濰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 2024

FINANCIAL HIGHLIGHTS

- Revenue was approximately RMB215,691 million, representing an increase of approximately 0.8%.
- Net profit attributable to the shareholders of the parent was approximately RMB11,403 million, representing an increase of approximately 26.5%.
- Basic earnings per share was approximately RMB1.31, representing an increase of approximately 25.4%.

(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 2024 (the "Year"), together with comparative figures for the corresponding period of 2023 as follows:

CONSOLIDATED INCOME STATEMENT

January to December 2024 (Expressed in Renminbi Yuan)

Item	*Notes*	2024	2023 (Restated)
I. Revenue	*7*	**215,690,504,589.82**	213,958,475,631.13
Less: Cost of sales	*7*	**167,304,917,397.32**	170,437,251,422.34
Taxes and surcharges	*8*	**707,419,186.59**	748,900,121.75
Distribution and selling expenses		**12,485,159,751.87**	11,815,113,948.93
General and administrative expenses		**10,259,477,587.04**	9,456,556,047.18
Research & development expenses		**8,299,429,709.99**	8,044,946,289.02
Finance expenses		**230,701,630.23**	560,250,189.34
Incl: Interest expenses		**3,854,441,561.78**	3,355,408,336.47
Interest income		**3,780,650,274.56**	2,818,200,284.22
Add: Other income		**1,901,970,056.44**	1,015,255,179.34
Investment income		**420,734,589.54**	746,081,555.61
Incl: Investment loss from associates and joint ventures		**(45,080,665.87)**	(12,781,810.86)
Profit/(Loss) on change of fair value		**123,174,589.54**	(362,688,292.56)
Impairment loss of credit		**(507,399,360.78)**	(401,699,786.90)
Impairment loss of assets		**(1,067,912,050.82)**	(1,084,210,053.32)
Gain on disposal of assets		**153,987,544.64**	97,045,146.13
II. Operating profit		**17,427,954,695.34**	12,905,241,360.87
Add: Non-operating income		**314,139,169.88**	399,793,942.53
Less: Non-operating expenses		**420,571,567.37**	153,757,472.89
III. Total profit		**17,321,522,297.85**	13,151,277,830.51
Less: Income tax expenses	*9*	**3,043,840,327.46**	1,939,663,555.26
IV. Net profit		**14,277,681,970.39**	11,211,614,275.25
(I) Breakdown by continuity of operations:			
Net profit from continuing operations		**14,277,681,970.39**	11,211,614,275.25
(II) Breakdown by attributable interests:			
1. Net profit attributable to shareholders of the parent		**11,403,288,984.59**	9,013,894,024.19
2. Minority interests		**2,874,392,985.80**	2,197,720,251.06

Item	*Notes*	**2024**	2023 (Restated)
V. Net other comprehensive income after tax	*11*	**1,452,661,362.81**	961,777,190.87
Net other comprehensive income attributable to shareholders of the parent after tax		**1,535,060,989.93**	375,112,554.70
(I) Those other comprehensive income not to be reclassified into profit or loss			
1. Changes arising from re-measuring of defined benefit plan		**(15,739,188.83)**	(311,549,080.61)
2. Other comprehensive income not to be reclassified into profit or loss using the equity method		**(4,006,176.89)**	(1,796,183.75)
3. Change in fair value of investment in other equity instruments		**1,709,743,990.92**	450,995,017.09
(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		**(3,129,266.20)**	1,814,424.80
2. Cashflow hedging reserve		**(93,840,244.75)**	(60,462,354.15)
3. Exchange differences on foreign currency translation		**(57,968,124.32)**	296,110,731.32
Net other comprehensive income attributable to minority interests after tax		**(82,399,627.12)**	586,664,636.17
VI. Total comprehensive income		**15,730,343,333.20**	12,173,391,466.12
Total comprehensive income attributable to the shareholders of the parent		**12,938,349,974.52**	9,389,006,578.89
Total comprehensive income attributable to minority interests		**2,791,993,358.68**	2,784,384,887.23
VII. Earnings per share:	*10*		
(I) Basic earnings per share		**1.31**	1.04
(II) Diluted earnings per share		**1.31**	1.04

CONSOLIDATED BALANCE SHEET

31 December 2024 (Expressed in Renminbi Yuan)

Item	*Notes*	31 December 2024	31 December 2023 (Restated)
Current assets:			
Cash and cash equivalents		**72,066,926,728.68**	92,856,868,996.26
Incl: Amount deposited in financial institution		**28,400,969,254.10**	29,075,692,104.66
Financial assets held for trading		**16,488,504,978.97**	11,422,432,984.46
Notes receivable	*3*	**7,890,650,056.91**	8,703,136,628.22
Accounts receivable	*4*	**30,877,182,388.79**	23,753,999,010.24
Receivable financing		**7,182,103,394.41**	8,137,773,556.08
Prepayments		**1,368,159,871.96**	1,691,269,021.84
Other receivables		**1,356,048,339.69**	1,131,338,229.24
Inventories		**35,675,282,801.36**	37,930,386,262.83
Contract assets		**2,291,377,442.53**	3,329,313,149.51
Assets held for sale		**–**	434,197,222.40
Non-current assets due within one year		**5,447,139,288.50**	4,813,822,873.60
Other current assets		**4,106,309,416.32**	3,720,763,423.75
Total current assets		**184,749,684,708.12**	197,925,301,358.43
Non-current assets:			
Long-term receivables		**15,774,538,475.39**	13,507,352,761.73
Long-term equity investments		**4,914,614,355.00**	5,174,555,550.85
Investment in other equity instruments		**6,114,305,210.35**	4,012,101,895.24
Other non-current financial assets		**603,663,855.04**	534,636,729.78
Investment property		**646,133,155.60**	688,336,286.01
Fixed assets		**47,303,406,403.80**	44,075,967,147.89
Construction in progress		**6,500,353,163.16**	7,450,821,759.81
Right-of-use assets		**5,562,826,921.96**	5,068,430,369.55
Intangible assets		**22,205,299,328.21**	23,071,268,440.40
Development expenditure		**48,673,761.47**	23,458,541.71
Goodwill		**24,561,247,939.69**	24,858,318,250.05
Long-term prepaid expenses		**320,676,891.81**	271,071,017.19
Deferred tax assets		**5,800,746,699.31**	6,310,925,213.73
Other non-current assets		**18,773,241,678.63**	1,274,667,702.54
Total non-current assets		**159,129,727,839.42**	136,321,911,666.48
Total assets		**343,879,412,547.54**	334,247,213,024.91

Item	*Notes*	**31 December 2024**	31 December 2023 (Restated)
Current liabilities:			
Short-term loans		**1,741,795,558.78**	1,881,777,838.31
Financial liabilities held for trading		**308,561,225.70**	166,701,491.20
Notes payable	*5*	**34,125,863,390.70**	27,626,796,287.83
Accounts payable	*6*	**58,032,964,948.37**	60,126,789,151.17
Contract liabilities		**13,914,246,892.96**	15,234,524,336.16
Liabilities classified as held for sale		**–**	354,866,457.60
Payroll payable		**6,969,134,215.22**	7,429,266,514.31
Taxes payable		**2,244,855,844.93**	2,741,249,334.45
Other payables		**8,636,538,731.70**	7,907,770,820.46
Non-current liabilities due within one year		**21,030,639,166.69**	14,902,351,872.32
Other current liabilities		**7,834,870,104.62**	7,678,246,087.85
Total current liabilities		**154,839,470,079.67**	146,050,340,191.66
Non-current liabilities:			
Long-term borrowings		**8,516,557,642.02**	18,072,612,918.47
Bonds payable		**7,116,572,845.20**	8,837,411,046.40
Lease liabilities		**4,831,598,870.97**	4,336,712,719.42
Long-term payables		**11,159,920,909.70**	10,094,478,082.40
Long-term payroll payable		**7,499,281,967.77**	7,967,650,734.34
Accruals and provisions		**873,151,560.22**	849,946,058.79
Deferred income		**4,587,960,893.43**	4,665,797,036.04
Deferred tax liabilities		**3,910,628,492.35**	4,269,384,233.64
Other non-current liabilities		**18,585,612,961.05**	16,417,145,118.29
Total non-current liabilities		**67,081,286,142.71**	75,511,137,947.79
Total liabilities		**221,920,756,222.38**	221,561,478,139.45

Item	*Notes*	**31 December 2024**	31 December 2023 (Restated)
Shareholders' equity:			
Share capital		**8,726,556,821.00**	8,726,556,821.00
Capital reserve		**11,218,072,681.51**	11,012,818,725.86
Less: Treasury shares		**546,248,538.39**	597,240,738.39
Other comprehensive income	*11*	**2,707,897,162.83**	1,172,836,172.90
Special reserve		**248,503,795.47**	285,820,279.24
Surplus reserve		**4,491,565,280.61**	3,550,538,788.75
Retained earnings		**59,850,011,345.94**	55,183,869,765.05
Total equity attributable to the shareholders of the parent		**86,696,358,548.97**	79,335,199,814.41
Minority interests		**35,262,297,776.19**	33,350,535,071.05
Total shareholders' equity		**121,958,656,325.16**	112,685,734,885.46
Total liabilities and shareholders' equity		**343,879,412,547.54**	334,247,213,024.91

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 (2023 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 2024, 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 categorised 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 is offset with the surplus reserve and then the 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, after taking into account the relevant deferred tax effects, 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. Judgment criteria for control and 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 organises 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) manufacturing and sale of agricultural equipment (complete machineries), agricultural machineries, agricultural vehicles and related parts ("Agricultural equipment");

(d) 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, profit or loss on change of fair value 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.

Item	Engines	Automobiles and automobile components	Agricultural equipment	Intelligent logistics	Inter-segment sale elimination	Total
Incurred during the year						
Segment revenue:						
Sale to external customers	**48,972,192,927.71**	**59,647,184,888.63**	**18,345,130,488.57**	**88,725,996,284.91**	**–**	**215,690,504,589.82**
Inter-segment sale	**10,436,361,228.11**	**2,190,318,220.62**	**201,335,640.81**	**51,169,621.98**	**(12,879,184,711.52)**	**–**
Total	**59,408,554,155.82**	**61,837,503,109.25**	**18,546,466,129.38**	**88,777,165,906.89**	**(12,879,184,711.52)**	**215,690,504,589.82**
Segment results	**10,394,897,882.63**	**563,197,306.26**	**796,015,185.59**	**5,971,139,526.59**	**(610,502,754.58)**	**17,114,747,146.49**
Adjustment:						
Interest income	**–**	**–**	**–**	**–**	**–**	**3,780,650,274.56**
Dividend income and unallocated income	**–**	**–**	**–**	**–**	**–**	**858,048,348.96**
Corporate and other unallocated expenses	**–**	**–**	**–**	**–**	**–**	**(420,571,567.37)**
Finance expenses	**–**	**–**	**–**	**–**	**–**	**(4,011,351,904.79)**
Profit before tax	**–**	**–**	**–**	**–**	**–**	**17,321,522,297.85**
31 December 2024						
Segment assets	**79,522,224,424.39**	**55,345,350,777.43**	**8,558,506,520.73**	**119,699,628,297.76**	**(37,863,902,898.28)**	**225,261,807,122.03**
Adjustment:						
Corporate and other unallocated assets	**–**	**–**	**–**	**–**	**–**	**118,617,605,425.51**
Total assets	**–**	**–**	**–**	**–**	**–**	**343,879,412,547.54**
Segment liabilities	**42,972,514,701.24**	**58,858,707,287.78**	**15,041,251,019.65**	**69,086,655,992.90**	**(7,674,051,276.40)**	**178,285,077,725.17**
Adjustment:						
Corporate and other unallocated liabilities	**–**	**–**	**–**	**–**	**–**	**43,635,678,497.21**
Total liabilities	**–**	**–**	**–**	**–**	**–**	**221,920,756,222.38**
Incurred during the year						
Other segment information:						
Share of profit and loss from:						
Gain/(loss) from associates and joint ventures	**154,501,958.92**	**(316,296,110.22)**	**(40,797.17)**	**116,754,282.60**	**–**	**(45,080,665.87)**
Loss of impairment of inventories	**(104,607,343.93)**	**(474,502,457.21)**	**(24,588,094.49)**	**(318,523,000.42)**	**–**	**(922,220,896.05)**
(Loss)/reversal of credit impairment of receivables and lease receivable	**(87,148,761.26)**	**(304,223,938.47)**	**17,441,093.65**	**(133,467,754.70)**	**–**	**(507,399,360.78)**
Loss of impairment of assets	**(83,571,010.50)**	**(2,559,987.23)**	**(1,203,938.62)**	**(58,356,218.42)**	**–**	**(145,691,154.77)**
Depreciation and amortisation	**(1,895,732,977.95)**	**(1,698,560,147.14)**	**(210,706,979.15)**	**(8,921,116,760.40)**	**–**	**(12,726,116,864.64)**
Gain from disposal of fixed assets	**124,707,127.22**	**2,766,337.50**	**1,023,287.72**	**25,490,792.20**	**–**	**153,987,544.64**
Investment in associates and joint ventures	**2,579,954,824.02**	**1,403,892,475.34**	**37,457,041.75**	**893,310,013.89**	**–**	**4,914,614,355.00**
Capital expenditure	**2,667,753,409.23**	**1,504,522,437.41**	**903,212,928.63**	**14,587,030,715.91**	**–**	**19,662,519,491.18**

