431
Current liabilities			
Trade payables	12	27,164	18,568
Lease liabilities		315	300
Bills payable		29,292	22,839
Other payables and accruals		17,883	18,168
Contract liabilities		4,318	3,810
Due to joint ventures		20,513	36,034
Interest-bearing borrowings		30,977	28,082
Income tax payable		1,488	1,139
Provisions		1,012	1,129
Total current liabilities		132,962	130,069
TOTAL LIABILITIES		171,069	164,500
TOTAL EQUITY AND LIABILITIES		330,678	330,036

DONGFENG MOTOR GROUP COMPANY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to equity holders of the Company							
	Issued capital RMB million	**Capital reserve RMB million**	**Treasury shares RMB million**	**Statutory Reserves RMB million**	**Retained profits RMB million**	**Total RMB million**	**Non-controlling interests RMB million**	**Total equity RMB million**
Year ended 31 December 2023								
As at 31 December 2022 and 1 January 2023	**8,616**	**5,359***	**(93)**	**19,723***	**122,247**	**155,852**	**9,684**	**165,536**
Loss for the year	**-**	**-**	**-**	**-**	**(3,996)**	**(3,996)**	**(2,817)**	**(6,813)**
Other comprehensive income for the year	**-**	**4,444**	**-**	**-**	**-**	**4,444**	**18**	**4,462**
Total comprehensive loss for the year	**-**	**4,444**	**-**	**-**	**(3,996)**	**448**	**(2,799)**	**(2,351)**
Repurchase of shares	**-**	**-**	**(963)**	**-**	**-**	**(963)**	**-**	**(963)**
Cancellation of shares	**(314)**	**(664)**	**978**	**-**	**-**	**-**	**-**	**-**
Final 2022 dividend declared and paid	**-**	**-**	**-**	**-**	**(2,560)**	**(2,560)**	**-**	**(2,560)**
Dividends paid to non-controlling shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**(50)**	**(50)**
Transactions with non-controlling interests holder	**-**	**(7)**	**-**	**(14)**	**-**	**(21)**	**(21)**	**(42)**
Share-based payment	**-**	**31**	**-**	**-**	**-**	**31**	**8**	**39**
Transfer from capital reserve resultant from disposal of equity investments at fair value through other comprehensive income	**-**	**(1,967)**	**-**	**-**	**1,967**	**-**	**-**	**-**
As at 31 December 2023	**8,302**	**7,196***	**(78)**	**19,709***	**117,658**	**152,787**	**6,822**	**159,609**

*These reserve accounts comprise the consolidated reserves of RMB26,905 million (2022: RMB25,082 million) in the consolidated statement of financial position.

DONGFENG MOTOR GROUP COMPANY LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to equity holders of the Company							
	Issued capital RMB million	**Capital reserve RMB million**	**Treasury shares RMB million**	**Statutory Reserves RMB million**	**Retained profits RMB million**	**Total RMB million**	**Non-controlling interests RMB million**	**Total equity RMB million**
Year ended 31 December 2022								
As at 1 January 2022	8,616	5,513*	-	18,391*	114,909	147,429	4,749	152,178
Profit for the year	-	-	-	-	10,265	10,265	(952)	9,313
Other comprehensive income for the year	-	(1,874)	-	-	-	(1,874)	2	(1,872)
Total comprehensive income for the year	-	(1,874)	-	-	10,265	8,391	(950)	7,441
Transfer to reserves	-	-	-	1,332	(1,332)	-	-	-
Repurchase of treasury shares	-	-	(93)	-	-	(93)	-	(93)
Share of capital reserve of investments accounted for using the equity method	-	48	-	-	-	48	-	48
Final 2021 and interim 2022 dividend declared and paid	-	-	-	-	(2,585)	(2,585)	(13)	(2,598)
Transactions with non-controlling interest holder	-	2,652	-	-	-	2,652	1,061	3,713
Business combination under common control	-	(89)	-	-	-	(89)	-	(89)
Business combinations not under common control	-	-	-	-	-	-	4,837	4,837
Others	-	(891)	-	-	990	99	-	99
As at 31 December 2022	8,616	5,359*	(93)	19,723*	122,247	155,852	9,684	165,536

1. GENERAL INFORMATION

Dongfeng Motor Group Company Limited (the "Company") is a joint stock limited liability company incorporated in the People's Republic of China (the "PRC"). The registered office of the Company is located at Special No. 1 Dongfeng Road, Wuhan Economic and Technology Development Zone, Wuhan, Hubei, the PRC.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in the manufacturing and sale of automobiles, engines and other automotive parts and rendering of financing services.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Dongfeng Motor Corporation ("DMC"), a state-owned enterprise established in the PRC.

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRS") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest million except when otherwise indicated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Group's voting rights and potential voting rights.

2.1 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (Continued)

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

IFRS 17	*Insurance Contracts*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

The nature and the impact of the new and revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 Making Materiality Judgements provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2.4 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Since the Group's approach and policy align with the amendments, and as the related deferred tax balances qualified for offsetting under IAS 12, the amendments had no material impact on the overall deferred tax balances presented in the consolidated statement of financial position.

(d) Amendments to IAS 12 International Tax Reform – Pillar Two Model Rules introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organization for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect.

The Group has not yet applied the temporary exception during the current year because the entities comprising the Group are operating in jurisdictions in which the Pillar Two tax law has not yet been enacted or substantively enacted. The Group will disclose known or reasonably estimable information related to its exposure to Pillar Two income taxes in the consolidated financial statements by the time when the Pillar Two tax law has been enacted or substantively enacted and will disclose separately the current tax expense or income related to Pillar Two income taxes when it is in effect.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following revised IFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised IFRSs, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[1, 4]
Amendments to IAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")[1, 4]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*[1]
Amendments to IAS 21	*Lack of Exchangeability*[2]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the 2020 Amendments and 2022 Amendments, International Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed. However, the amendments are available for adoption now.

Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group’s financial statements.

Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group’s financial statements.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group’s financial statements.

3. REVENUE AND SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers is responsible for allocating resources and assessing performance of the operating segments.

Revenue on sales of goods represents the invoiced value of goods sold, net of value added tax, consumption tax and other sales taxes, after allowances for goods returns and trade discounts, and after eliminations of all significant intra-group transactions.

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

- The commercial vehicles segment mainly manufactures and sells of commercial vehicles, and its related engines and other automotive parts

- The passenger vehicles segment mainly manufactures and sells of passenger vehicles, and its related engines and other automotive parts

- The financing service segment mainly provides financing services to external customers and companies within the Group, revenue from financing service is mainly interest revenue from loan.

