中國重汽（香港）有限公司
Sinotruk (Hong Kong) Limited

(Incorporated in Hong Kong with limited liability)
Stock Code : 03808

2024
ANNUAL REPORT

SINOTRUK
中国重汽


SITRAK

CONTENTS

FINANCIAL FIGURES

	2024	2023	Increase/(Decrease)	
				%
Operating results (RMB million)				
Revenue	**95,062**	85,498	9,564	11.2
Gross profit	**14,865**	13,538	1,327	9.8
Profit attributable to equity shareholders of the Company	**5,858**	5,318	540	10.2
Profitability and Liquidity				
Gross profit ratio (%)	**15.6**	15.8	(0.2)	(1.3)
Net profit ratio (%)	**7.0**	6.8	0.2	2.9
Current ratio (time)	**1.1**	1.2	(0.1)	(8.3)
Trade receivable turnover (days)	**80.6**	70.7	9.9	14.0
Trade payable turnover (days)	**230.1**	204.8	25.3	12.4
Sales volume (units)				
HDTs				
— Domestic	**109,380**	96,938	12,442	12.8
— Export (including affiliated export)	**134,038**	130,061	3,977	3.1
Total	**243,418**	226,999	16,419	7.2
LDTs	**100,542**	96,567	3,975	4.1
Trucks sold under auto financing services	**65,744**	52,770	12,974	24.6
Per share data				
Earnings per share - basic (RMB)	**2.14**	1.93	0.21	10.9
Dividends per share (Either HK$ or RMB)				
HK$				
— Interim dividend*	**0.72**	—		
— Proposed final dividend	**0.55**	1.063		
	1.27	1.063	0.207	19.5
RMB				
— Interim dividend*	**0.66**	—		
— Proposed final dividend	**0.51**	0.965		
	1.17	0.965	0.205	21.2

* 2024 interim dividend was paid in November 2024

DEFINITIONS

In this annual report, the following expressions shall have the following meanings unless the context indicates otherwise:

"Aggregate Trade Balance"	the total balances of the net trade receivables, net bills receivable and acceptance bills which are received from the customers to settle their trade debts
"AGM"	the annual general meeting of the Company or any adjournment thereof
"Articles"	the articles of association of the Company, as amended, supplemented, modified or otherwise adopted from time to time
"AsiaInfo Technologies Limited"	a company listed on the Main Board of the Stock Exchange (stock code: 01675)
"Associates"	has the meaning ascribed to an "associate" under Rule 14A.06(2) of the Listing Rules, and further includes any company that constitutes a connected subsidiary of the Company pursuant to Rule 14A.16 of the Listing Rules due to such associate's shareholding therein
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Company
"Auto-finance Services"	the provision of financing to the end-users and dealers of the Group's products for the purpose of purchasing the Group's vehicles
"Board"	the board of Directors
"CAAM"	China Association of Automobile Manufacturers
"China" or "PRC" or "Mainland China"	the People's Republic of China, and for the purpose of this annual report, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
"China Spacesat Co., Ltd."	中國東方紅衛星股份有限公司, a company listed on the Shanghai Stock Exchange (stock code: 600118)
"China Transinfo Technology Co., Ltd."	北京千方科技股份有限公司, a company listed on the Shenzhen Stock Exchange (stock code: 002373)
"CNHTC"	中國重型汽車集團有限公司(China National Heavy Duty Truck Group Company Limited), a state-owned enterprise organized under the laws of the PRC with limited liability, being the immediate holding company of the Company
"CNHTC Group"	CNHTC and its subsidiaries other than the Group
"Commercial Lending Services"	the provision of loans to the borrowers, bill discounting services for bank bills presented by the borrowers and issue of bills (off-balance sheet credit business)

DEFINITIONS

"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
"Company" or "Sinotruk"	Sinotruk (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange
"Concord New Energy Group Limited"	a company listed on the Main Board of the Stock Exchange (stock code: 00182)
"Director(s)"	the director(s) of the Company
"ED(s)"	the executive Director(s)
"Engines Segment"	the engines segment of the Group which engages in manufacture and sale of engines, gearboxes and related parts
"ESG"	environmental, social and governance
"Euro"	the lawful currency of the European Union
"Executive Committee"	the executive committee of the Company
"Finance Segment"	the finance segment of the Group which engages in provision of deposit taking, Commercial Lending Services and entrustment loans to the members of the Group and members of CNHTC Group as well as the provision of Auto-financing Services and supply chain financing services to the public
"FPFPS"	Ferdinand Porsche Familien-Privatstiftung, an Austrian private foundation (Privatstifung) (trust), being the beneficiary owner of 25% of the entired issued share capital of the Company plus 1 Share
"FPFPS Group"	FPFPS and its subsidiaries including Volkswagen AG and TRATON SE
"GAAP"	generally accepted accounting principles
"GDP"	gross domestic product

DEFINITIONS

"Group" or "We"	the Company and its subsidiaries
"Guangdong Highsun Group Co., Ltd."	廣東海印集團股份有限公司, a company listed on the Shenzhen Stock Exchange (stock code: 000861)
"Hainan Drinda New Energy Technology Co., Ltd."	海南鈞達新能源科技股份有限公司, a company listed on the Shenzhen Stock Exchange (stock code: 002865, previously known as "Hainan Drinda Automotive Trim Co., Ltd.")
"HDT(s)"	heavy duty truck(s) and medium-heavy duty truck(s)
"HDTs Segment" or "Heavy Duty Trucks Segment"	the heavy duty trucks of the Group which engages in manufacture and sale of heavy duty trucks, medium-heavy duty trucks and related components
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hundsun Technologies Inc."	恒生電子股份有限公司, a company listed on the Shanghai Stock Exchange (stock code: 600570)
"INED(s)"	the independent non-executive Director(s)
"INKON Life Technology Co., Ltd."	盈康生命科技股份有限公司, a company listed on the Shenzhen Stock Exchange (stock code: 300143)
"JD.com, Inc."	a company listed on the Main Board of the Stock Exchange (stock codes: 09618 (HKD counter) and 89618 (RMB counter))
"Jiangsu Bioperfectus Technologies Co., Ltd."	江蘇碩世生物科技股份有限公司, a company listed on the Shanghai Stock Exchange (stock code: 688399)
"Ji'nan Power Company"	中國重汽集團濟南動力有限公司 (Sinotruk Ji'nan Power Co., Ltd.), a company organized under the laws of the PRC with limited liability, being a wholly owned subsidiary of the Company
"Ji'nan Truck Company"	中國重汽集團濟南卡車股份有限公司 (Sinotruk Ji'nan Truck Co., Ltd.), a joint stock company organized under the laws of the PRC with limited liability, being a non-wholly owned subsidiary of the Company and the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000951)
"Jiangxi Copper Company Limited"	a company listed on the Main Board of the Stock Exchange (stock code: 00358) and on the Shanghai Stock Exchange (stock code: 600362)
"Kingsoft Corporation Limited"	a company listed on the Main Board of the Stock Exchange (stock code: 03888)