Item	Engines	Automobiles and automobile components	Agricultural equipment	Intelligent logistics	Inter-segment sale elimination	Total
Incurred in the previous year						
Segment revenue:						
Sale to external customers	47,851,818,788.33	62,617,571,299.57	16,033,535,952.44	87,455,549,590.79	–	213,958,475,631.13
Inter-segment sale	12,923,047,593.59	2,480,038,859.56	166,103,798.47	65,898,355.11	(15,635,088,606.73)	–
Total	60,774,866,381.92	65,097,610,159.13	16,199,639,750.91	87,521,447,945.90	(15,635,088,606.73)	213,958,475,631.13
Segment results	7,718,844,835.27	594,085,412.77	670,837,356.49	4,920,302,813.46	(821,972,130.83)	13,082,098,287.16
Adjustment:						
Interest income	–	–	–	–	–	2,818,200,284.22
Dividend income and unallocated income	–	–	–	–	–	783,187,205.58
Corporate and other unallocated expenses	–	–	–	–	–	(153,757,472.89)
Finance expenses	–	–	–	–	–	(3,378,450,473.56)
Profit before tax	–	–	–	–	–	13,151,277,830.51
31 December 2023						
Segment assets	77,896,756,673.27	57,682,007,603.94	8,356,501,321.88	118,129,802,279.93	(42,512,470,691.60)	219,552,597,187.42
Adjustment:						
Corporate and other unallocated assets	–	–	–	–	–	114,694,615,837.49
Total assets	–	–	–	–	–	334,247,213,024.91
Segment liabilities	42,943,037,078.65	61,252,109,752.74	12,020,196,497.30	66,700,676,736.00	(11,060,691,381.29)	171,855,328,683.40
Adjustment:						
Corporate and other unallocated liabilities	–	–	–	–	–	49,706,149,456.05
Total liabilities	–	–	–	–	–	221,561,478,139.45
Incurred during the year						
Other segment information:						
Share of profit and loss from:						
Gain/(loss) from associates and joint ventures	57,677,234.40	(161,904,931.38)	(8,774,343.28)	100,220,229.40	–	(12,781,810.86)
(Loss)/gain of impairment of inventories	(111,579,672.21)	(315,833,349.82)	(35,170,733.08)	(296,688,322.17)	–	(759,272,077.28)
(Loss)/gain of credit impairment of receivables and lease receivable	(1,833,274.23)	(287,386,154.15)	31,826,800.88	(144,307,159.40)	–	(401,699,786.90)
Loss of impairment of assets	(100,071,897.16)	(175,410,138.56)	(397,121.19)	(49,058,819.13)	–	(324,937,976.04)
Depreciation and amortisation	(1,774,582,437.61)	(1,527,344,970.98)	(276,992,869.39)	(8,410,262,794.72)	–	(11,989,183,072.70)
(Loss)/gain from disposal of fixed assets	49,482,441.30	1,464,314.61	4,065,353.42	42,033,036.80	–	97,045,146.13
Investment in associates and joint ventures	2,947,070,120.83	1,304,683,197.46	37,497,838.92	885,304,393.64	–	5,174,555,550.85
Capital expenditure	3,223,329,498.15	1,474,077,387.78	482,062,295.38	13,145,607,000.00	–	18,325,076,181.31

Group information

Information about products and services

Revenue from external transactions

Item	**Incurred during the year**	Incurred in previous year
Powertrain, complete vehicles and machines and key components	**89,779,256,123.59**	93,829,680,934.26
Other components	**10,089,167,679.70**	7,860,728,366.30
Agricultural equipment	**18,345,130,488.57**	16,033,535,952.44
Intelligent logistics	**88,725,996,284.91**	87,455,549,590.79
Others	**8,750,954,013.05**	8,778,980,787.34
Total	**215,690,504,589.82**	213,958,475,631.13

Geographic information

Revenue from external transactions

Item	**Incurred during the year**	Incurred in previous year
China	**95,916,941,684.73**	100,206,059,785.38
Other countries and regions	**119,773,562,905.09**	113,752,415,845.75
Total	**215,690,504,589.82**	213,958,475,631.13

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

Total non-current assets

Item	**31 December 2024**	31 December 2023
China	**33,414,927,263.01**	33,283,327,899.75
Other countries and regions	**79,642,533,973.14**	78,673,567,166.25
Total	**113,057,461,236.15**	111,956,895,066.00

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

3. NOTES RECEIVABLE

(1) Classification of notes receivable

Item	31 December 2024	31 December 2023
Bank acceptance bills	**6,141,640,667.29**	6,564,601,976.78
Commercial acceptance bills	**26,303,684.47**	260,870,450.69
Acceptance bills of finance companies	**1,723,136,575.27**	1,879,418,964.58
Subtotal	**7,891,080,927.03**	8,704,891,392.05
Less: Provision for bad debts	**430,870.12**	1,754,763.83
Total	**7,890,650,056.91**	8,703,136,628.22

All of the above notes receivable are due within one year.

(2) Notes receivable pledged by the Group as at year end:

Item	31 December 2024	31 December 2023
Bank acceptance bills	**4,654,171,277.21**	5,260,389,158.46

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

	31 December 2024		31 December 2023	
	Derecognised	Not derecognised	Derecognised	Not derecognised
Bank acceptance bills	**125,712,072.15**	**634,319.33**	1,390,762,990.63	1,702,000.00
Commercial acceptance bills	**387,515,500.00**	**–**	350,000.00	450,000.00

As at 31 December 2024, the Group had not transferred any notes into accounts receivable due to issuers' failure in performance (31 December 2023: Nil).

As the Group considered that the bank acceptance bills held were issued by banks with relatively high credit ratings and the credit quality of acceptors of all commercial acceptance bills held by it was good, there was no significant credit risk.

In 2024, the commercial acceptance bills held by the Group were endorsed with a stipulation of non-transferability and without recourse, thereby meeting the criteria for derecognition.

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.

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

Age	**31 December 2024**	31 December 2023
Within 1 year	**30,126,462,366.38**	23,115,434,963.62
1 to 2 years	**1,033,169,772.60**	608,881,383.49
2 to 3 years	**198,291,428.00**	981,449,749.27
Over 3 years	**3,046,247,372.71**	2,583,846,211.08
Gross carrying amount	**34,404,170,939.69**	27,289,612,307.46
Less: Provision for credit loss	**3,526,988,550.90**	3,535,613,297.22
Carrying amount	**30,877,182,388.79**	23,753,999,010.24

(2) Disclosure by category of provision for bad debt:

	31 December 2024				
Item	**Gross carrying amount**	**Proportion (%)**	**Provision for credit losses**	**Percentage of provision (%)**	**Carrying amount**
Provision for bad debts on an individual basis	**4,920,615,490.06**	**14.30**	**2,464,924,574.57**	**50.09**	**2,455,690,915.49**
Provision for bad debts on a collective basis	**29,483,555,449.63**	**85.70**	**1,062,063,976.33**	**3.60**	**28,421,491,473.30**
– credit losses are provided for using impairment matrix based on aging analysis	**13,517,827,032.89**	**39.29**	**898,618,446.20**	**6.65**	**12,619,208,586.69**
– credit losses are provided for using overdue ages as credit risk characteristics	**13,414,493,242.52**	**38.99**	**137,433,366.20**	**1.02**	**13,277,059,876.32**
– accounts receivable portfolio with good credit history	**2,551,235,174.22**	**7.42**	**26,012,163.93**	**1.02**	**2,525,223,010.29**
Total	**34,404,170,939.69**	**100.00**	**3,526,988,550.90**	**10.25**	**30,877,182,388.79**

Item	31 December 2023 Gross carrying amount	Proportion (%)	Provision for credit losses	Percentage of provision (%)	Carrying amount
Provision for bad debts on an individual basis	4,715,952,250.78	17.28	2,684,132,923.38	56.92	2,031,819,327.40
Provision for bad debts on a collective basis	22,573,660,056.68	82.72	851,480,373.84	3.77	21,722,179,682.84
– credit losses are provided for using impairment matrix based on aging analysis	8,021,790,247.67	29.40	725,697,896.69	9.05	7,296,092,350.98
– credit losses are provided for using overdue ages as credit risk characteristics	13,417,793,650.82	49.17	120,371,342.25	0.90	13,297,422,308.57
– accounts receivable portfolio with good credit history	1,134,076,158.19	4.15	5,411,134.90	0.48	1,128,665,023.29
Total	27,289,612,307.46	100.00	3,535,613,297.22	12.96	23,753,999,010.24

(a) As at 31 December 2024, the Group's accounts receivable assessed for expected credit losses individually are presented as follows:

Customer	**Gross carrying amount**	**Provision for credit loss**	**Percentage of provision (%)**	**Reasons**
Customer 1	**887,790,898.52**	**547,069,876.41**	61.62	Bad repayment ability
Customer 2	**334,737,029.78**	**148,638,938.05**	44.40	Significant slowdown in collection of receivables
Customer 3	**214,223,741.41**	**183,408,527.53**	85.62	Bad repayment ability
Customer 4	**209,997,086.67**	**161,438,112.00**	76.88	Bad repayment ability
Customer 5	**111,878,808.83**	**111,878,808.83**	100.00	Bad repayment ability
Customer 6	**75,871,191.17**	**75,871,191.17**	100.00	Bad repayment ability
Customer 7	**56,957,536.46**	**9,967,568.88**	17.50	Risk category
Customer 8	**56,927,140.00**	**56,927,140.00**	100.00	Long credit age
Others	**2,972,232,057.22**	**1,169,724,411.70**	39.36	Long credit age, etc.
Total	**4,920,615,490.06**	**2,464,924,574.57**	50.09	

(b) As at 31 December 2024, the Group's accounts receivable for which credit losses are provided for using impairment matrix based on aging analysis are presented as follows:

Age	**31 December 2024** Gross carrying amount	**Lifetime expected credit loss**	**Expected credit loss rate (%)**
Within 1 year	**12,381,307,904.24**	**335,035,051.60**	**2.71**
1 to 2 years	**541,067,074.58**	**86,716,364.43**	**16.03**
2 to 3 years	**110,486,483.17**	**43,582,727.45**	**39.45**
3 to 4 years	**152,860,566.76**	**103,560,135.06**	**67.75**
4 to 5 years	**36,869,437.66**	**34,488,601.18**	**93.54**
Over 5 years	**295,235,566.48**	**295,235,566.48**	**100.00**
Total	**13,517,827,032.89**	**898,618,446.20**	**6.65**

(c) As at 31 December 2024, the Group's accounts receivable for which credit losses are provided for using overdue ages as credit risk characteristics are presented as follows:

	31 December 2024		
Overdue age	**Gross carrying amount**	**Lifetime expected credit loss**	**Expected credit loss rate (%)**
Not yet overdue or overdue for less than 90 days	**12,475,322,964.65**	**82,652,699.75**	**0.66**
Overdue for more than 90 days but less than 180 days	**563,190,395.02**	**22,410,272.64**	**3.98**
Overdue for more than 180 days	**375,979,882.85**	**32,370,393.81**	**8.61**
Total	**13,414,493,242.52**	**137,433,366.20**	**1.02**

(d) As at 31 December 2024, provisions for credit losses for the Group's accounts receivable with good credit history are presented as follows:

	31 December 2024		
Item	**Gross carrying amount**	**Lifetime expected credit loss**	**Expected credit loss rate (%)**
Accounts receivable with good credit history	**2,551,235,174.22**	**26,012,163.93**	**1.02**

(3) As at 31 December 2024, the top five balances in respect of accounts receivable and contract assets by closing balance are presented as follows:

Name of entity	**Gross carrying amount of accounts receivable**	**Gross carrying amount of contract assets**	**Proportion (%)**	**Provision for credit losses**
First place	**1,539,952,967.04**	**–**	**4.20**	**15,399,529.67**
Second place	**1,097,908,997.38**	**66,981,589.77**	**3.17**	**–**
Third place	**887,790,898.52**	**–**	**2.42**	**547,069,876.41**
Fourth place	**817,346,768.87**	**–**	**2.23**	**8,173,467.69**
Fifth place	**768,780,621.28**	**–**	**2.09**	**239,822.54**
Total	**5,111,780,253.09**	**66,981,589.77**	**14.11**	**570,882,696.31**

(4) Movements in provision for credit losses:

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 2023	**864,639,896.31**	**2,670,973,400.91**	**3,535,613,297.22**
Balance as at 31 December 2023 in the current year			
– Transferred to receivables with impairment of credit	**(21,615,576.16)**	**21,615,576.16**	**–**
Provision for the year	**304,946,434.60**	**297,759,378.58**	**602,705,813.18**
Reversal during the year	**(74,756,060.86)**	**(40,200,164.18)**	**(114,956,225.04)**
Written off during the year	**–**	**(423,088,221.37)**	**(423,088,221.37)**
Adjustment for exchange differences	**(11,150,717.56)**	**(62,135,395.53)**	**(73,286,113.09)**
Balance as at 31 December 2024	**1,062,063,976.33**	**2,464,924,574.57**	**3,526,988,550.90**

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 2022	765,435,159.92	2,432,172,299.52	3,197,607,459.44
Balance as at 31 December 2022 in the current year			
– Transferred to receivables with impairment of credit	(17,463,796.59)	17,463,796.59	–
Provision for the year	232,554,726.46	318,459,156.32	551,013,882.78
Reversal during the year	(116,080,822.03)	(45,104,907.92)	(161,185,729.95)
Written off during the year	–	(60,260,553.27)	(60,260,553.27)
Other increases	–	1,853,921.94	1,853,921.94
Adjustment for exchange differences	194,628.55	6,389,687.73	6,584,316.28
Balance as at 31 December 2023	864,639,896.31	2,670,973,400.91	3,535,613,297.22

As at 31 December 2024, the carrying amount of restricted accounts receivable of the Group amounted to RMB63,859,494.19 (31 December 2023: RMB62,500,000.00).

5. NOTES PAYABLE

Item	31 December 2024	31 December 2023
Bank acceptance bills	**32,783,477,190.84**	26,791,054,382.20
Commercial acceptance bills	**6,766,199.72**	40,527,767.69
Acceptance bills of finance companies	**1,335,620,000.14**	795,214,137.94
Total	**34,125,863,390.70**	27,626,796,287.83

As at 31 December 2024, the Group had no outstanding notes payable which were due (31 December 2023: Nil).

6. ACCOUNTS PAYABLE

An aging analysis of accounts payable based on billing dates is presented as follows:

Item	31 December 2024	31 December 2023
Within 1 year	**56,784,694,275.86**	58,809,419,645.54
Over 1 year	**1,248,270,672.51**	1,317,369,505.63
Total	**58,032,964,948.37**	60,126,789,151.17

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

As at 31 December 2024, there was no accounts payable which was material and aged over one year (31 December 2023: Nil).