- The corporate and others segment mainly manufactures and sells of other automobile related products

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating segment profit or loss and is measured consistently with profit or loss in the consolidated financial statements. However, income taxes expenses are managed on a Group basis and are not allocated to operating segments.

As the chief operating decision maker of the Group considers that most of the Group’s consolidated revenue and results are attributable to the market in the PRC, the Group’s consolidated assets are mainly located inside the PRC, no geographical information is presented.

During the year ended 31 December 2023, no revenue from transactions with a single external customer amounted to 10% or more of the Group’s total revenue.

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2023

	Commercial vehicles RMB million	Passenger vehicles RMB million	Financing service RMB million	Corporate and others RMB million	Elimination RMB million	Total RMB million
Segment revenue						
Sales to external customers	**49,419**	**42,384**	**6,046**	**1,466**		**99,315**
Sales to internal customers	**119**	**159**	**105**	**137**	**(520)**	
	49,538	**42,543**	**6,151**	**1,603**	**(520)**	**99,315**
Results						
Segment results	**(4,107)**	**(6,565)**	**1,944**	**(675)**	**2,060**	**(7,343)**
Interest income	**522**	**253**	**-**	**2,136**	**(2,165)**	**746**
Finance expenses	**(81)**	**(23)**	**-**	**(1,145)**	**141**	**(1,108)**
Share of profits and losses of:						
Joint ventures	**245**	**268**	**-**	**-**	**-**	**513**
Associates	**(29)**	**(32)**	**808**	**60**	**-**	**807**
Loss before income tax						**(6,385)**
Income tax expense						**(428)**
Loss for the year						**(6,813)**

The Group derives revenue from the transfer of goods are mainly recognized at a point in time, and from financing services are mainly recognized over time when the services are rendered

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2023

	Commercial vehicles RMB million	Passenger vehicles RMB million	Financing service RMB million	Corporate and others RMB million	Elimination RMB million	Total RMB million
Other segment information						
Capital expenditure:						
- Property, plant and equipment	**1,945**	**5,963**	**208**	**1,583**	**-**	**9,699**
- Intangible assets	**788**	**2,140**	**43**	**10**	**-**	**2,981**
- Right-of-use assets and other non-current assets	**-**	**41**	**-**	**-**	**-**	**41**
Depreciation of property, plant and equipment	**1,156**	**1,529**	**15**	**514**	**-**	**3,214**
Amortisation of intangible assets	**717**	**563**	**27**	**159**	**-**	**1,466**
Depreciation of right-of-use assets	**127**	**283**	**7**	**14**	**-**	**431**
Provision against inventories	**257**	**158**		**11**	**-**	**426**
Impairment losses of financial assets	**244**	**(86)**	**962**	**(45)**	**-**	**1,075**
Impairment losses of property, plant and equipment and intangible assets	**166**	**130**	**-**	**22**	**-**	**318**
Warranty provisions	**214**	**423**	**-**	**13**	**-**	**650**

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2022

	Commercial vehicles RMB million	Passenger vehicles RMB million	Financing service RMB million	Corporate and others RMB million	Elimination RMB million	Total RMB million
Segment revenue						
Sales to external customers	38,644	46,444	6,403	1,172	-	92,663
Sales to internal customers	21	288	35	50	(394)	-
	38,665	46,732	6,438	1,222	(394)	92,663
Results						
Segment results	(2,866)	(6,437)	1,884	1,236	2,104	(4,079)
Interest income	579	277	-	2,027	(2,137)	746
Finance expenses	(203)	13	-	(881)	42	(1,029)
Share of profits and losses of:						
Joint ventures	541	11,190	87	66	-	11,884
Associates	41	104	1,000	(283)	-	862
Profit before income tax						8,384
Income tax expense						929
Profit for the year						9,313

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2022

	Commercial vehicles RMB million	Passenger vehicles RMB million	Financing service RMB million	Corporate and others RMB million	Elimination RMB million	Total RMB million
Other segment information						
Capital expenditure:						
- Property, plant and equipment	839	2,144	317	868	-	4,168
- Intangible assets	662	3,117	39	66	-	3,884
- Right-of-use assets and other non-current assets	9	257	-	6	-	272
Depreciation of property, plant and equipment	988	1,092	13	723	-	2,816
Amortisation of intangible assets	736	233	14	211	-	1,194
Depreciation of right-of-use assets	110	237	1	5	-	353
Provision against inventories	207	(19)	-	1	-	189
Impairment losses of financial assets	300	146	993	(230)	-	1,209
Impairment losses of property, plant and equipment and intangible assets	6	121	-	30	-	157
Warranty provisions	230	499	-	5	-	734

4. OTHER INCOME

An analysis of the Group's other income is as follows:

	2023	2022
	RMB million	RMB million
Net income from disposal of other materials	**102**	68
Government grants and subsidies	**1,163**	960
Dividends	**1,013**	719
Interest income	**746**	746
Management dispatch fee received from joint ventures	**211**	220
Gain/(Loss) on disposal of long-term investment	**129**	1,945
Others	**779**	1,373
	4,143	6,031

The company disposed of 2.16 million shares of Seres Group Co., Ltd ("Seres") in 2023, generating cash inflow of RMB82.63 million and a disposal gain of RMB79.39 million (In 2022, the gain on disposal of Seres shares was 1,945 million).

5. PROFIT BEFORE INCOME TAX

The Group's profit before income tax is arrived at after charging/(crediting):

	2023	2022
	RMB million	RMB million
Cost of inventories recognized as expense	**80,733**	77,546
Interest expense for financing services (included in cost of sales)	**648**	697
Provision against inventories	**426**	189
Depreciation of property, plant and equipment	**3,214**	2,816
Amortization of intangible assets	**1,466**	1,194
Depreciation of right-of-use assets	**431**	353
Depreciation of Investment properties	**99**	78
Auditors' remuneration*	**18**	21
Net impairment losses on financial assets	**1,075**	1,209
Staff costs (excluding directors' and supervisors' remuneration):		
- Wages and salaries	**8,983**	8,332
- Pension scheme costs	**949**	835
- Medical benefit costs	**584**	504
- Cash housing subsidy costs	**2**	-
	10,518	9,671
Included in other expenses:		
Losses on disposal of items of property, plant and equipment and intangible assets	**(178)**	(319)
Impairment of items of property, plant and equipment	**198**	82
Impairment of intangible assets	**120**	75
Impairment of investment property	**-**	12
Warranty provisions	**650**	734
Research and development costs	**4,571**	4,393
Royalty fee	**26**	22
Other exchange losses, net	**(33)**	(187)

*Non-audit service fee included in auditors' remuneration is less than 1 million this year.