DEFINITIONS

"Latest Practicable Date"	24 April 2025, being the latest practicable date before the bulk print of this annual report
"LDT(s)"	light duty truck(s)
"LDTs and Others Segment" or "Light Duty Trucks and Others Segment"	the light duty trucks and others segment of the Group which engages in manufacture and sale of light duty trucks, buses, other vehicles and related components
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"NED(s)"	the non-executive Director(s)
"Nomination Committee"	the nomination committee of the Company
"Operating Profit (Loss) Margin"	the ratio of operating profit (loss) to revenue of the segment of the Group
"PBOC"	The People's Bank of China
"Period"	the year ended 31 December 2024
"Previous Period"	the year ended 31 December 2023
"Products Revenue"	the revenue of sales of goods and rendering of services by the HDTs Segment, the LDTs and Others Segment and the Engines Segment to external customers
"R&D"	research and development
"Remuneration Committee"	the remuneration committee of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"Securities Management Department"	the securities management department of the Company (previously known as "Capital Operation Department")
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SG Automotive Group Co., Ltd."	遼寧曙光汽車集團股份有限公司, a company listed on the Shanghai Stock Exchange (stock code: 600303)
"Shandong SASAC"	the State-owned Assets Supervision and Administration Commission of Shandong Provincial Government
"Shanghai Baolong Automotive Corporation"	上海保隆汽車科技股份有限公司, a company listed on the Shanghai Stock Exchange (stock code: 603197)
"Shanghai Stock Exchange"	Shanghai Stock Exchange in the PRC

DEFINITIONS

"Share(s)"	the ordinary share(s) in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s) from time to time
"Shenzhen Stock Exchange"	Shenzhen Stock Exchange in the PRC
"SHIG"	山東重工集團有限公司 (Shandong Heavy Industry Group Co., Ltd.), a state-owned enterprise organized under the laws of the PRC with limited liability being the ultimate holding company of the Company and the controlling shareholder (as defined in the Listing Rules) of the Company
"SHIG Group"	SHIG and its subsidiaries including the CNHTC Group and the Weichai Group but other than the Group
"Silver Grant International Holdings Group Limited"	a company listed on the Main Board of the Stock Exchange (stock code: 00171)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategy and Investment Committee"	the strategy and investment committee of the Company
"Subsidiary"	a subsidiary for the time being of the Company within the meaning of the Companies Ordinance whether incorporated in Hong Kong or elsewhere and "Subsidiaries" shall be construed accordingly
"Sun.King Technology Group Limited"	a company listed on the Main Board of the Stock Exchange (stock code: 00580)
Tongxin Zhixing	山東同心智行數智科技有限公司 (Shandong Tongxin Zhixing Digital Technology Co., Ltd., formerly known as "Weichai Intelligent Technology Co., Ltd."), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
"TRATON SE"	a company incorporated under the laws of Germany with limited liability, being a non-wholly owned subsidiary of FPFPS and the shares of which are listed on the Frankfurt Stock Exchange in Germany and NASDAQ STOCKHOLM (stock code: ISIN DE000TRAT0N7, WKN TRAT0N and symbol 8TRA)
"USD"	United States dollars, the lawful currency of the United States of America
"Volkswagen AG"	Volkswagen AG, a company incorporated under the laws of Germany with limited liability, being a non-wholly owned subsidiary of FPFPS and an intermediate holding company of TRATON SE and the shares of which are listed on Frankfurt Stock Exchange in Germany (stock code: ISIN DE0007664005, WKN 766400 and symbol VOW)

DEFINITIONS

"Volkswagen Group"	Volkswagen AG and its subsidiaries, including TRATON SE
"Weichai Heavy-duty Machinery Co., Ltd."	濰柴重機股份有限公司, a company listed on the Shenzhen Stock Exchange (stock code: 000880)
"Weichai Group"	Weichai Holdings and its subsidiaries, including Weichai Power
"Weichai Holdings"	濰柴控股集團有限公司 (Weichai Group Holdings Limited), a company organized under the laws of the PRC with limited liability, being a wholly-owned subsidiary of SHIG
"Weichai Power"	Weichai Power Co., Ltd., a company organized under the laws of the PRC with limited liability which shares are listed on the Main Board of the Stock Exchange (stock code: 02338) and on the Shenzhen Stock Exchange (stock code: 000338)
"Yangzhou Yaxing Motor Coach Co., Ltd."	揚州亞星客車股份有限公司, a company listed on the Shanghai Stock Exchange (stock code: 600213)
"YoY"	year-over-year
"Zhejiang Wanfeng Auto Wheel Co., Ltd."	浙江萬豐奧威汽輪股份有限公司, a company listed on the Shenzhen Stock Exchange (stock code: 002085)
"%"	per cent

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS:

Mr. Wang Zhijian *(Chairman)*
Mr. Liu Zhengtao *(President)*
Mr. Wang Dechun
(Executive President)
Ms. Li Xia
Mr. Zhao Hua
Ms. Han Xing

NON-EXECUTIVE DIRECTORS:

Mr. Cheng Guangxu
Mr. Karsten Oellers
Mr. Mats Lennart Harborn

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Dr. Wang Dengfeng
Mr. Zhao Hang
Mr. Liang Qing
Mr. Lyu Shousheng
Mr. Zhang Zhong
Dr. Liu Xiaolun

EXECUTIVE COMMITTEE

Mr. Wang Zhijian *(Chairman)*
Mr. Liu Zhengtao
Mr. Wang Dechun
Ms. Li Xia
Mr. Zhao Hua
Ms. Han Xing

STRATEGY AND INVESTMENT COMMITTEE

Mr. Wang Zhijian *(Chairman)*
Mr. Liu Zhengtao
Ms. Li Xia
Ms. Han Xing
Mr. Zhao Hang

REMUNERATION COMMITTEE

Mr. Lyu Shousheng *(Chairman)*
Mr. Liang Qing
Mr. Zhang Zhong
Dr. Liu Xiaolun
Mr. Cheng Guangxu

AUDIT COMMITTEE

Dr. Liu Xiaolun *(Chairman)*
Dr. Wang Dengfeng
Mr. Lyu Shousheng

NOMINATION COMMITTEE

Mr. Zhang Zhong *(Chairman)*
Mr. Lyu Shousheng
Mr. Cheng Guangxu

HEADQUARTERS

Sinotruk Tower
No. 777 Hua'ao Road
Innovation Zone
Ji'nan City
Shandong Province
PRC
Postal code: 250101

REGISTERED OFFICE IN HONG KONG

Units 2102-03
China Merchants Tower
Shun Tak Centre, 168-200
Connaught Road Central
Hong Kong

COMPANY SECRETARY

Mr. Kwok Ka Yiu

AUTHORIZED REPRESENTATIVES

Ms. Li Xia
Mr. Kwok Ka Yiu

CORPORATE INFORMATION

PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited
Bank of China Limited
Agricultural Bank of China Limited
China Construction Bank Limited
Bank of Communications Co., Ltd.