7. REVENUE AND COST OF SALES

(1) Revenue and cost of sales

Item	Incurred during the year		Incurred in previous year	
	Revenue	**Cost**	Revenue	Cost (Restated)
Revenue from principal operations	**213,844,852,068.03**	**166,072,361,184.03**	210,806,724,128.58	167,786,321,355.57
Other revenue	**1,845,652,521.79**	**1,232,556,213.29**	3,151,751,502.55	2,650,930,066.77
Total	**215,690,504,589.82**	**167,304,917,397.32**	213,958,475,631.13	170,437,251,422.34

(2) Details of revenue

Item	Incurred during the year	Incurred in previous year
Revenue from principal operations		
Sales of goods and others	**106,973,691,994.10**	107,504,823,438.84
Revenue from forklift trucks production and sales and warehousing technology	**66,294,017,242.08**	64,728,581,775.02
Revenue from supply chain solution	**22,429,008,014.52**	22,720,385,724.48
Agricultural equipment	**18,148,134,817.33**	15,852,933,190.24
Sub-total	**213,844,852,068.03**	210,806,724,128.58
Other revenue		
Sales of materials	**1,108,621,108.59**	2,297,935,536.55
Lease income	**112,138,234.25**	104,175,047.22
Provision of non-industrial labour	**74,284,473.64**	103,853,349.53
Others	**550,608,705.31**	645,787,569.25
Sub-total	**1,845,652,521.79**	3,151,751,502.55
Total	**215,690,504,589.82**	213,958,475,631.13

(3) Reporting segment

Item	Engines and automobiles and automobile components		Intelligent logistics		Agricultural equipment		Total	
	Revenue	Cost of sales	Revenue	Cost of sales	Revenue	Cost of sales	Revenue	Cost of sales
Major regions of operation								
Incl: Mainland China	74,049,041,782.06	57,473,592,878.29	5,290,327,364.76	3,846,375,636.23	16,577,572,537.91	14,371,406,761.31	95,916,941,684.73	75,691,375,275.83
Other countries and regions	34,570,336,034.28	29,072,048,979.04	83,435,668,920.15	60,999,426,417.15	1,767,557,950.66	1,542,066,725.30	119,773,562,905.09	91,613,542,121.49
Total	**108,619,377,816.34**	**86,545,641,857.33**	**88,725,996,284.91**	**64,845,802,053.38**	**18,345,130,488.57**	**15,913,473,486.61**	**215,690,504,589.82**	**167,304,917,397.32**
Categorised by time for recognition of revenue								
Incl: transferred at a certain point of time	108,425,301,670.90	86,479,953,906.22	55,518,509,838.05	40,702,028,331.48	18,343,969,302.32	15,912,082,902.94	182,287,780,811.27	143,094,065,140.64
Provided over a certain period of time	133,742,359.43	30,679,714.21	24,020,928,142.94	17,464,611,620.07	436,339.16	0.00	24,155,106,841.53	17,495,291,334.28
Subtotal of revenue arising from contracts with customers	108,559,044,030.33	86,510,633,620.43	79,539,437,980.99	58,166,639,951.55	18,344,405,641.48	15,912,082,902.94	206,442,887,652.80	160,589,356,474.92
Revenue under the Standard on Leases	60,333,786.01	35,008,236.90	9,186,558,303.92	6,679,162,101.83	724,847.09	1,390,583.67	9,247,616,937.02	6,715,560,922.40
Total	**108,619,377,816.34**	**86,545,641,857.33**	**88,725,996,284.91**	**64,845,802,053.38**	**18,345,130,488.57**	**15,913,473,486.61**	**215,690,504,589.82**	**167,304,917,397.32**

(4) Performance of obligations

The supply chain solution projects 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 project contracts. As at 31 December 2024, some of the Group's supply chain solution project 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 project contract, and will be recognised as revenue in the future performance period of each supply chain solution project 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 but had not been performed or fully performed as at the end of the Year was RMB28,880,701,577.00. Information related to revenue expected to be recognised in respect of outstanding performance obligations under contracts is set out below:

Term	**31 December 2024**	31 December 2023
Within 1 year	**12,781,731,662.70**	12,454,081,280.00
1 to 2 years	**8,840,372,058.70**	11,784,446,003.20
2 to 3 years	**3,437,544,091.80**	3,950,112,512.00
3 to 4 years	**1,709,131,624.20**	1,524,559,052.80
4 to 5 years	**1,242,079,156.50**	825,255,296.00
Over 5 years	**869,842,983.10**	810,888,678.40

8. TAXES AND SURCHARGES

Item	**Incurred during the year**	Incurred in previous year
Property tax	**279,954,266.93**	284,854,757.35
City maintenance and construction tax	**124,289,561.35**	117,876,880.48
Educational surtax	**90,985,554.12**	87,283,023.03
Stamp duty	**118,220,069.53**	126,420,299.90
Others	**93,969,734.66**	132,465,160.99
Total	**707,419,186.59**	748,900,121.75

9. INCOME TAX EXPENSES

Item	**Incurred during the year**	Incurred in previous year
Current tax expenses	**3,171,744,847.82**	3,306,177,799.50
Deferred tax expenses	**(127,904,520.36)**	(1,366,514,244.24)
Total	**3,043,840,327.46**	1,939,663,555.26

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

Item		**Incurred during the year**	Incurred in previous year
Total profit		**17,321,522,297.85**	13,151,277,830.51
Tax at statutory tax rate	*Note 1*	**4,330,380,574.48**	3,287,819,457.70
Effect of different tax rates applicable to the Company and some subsidiaries	*Note 2*	**(1,161,456,945.55)**	(1,011,678,047.03)
Effect of tax rate change on opening balance of deferred income tax		**(1,113,948.00)**	(25,278,383.94)
Adjustments to current tax of previous periods		**(45,941,606.76)**	39,337,418.74
Profits and losses attributable to associates and joint ventures		**19,239,133.13**	47,040,411.00
Income not subject to tax		**(150,645,056.44)**	(83,432,561.90)
Expenses not deductible for tax		**391,765,743.18**	256,535,689.02
Effect of tax incentives on eligible expenditures		**(843,184,070.83)**	(815,703,345.68)
Effect of utilisation of deductible losses and deductible temporary difference of unrecognised deferred tax assets from prior years		**(63,019,678.97)**	(123,324,355.63)
Effect of unrecognised deductible losses and deductible temporary difference		**548,965,376.93**	547,722,537.93
Others		**18,850,806.29**	(179,375,264.95)
Tax expense at the Group's effective tax rate		**3,043,840,327.46**	1,939,663,555.26

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	**Incurred during the year**	Incurred in previous year
Earnings		
Net profit of the current year attributable to ordinary shareholders of the Company	**11,403,288,984.59**	9,013,894,024.19
Shares		
Weighted average number of the ordinary shares outstanding of the Company	**8,717,561,296.00**	8,639,291,296.00
Basic EPS (RMB/share)	**1.31**	1.04

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:

		Incurred during the year						
Item	Balance as at 31 December 2023	Incurred before the income tax for the current year	Less: Amount recognised in other comprehensive income in previous period and recognised in profit or loss in current period	Less: Income tax expenses	Attributable to parent company after tax	Attributable to minority interests after tax	Less: Amount recognised in other comprehensive income in previous period and recognised in profit or loss in current period	Balance as at 31 December 2024
I. Those other comprehensive income not to be reclassified into profit or loss	1,640,658,027.92	1,966,763,427.98	–	225,664,318.44	1,689,998,625.20	51,100,484.34	–	3,330,656,653.12
Changes arising from re-measuring of defined benefit plan	567,250,195.76	(133,997,225.93)	–	(56,201,569.14)	(15,739,188.83)	(62,056,467.96)	–	551,511,006.93
Other comprehensive income not to be reclassified into profit or loss using the equity method	(114,558,570.15)	103,265.80	–	–	(4,006,176.89)	4,109,442.69	–	(118,564,747.04)
Change in fair value of investment in other equity instruments	1,187,966,402.31	2,100,657,388.11	–	281,865,887.58	1,709,743,990.92	109,047,509.61	–	2,897,710,393.23
II. Other comprehensive income to be reclassified into profit or loss	(467,821,855.02)	(247,409,408.85)	61,369,798.06	(20,341,460.18)	(154,937,635.27)	(133,500,111.46)	–	(622,759,490.29)
Other comprehensive income to be reclassified into profit or loss using the equity method	(9,576,955.52)	(3,129,266.20)	–	–	(3,129,266.20)	–	–	(12,706,221.72)
Cashflow hedging reserve	67,493,377.75	(88,047,796.47)	61,369,798.06	(20,341,460.18)	(93,840,244.75)	(35,235,889.60)	–	(26,346,867.00)
Exchange differences on foreign currency translation	(525,738,277.25)	(156,232,346.18)	–	–	(57,968,124.32)	(98,264,221.86)	–	(583,706,401.57)
Total of other comprehensive income	1,172,836,172.90	1,719,354,019.13	61,369,798.06	205,322,858.26	1,535,060,989.93	(82,399,627.12)	–	2,707,897,162.83

The Group transferred its cashflow hedging reserve to the initial recognition of inventories of RMB61,918,938.06 during the year.

12. DIVIDENDS

	2024	2023
	RMB'000	*RMB'000*
Proposed final dividend – RMB0.347 (2023: RMB0.293) per ordinary share	**3,024,338**	2,554,245

On 27 March 2025, the Company's 2024 profit distribution proposal was approved by the Company's third meeting of the seventh session of the Board. Based on the total number of shares of 8,715,671,296 shares eligible for profit distribution as at 31 December 2024, the Company intended to distribute to all shareholders a cash dividend of RMB3.47 (including tax) for every 10 shares held, without bonus shares or any capitalisation of reserve. Implementation of the proposal is subject to the consideration and approval by the 2024 annual general meeting of the Company.

13. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

In 2024, the Group has adopted the relevant requirements and guidelines under the Accounting Standards for Business Enterprises issued by the Ministry of Finance in recent years, mainly including:

– the provisions on "the classification of current liabilities and non-current liabilities" under Interpretation No.17 of Accounting Standards for Business Enterprises (Cai Kuai [2023] No.21) ("Interpretation No.17");

– the provisions on "the presentation of guarantee-type warranty expenses" in the "Application Guidelines for Accounting Standards for Business Enterprises 2024".

(a) The major impact of the above provisions and guidelines adopted by the Group

(i) Provisions on the classification of current liabilities and non-current liabilities

According to the provisions of Interpretation No.17, in classifying the liquidity of liabilities, the Group only considers whether as at the balance sheet date, it has the substantive right to defer the repayment of liabilities to more than one year after the balance sheet date ("right to defer the repayment of liabilities"), and does not take into consideration whether it has the subjective possibility to exercise the aforesaid right.

For liabilities arising from the Group's loan arrangements, if the Group's right to defer repayment of liabilities is subject to the compliance with the conditions specified in the loan arrangement ("contractual conditions"), in classifying the liquidity of the relevant liabilities, the Group only considers the contractual conditions that should have been complied with on or before the balance sheet date, and does not take into consideration the impact of such contractual conditions subsequent to the balance sheet date.

For liabilities to be settled by the Group by way of delivering its own equity instruments at the option of the counterparty, if the Group shall classify such options as equity instruments in accordance with the provisions under No. 37 of Accounting Standards for Business Enterprises – Presentation of Financial Instruments and recognise them separately as the equity component of a compound financial instrument, the classification of the liquidity of these liabilities will not be affected. In contrast, if the aforesaid options cannot be classified as equity instruments, the classification of the liquidity of liabilities will be affected.

For certain loans obtained by the Group that are repayable at any time before the maturity date of the bank credit facility, prior the implementation of Interpretation No.17, the Group classify the liquidity of these liabilities based on its subjective possibility to repay and record them as "short-term loans" and "long-term borrowings". Upon the implementation of Interpretation No.17, since the Group has the substantive right on the balance sheet date to defer the repayment of liabilities to more than one year after the balance sheet date, it shall reclassify the current portion of these liabilities to non-current liabilities and reclassify it from "short-term loans" to "long-term borrowings".

The Group adopted the retrospective adjustment method to make corresponding adjustments to the financial statement data for the comparative period.

(ii) *Provisions on "the presentation of guarantee-type warranty expenses" in the Application Guidelines for Accounting Standards for Business Enterprises 2024"*

In accordance with the provisions of the "Application Guidelines for Accounting Standards for Business Enterprises 2024" issued by the Ministry of Finance, the Group will recognise the guarantee-type warranty expenses accrued by it as "cost of sales" and cease to recognise them as "distribution and selling expenses".

The Group adopted the retrospective adjustment method to make corresponding adjustments to the financial statement data for the comparative period.

(b) Impacts of the changes on the financial statements for the current year

The above changes in accounting policy do not have material impact on the consolidated balance sheet and company balance sheet as at 31 December 2024.

The impacts of the above changes in the accounting policy on each item of the consolidated income statement and Company income statement for the period from 1 January 2024 to 31 December 2024 are summarised as follows:

	Increase/(decrease) in the amount of line items after adopting the changes in the accounting policy	
	The Group	The Company
Cost of sales	**1,259,862,364.70**	427,937,850.33
Distribution and selling expenses	**(1,259,862,364.70)**	(427,937,850.33)

(c) Impacts of the changes on the comparative financial statements

The impacts of the above changes in the accounting policies on each item of the consolidated balance sheet as at 31 December 2023 are summarised as follows:

		The Group	
	Before adjustment	**Adjustment**	**After adjustment**
Liabilities:			
Short-term loans	**2,046,781,742.31**	**(165,003,904.00)**	**1,881,777,838.31**
Long-term borrowings	**17,907,609,014.47**	**165,003,904.00**	**18,072,612,918.47**

The impacts of the above changes in the accounting policies on each item of the consolidated income statement and Company income statement for the period from 1 January 2023 to 31 December 2023 are summarised as follows:

		The Group	
	Before adjustment	**Adjustment**	**After adjustment**
Cost of sales	**168,842,269,935.85**	**1,594,981,486.49**	**170,437,251,422.34**
Distribution and selling expenses	**13,410,095,435.42**	**(1,594,981,486.49)**	**11,815,113,948.93**

		The Company	
	Before adjustment	Adjustment	After adjustment
Cost of sales	31,576,623,056.94	676,072,830.01	32,252,695,886.95
Distribution and selling expenses	1,455,724,919.44	(676,072,830.01)	779,652,089.43

(1) Upon the retrospective adjustments of the above changes in accounting policies, the amounts in the consolidated balance sheet and Company balance sheet as at 1 January 2023 are as follows:

	The Group	The Company
Assets		
Current assets:		
Cash and bank	**70,841,690,615.34**	27,848,701,297.77
Incl.: Amount deposited in financial institution	**23,558,435,638.00**	18,175,230,353.20
Financial assets held for trading	**11,864,020,567.44**	5,909,166,027.41
Notes receivable	**9,602,586,343.47**	12,342,277,798.91
Accounts receivable	**21,418,523,616.59**	2,492,229,542.60
Receivable financing	**6,972,217,007.03**	–
Prepayments	**1,472,527,993.82**	249,946,738.44
Other receivables	**1,260,827,218.05**	521,391,702.76
Inventories	**33,373,961,762.55**	2,518,267,357.24
Contract assets	**4,042,186,086.76**	–
Assets held for sale	**203,550,763.80**	–
Non-current assets due within one year	**3,858,312,076.50**	–
Other current assets	**3,573,816,314.90**	668,347,787.88
Total current assets	**168,484,220,366.25**	52,550,328,253.01
Non-current assets:		
Long-term receivables	**10,172,965,683.60**	–
Long-term equity investments	**5,340,553,607.62**	25,697,689,056.62
Investment in other equity instruments	**3,395,947,023.27**	1,123,406,877.60
Other non-current financial assets	**902,292,850.10**	–
Investment property	**621,930,393.42**	1,082,400,464.23
Fixed assets	**37,894,423,285.01**	5,267,992,985.20
Construction in progress	**7,980,410,006.36**	3,929,593,060.22
Right-of-use assets	**5,034,097,940.33**	–
Intangible assets	**22,759,467,050.26**	791,816,609.98
Development expenditure	**339,108,712.35**	316,546,767.14
Goodwill	**24,019,149,507.73**	341,073,643.76
Long-term prepaid expenses	**312,130,240.35**	–
Deferred tax assets	**4,905,290,205.76**	1,169,417,817.15
Other non-current assets	**1,504,100,980.08**	25,690,980.00
Total non-current assets	**125,181,867,486.24**	39,745,628,261.90
Total assets	**293,666,087,852.49**	92,295,956,514.91

	The Group	The Company
Liabilities and shareholders' equity		
Current liabilities:		
Short-term loans	**4,453,263,023.24**	–
Financial liabilities held for trading	**85,556,345.40**	–
Notes payable	**22,024,750,934.33**	11,170,209,871.00
Accounts payable	**45,560,077,179.76**	10,048,680,823.68
Contract liabilities	**13,086,786,850.63**	1,261,181,403.94
Liabilities classified as held for sale	**201,695,038.80**	–
Payroll payable	**6,133,750,533.67**	714,897,086.21
Taxes payable	**1,665,377,748.46**	64,238,914.11
Other payables	**8,190,858,301.41**	2,591,447,664.06
Non-current liabilities due within one year	**11,215,162,500.91**	–
Other current liabilities	**6,969,573,180.76**	530,348,756.84
Total current liabilities	**119,586,851,637.37**	26,381,004,519.84
Non-current liabilities:		
Long-term borrowings	**22,938,147,286.32**	–
Bonds payable	**6,056,952,787.80**	–
Lease liabilities	**4,424,326,131.24**	–
Long-term payables	**8,015,209,194.73**	–
Long-term payroll payable	**6,863,810,957.10**	72,428,670.89
Accruals and provisions	**671,834,753.46**	–
Deferred income	**4,650,817,121.11**	1,648,514,398.21
Deferred tax liabilities	**4,449,817,821.47**	5,074,478.20
Other non-current liabilities	**11,897,668,001.48**	–
Total non-current liabilities	**69,968,584,054.71**	1,726,017,547.30
Total liabilities	**189,555,435,692.08**	28,107,022,067.14
Shareholders' equity:		
Share capital	**8,726,556,821.00**	8,726,556,821.00
Capital reserve	**11,350,199,586.08**	11,706,934,865.31
Less: Treasury shares	**1,036,022,358.39**	1,036,022,358.39
Other comprehensive income	**739,485,609.80**	118,052,034.71
Special reserve	**307,793,867.29**	167,310,361.12
Surplus reserve	**2,765,811,169.85**	5,430,332,411.54
Retained earnings	**50,330,429,225.83**	39,075,770,312.48
Total equity attributable to the shareholders of the parent	**73,184,253,921.46**	64,188,934,447.77
Minority interests	**30,926,398,238.95**	–
Total shareholders' equity	**104,110,652,160.41**	64,188,934,447.77
Total liabilities and shareholders' equity	**293,666,087,852.49**	92,295,956,514.91

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I would like to present the audited annual results of the Company for the year ended 31 December 2024.

I. REVIEW OF OPERATING CONDITIONS

Since 2024, the global economy has shown signs of insufficient momentum, escalating conflicts, and imbalanced growth amid a sluggish recovery. Despite facing multiple internal and external risks and challenges, China's economy has overall maintained a stable and progressive development trajectory with a rebound and positive trend, demonstrating strong growth resilience. The annual gross domestic product reached RMB134.91 trillion, representing a year-on-year increase of 5%. In 2024, the heavy-duty truck industry delivered a sales volume of 902,000 units, representing a year-on-year decrease of 1%; the construction machinery industry delivered a sales volume of 682,000 units, representing a year-on-year decrease of 4.5%; the agricultural equipment industry delivered a sales volume of 437,000 unites, representing a year-on-year increase of 4.9%.

During the reporting period, amid a complicated and volatile domestic and international landscape, the Company adopted a scientific strategic layout and systematically advanced its initiatives. By strengthening technological innovation, proactively capturing market opportunities, and maximising operational potential to effectively overcome the pressure from the industry's low-growth environment. All key indicators demonstrated comprehensive improvement, with profit growth significantly outpacing revenue growth, sustaining the momentum of high-quality and stable development. The Company's revenue increased by 0.8% as compared with that in the corresponding period last year to approximately RMB215,691 million. Net profit attributable to the shareholders of the listed company amounted to approximately RMB11,403 million, representing an increase of approximately 26.5% as compared with that in the corresponding period last year. Basic earnings per share was RMB1.31, representing an increase of approximately 25.4% as compared with that in the corresponding period last year.

1. Power System Business

In 2024, the Company sold 734,000 units of engines, of which 69,000 units were exported, representing a year-on-year increase of 5%. Sale of M-series large-diameter and high-power-density engines reached 8,132 units, remaining the same level year-on-year. Sale of gear boxes reached 853,000 units, representing a year-on-year increase of 2%, and axles sale totaled 800,000 units, representing a year-on-year increase of 8%. **We adhered to innovation-driven development and independent R&D to achieved breakthroughs.** We launched the world's first diesel engine with a 53.09% base thermal efficiency, marking four consecutive years of breaking global records, and completed strategic deployment in alternative fuel technologies including methanol and hydrogen. We also completed the development of high-speed flat-wire motors and highly integrated multi-functional power domain controllers for complete vehicles and machinery to accelerate the establishment of differentiated competitive advantages in new energy products. With the establishment of the world's largest multi-source power comprehensive testing laboratory, we developed world's leading testing capabilities for three major R&D platforms: complete vehicles and machinery, new energy commercial vehicle powertrain systems, and future technologies. We built the first corporate-level virtual power plant in the province, featuring self-developed SOFC battery power generator, electrical energy storage, photovoltaic systems, and generator microgrids, achieving a 10% improvement in comprehensive energy utilisation efficiency. **We continued to strengthen our product competitiveness to build an industry-leading high-end brand.** The M-series large-diameter and high-power-density engines made significant breakthroughs, driving explosive growth in data center operations across premium markets in Europe, Americas, and Southeast Asia. We also unveiled a new generation of gas engines, securing full-spectrum advantages in clean fuel powertrains, and introduced China's first 120-400-ton electric-drive mining truck power systems (M33 and M55), reinforcing Weichai's position as a national pillar in critical equipment. The WP13F premium marine diesel engine has completed sea trials and been successfully supplied for high-end yachts. We launched power batteries for full-range commercial vehicle and construction machinery with 60% extended cycle life and 5% lighter battery packs compared to competitors with equivalent capacity. The Group's integrated solution of "traditional power + clean power + new energy power" is a strong support for the Group's complete vehicles and machinery to move forward to the first-class level.

2. Commercial Vehicle Business

The Company adhered to the leading strategy with complete vehicles and machineries, enhanced the competitiveness of its products, and accelerated collaborative upgrading of the industrial chain. Shaanxi Heavy-duty Motor Company Limited ("Shaanxi Zhongqi"), a subsidiary of the Company, strengthened market expansion and implemented integrated coordination during the year, and achieved vehicle sales of 118,000 units, representing a 2% year-on-year increase, achieving improvements in both production/sales scale and operational efficiency. **We advanced the dual-drive strategy in both the domestic and global markets to consolidate overseas competitive edge.** While truck sales and market share grew simultaneously, the new energy heavy-duty trucks also further expanded their market presence, with hydrogen-powered products commenced commercial operations in multiple regions and realised industry-leading sales. The export volume of heavy-duty trucks amounted to 59,000 units, representing a year-on-year increase of 15%, with an export market share of 20.4%, representing a growth of 1.8 percentage points. Guided by the "One Country, One Vehicle" strategy, we accelerated product upgrades and introduced 6,000 full-platform products. **Through technological breakthroughs, our new energy products outperformed our competitors.** Upon completion of the deployment of new energy vehicle

2.0 charging products, we released X5000E/M3000E 400kWh battery swapping-compatible and 600kWh large-capacity electric vehicles and developed 132kW/160kW fuel cell products. Our autonomous driving solutions expanded into new scenarios of application and realised regular delivery in small batches. The 3.0 truck-trailer integrated products continued to upgrade and new energy 2.0 products achieved full-scenario application with sales volume in the industry's top tier. We pioneered the industry with the launch of an AI brand, namely Tianyan, the first software-defined vehicle technology framework.

3. Agricultural Equipment Business

In 2024, amid multiple challenges including agricultural machinery technology upgrades, structural adjustments in the agricultural machinery market, and regulatory shifts in industrial policies, the Company's agricultural equipment business accelerated its transformation and rapidly achieved breakthroughs in agricultural mechanisation technology innovation. Against the backdrop of multiple factors such as emission standard upgrades and food prices, and a decline in the agricultural machinery market, the Company's agricultural equipment business bucked the trend, and the market share of its major products increased in overall, sustaining its leading market position. **We lead the industry in high-end transformation and have fortified our core competitiveness in agricultural machinery.** The tractor business has transitioned to the 4th generation design with cab noise reduced to 80 dB and achieved full autonomy in power shift core technology, offering a complete product portfolio spanning 80-320 horsepower. The harvesting machinery achieved breakthrough in engine speed reduction and fuel-saving technology, improving fuel efficiency of corn harvest machines by more than 10%. We also launched 8-10kg/s grain combine harvest machines with 4-key straw walker, establishing a dual-technology roadmap comprising "straw walker + axial flow". Significant technological breakthroughs in 18kg/s feeding capacity harvest machines have been also made, completing field trials for wheat and corn harvesting. **Upholding the technology-driven innovation approach, we took lead in industry upgrade.** In respect of smart agriculture, leveraging advanced technologies such as IoT, cloud computing and AI, we connected the entire agricultural production chain and released the "Lovol Smart Agriculture All-Scenario Cloud Solution", enabling multi-factor digitalisation and digital precision management of human, machinery, routes, farmlands, and environmental factors, overcoming challenges in agricultural machinery and agricultural management, and setting a new standard for scientific agricultural production.

4. Intelligent Logistics Business

The Company has the world's leading intelligent logistics business segment. KION Group AG, an overseas controlling subsidiary based in Germany, is a globally leading supplier in the area of intelligent logistics, and is dedicated to providing intelligent logistics solutions for factories, warehouses, and distribution centers. In 2024, KION Group AG achieved a record-high revenue of EUR11.5 billion, in which its forklift business (represented by Linde and STIHL) realised a revenue of EUR8.61 billion and the supply chain solution business (represented by the Dematic Group) realised a revenue of EUR2.94 billion. KION Group AG realised a three-year high net profit of EUR370 million, representing a year-on-year growth of 17.5% and successfully overcoming the challenges of inflation and supply chain disruptions with a significant increase in earnings. In terms of the forklift business, we set up a center of excellence for automation solution in Belgium to advance the development of autonomous driving and interoperable robotic technologies for forklifts, providing faster, more innovative, and cost-effective automated implementation projects for customers. In terms of supply chain solutions, we developed smart warehouse systems that integrate autonomous forklifts, intelligent cameras, automation and robotics technology. We launched the Dematic Silky Sorting System and Feilong System, exclusively designed for Chinese customers, which combine the dual advantages of localised engineering and domestic supply chain integration to better meet the demand for high efficient warehouse management in the Chinese market. In terms of sustainable development, the MSCI ESG rating of KION Group AG has been upgraded to AAA, ranking among the top 10% in the global industry, and it has been selected into the "Sustainability Yearbook" by S&P Global for three consecutive years. KION also earned an EcoVadis Gold Rating and was listed in the Dow Jones Europe's Best Corporate Index, having its economic, social and environmental values being highly recognised by the industry.

II. DIVIDENDS AND CAPITALISATION OF RESERVE

On 27 March 2025, the Company's 2024 profit distribution proposal was considered and approved by the Company's third meeting of the seventh session of the Board. Based on 8,715,671,296 shares currently eligible for profit distribution, the Company intended to distribute to all shareholders a cash dividend of RMB3.47 (including tax) for every 10 shares held, without bonus shares or any capitalisation of reserve. Upon the implementation of the 2024 dividends distribution plan, if there is a change in the total amount of shares eligible for profit distribution, the Company will adjust the total amount of profit distribution in accordance with the principle that "the distribution proportion shall remain unchanged" on the basis of the total number of shares eligible for profit distribution as at the record date for the implementation of the distribution plan for A shares. This proposal is subject to the consideration and approval at the 2024 Annual General Meeting. 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

The Chinese government will implement more proactive fiscal policies and moderately accommodative monetary policies, with an emphasis on strengthening unconventional counter-cyclical measures for the first time, signaling a strong push to boost consumption, stabilise real estate and stock markets, expand domestic demand, and enhance long-term growth momentum. Policy dividends from the "Two New Initiatives and Two Key Projects" together with the industrial transformation driven by urban renewal and new opportunities in overseas markets will present the Company with an abundance of positive factors and growth opportunities.

In 2025, the Company will proactively innovate, accelerate transformation, and consolidate its core competitive advantages and foster new growth drivers while reinforcing our efforts, seeking breakthroughs, and maximising efficiency to achieve high-quality annual operational goals.