6. FINANCE EXPENSES

	2023 RMB million	2022 RMB million
Interest expenses on bank loans and other borrowings	**660**	795
Interest expenses on lease liabilities	**111**	115
Exchange net losses of financing activities	**337**	119
Finance expenses	**1,108**	1,029

7. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	2023 RMB million	2022 RMB million
(Reversal of impairment)/impairment losses of trade receivables	(164)	96
Impairment losses of other receivables	105	105
Impairment losses of loans and receivables from financing services	1,053	993
Others	81	15
	1,075	1,209

8. INCOME TAX EXPENSE AND DEFERRED INCOME TAX

	2023 RMB million	2022 RMB million
Current income tax	**1,435**	965
Deferred income tax	**(1,007)**	(1,894)
Income tax expense/(credit) for the year	**428**	(929)

(a) Corporate income tax

Under the PRC Corporate Income Tax Law and the respective regulations, the corporate income tax for the Company and its subsidiaries and joint ventures is calculated at rates 15% or 25%, on their estimated assessable profits for the year based on the existing legislation, interpretations and practices in respect thereof.

8. INCOME TAX EXPENSE AND DEFERRED INCOME TAX (CONTINUED)

(b) Hong Kong profits tax

No provision for Hong Kong profits tax (tax rate: 16.5%) has been made as the Group had no assessable profits arising in Hong Kong during the year.

(c) Deferred income tax

Deferred tax assets are mainly recognized in respect of temporary differences relating to certain future deductible expenses for the purpose of corporate income tax.

According to IAS 12 *Income Taxes*, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets are realized or the liabilities are settled.

9. DIVIDEND

	2023 RMB million	2022 RMB million
Proposed final – Nil (2022: RMB0.30) per ordinary share	**-**	2,577

The board of directors does not recommend the payment of any dividend for the year ended 31 December 2023 (year ended 31 December 2022: 2,577 million).

Resolution for distribution of a final dividend of RMB2,560 million (RMB0.3 per share) based on the annual net profit for 2022 attributable to shareholders was approved by the shareholders of the Company at the annual general meeting held on 20 June 2023, and was paid in August 2023 to shareholders.

10. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the year.

The calculation of basic (loss)/earnings per share is based on:

10. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (CONTINUED)

	2023	2022
	RMB million	RMB million
Earnings:		
(Loss)/profit for the year attributable to ordinary equity holders of the Company	**(3,996)**	10,265
	Number of shares	
	million	million
Shares:		
Weighted average number of ordinary shares in issue during the year	8,513	8,616
(Loss)/Earnings per share	**(46.94) cents**	119.14 cents

The Group had no potentially dilutive ordinary shares in issue during these years, so the diluted (loss)/earnings per share equals the basic (loss)/earnings per share.

11. TRADE RECEIVABLES

Sales of the Group’s commercial and passenger vehicles are normally settled on an advance receipt basis, whereby the dealers are required to pay in advance either in cash or by bank acceptance drafts. However, in the case of long-standing customers with bulk purchases and a good repayment history, the Group may offer these customers credit terms that are generally between 30 and 180 days. For sales of engines and other automotive parts, the Group generally offers its customers credit terms that are generally between 30 and 180 days. Trade receivables are non-interest-bearing.

An aging analysis of the trade receivables, net of provision for impairment, of the Group, based on the invoice date, is as follows:

	31 December	
	2023	2022
	RMB million	RMB million
Within three months	**2,566**	4,839
More than three months but within one year	**2,453**	2,483
More than one year	**3,536**	3,076
	8,555	10,398

12. TRADE PAYABLES

An aging analysis of the trade payables of the Group, based on the invoice date, is as follows:

	31 December	
	2023	2022
	RMB million	RMB million
Within three months	**24,342**	17,043
More than three months but within one year	**1,892**	773
More than one year	**930**	752
	27,164	18,568

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I hereby present the 2023 annual report of Dongfeng Motor Group for your review.

In 2023, facing the complex situation of accelerated market demand differentiation, deepening competition pattern and increasing challenges, the Group adhered to the main line of transformation and development, and made every effort to promote the transformation from relying on joint ventures to equal emphasis on both joint ventures and independent development, and from focus on fuel-powered vehicles to a balance between energy-saving vehicles and new energy vehicles. The progress met the expectations of transformation and further strengthened the foundation for corporate development.

In 2023, approximately 2,088,200 units of vehicles were sold in this period, representing year-on-year decrease of 15.3%; sales of independent brand passenger cars reached 347,400 units, a decrease of 30.2% year-on-year; sales of commercial vehicles reached approximately 343,400 units, an increase of 10.3% year-on-year. The Group's sales of new energy vehicles in this period were approximately 348,000 units, accounting for an increase of 2.7 percentage points in the Group's sales, of which, sales of high-end brand VOYAH exceeded 50,000, an increase of 159.1% year-on-year. Due to the continued decline in market share of non-luxury joint venture passenger cars, the Group's joint venture business achieved sales of 1.3974 million units, of which, Dongfeng Nissan's sales decreased by 21.5% year-on-year and Dongfeng Honda's sales decreased by 8.5% year-on-year. The Group's overseas export business maintained a good growth momentum, with export sales of 169,100 units, an increase of 14.3% year-on-year, achieving the best level in history.

In this period, the Group achieved sales revenue of RMB 99.315 billion, with a net loss attributable to shareholders of listed companies of RMB3.996 billion. As of the end of 2023, the Group has abundant cash reserves, amounting to more than RMB100 billion[1]. The Group continuously optimize asset structure and operational efficiency. The asset-liability ratio for this period was 51.7%, with a stable asset-liability structure. Operating cash flow increased by RMB1.991 billion year-on-year, with an operating cash ratio of 8.61%, steadily increasing operating cash flow.

In the face of a very severe situation, the Group focused on the overall goals of the "14th Five-Year Plan" and the Three-Year Action Plan for "Transition Action of technological innovation", and deepened reform and innovation, accelerating the pace of transformation and upgrading in new energy. We comprehensively completed the layout of new energy brands, platforms, products, and core resources, achieving new development in fields such as independent new energy vehicles, control of key core technologies, and deepening reforms, and forming a strategic layout that is significantly better than the era of traditional fuel vehicles.