LEGAL ADVISERS

HONG KONG

Reed Smith Richards Butler LLP

PRC

Commerce & Finance Law Offices

AUDITOR

KPMG

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

COMPANY WEBSITE

www.sinotruk.com

SECURITIES CODE

Equity: 03808.hk

INVESTOR RELATIONS

SECURITIES MANAGEMENT DEPARTMENT

PRC

Tel: (86) 531 5806 3808
(86) 531 5806 2543
Email: zhengquanbu@sinotruk.com

HONG KONG

Tel: (852) 3102 3808
Fax: (852) 3102 3812
Email: securities@sinotrukhk.com

PUBLIC RELATIONS CONSULTANT

Wonderful Sky Financial Group
Tel: (852) 2851 1038
Email: sinotruk@wsfg.hk

THE GROUP

BUSINESS

The Group is one of the leading trucks manufacturers in the PRC which specializes in the research, development and manufacture of HDTs, medium-heavy duty trucks, LDTs, etc. and related key assemblies, parts and components. The Group's products widely serve customer groups in various industries and fields such as logistics, transportation and infrastructure construction.

The Group mainly manufactures trucks and also produces key assemblies, parts and components such as engines, cabins, axles, steel frames, gearboxes, etc. The Group is a truck manufacturer which has its own research and development and production capability in trucks as well as the complete production chain. Our products are not only sold domestically but also exported to other countries and regions in the world. In addition, the Group provides financial services to those parties related to the production and sales of the Group's products and to the CNHTC Group.

OPERATIONS

The Group's businesses are classified into four segments according to the nature of products and services:

(I) HEAVY DUTY TRUCKS SEGMENT

The majority of the Group's revenue is contributed by the sales of HDTs. Its major products series include SITRAK, HOWO and Huanghe, each of which is further divided into various sub-series for different markets. The key production bases are located at Ji'nan and Ji'ning, the PRC. In addition, the Group engages in truck refitting and manufactures specialty vehicles.

(II) LIGHT DUTY TRUCKS AND OTHERS SEGMENT

The Group's LDT products mainly include HOWO, Haoman and Wangpai products, which production bases are located at Ji'nan, Fujian and Chengdu, the PRC. The segment manufactures and sells medium duty trucks, LDTs, buses and other vehicles.

(III) ENGINES SEGMENT

Although most of the engines for heavy duty trucks produced by the Group are used to satisfy our own demand, the Group also sells industrial and construction machinery engines to third parties. In addition, the Group produces other HDT key assemblies, parts and components, such as gearboxes and various types of casting and forging. The engines production bases are located at Ji'nan and Hangzhou, the PRC.

(IV) FINANCE SEGMENT

The Finance segment provides various financial services to those parties related to the production and sales of the the products of the Group and the CNHTC Group, including deposits taking services and commercial financing services such as the provision of loans, bill discounting services and issue of bills as well as providing auto-finance services to finance the end-users and the dealers to purchase the Group's vehicles in the PRC.

SHAREHOLDER INFORMATION

Financial Calendar 2025

Announce 2024 annual results	27 March
2025 AGM	26 June
Ex-dividend date for 2024 final dividend	7 July
2024 final dividend entitlement date	10 July
Latest time to submit RMB dividend election form	At 4:30 p.m. on 31 July
Announce 2025 interim results	August
Despatch 2024 final dividend warrants	4 September

2024 Dividends (per share)

Interim dividend (paid)	HK\$0.72 or RMB0.66
Proposed final dividend	HK\$0.55 or RMB0.51
Dividend payout ratio (Note)	54.7%

Share Information

Stock code	03808.hk
Listing as at 31 December 2024	
– Number of issued Shares	2,760,993,339
– Market capitalization	RMB58,295 million
Board lot size	500 Shares

For Shareholders to attend and vote at 2025 AGM

Latest time to lodge transfer documents for registration with Sinotruk's registrar	At 4:30 pm on 20 June 2025
Closure of Sinotruk's register of members	23 to 26 June 2025 (both dates inclusive)
Record date	26 June 2025

For Shareholders to be entitled to 2024 proposed final dividend

Latest time to lodge transfer documents for registration with Sinotruk's registrar	At 4:30 p.m. on 8 July 2025
Closure of Sinotruk's register of members	9 to 10 July 2025 (both dates inclusive)
Record date	10 July 2025

Sinotruk's Registrar - Computershare Hong Kong Investor Services Limited

For corporate communications:

By post:	17M Floor, Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong
By email:	securities@sinotrukhk.com

For transfer of shares:

Address:	Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wan Chai, Hong Kong
Telephone:	(852) 2862 8555

Note: Being calculated by relevant dividends for the Period divided by profit attributable to equity shareholders of the Company for the Period.

SHAREHOLDER INFORMATION

Share Prices During the Period

Maximum price	HK$25.60
Minimum price	HK$13.86
Average closing price	HK$19.88

Shareholding Distribution as at 31 December 2024 (based on Sinotruk's Register of Members)

Size of Shareholding	No. of Shareholders	% of Shareholders	No. of Shares held	% of no. of Shares issued
1 — 500	5,631	78.4%	2,780,384	0.1%
501 — 1,000	1,019	14.3%	1,019,000	0.1%
1,001 — 2,000	423	5.9%	665,500	0.0%
2,001 — 10,000	87	1.2%	361,000	0.0%
10,001 — 100,000	17	0.2%	479,750	0.0%
100,001 — 500,000	2	0.0%	257,500	0.0%
Above 500,000	3	0.0%	2,755,430,205	99.8%
	7,182	100.0%	2,760,993,339	100.0%

Details about Sinotruk's major Shareholders are disclosed in the Corporate Governance Report contained in this annual report.

CHAIRMAN'S STATEMENT

CHAIRMAN

WANG ZHIJIAN

I am pleased to present, on behalf of the Board of Directors, a review of the Group's operating results for the year ended 31 December 2024 as well as our prospects.

INDUSTRY REVIEW

In 2024, facing the complex and severe domestic and international environment, the Chinese government adhered to the general principle of seeking progress while maintaining stability, intensified macro-control, introduced a package of incremental policies in a timely and targeted manner. These measures effectively boosted social confidence, promoted a notable economic recovery, and resulted in a GDP of RMB 134.9 trillion, representing a growth of 5.0% YoY.

In 2024, as a result of the late publication of replacement subsidy policies for China III Emission Standard and China IV Emission Standard, the sales in domestic commercial vehicle market was weak, while the sales in overseas market steadily increased. As a result, the overall performance of the commercial vehicle market fell short of expectations. According to statistics from CAAM, for the HDT industry, the sales volume of HDTs reached approximately 901,700 units for the Period, representing a decrease of 1.03% YoY. For the LDT industry, the sales volume of LDTs reached approximately 1,900,000 units for the Period, representing an increase of 0.28% YoY.

CHAIRMAN'S STATEMENT

OPERATIONS OF THE GROUP

In 2024, we remained committed to creating maximum value for our customers, making every effort to seize market opportunities, secure orders, and ensure delivery. Our operating performance once again led the industry, setting the benchmark for high-quality development with the "Sinotruk Speed." During the Period, the Group's total sales volume of complete trucks increased 6.3% YoY to 343,960 units, of which the sales volume of HDTs increased by 7.2% YoY to 243,418 units, and the sales volume of LDTs increased by 4.1% YoY to 100,542 units. The Group recorded revenue of RMB95,062 million, representing an increase of 11.2% YoY. Profit attributable to equity shareholders of the Company was RMB5,858 million, representing an increase of 10.2% YoY. The Group achieved continuous improvement in its operation performance indices.