We will deepen market segment focus and achieve budget targets. We will implement precision marketing, accelerate R&D, and secure efficient delivery and service assurance to ensure sustained product competitiveness, stable sales growth, and enhanced customer satisfaction. Through optimising product mix and shifting from homogeneous price competition to high-end technology competition, we will strive to increase market share, percentage of high-end products, and profitability across all sectors. Efforts will also be made to strengthen our core advantages in powertrain systems to support global leadership in complete vehicles and machinery. **While pursuing reforms and transformative upgrades, we will cultivate high-quality strategic growth.** In addition to consolidating our traditional strengths, we will advance five key strategic initiatives. **First, we will aggressively expand our new energy business** by integrating resources between renewable energy and our core competencies to scale up electric powertrain systems for both internal bulk supply and external market penetration, in order to ensure a growth outperforming the industry. **Second, we will prioritise breakthroughs in large-diameter engine technology,** by developing more high-end products for high-end applications such as global data centers, mining truck upgrades, and commercial marine auxiliaries to drive sustained market expansion. **Third, we aim to seize strategic opportunities in overseas markets** by accelerating localised manufacturing, securing overseas supply chain, and building comprehensive service networks to gain a competitive edge globally. **Fourth, we will bolster the aftermarket business** by benchmarking the global standards with a focus on Total Cost of Ownership (TCO) solutions, offering integrated lifecycle product-service packages. **Lastly, digital-intelligent transformation will be accelerated,** embedding advanced technologies including digital technology and big data analytics into high-end product development. **We adhere to innovation-driven technological advancement to build leading competitive advantages in technology.** By accelerating breakthroughs in core technologies and critical "bottleneck" technologies within the industry, we will strengthen R&D efforts on engine core technologies such as high thermal efficiency, superior reliability, and low emissions to maintain absolute competitive superiority in engine platforms. Meanwhile, we will intensify dedicated R&D initiatives for lowcarbon fuel technologies, with focused efforts on alternative fuel product development, and expedite business validation for new energy electric drive systems while developing and deploying next-generation new energy controllers. By means of continuously enhancing fuel cell power density, response speed, and durability and reliability, we will accelerate commercial deployment in specific applications. **We will strengthen corporate risk management to steadily enhance corporate governance standards**. We will deepen the construction of internal control systems and advancing proactive risk control measures, with a view to achieve full implementation of enterprise-wide compliance management. Through supervision of asset management flows, we will facilitate the revitalisation of existing assets and accelerate disposal of underperforming and non-productive assets, while reinforcing investment security assessment to ensure the security, controllability, and efficiency of the operation of overseas assets. By consolidating product platforms and production line resources, we will continuously optimise resource allocation and production capacity utilisation. We strive to implement robust market capitalisation management as a listed company, in order to bolster investor confidence and elevate corporate profile in capital markets. To benchmark against industry leaders, we will comprehensively advance ESG management system development, driving orderly and sustainable corporate growth.

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 2024 as follows:

I. INDUSTRY ANALYSIS

The Company is one of the vehicle and equipment manufacturing conglomerates in the PRC with the best comprehensive strengths. Our development vision is to build a technology-leading, green and world-class multinational group of high-end equipment. Over the years, the Company has been dedicated to product management and capital operation and striving to develop competitive products in terms of three key aspects: quality, technology and cost-effectiveness, thereby developing an industrial landscape of synergetic development among segments including powertrains, commercial vehicles, agricultural equipment and intelligent logistics.

1. Commercial Vehicles, Construction Machinery and Agricultural Equipment Industries

Throughout the year of 2024, the actual performance of the heavy-duty truck market fell short of expectations. In 2024, the heavy-duty truck industry delivered a sales volume of 902,000 units, representing a year-on-year decrease of 1%, with the overall trend characterised by "high-opening but low-closing". The heavy-duty truck market experienced subdued demand dynamics. As revealed by an in-depth analysis, the underlying reasons are primarily attributed to the following factors: first, as the overall economic and consumption recovery remained weak, the commencement of new infrastructure projects lagged behind expectations, and fixed-asset investment has yet to show signs of recovery, resulting in insufficient demand stimulation for heavy-duty trucks. Second, the depressed domestic road freight market, coupled with excess transportation capacity and excess domestic heavy-duty truck inventory, also hindered the sales of new trucks to a certain extent.

Affected by factors such as the macroeconomic environment and intensifying industry competition, the construction machinery industry remained in a slow recovery phase at the trough of the cycle, with overall subpar performance. In 2024, total sales reached 682,000 units, marking a year-on-year decline of 4.5%.

Since 2024, under the impact of agricultural machinery technology upgrades, structural adjustments in the agricultural machinery market, adjustments of industrial policies, coupled with multiple factors such as emission standard upgrades and food prices, the performance of the entire agricultural machinery industry remained sluggish. In 2024, the agricultural equipment industry delivered a sales volume of 437,000 units, representing a year-on-year increase of 4.9%.

2. Industrial Trucks and Supply Chain Solutions

In 2024, the global economy continued its slow recovery amidst multiple challenges. Although factors including geopolitical tensions, intensifying trade fragmentation, and tightening monetary policy in major economies heightened uncertainties, the global economic growth maintained stable in overall. In January 2025, the International Monetary Fund (IMF) projected the global economy would grow by 3.2% in 2024, representing a decrease of 0.1 percentage point as compared with 2023.

The order numbers in the global market for industrial trucks were increased slightly year-on-year in 2024. Based on official figures (World Industrial Trucks Statistics, January 2025), there was a substantial rise in order numbers in the EMEA region during the period from January to September 2024. The APAC region recorded a slight growth, but the Americas region experienced a significant fall. Based on market data published by the relevant trade association on new industrial truck orders, the share of the global market attributable to electric forklift trucks and warehouse trucks increased to 76 percent in the first nine months of 2024. Internal combustion counterbalanced forklifts therefore accounted for 24 percent of the global order volume.

According to the study from the research institute Interact Analysis, the global market for warehouse automation solutions contracted only immaterial (as measured by revenue) in 2024, while the market as measured by order intake in the project business fell slightly. In the Americas region, the overall market expanded. By contrast, the EMEA region recorded a material decline in revenue that was attributable to a weakening of the general economic situation on the back of geopolitical risks and a persistently high cost of capital. In the APAC region, lackluster economic growth resulting from declining consumer demand and China's real-estate crisis led to a moderate slowdown in customer investment in warehouse automation solutions.

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. Powertrains, Complete Vehicles and Machines and Key Components

Looking back to 2024, under the multiple pressure of insufficient growth momentum in the global economy, the domestic equipment manufacturing sector operating at a low level, and intensifying involuntary competition, the Group collaborated with global partners and undertook full-chain coordination, seized opportunities, advanced against market headwinds, and achieved the industry's most outstanding performance. The Company has always adhered to the principle of "customer satisfaction as our mission." Based on precise market segmentation research and leveraging leading R&D and application development capabilities, we have provided differentiated products with the most competitive advantages for diverse fields, markets, and customers, meeting global customer demands with high efficiency. First, we kept on invested in R&D with strong innovative momentum. We maintained high-intensity and high-standard R&D investments. Among others, we have invested over RMB3.2 billion in the R&D for the engines segment, achieving an R&D intensity of nearly 6%. Second, we have deepened our focus in market segmentation with global synergy. In 2024, Weichai Power's heavy-duty truck engines maintained their leading domestic market share with high growth in product exports. High-end large-diameter engines achieved strategic breakthroughs and explosive growth in overseas data center markets. Third, we accelerated high-end manufacturing capacity to cultivate new quality productive forces and established the world's first digital unmanned engine factory in Weifang, featuring 100% automated machining and 80% automated assembly, achieving a flexible, agile, digitalised, intelligent, and green whole process. We built the world's largest multi-source power testing laboratory, completing our strategic layout for future high-end industries and R&D resources. We also accelerated construction of Weichai (Yantai) New Energy Power Industrial Park, creating China's leading, world-class R&D and manufacturing base for full-range new energy powertrains and core components. We have been selected as one of the first Excellent Intelligent Factories in China, and one of the first Leading Enterprises in Building China into a Quality Powerhouse.

In 2024, the Company continued to adhere to the leading strategy with complete vehicles and machineries, enhanced the competitiveness of its products, and accelerated collaborative upgrading of the industrial chain. Shaanxi Zhongqi, a controlling subsidiary of the Company, persistently deepened the structural adjustment of its products, optimised product portfolio layout and proactively seized market opportunities, enhancing its market competitiveness and achieving improvements in both production and sales scale and operational efficiency.

During the Year, the Company sold 734,000 units of engines, among which, export volume of engines reached 69,000 units, representing a year-on-year growth of 5%; 8,132 units of M-series large-diameter and high-power-density engines, remaining the same level year-on-year; 853,000 units of gear boxes, representing a year-on-year growth of 2%; 800,000 units of axles, representing a year-on-year growth of 8%. It recorded a sales volume of heavy-duty trucks of 118,000 units throughout the Year, representing a year-on-year growth of 2%. The export volume of heavy-duty trucks reached 59,000 units, representing a year-on-year growth of 15%, and the export market share reached 20.4%, representing a year-on-year increase of 1.8 percentage points.

The engine segment contributed approximately RMB48,972 million to the sales revenue of the Group during the Year, representing a slight increase of approximately RMB1,120 million compared with the corresponding period last year, while the automobiles and automobile components segment contributed approximately RMB59,647 million to the sales revenue of the Group during the Year, representing a decrease of approximately RMB2,970 million compared with the corresponding period last year.

2. Intelligent Logistics

During the Year, the intelligent logistics segment maintained stable operation. The implementation of adaptive measures in operational and commercial spheres, coupled with strategic emphases on innovation, digitalisation and AI successfully contributed to robust performance. The revenue of the industrial trucks and services segment increased by 1.5% to approximately EUR8,609 million (2023: EUR8,480 million). The adjusted EBIT margin of the industrial trucks and services segment reached 10.7% (2023: 10.0%), and its adjusted EBIT amounted to EUR917.5 million (2023: EUR848.5 million). The revenue of the supply chain solution business segment decreased by 1.8% to approximately EUR2,943 million (2023: EUR2,997 million). However, the segmented service business (customer service) continued to grow. The adjusted EBIT margin of the supply chain solution business segment reached 3.8%, more than doubling that in the corresponding period last year (2023: 1.5%). The adjusted EBIT amounted to EUR112.9 million (2023: EUR44.3 million).

The intelligent logistics segment contributed approximately RMB88,726 million to the sales revenue of the Group during the Year, representing an increase of approximately RMB1,270 million as compared with approximately RMB87,456 million in the corresponding period last year.

3. Agricultural Equipment

In 2024, under the environment of agricultural machinery technology upgrades, structural adjustments in the agricultural machinery market and shifts in industrial policies, the performance of the agricultural machinery market was not satisfactory. As a leading enterprise in the agricultural machinery industrial chain and the largest agricultural machinery manufacturer in China, Weichai Lovol Intelligent Agricultural Technology Co., Ltd.* (濰柴雷沃智慧農業科技股份有限公司) ("Weichai Lovol"), a controlling subsidiary of the Company, persisted in innovation, continued to pursue breakthroughs, and delivered counter-cyclical growth. In 2024, its operational performance once again led China's agricultural machinery industry, maintaining a strong growth momentum. During the Year, the agricultural equipment business contributed approximately RMB18,345 million to the sales revenue of the Group, representing a year-on-year increase of approximately 14.4%.

Last year, the Company expected that its sales revenue in 2024 would increase by approximately 5% to 10% to approximately RMB224.7 billion to RMB235.4 billion. The actual sales revenue amounted to approximately RMB215.7 billion, representing a year-on-year increase of approximately 0.8%.

Looking ahead to 2025, China's economy will maintain its overarching principle of pursuing advancement amidst stability. The government will intensify unconventional counter-cyclical regulation through more proactive and targeted macroeconomic policies and support high-quality development under the concerted efforts of fiscal and monetary measures, with domestic demand revitalisation, scientific innovation, and industrial upgrading serving as core drivers. It is estimated that the Company's sales revenue in 2025 would be approximately RMB226.5 billion to 237.3 billion, representing an overall growth of approximately 5% to 10% as compared with the corresponding period in 2024.

III. FINANCIAL REVIEW

1. The Group's Results of Operations

a. Revenue

In 2024, the Group's revenue amounted to approximately RMB215,691 million, representing an increase of approximately RMB1,733 million or approximately 0.8% from approximately RMB213,958 million in the corresponding period in 2023, remaining largely unchanged compared to last year. Among which, the domestic business segments including powertrain and agricultural equipment segments witnessed varying degrees of revenue growth, while revenue from the complete vehicle and automotive parts and components segment declined slightly. For the overseas business segments, the revenue of KION Group AG ("KION") during the period amounted to EUR11.5 billion, representing a year-on-year increase of 0.6%. Revenue from principal operations amounted to approximately RMB213,845 million, representing an increase of approximately RMB3,038 million or approximately 1.4% from approximately RMB210,807 million in the corresponding period last year.

b. Gross Operating Margin

During the Year, the Group realised a gross profit of approximately RMB48,386 million, and a gross operating margin of approximately 22.4%, representing an increase of 2.1 percentage points compared with the corresponding period last year. With regard to domestic segments, the gross margins of engines, complete vehicles, and key components all slightly increased compared with the corresponding period last year, mainly attributable to product structure optimisation and the implementation of cost reduction and efficiency enhancement measures. For the overseas segment, gross margin improved, mainly due to restoration of supply chains to smooth operation and a decrease in the prices of raw materials and logistics during the reporting period.

c. Distribution and Selling Expenses

Distribution and selling expenses increased by approximately 5.7% to approximately RMB12,485 million in the Year from approximately RMB11,815 million in the corresponding period of 2023. The increase of distribution and selling expenses was primarily attributable to increase in labor costs and related marketing expenses and travel expenses in order to further expand the sales business. The distribution and selling expenses as a percentage of revenue increased from approximately 5.5% in the corresponding period of last year to approximately 5.8% during the Year.

d. ***General and Administrative Expenses***

General and administrative expenses increased by approximately RMB802 million or approximately 8.5% from approximately RMB9,457 million in the corresponding period of 2023 to approximately RMB10,259 million in the Year. The increase was mainly due to increase in external support fees as a result of increases in both staff costs and IT expense relating to strategic business transformation projects of the Group. The general and administrative expenses as a percentage of revenue increased from approximately 4.4% in the corresponding period of last year to approximately 4.8% during the Year.