The Group established comprehensive brand layout. In the luxury car market, we have positioned

[1] including: i) cash and cash in bank, ii) pledged bank balances and time deposits, iii) financial assets at fair value through profit or loss, and iv) financial assets at fair value through other comprehensive income.

ourselves in the luxury electric off-road brand Dongfeng M HERO, and the first product, M HERO 917, achieved a transaction price of around RMB700,000 and has sold over a thousand units since its launch in September last year. In the high-end car market, Dongfeng VOYAH has completed three rounds of product iteration, with a transaction price of around RMB300,000, and sales volume in 2023 have exceeded 50,000 units. For the mainstream consumer market, Dongfeng eπ's first model, eπ007, was put into mass production and launched to market on March 14 this year. In the entry-level market, the first model of Dongfeng Nammi, the Nammi 01, started deliveries in January this year.

Through continuous innovation, we provided strong support for the transformation of new energy. We have built three major platforms for independent passenger cars: the M TECH Luxury Offroad Architecture, the Dongfeng Quantum Architecture, and the DSMA energy-saving Architecture. In the fields of green energy and intelligence, we have independently mastered technologies and resources such as the "three core e-components", electronic and electrical architecture, automotive-grade chips, independent controllers, intelligent driving, and fuel cells. We have increased our investment in technology, and the number of new invention patents authorized by the Company remains the highest in the industry.

Committed to promoting institutional and mechanism reforms that are in line with our transformation and upgrading. We have been accelerating the implementation of the three-year transformation and upgrading plan, unwaveringly strengthening and optimizing Dongfeng's independent business and new energy vehicles. We have carried out the “PV Transition Action” to manage the three major brands of Dongfeng Fengshen, Dongfeng eπ, and Dongfeng Nammi in an integrated manner, and pool the resources of the Group to develop the independent new energy passenger vehicle business. We have implemented the “R&D Transition Action” and established a research and development institute to build a "1+n" research and development system, focusing on the transformation and upgrading of new energy, deeply integrating the group's research and development system and resources, and comprehensively enhancing research and development efficiency. Furthermore, we have implemented the "CV Transition Action" for Dongfeng's commercial vehicle business and established a commercial vehicle business unit to operate the commercial vehicle business in an integrated manner across the Group, concentrate superior resources, help boost the commercial vehicle business to fully compete in the new energy era, and create a world-class commercial vehicle enterprise.

The implementation of these measures has achieved significant progress. From January to February this year, the Group sold 331,000 units of vehicles, an increase of 26.2%, achieving a "good start". Looking ahead, the Group will anchor the goals and tasks of the new mid-term business plan. We will strengthen our mission of "striving for first place and being a good national team", and make every effort to achieve transformation and breakthroughs, surpassing and leaping forward, and promoting new and greater progress in the Company's operations, in order to assist all shareholders in achieving value appreciation.

Finally, on behalf of the board of directors, I would like to express my sincere gratitude to all shareholders for their continued support and contribution.

Yang Qing

Wuhan, the PRC
28 March 2024

BUSINESS OVERVIEW

Dongfeng Motor Group is principally engaged in the businesses of research and development, manufacturing and sales of commercial vehicles, passenger vehicles, engines and other auto parts, automobile equipment manufacturing, import and export of automobile products, logistics services, financing services, insurance agency and used car trading.

1. Whole vehicle

(1) Passenger vehicles

The passenger vehicle business of Dongfeng Motor Group is mainly operated in the own business units such as M TECH, VOYAH Automobile, Dongfeng Aeolus and Dongfeng Liuzhou Automobile and the joint venture business units such as Dongfeng Nissan and Dongfeng Honda. Dongfeng Motor Group mainly produces and sells 89 series of passenger vehicles, including 32 series of sedans, 9 series of MPVs and 48 series of SUVs. The main products include:

- Dongfeng M HERO 917;
- Dongfeng VOYAH FREE, DREAM, PASSION;
- Dongfeng Aeolus Yixuan, Haohan, E70; Dongfeng eπ007， Dongfeng NAMMI 01;
- Dongfeng Forthing Lingzhi, T5, Youting;
- Dongfeng Venucia V-online, V-online DDI, VX6;
- Dongfeng Nissan Altima, Sylphy, X-Trail, Qashqai, Ariya; Dongfeng Infiniti QX50, QX60;
- Dongfeng Honda CIVIC, CR-V, XR-V, UR-V, INSPIRE, Elysion and eNS1;
- Dongfeng Peugeot 408, 408X; Dongfeng Citroën C5, C5X, e Elysee.

(2) Commercial vehicles

The commercial vehicle business of Dongfeng Motor Group is mainly operated by Dongfeng Commercial Vehicle Co., Ltd., Dongfeng Motor Automobile Co., Ltd., Dongfeng Liuzhou Motor Co., Ltd., Dongfeng Special Commercial Vehicle Co., Ltd. and Zhengzhou Nissan Automobile Co., Ltd. Dongfeng Motor Group mainly produces and sells 27 series of commercial vehicles, including 14 series of heavy- and medium-duty trucks, 7 series of light-duty trucks, 4 series of pickup trucks and 2 series of buses. The main products include:

- Dongfeng Kinland, Dongfeng Kingrun, Dongfeng Vasol and Chenglong series products in terms of heavy- and medium-duty trucks;
- Dongfeng Duolika, Dongfeng Captain, Dongfeng Tuyi, Dongfeng Xiaobawang and Dongfeng Furika series products in terms of light-duty trucks;
- Rich and Navara series products in terms of pickup trucks;
- Dongfeng Tianyi and Dongfeng Yufeng series products in terms of buses.

2. New energy vehicles

In recent years, Dongfeng Motor Group has accelerated the development of its new-energy vehicle business of “Five-Modernizations” layout, and by the end of 2023, Dongfeng Motor Group produces and sells 34 kinds of new energy passenger vehicles and 9 kinds of new energy commercial vehicles. The main products of new energy passenger vehicles are Dongfeng M HERO 917, Dongfeng VOYAH FREE, DREAM, PASSION; Dongfeng Aeolus SKY EV01, E70; Dongfeng NAMMI BOX; Dongfeng Forthing Lingzhi M5EV, Forthing S50EV, pure electric SUV; Dongfeng Venucia V-online DDI, D60EV, VX6; Dongfeng Nissan Sylphy BEV, Ariya;

Dongfeng Honda CR-V PHEV, eNS1 and INSPIRE PHEV; Dongfeng Peugeot 4008 PHEV, 508L PHEV; Dongfeng Citroën C5X PHEV and so on. The main products of new energy commercial vehicles are Dongfeng Kinland, Dongfeng Kingrun, Dongfeng Vasol, Dongfeng Captain, Dongfeng Tuyi, Dongfeng Tianyi and Dongfeng Yufeng.