During the year, we have focused on global collaborative development and actively seized opportunities in international markets, achieving a total export of approximately 134,000 HDTs, representing a YoY increase of 3.1%. First, the high-end overseas market experienced rapid growth, with sales in the Saudi Arabian market increasing by 70% YoY and sales in the Australian market rising by 83% YoY. Second, in traditionally favourable regions such as Africa and the Middle East and South East Asia, we continue to rank first in the industry.

During the year, we have focused on breakthroughs in segment markets, withstanding pressure in the domestic market and achieving growth against the trend, leading to a significant increase in both sales volume and market share. In particular, through continuous optimisation of product and market structures, we secured the industry's top position in ten segment markets, including medium and long-distance comprehensive transportation.

During the year, we have focused on green and low-carbon development, accelerating the expansion of the new energy market and achieving a strong breakthrough. New energy HDTs have rapidly increased their market share across multiple market segments, achieving the highest growth rate in market share for medium and short distance tractors trucks and 8×4 muck trucks in industry. For new energy LDTs, we have concentrated on key markets such as the Pearl River Delta, Sichuan-Chongqing, and Beijing-Tianjin, further sourcing end-customers and continuously enhancing business model innovation. By collaborating with partners to formulate and promote rental-sales synergies, we aim to enhance channel profitability.

During the year, we have adhered to technology-driven innovation, accelerating breakthroughs in key core technologies and achieving a series of innovative results. First, we have continued to strengthen the development and reserve of new energy vehicles, including pure electric, hydrogen fuel, and hybrid power vehicles. Significant progress has been made in reducing energy consumption, extending cruising range, improving electric drive axle quality, and integrating thermal management systems. This has enabled full coverage of new energy technologies across all routes and six major application scenarios. Second, we have made continuous breakthroughs in key technologies such as internet of vehicles and intelligent driving. Unmanned electric trucks and intelligent mine-duty trucks have been successfully demonstrated in specific application scenarios. Third, we have developed a new generation of medium and HDTs, accumulating 307 proprietary technologies. Innovations include a low-drag cab-over with a drag coefficient of 0.43 and a highly integrated modular chassis. The core technical indicators of the trucks have reached internationally leading standards.

CHAIRMAN'S STATEMENT

FUTURE PROSPECTS

From a global perspective, the global economy appears to be settling at a medium-to-low growth rate in 2025, with a mix of multiple crises, such as geopolitical conflicts, great power rivalry, and deglobalisation. As a result, the instability and uncertainty of global economic development are becoming increasingly pronounced. According to IMF projections, global economic growth is expected to reach 3.3% in 2025. Domestically, economy continues to show positive momentum but still faces numerous challenges, including insufficient effective demand and the pains of economic transformation. However, China's economic fundamentals remain solid, with multiple advantages, strong resilience, and vast potential. The long-term factors underpinning its continued positive trajectory and fundamental growth trend remain unchanged. The Central Economic Working Conference proposed extraordinary counter-cyclical adjustment and appropriately loose monetary policy, releasing a strong signal to promote consumption, stabilise the real estate market, stabilise the stock market, expand domestic demand and strengthen growth momentum of China's economy. China's government proposed that the target of GDP growth for 2025 will be around 5%.

Looking at the domestic commercial vehicle industry, the trend of recovery-driven growth is expected to continue. In the HDT industry, the domestic market will see regional growth driven by policies such as the renewal trade-in programme of China IV Emission Standard vehicles, the commencement of key projects, and the westward shift of industries. Additionally, the increasing demand for cold chain green channel, express delivery, e-commerce, and cross-border transportation will remain key market hotspots. The new energy market is expected to maintain rapid growth, with the electrification trend in medium to short distance applications becoming more prominent and irreversible, leading to a continuous increase in market penetration. In overseas markets, major manufacturers will accelerate their global expansion, capitalising on opportunities in regions such as Southeast Asia, Africa, and the Middle East, while competition in these markets is expected to intensify further. For the LDT industry, driven by several factors such as the expansion of domestic demand, the recovery of consumption, and the increased penetration rate of new energy vehicles, the LDT market will continue to recover.

In 2025, we will continue to drive product and technology upgrades, enhance customer service support, and comprehensively expand our business ecosystem to help the Company advance toward becoming a world-class enterprise. First, we will develop a full range of products that generate the highest profitability for customers, ensuring that our product technology remains industry-leading. Second, we will establish the most trusted sales channel network for customers, achieving the strongest profitability and sustainable development within the network ecosystem. Third, we will build the most attentive and efficient service support system, providing customers with logistics and transportation solutions that maximise their returns. Forth, we will establish a rapid response mechanism with direct access to market, leveraging our advantages through industry-leading high-end power chain, top-tier domestic forward R&D capabilities, and world-class intelligent manufacturing capacity to provide customers with the shortest delivery cycles and the best product assurance in the industry. Fifth, we will offer maximum value throughout the product lifecycle, achieving full-cycle ecosystem deployment of "vehicle leasing/sales, smart logistics, after-warranty services, and used vehicles."

The Group always regards "customer satisfaction as our purpose" as the core value of the enterprise. We will meet customer needs with the highest standards by providing the best service, the highest efficiency, and the lowest costs. We will do our best in leading China's commercial vehicle industry, build a fast-growing global commercial vehicle brand and continue to move forward toward the strategic vision of "building a world-class full-series commercial vehicle group".

FINAL DIVIDENDS

The Board recommends the payment of a final dividend per share of HK$0.55 or RMB0.51 for the financial year ended 31 December 2024.

Wang Zhijian
Chairman

27 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

TRUCKS MARKET

In 2024, amidst the complex international environment, the growth momentum for global economy weakened and the geopolitical tension escalated. In addition, there were insufficient effective domestic demand and drawbacks in replacing old trucks with new ones. Facing the changes in the complicated economic situation, the Chinese government adhered to the general principal of seeking progress while maintaining stability, adopted proactive macro policies, expanded domestic demand, stabilized social expectations, energized the economic development, further promoting economic recovery. In 2024, the China's GDP grew by 5.0% YoY; the national fixed asset investment (excluding rural households) grew by 3.2% YoY; and the industrial added value of designated revenue scale enterprises grew by 5.8% YoY. The national economy maintained an overall stable performance, and steadily advanced high-quality development.

During the Period, for the heavy duty truck industry, due to the combined effect of the macroeconomic slowdown, overcapacity in the freight industry and fluctuation in oil-gas price difference, it was still at a critical stage of transformation and upgrading and structural adjustment in terms of the domestic demand. For overseas demand, as the brand recognition and influence of China's commercial vehicle continued to improve and the penetration rate in Africa, Southeast Asia, the Middle East and Latin America markets increased steadily, the sales hit a new high. According to CAAM, the annual sales of heavy duty trucks was at approximately 901,700 units, representing a decrease of 1.03% YoY. For the light duty truck industry, the annual sales of light duty trucks reached approximately 1,900,000 units, representing an increase of 0.28% YoY.