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

With an increase in sales revenue and gross margin, the EBIT of the Year increased in line with an increase in gross profit. The Group's EBIT increased from approximately RMB16,507 million in the corresponding period of 2023 to approximately RMB21,176 million in the Year, representing a year-on-year increase of approximately RMB4,669 million or 28.3%. EBIT margin increased from approximately 7.7% last year to approximately 9.8% during the Year.

f. ***Finance Expenses***

Finance expenses decreased to approximately RMB231 million during the Year from approximately RMB560 million in the corresponding period of 2023, representing a year-on-year decrease of approximately RMB329 million, which was mainly attributable to the increase in interest income as a result of purchase of wealth management products during the reporting period.

g. ***Provision for Impairment***

In accordance with the Accounting Standards for Business Enterprises and relevant provisions of the Company's accounting policies, based on the principle of prudence, in 2024, the Company has conducted impairment tests on the accounts receivable, other receivables, inventories, goodwill, intangible assets with indefinite useful lives, and fixed assets, intangible assets and long-term equity investment showing signs of impairment of the Company and its subsidiaries. The Company has performed adequate assessments and analyses on the expected credit losses of receivables, the net realisable value of all types of inventories and the recoverable amounts of fixed assets, intangible assets, goodwill, and long-term equity investments, and made corresponding impairment provisions for assets that may incur impairment losses. According to the test results, provision made for the impairment by the Company in 2024 amounted to approximately RMB1,575 million, of which the provision for credit losses amounted to approximately RMB507 million, provision for decline in value of inventories amounted to approximately RMB922 million, provision for impairment of goodwill amounted to approximately RMB84 million, provision for impairment of fixed assets and intangible assets amounted to approximately RMB55 million, and provision for impairment of right-of-use assets amounted to approximately RMB7 million.

h. Income Tax Expenses

The Group's income tax expenses increased from approximately RMB1,940 million in the corresponding period in 2023 to approximately RMB3,044 million during the Year, representing a year-on-year increase of approximately 56.9%, which was mainly attributable to the substantial increase in total profit. The Group's average effective tax rate increased from approximately 14.7% in the corresponding period last year to approximately 17.6% during the Year, which was primarily attributable to the significant growth in profits before tax from overseas companies, higher income tax expenses, overall domestic revenue growth in revenue driven by favorable market conditions for gas-powered engines and gas-fueled commercial vehicles as compared with the last year, which have a combined effect on the increase of the effective tax rate of the Group.

i. Net Profit and Net Profit Margin

The Group's net profit increased from approximately RMB11,212 million in the corresponding period of 2023 to approximately RMB14,278 million during the Year, representing a year-on-year increase of approximately 27.3%. The Group's net profit margin for the Year was approximately 6.6%, which increased by 1.4 percentage points from approximately 5.2% in the corresponding period last year.

j. Liquidity and Cash Flow

During the Year, net cash inflows generated from the Group's operating activities amounted to approximately RMB26,094 million, representing a year-on-year decrease of approximately RMB1,377 million as compared with the net operating cash inflows of the corresponding period last year. Although amounts received from sales of goods or rendering of services increased by approximately RMB5,724 million year-on-year, amounts paid for goods and services, paid to employees and paid for all types of taxes increased by approximately RMB4,770 million year-on-year.

During the Year, net cash outflows generated from investing activities amounted to RMB28,911 million, representing an increase in expense of approximately RMB23,174 million compared to the corresponding period last year. During the Year, amounts received by the Group from investments and disposal of fixed assets, intangible assets and other long-term assets increased by RMB31,308 million year-on-year. However, amounts paid for wealth management products increased by RMB53,896 million year-on-year.

During the Year, net cash outflows from financing activities amounted to RMB13,838 million, which was basically the same as the corresponding period last year. During the Year, amounts received from new borrowings and bond issues decreased by RMB2,463 million year-on-year, while amounts paid for repayment of borrowings decreased by RMB3,165 million year-on-year, and amounts paid for distribution of dividends and profits and for interest expenses increased by RMB2,829 million year-on-year.

As at 31 December 2024, the cash and cash equivalents of the Group amounted to RMB54,594 million, representing a decrease of approximately RMB16,666 million compared with that as at 31 December 2023, which was mainly attributable to the increase in cash paid for investments as a result of the increase in purchases of wealth management products during the reporting period.

As at 31 December 2024, the Group's debt to asset ratio (total liabilities/total assets) was approximately 64.5% (as at 31 December 2023: 66.3%), and the gearing ratio (interest-bearing liabilities/(shareholders' equity + interest-bearing liabilities)) was approximately 30.9% (as at 31 December 2023: 32.8%).

2. Financial Position

a. Assets and Liabilities

As at 31 December 2024, the Group had total assets of approximately RMB343,879 million, of which approximately RMB184,750 million (as at 31 December 2023: RMB197,725 million) were current assets. As at 31 December 2024, the Group had cash and cash equivalents of approximately RMB72,067 million (as at 31 December 2023: RMB92,857 million). The decrease in current assets and cash and cash equivalents compared with the end of 2023 was mainly attributable to the reclassification of time deposit certificates held to maturity with maturities exceeding one year from bank deposits to other non-current assets during the Year. On the same date, the Group's total liabilities amounted to approximately RMB221,921 million (as at 31 December 2023: RMB221,561 million), of which approximately RMB154,839 million (as at 31 December 2023: RMB146,050 million) were current liabilities, representing an increase of approximately RMB8,789 million or approximately 6% as compared with 31 December 2023, mainly attributable to reclassification of long-term borrowings and bonds payable due within one year to current liabilities. The current ratio was approximately 1.19x (as at 31 December 2023: 1.36x).

b. Capital Structure

As at 31 December 2024, the Group had total equity of approximately RMB121,959 million, of which approximately RMB86,696 million was attributable to equity holders of the Company and the remaining balance was minority interests.

The interest-bearing liabilities of the Group as at 31 December 2024 amounted to approximately RMB54,458 million (as at 31 December 2023: RMB54,918 million), which included bonds of approximately RMB11,467 million, bank borrowings of approximately RMB17,955 million and other current liabilities and other non-current liabilities of approximately RMB25,036 million.

Bank borrowings repayable on demand or within a period not exceeding one year were approximately RMB9,438 million; borrowings repayable within a period of more than one year but not exceeding two years were approximately RMB2,575 million; borrowings repayable within a period of more than two years but not exceeding five years were approximately RMB5,906 million; and borrowings repayable within a period of more than five years were approximately RMB35 million. Bonds payable within a period not exceeding one year were approximately RMB4,350 million, bonds payable within a period of more than one year but not exceeding two years were approximately RMB361 million, bonds payable within a period of more than two years but not exceeding five years were approximately RMB6,755 million.

The bank borrowings included fixed interest rate bank borrowings of approximately RMB237 million and floating interest rate bank borrowings of approximately RMB17,718 million. Fixed interest rate bonds payable were approximately RMB7,489 million and floating interest rate bonds payable were approximately RMB3,978 million. Other than Euro-denominated bank borrowings equivalent to approximately RMB9,832 million and USD-denominated bank borrowings equivalent to approximately RMB683 million, bank borrowings were primarily Renminbi-denominated borrowings. All bonds payable were denominated in Euro.

The revenue of the Group is mainly in Renminbi and Euro and the Group does not consider its currency risk significant. The key objectives of the Group's capital management are to maintain the Group's going concern and a sound capital ratio so as to support business development and maximise shareholders' value. The Group's overall strategy remains unchanged from prior years.

c. *Pledge of Assets*

As at 31 December 2024, bank deposits, notes receivables, accounts receivable and receivable financing of approximately RMB20,121 million (as at 31 December 2023: approximately RMB27,697 million) were pledged to banks to secure the Group's notes payable, letter of guarantee, acceptance bills, letter of credit and bank borrowings, 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, long-term receivables and other non-current assets of approximately RMB19,912 million (as at 31 December 2023: approximately RMB9,524 million) were also pledged by the Group to secure bank borrowings, guarantee its liabilities under the staff retirement benefit and use in asset securitisation financing.

d. *Contingencies*

As at 31 December 2024, the Group provided certain distributors and agents with bank guarantee amounting to approximately RMB347 million (as at 31 December 2023: approximately RMB286 million) to secure their obtaining and use of banking facilities.

As at 31 December 2024, the Group provided guarantee for repurchase 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 repurchase liabilities amounted to approximately RMB3,641 million (as at 31 December 2023: approximately RMB2,802 million).

e. ***Commitments***

As at 31 December 2024, the Group had capital commitments of approximately RMB4,930 million (as at 31 December 2023: approximately RMB13,000 million), principally for the capital expenditure in respect of acquisition of property, plant and equipment. The capital expenditure will be financed by internal resources.

As at 31 December 2024, the Group had no other investment commitments (as at 31 December 2023: nil).

f. ***Intangible assets***

As at 31 December 2024, total intangible assets of the Group amounted to approximately RMB22,205 million, of which land use rights amounted to approximately RMB2,834 million, trademark use rights amounted to approximately RMB7,909 million, relationship with customers amounted to approximately RMB3,377 million, proprietary technologies amounted to approximately RMB1,157 million, and licenses and software amounted to approximately RMB6,928 million. Intangible assets formed through internal research and development as at the end of the Year accounted for 26.83% of the balance of intangible assets.

g. ***Hedging arrangements***

KION, a subsidiary of the Company, conducted cash flow hedging on forward currency contracts designated to the exchange rate risk of forecast sale, forecast purchase and firm commitment. The total cash flow of the hedged item amounted to RMB3,962,059,590.23 (EUR526,470,572.87), of which the amount due within 1 year was RMB3,603,846,195.50 (EUR478,871,891.72), and the remaining portion will become due in 2026. The hedged items would affect the profit and loss for the period from 2025 to 2026. There was no material invalid hedge within the Year. As at 31 December 2024, the cashflow hedging reserve in respect of the aforesaid hedged item was a loss of RMB73,848,401.50 (EUR8,951,000.00).

On 31 December 2018, KION, a subsidiary of the Group, entered into interest rate swap contract with a notional amount of EUR100,000,000.00, pursuant to which the Group shall receive interest at fixed annual interest rate, and shall pay interest on the notional amount at variable rate based on Euro Interbank Offered Rate (EURIBOR). The purpose of the swap is to conduct fair value hedging on the interest rate risk underlying fixed-rate medium term notes. There was no material invalid hedge for the Year.

KION conducted fair value hedging of the interest rate risk of lease receivables by entering into an amortising interest rate swap contract. The interest rate swap contract as a hedging instrument reflects the notional amount and maturity of the portfolio of hedged items and will mature in 2031. In conclusion, the fair value hedging exposes the lease receivables to a variable interest rate consistent with its relevant currency zone. Therefore, from an economic point of view, the variable rate is equivalent to the variable rate for refinancing the portfolio of hedged items.

3. Other Financial Information

a. Employees

As at 31 December 2024, the Group had approximately 97,288 employees (including approximately 42,719 employees of KION). During the Year, the Group paid remuneration of approximately RMB35,452 million. The Group has established and perfected a remuneration incentive policy to promote the high quality and rapid development of the enterprise by evaluating the value of various types of personnel and referencing the market remuneration levels, setting competitive remuneration standards, reasonably setting personnel remuneration levels, determining the salary scale based on position and performance, and adjusting salary based on performance appraisals. In 2024, the Company's training initiatives were closely aligned with its corporate strategy and focused on addressing core business development needs. Significant progress was achieved in cultivating talents including leading cadres, new employees, technical specialists, project managers, internal trainers and domestic and international marketing talents and global talents. Over 35,000 training sessions were conducted throughout the year, with a total of 258,000 participant attendances. The hours of training per participant reached 122.85 hours, far surpassing the domestic industry benchmark. During the Year, training expenses of approximately RMB32 million in total were incurred.

On 13 November 2023, the extraordinary general meeting of the Company considered and approved the adoption of the restricted share incentive scheme of A shares (the "Incentive Scheme") of the Company. Further details are provided in the section headed "The Restricted Share Incentive Scheme of A Shares" in this announcement.

b. Material Investment, Major Acquisition and Disposal

The Group did not have any major investment, acquisition or disposal during the Year.

c. Subsequent Events after the Balance Sheet Date

1. Profit distribution

On 27 March 2025, the Board of the Company considered and approved the distribution to all shareholders a cash dividend of RMB3.47 (including tax) for every 10 shares held, without bonus shares or any capitalisation of reserve, based on the total number of shares which shall be entitled to profit distribution on the record date at the time of the implementation of the distribution plan in the future.

2. KION Efficiency Program

On 4 February 2025, the executive board of KION, a subsidiary of the Company, approved an efficiency program for the purpose of strengthening its competitiveness and capital investment capabilities. The program is designed to achieve annual sustainable cost savings of EUR140 million to EUR160 million (equivalent to approximately RMB1.05 billion to RMB1.2 billion) since 2026. To realise this goal, KION, a subsidiary of the Company, will adjust its organisational structure and optimise workflow efficiency, which will enhance workforce requirements. It is expected that a one-time expense of approximately EUR240 million to EUR260 million (equivalent to approximately RMB1.81 billion to RMB1.96 billion) would be incurred in 2025 due to the implementation of this program.

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 2024 is set out below:

RMB million

Name of investment project		Total amount of proceeds proposed to be applied to the relevant project	Total amount of proceeds applied as of 31 December 2024	Amount of unutilised proceeds ("Unutilised Proceeds") as of 31 December 2024	Application plan of Unutilised Proceeds(note 1)		
Name of project	**Name of subproject**				**Year 2025**	**Year 2026**	**Year 2027**
(1) Fuel Cell Industry Chain Development Project	(a) Hydrogen-fueled cell and key components industrialisation project	500.00	262.89	237.11	100.43	85.42	42.21
	(b) Solid oxide fuel cell and key components industrialisation project	500.00	132.13	367.87	150.00	120.46	46.38
	(c) Key components of fuel cell powertrain research and development and construction capabilities project	1,000.00	532.33	467.67	172.20	122.35	47.32
(2) Full Series of H Platform High-end Road-going Engines of China VI or above Emission Standards Project	(a) New million units digitalised power industry base stage I project	3,000.00	1,269.82	1,730.18	684.21	674.92	209.79
	(b) H platform engines intelligent manufacturing upgrade project	1,000.00	838.96	161.04	262.60	29.83	–
(3) Large Diameter High-end Engine Industrialisation Project	(a) Large diameter high-end engine laboratory project	1,075.00	735.00	340.00	194.84	150.76	72.89
	(b) High efficiency and high speed self-owned brand engine industrialisation project	685.00	615.25	69.75	–	–	–
	(c) Large diameter high-end engine development project	1,240.00	843.72	396.28	256.10	191.91	60.79
(4) Full Series hydraulic pressure powertrain and large-scale continuously variable transmission (CVT) powertrain industrialisation project		3,000.00	1,412.10	1,587.90	898.40	250.44	–
(5) Replenishment of working capital		1,000.00	800.72	199.28	*Expected to be applied by the end of 2027*		
	Total	**13,000.00**	**7,442.92**	**5,557.08** (note 2)			

Notes:

1. The application plan of Unutilised Proceeds as disclosed herein reflects the adjusted timeline for the application of proceeds from the non-public issuance of A Shares that was approved by the Board on 30 March 2023.