3. Production capacity

As at 31 December 2023, the whole vehicle production capacity of Dongfeng Motor Group was approximately 3.98 million units, representing an increase of 0.14 million units as compared to the end of 2022, mainly attributable to Dongfeng Passenger Vehicle Company. The whole vehicle production capacity of commercial vehicles was approximately 0.62 million units and that of passenger vehicles was approximately 3.36 million units.

4. Sales and service channels

As the new five-modernizations trend of the automobile industry continued and market competition deepened and intensified, the changes in both marketing models and channels also continued to deepen. On one hand, Dongfeng Motor Group promoted the transformation and upgrading of sales channels, and enhanced customer operation capacity and improved customer satisfaction through digital tools such as APPs and WeChat applets; on the other hand, it also explored new channel models by using the channel of directly-managed stores + eco-stores for the Dongfeng VOYAH. As at 31 December 2023, the Dongfeng Motor Group had a total of 6,027 sales outlets covering 31 provinces (municipalities and autonomous regions) across the country.

5. Financing services

As of the date of the announcement, the financing service business of Dongfeng Motor Group is currently operated by the following companies: Dongfeng Auto Finance Co., Ltd, Dongfeng Motor Finance Co., Ltd. Dongfeng Nissan Auto Finance Co., Ltd.,.

6. Capital expenditure

In 2023, Dongfeng Motor Group completed a total of actual investment (equity method) amounting to RMB12,487 million, representing an increase of 32% to RMB2,995 million as compared to the same period last year. The main reasons for the increase were the increase in investment in M TECH, eπ, Nammi and other independent new energy vehicle business, and in “three core e-components” and other products of Intelligent Power System Co., Ltd. Among them, the capitalization of research and development expenditure and the purchase of intangible assets amounted to about RMB3,711 million, and the fixed assets and other expenditure amounted to about RMB87.76 million.

7. Business Outlook

In 2024, it is expected that the automobile industry will maintain its growth momentum, and continue to accelerate the transformation into new energy and intelligent vehicles. Chinese automobile exports will be facilitated, and the scale of automobile industry in China will rank the first worldwide. In terms of passenger vehicles, it is expected that further policies will be launched at the state level to stimulate the overall consumer market; in terms of commercial vehicles, driven by factors such as demand release from clearing vehicle inventories at the China National Standard 5 (CN-5) and the early elimination of vehicles at the China National Standard 4 (CN-4), the total industry volume (TIV) of the domestic market will increase, bringing benefits to the overall market. However, the automobile market will still be affected by the global economic downturn, the slow recovery of consumption and confidence, geopolitics and other unfavourable factors. The core competitiveness of China’s new energy vehicles has been formed and will continue to grow at a high rate, while the export market will maintain its growth trend but at a lower rate. For the year, 31 million units are expected to be sold, representing a year-on-year increase of 3.0%.

The sales target of Dongfeng Motor Group in 2024 is 2.7 million units, a year-on-year growth of 29% compared to 2023. With the continuous optimization of the group's strategic layout, transformation breakthrough, brand upward and other aspects, and the orderly and gradual launching of new models, passenger car sales target is 2.28 million, an increase of 30%. With the acceleration of the integration of the Group's commercial vehicle business, the layout of gas vehicles, new energy and high-horsepower models gradually showed strength, and the sales volume of commercial vehicles was targeted at 420,000 units, an increase of 22% year-on-year.

MANAGEMENT DISCUSSION AND ANALYSIS

I. Operating Environment

In 2023, China's economic performance improved, with the Gross Domestic Product (GDP) growth rate increasing by 5.2% year-on-year. The overall size of the economy scaled new heights, maintaining its status as the second-largest in the world.

In 2023, the domestic automotive market experienced significant changes, and the production and sales for the year were 30,160,900 units and 30,093,700 units, respectively, representing a year-on-year increase of 11.6% and 12.0%, and the recovering trend of the automobile market outperformed expectation, with production and sales volumes reaching new highs and remaining as the top one in the world.

The passenger vehicle market maintained growth, with sales of 26,062,800 units throughout the year, representing a year-on-year increase of 10.6%. Among which, the sales volume of SUV increased by 18.0% year on year, the sales volume of basic vehicles increased by 3.4% year on year, the sales volume of MPV decreased by 17.7% year on year, and the sales volume of CUV (cross-over utility vehicle) decreased by 18.1% year on year.

Affected by stabilizing and improving macro economy and recovering demands of the consumer market, the commercial vehicles sales throughout the year were 4,030,900 units, representing a year-on-year increase of 22.1%. In terms of the production and sales of different models, the sales of buses represented a year-on-year increase of 20.6%, and the sales of trucks represented a year-on-year increase of 22.4%.

The new energy vehicle market maintained continuous and dynamic growth, the production and sales throughout the year were 9,587,000 units and 9,495,000 units, respectively, representing a year-on-year increase of 35.8% and 37.9%, and its market share reached approximately 31.6%, representing a year-on-year increase of 5.9 percentage points. Among which, the production and sales of new energy commercial vehicles accounted for 11.5% and 11.1% of production and sales of commercial vehicles, respectively, and the production and sales of new energy passenger vehicles accounted for 34.9% and 34.7% of production and sales of passenger vehicles, respectively.

II. Operation Analysis

In 2023, with profound changes in China’s automobile market, the sales of the industry reached 30,093,700 units, representing a year-on-year increase of 12.0%. In particular, new energy vehicles and outbound exports became the main growth engine for the industry, the market demand polarization accelerated, and the sales of non-luxury brands of joint ventures continued to decline. As the competition became more intensive brought about by “reducing price to secure more sales”, the transaction price of passenger vehicles dropped by more than 10%. The Group was in the adjustment period of transformation and development. Despite challenges facing the overall operation, the Group forged ahead under pressure, with the production and sales resuming quarter by quarter and basically returning back to normal level in the fourth quarter. The strategic layout, transformation breakthrough, brand enhancement and other aspects continuously optimized, and at the same time, new positive changes emerged: the strategic layout comprising new energy brands, platform structure and products was fully completed; the performance generated from independent brand passenger vehicle business continued to improve; the sales volume of commercial vehicle business rebounded steadily, with a year-on-year increase of 10.3%; and the outbound exports grew rapidly, setting a record high.