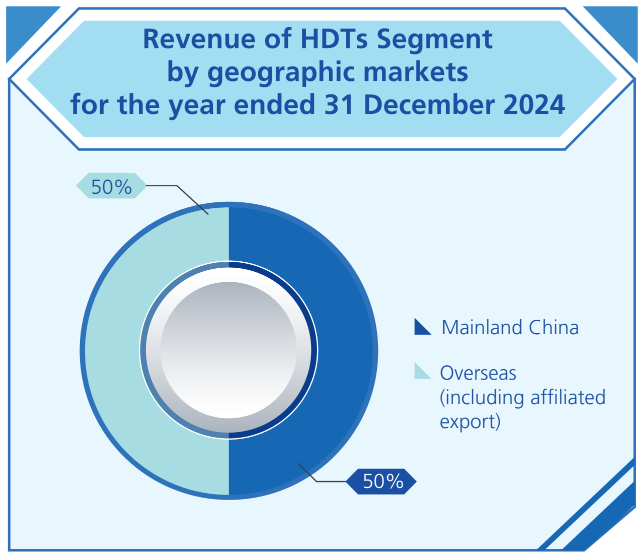
FINANCING MARKET

During the Period, the Chinese government continued to implement the loan prime rate (LPR) mechanism. One-year LPR was lowered twice and the five-year LPR was lowered three times. As at 31 December 2024, one-year LPR was 3.10% while LPR over five years was 3.60%.

OPERATION REVIEW

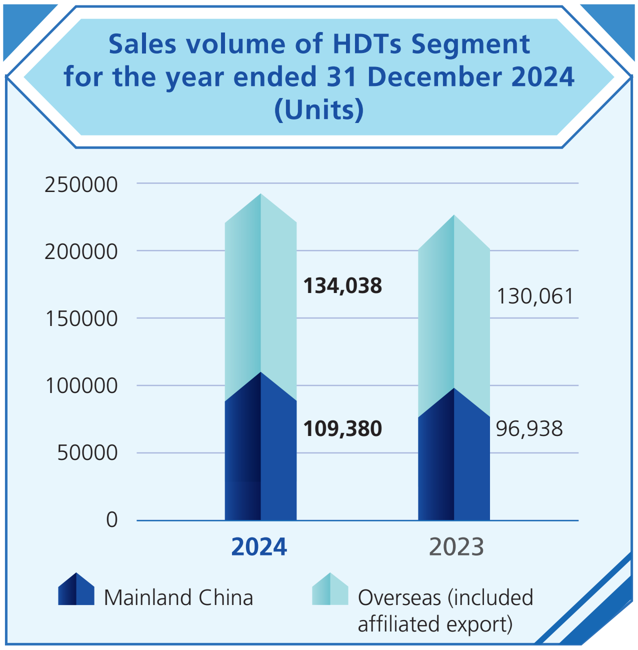
HDTS SEGMENT

The total revenue from the HDTs Segment was RMB84,150 million, representing an increase of 11.8% YoY. The HDTs Segment's Operating Profit Margin was 5.2%, representing a decrease of 0.6 percentage points YoY, mainly due to regional structure and vehicle model structure.



During the Period, the Group sold 243,418 HDTs, representing an increase of 7.2% YoY.

MANAGEMENT DISCUSSION AND ANALYSIS



DOMESTIC BUSINESS

During the Period, the Group sold 109,380 HDTs in the PRC, representing an increase of 12.8% YoY.

During the Period, the Group focused on the market demand, continuously deepened its focus in segment markets and optimized its product structure, ranking first in the industry among several segment markets.

In the market of tractor trucks, on one hand, the Group seized the opportunity to rank first among several segment markets. In particular, the market share of gas tractor trucks at 15L horsepower increased by 9.7 percentage points YoY, leading the high-end gas tractor industry. The market share of container tractors in the transportation market increased by 3.5 percentage points YoY. On the other hand, the Group accelerated its upgrading of products, and newly launched C9H ultra-high top tractor trucks of SITRAK and HOWO-TS7 tractor trucks.

In the market of cargo trucks, the Group further expanded various application scenarios, supplemented less popular products and focused on the application scenario of express delivery in cities. More specifically, the market share of express delivery led the industry, and the market share of falcon wing door cargo trucks increased by 3.7 percentage points YoY, ranking first in the industry.

In the market of special vehicles, the Group focused on differentiated competitive advantages, and continuously improved product quality, recording an increase in its market share of 0.7 percentage points YoY. In the high-end special vehicle areas including fire trucks, pumper trucks and oil field trucks, the market share kept leading in the industry.

In the new energy market, the Group leveraged its technological strengths, continuously reduced weight, cost and energy consumption, and constantly improved product reliability. The sales volume of new energy heavy duty trucks increased by 294% YoY, and the market share increased by 3.7 percentage points YoY, especially making breakthroughs in the segment markets of tractor tracks and 8×4 muck trucks.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group continued to optimize its dealers' network, strengthen the construction of core network, improve the network development, access and exit standards, further enhancing its distribution network. As at 31 December 2024, there were approximately 370 dealerships in total selling the Group's HDT products in the PRC, with approximately 1,200 service centers offering high-quality aftersales services and approximately 110 truck-refitting services enterprises offering refitting services.

INTERNATIONAL BUSINESS

The HDTs affiliated export revenue amounted to RMB42,495 million, representing an increase of 3.3% YoY.

Reconciliation of overseas revenue to HDTs affiliated export revenue:

	2024 RMB million	2023 RMB million
Overseas revenue	**38,385**	30,828
Affiliated export revenue	**6,950**	12,292
Total affiliated export revenue	**45,335**	43,120
Less: Other affiliated export revenue	**(2,840)**	(1,987)
HDTs affiliated export revenue	**42,495**	41,133

During the Period, the volume of HDTs affiliated export was 134,038 HDTs, representing an increase of 3.1% YoY.

In 2024, the global economy presented slow growth, with an obvious growth differentiation shown in developed economies, and a relatively stable growth in emerging markets and developing economies. Main truck manufacturers in China stepped up their efforts to increase exports, which further intensified the competition. The Group's export sales volume and revenue of heavy duty trucks kept rising and hit a new record high, ranking first in China's heavy duty truck industry in terms of exports for 20 consecutive years.