   (1) With regard to certain investment projects of the Company, the specific reasons for the discrepancies between the actual use of proceeds in 2024 and the expected use of proceeds under the latest disclosed application plan for the same year are as follows:

      (a) Solid oxide fuel cell (SOFC) and key components industrialisation project: The Company remains optimistic about the development prospects of SOFC technology and will strategically expand its global market presence to accelerate commercialisation readiness. However, constrained by policy factors and the pace of industry development falling short of expectations, current applications remain primarily demonstration-oriented. The Company will adjust the planning and implementation of corresponding production capacity based on the progress of industry development.

      (b) Key components of fuel cell powertrain research and development and construction capabilities project: New energy is one of the Company's key strategic businesses. The Company continues to increase R&D investments to enhance product differentiation advantages and advance industrialisation implementation. Currently, the project's construction and investments are progressing in line with the Company's strategic plans, but laboratory construction and equipment investments have experienced delays compared to the original schedule.

      (c) New million units digitalised power industry base stage I project: The overall construction progress of the project is proceeding as scheduled. To meet the needs of product technology upgrades and competitiveness enhancement, compatibility and adaptability upgrades have been implemented for certain production lines and equipment. At the same time, delays in delivery of some equipment have resulted in postponed payment progress.

      (d) High efficiency and high speed self-owned brand engine industrialisation project: The project was completed and commenced production during the year. However, the payment progress has been delayed due to prolonged processes in equipment technical coordination, commercial negotiations, and equipment acceptance, which took longer than planned.

      (e) Full-series hydraulic powertrain and large CVT powertrain industrialisation project: The project implementation progress has been slower than expected due to factors such as market expansion efforts and delays in the delivery of certain equipment.

(2) The total amount of proceeds proposed to be applied to the high efficiency and high speed self-owned brand engine industrialisation project is RMB685 million. As of 31 December 2024, a total of RMB615.25 million was applied, and the ratio of proceeds applied reached 89.82%. The amount of unutilised proceeds was RMB69.75 million, mainly attributable to the fact that part of the contract sum was not yet due at the time of project completion and commencement of production. The project has no remaining balance of proceeds, and the Company will make payment for any surplus not covered by the proceeds with its own funds.

(3) In light of the progress of the implementation of the relevant investment projects mentioned above, the actual amount to be utilised for each of the years from 2025 to 2027 is expected to be adjusted slightly, and the Board further confirms that:

- the proceeds proposed to be applied to the projects numbered (1)(a), (1)(b), (1)(c), (2)(a), (3)(a) and (3)(c) above are expected to be fully utilised by the end of 2027;

- the proceeds proposed to be applied to the projects numbered (2)(b) and (4) above are expected to be fully utilised by the end of 2026.

2. Taking into account the expenses for the non-public issuance of A Shares (including the sponsor and underwriting fees, accounting and capital verification fees etc) which amounted to RMB11.94 million, the total Unutilised Proceeds net of such expenses amounted to RMB5,545.14 million.

It is expected that the remaining proceeds, being approximately RMB6.31 billion in aggregate (including accumulated interest received from bank deposits and wealth management income net of bank handling fees), would continue to be used for the relevant investment projects as set out above any shortfall in the investment amounts for such projects will be made up by utilising the internal funds of the Company or through other financing methods. 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 materially along the timeline of proposed use of proceeds as disclosed in the Circular (with adjusted timeline approved by the Board on 30 March 2022 and 30 March 2023).

e. Other Significant Events

In 2023, a subsidiary of the Company, Weichai Lovol submitted an application relating to the possible spin-off and separate listing of its shares on the ChiNext Board of the Shenzhen Stock Exchange (“Possible Spin-off”). On 12 April 2024, the Company announced that pursuant to the authority granted by the shareholders at the general meeting held on 29 December 2022, the Company decided to temporarily terminate the Proposed Spin-off and would withdraw the relevant application for listing on the ChiNext Board. The Board considers that the temporary termination of the Possible Spin-off will not have any substantial impact on the Company, will not have material adverse impact on the operations, businesses and financial positions of the Company, and will not affect the future implementation of the strategic planning of the Company. For further details, please refer to the Company’s announcement dated 12 April 2024.

OTHER INFORMATION

Directors' and Supervisors' Interests in Shares and Underlying Shares

As at 31 December 2024, 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
Wang Decheng	Beneficial owner	800,000	–	0.01%
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%
		1,000,884		0.011%

Notes:

1. 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.

2. All the shareholding interests listed in the above table are "long" position.

3. The percentages disclosed in the above table were calculated based on the total number of issued shares of the Company as at 31 December 2024, 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
Richard Robinson Smith	KION Group AG ("KION")	Beneficial owner	50,000 ordinary shares	0.04%

Save as disclosed above, as at 31 December 2024, 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 2024)

	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	1,811,884,635	20.76%				–4,399,031	–4,399,031	1,807,485,604	20.71%
1. State-owned legal person shares	1,642,531,008	18.82%						1,642,531,008	18.82%
2. Shares held by other domestic entities	169,183,627	1.94%				–4,399,031	–4,399,031	164,784,596	1.89%
Incl.: Shares held by domestic natural persons	169,183,627	1.94%				–4,399,031	–4,399,031	164,784,596	1.89%
3. Shares held by other foreign entities	170,000	0.00%						170,000	0.00%
Incl.: Shares held by foreign natural persons	170,000	0.00%						170,000	0.00%
II. Non-restricted circulating shares	6,914,672,186	79.24%				4,399,031	4,399,031	6,919,071,217	79.29%
1. RMB ordinary shares	4,971,632,186	56.97%				4,399,031	4,399,031	4,976,031,217	57.02%
2. Overseas listed foreign shares	1,943,040,000	22.27%						1,943,040,000	22.27%
III. Total number of shares	8,726,556,821	100.00%						8,726,556,821	100.00%

(II) Shareholdings of the Substantial Shareholders (as at 31 December 2024)

Total number of Shareholders The number of shareholders is 313,850 among which 313,626 are shareholders of "A" shares and 224 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%	1,938,903,835	–	–
Weichai Group Holdings Limited	State-owned legal person	16.30%	1,422,550,620	1,345,905,600	–
Weifang Investment Group Company Limited	State-owned legal person	3.40%	296,625,408	296,625,408	–
Hong Kong Securities Clearing Company Limited	Overseas legal person	2.96%	258,324,084	–	–
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	1.30%	113,598,700	–	–
Industrial and Commercial Bank of China Limited – Huatai- PineBridge CSI 300 Trading Open-ended ETF	Funds and wealth management products etc.	1.07%	93,598,786	–	–
China Construction Bank Corporation – E Fund CSI 300 Trading Open-ended Initiating ETF	Funds and wealth management products etc.	0.74%	64,639,719	–	–
Shandong Enterprise Trust Operation Company Limited	Domestic non-state-owned legal person	0.70%	61,409,960	–	–
Tan Xuguang	Domestic natural person	0.67%	58,842,596	58,842,596	–

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	1,938,903,835	Overseas listed foreign shares
Hong Kong Securities Clearing Company Limited	258,324,084	RMB ordinary shares
China Securities Finance Corporation Limited	163,608,906	RMB ordinary shares
IVM Technical Consultants Wien Gesellschaft m.b.H.	113,598,700	RMB ordinary shares
Industrial and Commercial Bank of China Limited – Huatai- PineBridge CSI 300 Trading Open-ended ETF	93,598,786	RMB ordinary shares
Weichai Group Holdings Limited	76,645,020	RMB ordinary shares
China Construction Bank Corporation – E Fund CSI 300 Trading Open-ended Initiating ETF	64,639,719	RMB ordinary shares
Shandong Enterprise Trust Operation Company Limited	61,409,960	RMB ordinary shares
Industrial and Commercial Bank of China Limited – ChinaAMC CSI 300 Trading Open-ended ETF	42,959,333	RMB ordinary shares
National Manufacturing Transformation and Upgrade Fund Co., Ltd.	42,682,926	RMB ordinary shares

Notes:

1. As at the end of the reporting period, the Company's securities account designated for repurchased shares holds 8,995,525 shares of the Company, representing 0.1% of the total share capital of the Company.

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 2024, 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%
					25,978,602	5.35%	1.19%
	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%
Pzena Investment Management, LLC	Investment manager	Long	–	–	214,047,872	11.02%	2.45%
	Beneficial owner	Long	–	–	494,318	0.03%	0.01%
					214,542,190	11.04%	2.46%

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
JP Morgan Chase & Co.	Beneficial owner	Long	–	–	23,770,150	1.22%	0.27%
	Investment manager	Long	–	–	40,670,145	2.09%	0.47%
	Person having a security interest in shares	Long			582,426	0.03%	0.01%
	Approved lending agent	Long	–	–	68,371,813	3.52%	0.78%
					133,394,534	6.87%	1.53%
	Beneficial owner	Short	–	–	15,159,117	0.78%	0.17%
Black Rock, Inc.	Interest of corporation controlled by you	Long	–	–	117,932,078	6.07%	1.35%
	Interest of corporation controlled by you	Short	–	–	2,127,000	0.11%	0.02%
Lazard Asset Management LLC	Investment manager	Long	–	–	97,282,596	5.01%	1.11%

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 2024.

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

1. At the annual general meeting convened on 10 May 2024, Mr. Tao Huaan was appointed as an independent non-executive Director of the Company, for a term from 10 May 2024 to the conclusion of the annual general meeting of the Company for the year ended 31 December 2026. Mr. Yu Zhuoping ceased to be an independent non-executive Director of the Company due to the expiration of his term of office. Mr. Tao Huaan was further elected as a member of the Audit Committee and a member of the strategic development and investment committee ("Strategic Development and Investment Committee") of the Company on 10 May 2024.

2. Mr. Feng Gang, Mr. Ding Yingdong, Mr. Jin Zhao, Mr. Xiao Qisheng, Mr. Wang Lingjin and Ms. Ling Yun ceased to be deputy general managers of the Company due to the expiration of their terms of office. The aforementioned matters took effect on 10 May 2024.

3. Mr. Tan Xuguang tendered his resignation as the chairman of the Board, the legal representative, an executive Director and the chairman of the Strategic Development and Investment Committee due to age. Such resignation took effect from 12 August 2024.

4. At the Board meeting convened on 12 August 2024, Mr. Ma Changhai was appointed as the chairman of the Board, the legal representative, an executive Director and the chairman of the Strategic Development and Investment Committee, for a term from 12 August 2024 to the conclusion of the annual general meeting of the Company for the year ended 31 December 2026.

5. Mr. Gao Tianchao resigned as the secretary to the Board of the Company due to changes in work arrangements. Such resignation took effect from 30 October 2024. At the Board meeting convened on the same day, Ms. Wang Li was appointed as the secretary to the Board of the Company.

6. Ms. Qu Hongkun resigned as the chief financial officer of the Company due to change in work arrangements. Such resignation took effect from 11 November 2024. At the Board meeting convened on the same day, Ms. Wang Cuiping was appointed as the chief financial officer of the Company.

7. Mr. Zhang Quan resigned as vice chairman of the Board, an executive Director and a member of the Strategic Development and Investment Committee due to his age. Mr. Wang Jian resigned as an executive president of the Company due to work requirements. Such resignations took effect from 30 December 2024. At the Board meeting convened on the same day, Mr. Ding Yingdong and Mr. Wang Lingjin were appointed as deputy general managers of the Company.

EMOLUMENT POLICY

The Group is strictly in compliance with laws and regulations such as the Labour Law and the Labour Contract Law, and formulates a remuneration system and incentive policies that suit the actual situation of the enterprise by combining the development strategy of the enterprise, the characteristics of the industry and the ability to pay for labour costs.

The Group adopts a differentiated and standardised annual salary system and a non-annual salary system according to different job positions such as management, research and development and production, where the non-annual salary system is subdivided into salary systems such as performance-based salary system, piece-rate (hourly) salary system and shift production daily salary system.

By evaluating the position value of all kinds of personnel and referencing the market remuneration level, we have set the salary standard with competitive advantages by reasonably setting the salary level hierarchy of personnel, determining the salary level by position and the salary distribution plan by performance, and adjusting the salary according to the performance appraisal, increasing the incentives for talents in key positions such as research and development, marketing and technical staffs. At the same time, we have implemented incentive mechanisms for innovation projects, patent specialisation, management innovation and other subsidies for overseas positions and staff housing, and established a sound salary incentive policy to promote high-quality and rapid development of enterprises.

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

DIVIDEND POLICY

Acknowledging the importance of shareholders' interest and return, the Company has always adopted a policy of stable dividend distribution. Prior to proposing dividend distribution, the Board considers a multitude of factors including the Company's financial performance, distributable reserve, capital expenditure, expected financial performance, expected working capital requirement and such other factors as the Board may consider relevant.

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.

The Board approved the A shares repurchase plan on 19 May 2022 and such repurchase plan has ended on 11 October 2022. A total of 87,265,525 ordinary A shares were repurchased during 24 May 2022 to 11 October 2022, among which 78,270,000 of the repurchased A shares had been granted pursuant to the Company's restricted share incentive scheme of A shares. Please refer to the section headed "The restricted share incentive scheme of A shares" of this announcement for further details. On 30 December 2024, the Board approved the proposed cancellation of 8,995,525 shares held in the Company's securities account designated for repurchased shares, which was further considered and approved by the general meeting and class meetings of the Company on 10 February 2025. As at 31 December 2024, none of such A shares was cancelled, and the total number of the Company's shares that has been repurchased but not granted and not cancelled was 8,995,525 A shares.

On 30 December 2024 and 10 January 2025, the Board approved the proposed repurchase and cancellation of all of the granted but not unlocked A shares held by nine Incentive Participants pursuant to the terms of the Incentive Scheme in the total number of 1,890,000 Shares, which was further considered and approved by the general meeting and class meetings of the Company on 10 February 2025. As at 31 December 2024, none of such A shares was repurchased and cancelled.