The Group achieved sales volume of approximately 2,088,200 units during the period, representing a year-on-year decrease of approximately 15.3%, sales revenue of approximately RMB99,315 million, gross profit margin of 9.5% and loss attributable to shareholders of approximately RMB3,996 million. The sales volume of the Group's independent brand passenger vehicle business was approximately 347,400 units, representing a year-on-year decrease of 30.2%, the sales structure and revenue level continued to improve, and the gross profit margin of the Group's independent brand passenger vehicle business increased by 3.1 percentage points. Due to the impact of the significant squeeze on the viability of the non-luxury passenger vehicles of joint ventures market and the continuous decline of the market share, the Group's joint-venture business responded by adopting a flexible business policy and pricing strategy to proactively offset the impact of the continuous decline in the market share of the non-luxury passenger vehicles of joint ventures, the sales volume of the joint venture business for the period was approximately 1,397,400 units, representing a year-on-year decrease of approximately 15.6%.

Due to the effect of stabilizing and improving macro economy, recovering demands of the consumer market and the impetus from various favorable policies, the commercial vehicle market bottomed out and rebounded and achieved restorative growth. The sales volume of the Group's commercial vehicle business was approximately 343,400 units, representing a year-on-year increase of approximately 10.3%. The Group's commercial vehicle business has the core independent research and development capability of the entire product chain, and the engine brand "Dragon Engine" of commercial vehicles leads the industry in terms of technical performance.

The Group actively promoted its new energy strategy and brand enhancement, with sales of new energy vehicles reaching approximately 348,000 units in the period, representing year-on-year growth, and the new energy vehicle sales as a proportion of the Group's sales increasing by 2.7 percentage points. The sales of the high-end brand, VOYAH, exceeded 50,000 units, representing a year-on-year increase of 159.1%, with a transaction price of more than RMB250,000; the sales of the new model M-Hero 917 exceeded 1,000 units, with a transaction price of more than RMB700,000; and the sales of eGT reached 75,000 units.

III. Financial Analysis

1. Revenue

The revenue of the Group for 2023 was approximately RMB99,315 million, representing an increase of approximately RMB6,652 million, or approximately 7.2%, as compared with approximately RMB92,663 million for the corresponding period of last year. The change in revenue was mainly from Dongfeng Commercial Vehicle Co., Ltd., Dongfeng Liuzhou Motor Co., Ltd., Dongfeng Passenger Vehicle Company, and VOYAH Automobile Technology Co., Ltd.

	2023	2022
	Sales Revenue	Sales Revenue
	RMB million	RMB million
Passenger vehicles	**42,543**	46,732
Commercial vehicles	**49,538**	38,665
Financing service	**6,151**	6,438
Corporate and others	**1,603**	1,222

Elimination	**-520**	-394
Total	**99,315**	92,663

1.1 Passenger Vehicle Business

The sales revenue of passenger vehicles of the Group for 2023 decreased by approximately RMB4,189 million, or approximately 8.96%, to approximately RMB42,543 million from approximately RMB46,732 million for the corresponding period of last year. The decrease in revenue was mainly from the passenger vehicles business of Dongfeng Passenger Vehicle Company and Dongfeng Liuzhou Motor Co., Ltd.

1.2 Commercial Vehicle Business

In 2023, due to the effect of stabilizing and improving macro economy, recovering demands of the consumer market and the impetus from various favorable policies, the commercial vehicle market bottomed out and rebounded and achieved restorative growth. The sales revenue of commercial vehicle business of the Group for the period was approximately RMB49,538 million, representing an increase of approximately RMB10,873 million or approximately 28.1% from approximately RMB38,665 million for the corresponding period of last year. The increase in revenue was mainly from the commercial vehicle business of Dongfeng Commercial Vehicle Co., Ltd. and Dongfeng Automobile Co., Ltd.

1.3 Auto Financing Service Business

In 2023, the Group optimized the layout of the financing service to provide customers with customized financial service for the whole journey covering purchase, utilization and changes of vehicles.

Affected by the decline in loan scale and loan interest rate, the revenue from financing service of the Group for the period decreased slightly compared with the corresponding period of last year.

The revenue from financing service of the Group for 2023 decreased by approximately RMB287 million, or approximately 4.5%, to approximately RMB6,151 million from approximately RMB6,438 million in the corresponding period of last year.

2. Cost of Sales and Gross Profit

The total cost of sales of the Group for 2023 was approximately RMB89,849 million, representing an increase of approximately RMB6,013 million, or approximately 7.2%, as compared with approximately RMB83,836 million of the corresponding period of last year.

In 2023, with intensifying competition in the automobile industry, the Group continued to improve its marketing capability and profitability to cope with the fierce competition of “reducing price to secure more sales” in the automobile market. The total gross profit for the period was RMB9,466 million, representing an increase of RMB639 million, or approximately 7.2%, as compared with RMB8,827 million of the corresponding period of last year. The gross profit margin for the period was 9.5%, which was basically the same as that of the corresponding period of last year. The change of gross profit in this period was mainly due to the increase in gross profit of the Group’s independent brand passenger vehicles (Aeolus series) and new energy business (VOYAH series) compared with the corresponding period of last year, while that of the commercial vehicle business slightly declined due to the intensifying industrial competition and impacts of the sales structure.

3. Other Income

The total other income of the Group for 2023 amounted to approximately RMB4,143 million, representing a decrease of approximately RMB1,888 million compared with approximately RMB6,031 million of the corresponding period of last year.

The decrease in other income was mainly due to the investment gain from the disposal of Seres shares amounting to RMB1,945 million last year, while the investment gain from disposal of stocks was RMB79 million during this period.

4. Selling and Distribution Expenses

The selling and distribution expenses of the Group for 2023 increased by approximately RMB1,652 million to approximately RMB8,221 million from approximately RMB6,569 million of the corresponding period of last year.

The increase in selling and distribution expenses was mainly due to: i). an increase in marketing expenses for the launch of new models such as VOYAH PASSION, DREAMER and FREE; ii). an increase in market development expenses in line with import and export business as the Group actively expanded overseas markets; iii) an increase in marketing expenses of the Group compared with the corresponding period of last year with the launch of the new models in 2023.