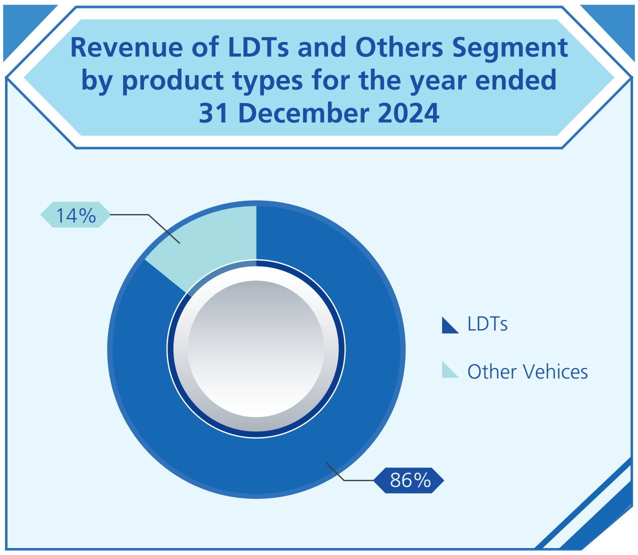
MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, the Group made great efforts to expand overseas markets, consolidate its traditional dominant markets, further develop high-end markets, and shape its high-end brand image of Sinotruk in the international market. Firstly, considering brand competition in the traditional market, the Group promoted its products upgrading and responded to the commercial pricing policy, recording a rapid growth in sales volume. Secondly, the Group speeded up its efforts to expand high-end markets and key markets, striving to implement a new marketing model based on the operation of subsidiaries, with a view to strengthening its existing competitive advantages. Thirdly, the Group continuously expanded overseas teams, strengthened the recruitment and management of local personnel, and strived to build a determined team for overseas marketing. Fourthly, the Group strengthened overseas brand building, successfully participated in the IAA Commercial Vehicles in Germany, and held several worldwide partner conferences in Dubai, Indonesia and Mexico, etc., which greatly enhanced brand influence and corporate image.

As at 31 December 2024, the Group established 80 overseas representative offices and other offices, developed over 200 dealerships at all levels, and set up 10 overseas subsidiaries and 29 overseas cooperative KD plants in more than 110 countries and regions, forming an international marketing network largely covering developing countries and major emerging economies in Africa, the Middle East, Central and South America, Central Asia and Southeast Asia, as well as some mature markets including BRICS, Australia, Ireland, New Zealand, and Hong Kong.

LIGHT DUTY TRUCKS AND OTHERS SEGMENT

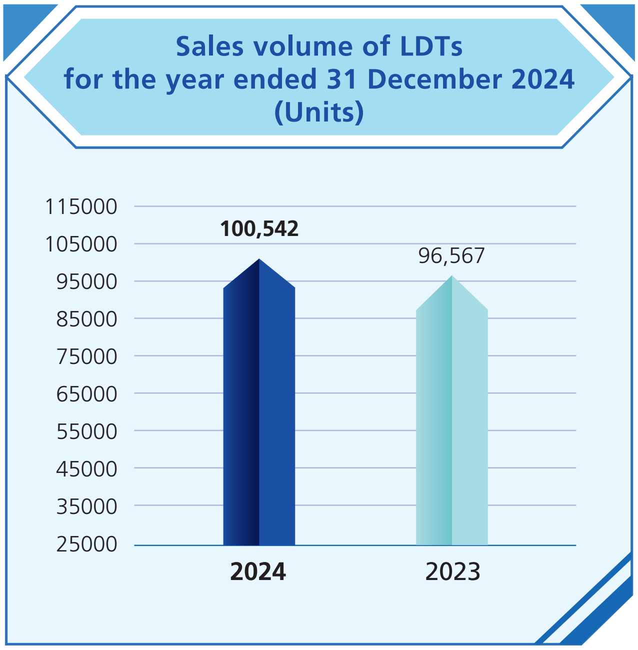
The major product of the LDTs and Others Segment is LDT, of which revenue was accounted for approximately 86% of the total revenue during the Period of this segment while other products of the segment included buses, pickup trucks and other vehicles.



During the Period, the total revenue from the LDTs and Others Segment was RMB11,162 million, representing an increase of 8.2% YoY. The Operating Loss Margin of the LDTs and Others Segment was significantly improved and reduced to 1.9%, representing a decrease of 4.1 percentage points as compared to the Previous Period. The increase in sales volume and optimization of product structure resulted in the increase in the revenue and the improvement in the overall profitability.

During the Period, the Group sold 100,542 LDTs, representing an increase of 4.1% YoY.

MANAGEMENT DISCUSSION AND ANALYSIS



During the Period, for the light duty truck business, the Group focused on achieving breakthroughs in the development of segment markets, and various regional markets made great headway. Firstly, the sales volume increased against the general trend, with an increase in the market share of 2.68 percentage points YoY, further narrowing the gap with compatible products. In particular, the market share of stake trucks increased by 6 percentage points YoY, ranking first in the industry, and the Group also achieved breakthroughs in sales volume of wreckers, cold preservation, sanitation, lifting and hazardous chemicals transport trucks. Secondly, the Group accurately judged the trend of vehicle power upgrading, launched a new generation of products such as HOWO Commander (統帥) PRO and HOWO General (悍將) PRO, and made major breakthroughs in those markets featuring light loading and high horsepower. Thirdly, the Group strived to build a brand-new light commercial vehicle platform for the high-end markets, and launched new products including BOLDEN (博勝) pickup trucks and Vangard (VAN) (先鋒官) series trucks.

The Group has recorded a 50% YoY increase in the sales of its new energy light duty trucks. Firstly, the Group launched the Blue Cube full scenario series products. Secondly, the Group optimized the layout of new energy networks according to the characteristics of different regional markets, constantly improved the product spectrum, and promoted the gradual implementation of supporting policies such as trial vehicles, leasing modes, financial insurance, a dedicated team, service rights and channel assistance.

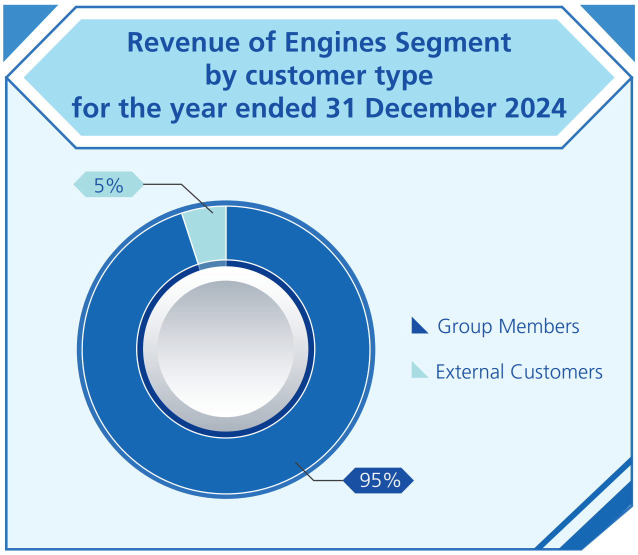
As at 31 December 2024, the Group had, in the PRC, a total of approximately 800 dealerships of LDTs, approximately 2,200 service centers offering aftersales services and approximately 320 modification enterprises offering refitting services.

(Market data source of HDTs segment and LDTs and others segment: ultimate sales data, the Group's internal data)

ENGINES SEGMENT

During the Period, the Engines Segment recorded a revenue of RMB13,925 million, representing a decrease of 4.3% YoY, of which external sales of engines accounted for 5.1% of the total sales, representing an increase of 0.8 percentage points YoY. The Operating Profit Margin of the Engines Segment was 14.2%, same as that of the Previous Period. The drop in volume sales of the engines led to the decrease in the revenue.

MANAGEMENT DISCUSSION AND ANALYSIS



During the Period, the Engines Segment sold 109,104 engines, representing a decrease of 14.5% YoY.