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 Withholding and Payment of Enterprise Income Tax Regarding China Resident Enterprise Paying Dividend to Non-Resident Enterprise Holders of Overseas H-Share (Guo Shui Han [2008] No. 897) 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 subsequent years shall withhold and pay enterprise income tax as a withholding agent.

In accordance with the Tax Law, the Company is obliged to withhold and pay 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 shall be treated as "non-resident enterprises" 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. For all natural persons shareholders whose names are registered on the register of members for H Shares of the Company on the Record Date, no personal income tax will be withheld and paid by the Company.

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. The Company assumes no liability whatsoever in respect of and will not entertain any claims arising from any delay in, or inaccurate determination of, the status of the shareholders or any disputes over the mechanism of the above withholding and payment.

Investors of Southbound Trading

For investors investing in the H Shares through the Shenzhen Stock Exchange and the Shanghai Stock Exchange (including enterprises and individuals) (the "**Southbound Trading**"), the Company has entered into the Agreement on Appropriation of Cash Dividends of H Shares for Southbound Trading (《港股通H股股票現金紅利派發協議》) with the Shenzhen Branch and the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, respectively, pursuant to which, China Securities Depository and Clearing Corporation Limited, as the nominee of the holders of H Shares for Southbound Trading, will receive the cash dividends distributed by the Company and distribute the cash dividends to the relevant investors of H Shares of Southbound Trading through its depositary and clearing system. The cash dividends for the investors of H Shares of Southbound Trading will be paid in Renminbi. Pursuant to the relevant requirements under the "Notice on the Tax Policies Related to the Pilot Program of the Shenzhen – Hong Kong Stock Connect" (Cai Shui [2016] No. 127) (《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》(財稅[2016]127號)) and the "Notice on the Tax Policies Related to the Pilot Program of the Shanghai – Hong Kong Stock Connect" (Cai Shui [2014] No. 81) (《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》(財稅[2014]81號)), for dividends received by domestic investors from investing in H shares listed on the Hong Kong Stock Exchange through Southbound Trading, the H shares company shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through Southbound Trading, the tax payable shall be the same as that for individual investors. The H shares company will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

Investors of Northbound Trading

For investors (including enterprises and individuals) investing in the A Shares of the Company listed on the Shenzhen Stock Exchange through the Hong Kong Stock Exchange (the "**Northbound Trading**"), their dividends will be distributed in Renminbi by the Company through the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited to the account of the nominees holding such shares. The Company will withhold and pay income taxes at the rate of 10% on behalf of those investors and will report to the tax authorities for such withholding. For investors of Northbound Trading who are tax residents of other countries and whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of lower than 10%, those enterprises and individuals may apply to the competent tax authorities for the entitlement of the rate under such tax treaty by themselves. Upon approval by the tax authorities, the paid amount in excess of the tax payable by such enterprises and individuals based on the tax rate according to such tax treaty will be refunded.

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, owns more than 5% of the Company's share capital, has an interest in any of the Group's five largest suppliers or customers.

THE RESTRICTED SHARE INCENTIVE SCHEME OF A SHARES

Principal Terms of the Incentive Scheme

For the purpose of improving the long-term incentive mechanism of the Company, attracting and retaining talents, motivating the core and key employees and effectively aligning the interests of the shareholders, the Company and its employees, the Company has adopted the Incentive Scheme at its extraordinary general meeting convened on 13 November 2023. The Incentive Scheme is funded by existing A Shares of the Company repurchased from the secondary market by the Company, and does not involve the issuance of any new shares of the Company. The eligible incentive participants include directors, senior management officers, middle management officers, and core technology (business) staff of the Group. The number of shares granted to each incentive participant is fixed at the grant, which is the maximum entitlement of each participant should the conditions for unlocking the lock-up restrictions be satisfied upon the expiration of the unlocking periods.

The shares granted (the "Restricted Shares") under the Incentive Scheme are subject to lock-up periods for periods of 24 months, 36 months and 48 months, respectively, from the relevant completion date of registration of the Restricted Shares. During the lock-up periods, the Restricted Shares granted shall not be transferred, used to provide guarantee or used for repayment of debt. The unlocking periods and unlocking schedule are as follows:

Unlocking arrangement	**Unlocking periods**	**Unlocking proportion to equity interests granted**
The first unlocking period	Commencing from the first trading day upon the expiry of the 24-month period from the date of completion of registration of the Restricted Shares granted and ending on the last trading day falling within the period of 36 months from the date of completion of registration of the Restricted Shares granted	30%
The second unlocking period	Commencing from the first trading day upon the expiry of the 36-month period from the date of completion of registration of the Restricted Shares granted and ending on the last trading day falling within the period of the 48 months from the date of completion of registration of the Restricted Shares granted	30%
The third unlocking period	Commencing from the first trading day upon the expiry of the 48-month period from the date of completion of registration of the Restricted Shares granted and ending on the last trading day falling within the period of the 60 months from the date of completion of registration of the Restricted Shares granted	40%

The unlocking of the Restricted Shares are also subject to the satisfaction of certain conditions, including the satisfaction of certain performance appraisal targets at the Company level as well as the level of incentive participants, as detailed below:

(i) Performance appraisal targets at the Company level

Unlocking periods	**Performance appraisal targets**
The first unlocking period	The operating revenue in 2024 is not less than RMB210,200 million, and the profit margin in 2024 shall not be less than 8%, and the above indicators shall not be lower than the average performance level of the same industry for such year, and not be lower than the industry level at the time of the relevant grant.
The second unlocking period	The operating revenue in 2025 is not less than RMB231,200 million, and the profit margin in 2025 shall not be less than 9%, and the above indicators shall not be lower than the average performance level of the same industry for such year, and not be lower than the industry level at the time of the relevant grant.
The third unlocking period	The operating revenue in 2026 is not less than RMB258,900 million, and the profit margin in 2026 shall not be less than 9%, and the above indicators shall not be lower than the average performance level of the same industry for such year, and not be lower than the industry level at the time of the relevant grant.

(ii) ***Comprehensive appraisal at the level of incentive participants***

The comprehensive appraisal at the level of incentive participants is associated with the business unit appraisal result and the individual annual performance appraisal result.

The Restricted Shares to be unlocked during an unlocking period = the Restricted Shares that are expected to be unlocked during the unlocking period × the unlocking proportion from a business unit perspective (Proportion A) x the unlocking proportion from an individual perspective (Proportion B).

The relevant performance appraisal in respect of each of the business unit shall be implemented in accordance with the terms of the grant agreement entered into between the Company and the incentive participant, and pursuant to which the unlocking proportion from a business unit perspective (Proportion A) shall be determined. For incentive participants who need not take part in the business unit appraisal, the unlocking proportion from a business unit perspective (Proportion A) shall be treated as 100% as long as the corresponding performance appraisal target at the Company level has been met.

The relevant performance appraisal in respect of the incentive participants shall be implemented in accordance with appraisal management measures and the appraisal measures internally announced by the Company, and the unlocking proportion from an individual perspective (Proportion B) shall be determined as follows:

Performance appraisal result	**Qualified**				**Unqualified**
Class	S	A	B	C	D
The unlock proportion from an individual perspective (Proportion B)	100%			80%	0

In the event that the performance appraisal targets under the Incentive Scheme are not achieved during an unlocking period, the Company shall repurchase all the Restricted Shares subject to unlocking in the corresponding unlocking period at the grant price or the market price of the A Shares, whichever the lower.

On 8 December 2023, the Board considered and approved the resolutions in relation to adjustments to the list of incentive participants under the Incentive Scheme, the number of restricted shares to be granted and the grant price, and the resolution in relation to grant of a total of 78,270,000 Restricted Shares to 693 incentive participants at the grant price of RMB6.264 per A Share. On 20 December 2023, the Company completed the registration of the grant of the aforementioned Restricted Shares with Shenzhen Branch of China Securities Depository and Clearing Corporation Limited. The relevant grant price has been paid by each of incentive participants by 8 December 2023.

The Incentive Scheme shall be valid from the date of the completion of registration of the grant of the Restricted Shares, to the unlocking of the lock-up restrictions attached to all of the granted Restricted Shares (excluding those subject to reduction restriction over directors and senior management) or the completion of the repurchase of the granted Restricted Shares by the Company, which period shall not exceed 60 months. Accordingly, based on the date of the completion of registration of the grant of the Restricted Shares which falls on 20 December 2023, the Incentive Scheme shall remain valid until no later than 20 December 2028. The remaining life of the Incentive Scheme is approximately 44 months.

The final grant price of RMB6.264 per A Share was determined after applying an adjustment of the interim dividend per share of RMB0.226 for the six months ended 30 June 2023 to the grant price stipulated under the Incentive Scheme of RMB6.49 approved at the extraordinary general meeting of the Company held on 13 November 2023. The original grant price of RMB6.49 (before the aforementioned adjustment pursuant to the terms of the Incentive Scheme) was proposed by the Board on the basis that such price was not less than 50% of the fair market price of A Shares and not less than the nominal value of such Shares, while the fair market price was the higher of (i) the average trading price of the A Shares for the last trading day immediately preceding the date of the announcement of the draft Incentive Scheme on 24 October 2023, which is RMB12.96 per A Share; and (ii) the average trading price of the A Shares for the last 20 trading days immediately preceding the date of the date of the announcement of the draft Incentive Scheme, which is RMB12.93 per A Share.

Details of awards granted to participants during the Year

A summary of the movements of the Restricted Shares granted under the Incentive Scheme during the year ended 31 December 2024 is as follows:

Name/Category of Grantees	Number of Restricted Shares granted as at 1 January 2024 (Notes 1 and 2)	Changes in the number of the Restricted Shares granted/locked-up under the Incentive Scheme during the Year: Number of Restricted Shares granted during the Year	Date of Grant (Note 3)	Grant Price	Unlocked during the Year	Lapsed during the Year	Cancelled during the Year	Number of Restricted Shares granted but locked-up as at 31 December 2024	Unlocking period
Mr. Wang Decheng (王德成), Director, CEO and general manager	240,000	Not applicable	8 December 2023	RMB6.264	–	–	–	240,000	22 December 2025 to 18 December 2026
	240,000	Not applicable	8 December 2023	RMB6.264	–	–	–	240,000	21 December 2026 to 17 December 2027
	320,000	Not applicable	8 December 2023	RMB6.264	–	–	–	320,000	20 December 2027 to 19 December 2028
Subtotal	**800,000**	**Not applicable**	**-**	**-**	**-**	**-**	**-**	**800,000**	**-**
The five highest paid individuals(Note 4)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Other grantees in aggregate	23,241,000	Not applicable	8 December 2023	RMB6.264	–	–	–	23,241,000	22 December 2025 to 18 December 2026
	23,241,000	Not applicable	8 December 2023	RMB6.264	–	–	–	23,241,000	21 December 2026 to 17 December 2027
	30,988,000	Not applicable	8 December 2023	RMB6.264	–	–	–	30,988,000	20 December 2027 to 19 December 2028
Subtotal	**77,470,000**	**Not applicable**	**-**	**-**	**-**	**-**	**-**	**77,470,000**	**-**
Total	**78,270,000**	**Not applicable**	**-**	**-**	**-**	**-**	**-**	**78,270,000**	

Notes:

1. The Incentive Scheme was adopted on 13 November 2023. There was no grant of Restricted Shares during the financial year ended 31 December 2024.

2. The Board approved the adjustments to the list of incentive participants under the Incentive Scheme, the number of Restricted Shares to be granted and the grant price pursuant to the Incentive Scheme on 8 December 2023. For further details, please refer to the Company's announcement dated 8 December 2023.

3. In respect of the grant under the Incentive Scheme which was made on 8 December 2023, the relevant registration with Shenzhen Branch of China Securities Depository and Clearing Corporation Limited of the grant of Restricted Shares to the relevant incentive participants has been completed on 20 December 2023.

4. The five highest paid individuals of the Company during the financial year ended 31 December 2024 are not incentive participants under the Incentive Scheme.

5. The performance appraisal targets for all incentive participants to be satisfied for unlocking the Restricted Shares are provided above under the sub-section headed "Principal Terms of the Incentive Scheme".

6. The closing price of the A Shares immediately before the date on which the Restricted Shares were granted, i.e. the closing price of A Shares on 7 December 2023, was RMB13.99.

7. The fair value of the Restricted Shares at the date of the grant is, pursuant to the applicable accounting policy, represented by the closing price of A Shares as at the date of the grant, which was RMB13.92 per A share.

SUBSEQUENT EVENTS

Save as the subsequent events after the balance sheet date as disclosed in the section Management Discussion and Analysis above, on 17 March 2025, the Company announced its decision to temporarily terminate the possible spin-off and listing of its controlling subsidiary, Weichai Torch Technology Co., Ltd. ("Torch Technology"), on the ChiNext Board of the Shenzhen Stock Exchange (the "Temporary Termination of the Possible Spin-off"). The Board is of the view that the Temporary Termination of the Possible Spin-off will not have substantive impact on the Company, will not have material adverse impact on the Company's operational activities, business or financial condition, and will not affect the future implementation of the strategic planning of the Company. Going forward, the Company will explore other routes of operations within the capital market based on the market conditions and its future business plans. The Temporary Termination of the Possible Spin-off remains subject to approval of the general meeting of the Company. For further details, please refer to the Company's announcement dated 17 March 2025.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 D2 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 C1 TO THE LISTING RULES

During the Year, other than certain directors not being able to attend the annual general meeting or all 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 C1 to the Listing Rules.

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 KPMG Huazhen LLP (畢馬威華振會計師事務所(特殊普通合夥)) as the Company's auditors on 28 June 2023 in place of Deloitte Touche Tohmatsu Certified Public Accountants LLP. KPMG Huazhen LLP will retire, and the Company will propose a resolution on the re-appointment of it as the Company's auditor for the year 2025 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 27 March 2025.

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

The 2024 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.

Ma Changhai
Chairman

Hong Kong, 27 March 2025

As at the date of this announcement, the executive Directors of the Company are Mr. Ma Changhai, Mr. Wang Decheng, Mr. Huang Weibiao, Mr. Sun Shaojun, Mr. Yuan Hongming and Mr. Ma Xuyao; the non-executive Directors of the Company are Mr. Zhang Liangfu, Mr. Richard Robinson Smith and Mr. Michael Martin Macht; and the independent non-executive Directors of the Company are Ms. Jiang Yan, Mr. Chi Deqiang, Mr. Zhao Fuquan, Mr. Xu Bing and Mr. Tao Huaan.