5. Administrative Expenses

The administrative expenses of the Group for 2023 increased by approximately RMB183 million to approximately RMB5,309 million from approximately RMB5,126 million of the corresponding period of last year.

The increase in administrative expenses was mainly due to the increase in staff salaries corresponding to the increase in new energy vehicle business and outbound export business of the Group.

6. Impairment Losses on Financial Assets

The impairment losses on financial assets of the Group for 2023 decreased by approximately RMB134 million to approximately RMB1,075 million from approximately RMB1,209 million in the corresponding period last year.

The changes in impairment losses on financial assets were mainly due to the decline in loan scale base number in line with the decrease in sales volume in the period.

7. Other Expenses

The other expenses of the Group for 2023 amounted to approximately RMB5,601 million, representing an increase of approximately RMB314 million as compared with approximately RMB5,287 million of the corresponding period of last year.

The change in net of other expenses in the current period was mainly due to: 1. The Group attaches great importance to the development trend of new energy, digitalization and intelligence in the automotive field, and continues to invest in research and development in strategic areas and key core technologies, hence research and development expenses continue to increase, an increase of about RMB177 million yuan over the same period; 2. an increase in assets impairment loss as compared with the corresponding period.

8. Finance Expenses

The finance expenses of the Group for 2023 amounted to approximately RMB1,108 million, representing an increase of approximately RMB79 million as compared with approximately RMB1,029 million of the corresponding period of last year.

The change in finance expenses in current period was mainly due to: 1. the year-on-year decrease in interest expenses on borrowings; 2. Euro bonds were affected by exchange rate fluctuations, and foreign exchange losses increased compared with the same period.

9. Share of Profits and Losses of Joint Ventures

Affected by the declining market share of non-luxury vehicles of joint ventures year by year, share of profits and losses of joint ventures of the Group for 2023 decreased by approximately RMB11,371 million to approximately RMB513 million, from approximately RMB11,884 million of the corresponding period of last year. The change for the period was mainly due to: 1. a decrease of approximately RMB4,188 million in respect of Dongfeng Motor Co., Ltd. over the corresponding period; 2. a decrease of approximately RMB4,694 million in respect of Dongfeng Honda Automobile Co., Ltd. over the corresponding period; 3. a decrease of approximately RMB1,224 million in respect of Dongfeng Honda Engine Co., Ltd. over the corresponding period.

10. Share of Profits and Losses of Associates

Share of profits and losses of associates of the Group for 2023 amounted to approximately RMB807 million, representing a decrease of approximately RMB55 million as compared with that of approximately RMB862 million of the corresponding period of last year. The main reason for the change is the decrease in investment income of Dongfeng Nissan Auto Finance Co., Ltd.

11. Income Tax Expense

The income tax expense of the Group for 2023 increased by approximately RMB1,357 million to approximately RMB428 million from approximately RMB-929 million in the corresponding period of last year. This was mainly due to the prudent revaluation of deferred tax assets to be recognized by some of the Group's subsidiaries.

12. Profit Attributable to Equity Holders of the Company for the Year

The loss attributable to the equity holders of the Group for 2023 was approximately RMB3,996 million, representing a decrease of approximately RMB14,261 million as compared with that of approximately profit of RMB10,265 million of the corresponding period of last year. The net profit margin (a percentage of profit attributable to the equity holders of the Company to total revenue) was approximately -4.0%, representing a decrease of approximately 15.1 percentage points as compared with approximately 11.1% of the corresponding period of last year. The return on net assets (a percentage of profit attributable to equity holders of the Company to average equity attributable to equity holders of the Company) was approximately -2.6%.

13. Total Assets

Total assets of the Group as at the end of 2023 amounted to approximately RMB330,678 million, representing an increase of approximately RMB642 million, or 0.2%, as compared with RMB330,036 million as at the end of last year. This was mainly due to: 1. an increase of RMB14,281 billion in cash and cash equivalents, pledged bank balances and time deposits and financial assets at fair value through profit or loss; 2. an increase of RMB6,373 million in property, plant and equipment, investment properties and intangible assets; 3. an increase of RMB4,464 million in bills receivable and financial assets at fair value through other comprehensive income; 4. a decrease of RMB12,813 million in prepayments, deposits and other receivables; 5. a decrease of RMB9,587 million in amount due from joint ventures; 6. a decrease of RMB1,843 million in trade receivables.

14. Total Liabilities

Total liabilities of the Group as at the end of 2023 amounted to approximately RMB171,069 million, representing an increase of approximately RMB6,569 million, or 4.0%, as compared with approximately RMB164,500 million as at the end of last year. The increase was mainly due to: 1. an increase of RMB6,831 million in interest-bearing borrowings; 2. an increase of RMB8,596 million in trade payables; 3. an increase of RMB6,453 million in bills payable; 4. an increase of RMB508 million in contract liabilities; 5. a decrease of RMB15,521 million in amount due to jointly controlled entity; 6. a decrease of RMB301 million in government grants.

15. Total Equity

Total equity as at the end of 2023 of the Group amounted to approximately RMB159,609 million, representing a decrease of RMB5,927 million or 3.6% as compared with RMB165,536 million as at the end of last year, of which, equity attributable to equity holders of the Company amounted to RMB152,787 million, representing a decrease of RMB3,065 million as compared with RMB155,852 million as at the end of last year; non-controlling interests amounted to RMB6,822 million, representing a decrease of RMB2,862 million as compared with RMB9,684 million as at the end of last year.

16. Liquidity and Sources of Capital

Net inflow of cash and cash equivalents in 2023 of the Group was RMB7,055 million, representing a decrease of RMB9,006 million over 2022. This includes a net cash inflow from operating activities of RMB8,553 million, a net cash inflow from investing activities of RMB129 million and a net cash outflow from financing activities of RMB1,627 million.

Net cash inflow from operating activities amounted to RMB8,553 million. The amount mainly consisted of: 1. a decrease in cash flow of RMB7,705 million from loss before taxation and share of profits and losses of joint ventures and associates; 2. an increase in cash flow of RMB5,210 million from depreciation and amortization; 3. an increase in cash flow of RMB1,819 million from impairment on trade and other receivables and other non-current assets, provision against inventories and impairment of items of property, plant and equipment; 4. a decrease in cash flow of RMB1,528 million due to an increase in inventories; 5. an increase in cash flow of RMB4,646 million due to a decrease in amount receivable from enterprises; 6. an increase in cash flow of RMB11,870 million due to an increase in amount payable to enterprises; 7. an increase in cash flow of RMB13,623 million from loans, receivables and cash deposits received from financing services; 8. a decrease in cash flow of RMB15,521 million due to a decrease in amount payable to enterprises; 9. a decrease in cash flow of RMB1,715 million from income tax expense.