During the Period, the Group focused on energy saving and emission reduction as well as technical reliability by constant development and optimization of engine products. Specifically, the Group continued to improve the performance of MC series and D10 (WD615) series model, which remained highly reliable with further lower engine fuel consumption and thus served as better products for users, while the Group comprehensively upgraded the 9th generation of AMT gearbox and the latest generation of axles with the view of marching forward to high reliability and efficiency as well as light weight.

R&D STRENGTH

The Group has comprehensive R&D capabilities for the whole series of commercial vehicles. It has always maintained high standards and significant investment for R&D, and established a forward-looking R&D process guided by customer needs. The Group has created an R&D matrix led by complete vehicles and guided by customer needs, which is able to synergistically develop performance as well as assemblies and components.

The Automotive Research Institute, New Energy Vehicle Research Institute and Product Testing and Inspection Center of the Group are the comprehensive scientific research bases for R&D and testing of new products and are among the first batch of nationally recognized enterprise technology centers and the national HDTs engineering technology research centers. Through the research and promotion of technologies on complete vehicles and bodywork as well as key vehicle assemblies and core component and parts and the development of processes, the Group has developed five core strengths leading in the industry, namely strengths in bodywork, power system, gearing system, electronic control system and complete vehicle matching. We have also set up a relatively complete R&D system of software and hardware for technical management, design and development, pilot production, as well as testing and inspection, and a product R&D platform for the concurrent initiation of multiple parallel projects.

During the Period, the Group adhered to technology-driven and demand-driven paths for product innovation, proactively optimized and upgraded products and thus achieved breakthroughs in key technologies in terms of various sectors. For intelligent driving, the Group invented a road preview-based Lane Centering Control (LCC) technique and developed a risk forecast-based Forward Collision Warning (FCW) and Emergency Braking technique, reducing the risk of incidents caused by lane departure and rear-end collision. In respect of engine, based on the traditional compression and release braking system for engine, the Group introduced exhaust reflux braking mechanism, by which achieving one exhaust reflux braking accompanied by one compression and release braking within one operating cycle, and thus cylinder braking power was raised. As for aftertreatment, the Group developed a highly universal and flexible multi-stage exhaust aftertreatment device for HDTs catered to National VI aftertreatment system, reducing resource consumption while ensuring powerful and economical vehicles.

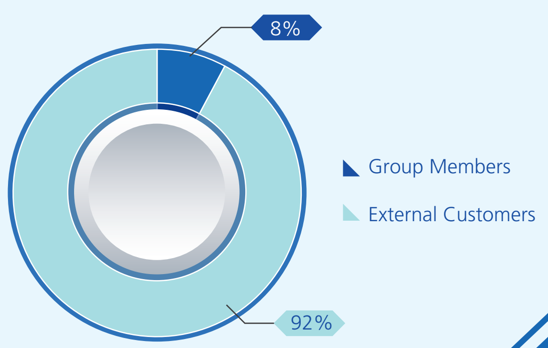
MANAGEMENT DISCUSSION AND ANALYSIS

FINANCE SEGMENT

During the Period, the Group optimized its internal financing costs by utilizing the pricing self-regulatory mechanism of PBOC and market changes. Besides, the Group established long-term cooperation relationships with different institutions to improve its ability to analyze foreign exchange and conducted timely exchange of foreign currencies into RMB and hedging to lock in exchange rates and hedge its exposure to exchange rate risk. Furthermore, the Group increased its capability of financial support through the provision of diversified Auto-finance Services.

During the Period, the revenue of the Finance Segment (including interest income and finance lease income) was RMB1,479 million, representing an increase of 6.6% YoY. Revenue from external customers amounted to RMB1,354 million, representing an increase of 11.0% YoY. The Operating Profit Margin of the Finance Segment was 54.6%, decreased by 1.0 percentage points YoY. The increase in income of the Finance Segment was mainly due to the increase in the overall lending scale while the decrease in Operating Profit Margin was mainly due to the downward trend in market interest rates.

Revenue of Finance Segment by customer type for the year ended 31 December 2024



The Finance Segment operates money lending business of the Group through the provision of Commercial Lending Services and Auto-finance Services.

The below figures in this section are stated after the elimination of intragroup transactions.

Depending on the type of the money lending business provided, the Group generally charges an interest rate that ranges from 1% to 10%. As at 31 December 2024, the principal and interest receivables of financing receivables were approximately RMB15,343 million and RMB19 million, respectively. The ageing analysis of the financing receivables based on the maturity date as at 31 December 2024 and 2023 is as follows:

RMB million	31 December 2024	31 December 2023
Less than 3 months	**2,824**	2,122
3 months to 6 months	**2,826**	2,238
6 months to 12 months	**4,229**	3,210
1 year to 2 years	**4,778**	3,829
2 years to 3 years	**705**	1,139
	15,362	12,538

During the Period, the impairment of financing receivables of RMB28 million (2023: reversal of impairment loss allowance RMB100 million) was made and impairment losses of off-balance sheet credit business of RMB0.1 million was reversed (2023: reversal of impairment loss allowance of RMB5 million). During the Period, financing receivables (all from Auto-finance Services) at the amount of RMB63 million had been written-off (2023: nil).

As at 31 December 2024, the total provision of impairment of financing receivables amounted to RMB673 million (31 December 2023: RMB707 million) and there was no provision for impairment losses of off-balance sheet credit business (31 December 2023: RMB0.1 million). For details of the basis and details of impairment loss of the financing receivables, please refer to the section headed "Impairment and write-offs" below.

MANAGEMENT DISCUSSION AND ANALYSIS

COMMERCIAL LENDING SERVICES

The borrowers of the Commercial Lending Services comprise the CNHTC Group and its associates (as defined under the Listing Rules), dealers of the Group and suppliers of the Group and the CNHTC Group. The Commercial Lending Services not only enable the Group to gain a reasonable interest income, but also ensure stability of its industrial chain and achieve a win-win cooperation among upstream and downstream entities along such industrial chain. Loans to dealers are unsecured while loans to suppliers are secured by the pledge of receivables from suppliers of the Group and the CNHTC Group. All loans granted are repayable within one year while discount of bills (issued by banks only) shall all be matured within one year. Commercial Lending Services are carried out at the Group's headquarters in Ji'nan, PRC.

During the Period, the revenue from the Commercial Lending Services was RMB38 million, representing a decrease of RMB43 million or 53.1% YoY.

As at 31 December 2024, there were less than 20 borrowers (31 December 2023: less than 30 borrowers) of the Commercial Lending Services business and their total net outstanding receivables and interest receivable were RMB297 million and RMB0.3 million (31 December 2023: RMB595 million and RMB1 million), respectively.

As at 31 December 2024, the largest borrower (being the CNHTC Group) and the top five borrowers under the Commercial Lending Services business constituted approximately 98.65% and 99.04% (31 December 2023: approximately 81.47% (being the CNHTC Group) and 99.30%), respectively of the net financing receivables of the Commercial Lending Services business.