Net cash inflow from investing activities amounted to RMB129 million. The amount mainly consisted of: 1. an increase in cash flow of RMB7,700 million due to the receipt of dividend; 2. a decrease in cash flow of RMB11,859 million due to the expenses from purchase and disposal of fixed assets and intangible assets; 3. an increase in cash flow of RMB8,284 million due to the disposal of investment in Stellantis; 4. a decrease in cash flow of RMB4,100 million from non-pledged time deposits with original maturity over three months.

Net cash outflow from financing activities amounted to RMB1,627 million. The amount mainly consisted of: 1. a cash inflow of RMB25,711 million resulting from the increase in bank borrowings; 2. a cash outflow of RMB23,236 million resulting from the repayment of bank borrowings and redeeming bonds; 3. a payment of dividends of RMB2,560 million; 4. a payment for share repurchase of RMB963 million.

As a result of the above, the Group's cash and cash equivalents (excluding non-pledged time deposits with original maturity of three months or more when acquired) amounted to RMB72,395 million as at 31 December 2023, representing an increase of RMB7,151 million as compared with RMB65,244 million as at the end of the previous period. Cash and bank balances (including non-pledged time deposits with original maturity of three months or more when acquired) amounted to RMB79,297 million, representing an increase of RMB11,251 million as compared with approximately RMB68,046 million as at the end of the previous period.

17. Major Financial Figures Based on Proportionate Consolidation

Based on proportionate consolidation, the revenue of the Group for 2023 was approximately RMB199,816 million, representing a decrease of approximately RMB18,101 million, or approximately 8.31%, as compared with approximately RMB217,917 million of the corresponding period of last year. Loss before income tax was approximately RMB5,760 million, representing a decrease of approximately RMB18,367 million, or approximately 145.69%, as compared with approximately profit before income tax of RMB12,607 million of the corresponding period of last year. Total assets were approximately RMB382,324 million, representing an increase of RMB12,201 million, or approximately 3.30%, as compared with approximately RMB370,123 million as at the end of last year.

OTHER INFORMATION

PROPOSED FINAL DIVIDENDS

The Board does not propose to distribute a final dividend for the year ended 31 December 2023.

MATERIAL LEGAL PROCEEDINGS

As at 31 December 2023, Dongfeng Motor Group was not involved in any material litigation or arbitration and no material litigation or claim was pending or threatened or made against Dongfeng Motor Group as far as Dongfeng Motor Group was aware.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Reference is made to the circular of the Company dated 29 May 2023, the Directors believe that the reason to repurchase of the Company's H Shares is based on the full confidence in the future development of the Company, helps maintain the Company's investment value and the Company's reputation in the capital market, and is also in line with the Company's future development strategy. The Directors are of the view that the flexibility afforded by the H Share Repurchase Mandate would be beneficial to and in the best interest of the Company and its Shareholders. The relevant resolution had been passed at Annual General Meeting held on 20 June 2023.

During the twelve months of 2023, the Company bought back a total of 313,092,000 H Shares on The Stock Exchange of Hong Kong Limited. As at 31 December 2023, the total number of issued H Shares was 2,541,864,000.

Details of Share purchases are as follows:

Month	Number of Shares bought back	Buy-back price per Share (HKD)		Total consideration (before expenses) (HKD)
		Highest	Lowest	
January 2023	3,800,000	4.55	4.43	17,068,780
May 2023	19,250,000	3.40	3.31	64,978,400
June 2023	38,850,000	4.11	3.41	147,230,580
July 2023	10,220,000	3.71	3.47	36,573,001
August 2023	5,240,000	2.99	2.87	15,397,356
September 2023	8,144,0000	3.10	2.93	245,837,213.20
October 2023	80,204,000	3.48	2.94	257,449,523.40
November 2023	51,914,000	3.65	3.45	182,742,730.60
December 2023	22,174,000	4.01	3.73	85,764,739.00

CORPORATE GOVERNANCE

During the year, the Company had been in compliance with all Code provisions of the Corporate Governance Code as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), except for Code Provision B.2.2.

The current session of the Board of Directors was appointed on 25 September 2020. According to Code Provision B.2.2, every director should be subject to retirement by rotation at least once every three years. The term of office of session of the Board of Directors should end on 24 September 2023 and the directors should be subject to retirement by rotation. As this process includes the entire Board such that many factors have to be considered in ensuring the smooth continuation of the senior management of the Company, the Company has not yet completed the above process with regard to the Board. Currently, the Board is undertaking the procedure of electing the new session and will be submitted to the general meeting for approval in due course.

SECURITIES TRANSACTION OF THE DIRECTOR AND THE SUPERVISOR

The Company has adopted a code of conduct regarding the directors' and supervisors' securities transactions on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"). After specific enquiries of all directors by the Company, all directors and supervisors have confirmed that they have fully complied with the Model Code throughout the period.

ANNUAL GENERAL MEETING

The Annual General Meeting for the year 2023 of the Company will be held on Friday, 21 June 2024. In order to determine the name list of shareholders who are entitled to attend the annual general meeting, the register of members of the Company will be closed from Tuesday, 18 June 2024 to Friday, 21 June 2024 (both days inclusive). Holders of H shares and domestic shares with their names listed on the register of shareholders on Friday, 21 June 2024 are entitled to attend the 2023 annual general meeting.

In order to be qualified to attend and vote at the annual general meeting, holders of H shares whose transfers have not been registered shall deposit the transfer documents together with the relevant share certificates at the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Room 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong at or before 4:30 p.m. on Monday, 17 June 2024 (Hong Kong time), being the last share registration date.

REVIEW OF THE ACCOUNTS

The audit and risk management committee has reviewed the audited financial reports for the year ended 31 December 2023 of the Company and the Group.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.dfmg.com.cn). The annual report of the Company for the year ended 31 December 2023 containing all the information required by the Listing Rules will be dispatched to the H Shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

BOARD OF DIRECTORS

As at the date of this announcement, Mr. Yang Qing and Mr. You Zheng are the executive directors of the Company, and Mr. Leung Wai Lap, Mr. Zong Qingsheng and Mr. Hu Yiguang are the independent non-executive directors of the Company.

By order of the Board of Directors
Yang Qing
Chairman

Wuhan, the PRC, 28 March 2024

* *For identification only*