Given that the Measures for the Administration of Finance Companies of Enterprise Groups (《企業集團財務公司管理辦法》) issued by the National Financial Regulatory Administration in October 2022 prescribed that one enterprise group may only have one finance company within the group, SHIG had proposed to integrate the resources of the two finance companies within its group. Subsequently, on 11 November 2024, the Board resolved that Sinotruk Finance Co., Ltd. shall undertake a voluntary liquidation (the "Voluntary Liquidation"). For more details, please refer to the announcement dated 11 November 2024 of the Company.

Sinotruk Finance Co., Ltd. currently is the key provider of Commercial Lending Services. The Voluntary Liquidation will be proceeded once the administrative procedures of SHIG regarding the Voluntary Liquidation is completed. Sinotruk Finance Co., Ltd. plans not to renew the existing facilities provided under the Commercial Lending Services upon their expiry or grant any new loans, and it will hold the short term wealth management products until expiry and gradually dispose of long term wealth management products. The Group will cease to provide any Commercial Lending Services after completion of the Voluntary Liquidation. As disclosed in the announcement dated 11 November 2024 of the Company, the Board did not expect the Voluntary Liquidation to have any material adverse impact on the financial position and business operations of the Group.

AUTO-FINANCE SERVICES

The borrowers of the Auto-finance Services comprise end-users or dealers of the Group's commercial vehicles who may be individuals and entities. Such borrowers were either existing customers of the Group or those referred from the CNHTC Group or the dealers of the Group's vehicles. The Auto-finance Services are further divided into auto-finance loans and finance leasing. All loans and leases are secured by commercial trucks being purchased with guarantee deposits, guaranteed by the borrowers (and, for those that are entities, by guarantees of their owner(s) as well), and in respect of certain borrowers, the relevant amounts are also guaranteed by the dealers. Moreover, for any loan or lease involving a large amount, further security such as properties and (additional) guarantee deposits may be required to be provided as collateral. The loans and finance leases granted under the Auto-finance Services are normally repayable within three years. As at 31 December 2024, the Finance Segment had established 23 business offices, with its business covering China, and having further improved its automotive consumer credit services.

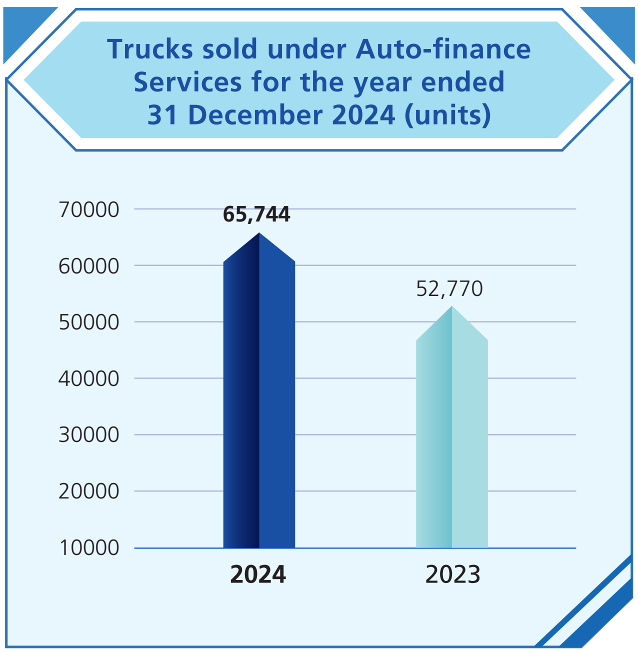
MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, the revenue from the Auto-finance Services was RMB592 million, representing an increase of RMB189 million or 46.9% YoY.

As at 31 December 2024, there were less than 70,000 borrowers (31 December 2023: less than 50,000 borrowers) of Auto-finance Services and their total net outstanding receivables and interest receivable were approximately RMB15,045 million and RMB19 million (31 December 2023: approximately RMB11,929 million and RMB14 million), respectively. As at 31 December 2024, the net finance leases balance to the net loans and finance leases balance was approximately 41.4% (31 December 2023: approximately 13.8%).

As at 31 December 2024, the largest borrower and the top five borrowers of the Auto-finance Services who are all independent third parties constituted approximately 0.15% and 0.64% (31 December 2023: approximately 0.1% and 0.4%), respectively, of the net financing receivables of the Auto-finance Services.

During the Period, the Group sold 65,744 vehicles through Auto-finance Services, representing an increase of 24.6% YoY.



RISK MANAGEMENT POLICY AND KEY INTERNAL CONTROL MEASURES

Credit approval process and credit risk assessment policy

Prior to the granting of financial services to the borrowers, the relevant business units ("Business Unit(s)") of the Finance Segment will first review the application of the potential borrower, and conduct appropriate pre-loan or pre-lease checks on the potential borrower and its guarantor, which involves (a) reviewing the financial reports and statements of the potential borrower; and (b) performing an assessment on the financial condition of the potential borrower and its equity holder(s) (for entities), such as the type and value of assets owned by the potential borrower.

Depending on the type and amount of the financing services, the Business Units will assess and decide the necessity and the amount of security/collateral for the granting of each loan or lease on a case by case basis considering the factors including but not limited to the repayment history, results of public credit search towards the borrower, the value and location of the assets owned by the borrower and the financial condition of the borrower.

Relevant business approval forms including but not limited to details of the amounts, repayment terms and the applicable interest rate will be prepared and the senior management of the relevant Business Unit will give final approval in respect of the relevant application and, pursuant to which, the Business Unit will execute the relevant drawdown or payment procedures.

MANAGEMENT DISCUSSION AND ANALYSIS

Ongoing monitoring of loan collection and recovery

Various departments of the Business Units (principally engaged in post loan management) are involved in monitoring loan repayment and recovery. Such departments report to the risk management and operations departments on the repayment status of all loans and financing on at least a quarterly basis and report any material defaulted loans immediately upon occurrence. In addition, the Group carries out regular and/or specific inspections in respect of the financial status of the borrowers and the status of the collaterals.

The Finance Segment has also adopted a policy for loan collection/recovery, pursuant to which, depending on the status of the overdue payment, the Business Units will continuously contact the borrower via different means including by phone and on-site interviews, issuing overdue payment reminder to the borrower, and, based on the approval of the senior management of the Business Units, the Business Units may negotiate with the borrower for the repayment or settlement of the loan. Depending on the outcome of the aforesaid measures, the Business Units may also instruct legal advisers to issue formal legal demand letters or carry out formal legal proceedings for collection of loans.

Impairment and write-offs

The Finance Segment considers the provision for impairment based on the borrowers' repayment situations, current and forecast economic conditions and laws and regulations which are consistent with market practices. In compliance with the requirements set out in the Guidance on Provisioning for Bank Loan Losses (《銀行貸款損失準備計提指引》) promulgated by the PBOC, in assessing the relevant risks of loss in respect of the financing receivables and off-balance sheet credit business, the Finance Segment shall, on at least a quarterly basis, assess and classify the relevant outstanding balances into five categories depending on the credit risk. Depending on the relevant category, allowances for impairment in respect of the outstanding financing receivables will be made by the Finance Segment in accordance with the Group's internal policy, based on a provision rate ranging from 1% to 100%. Further details of the financing receivables are set out in the sections headed "NET IMPAIRMENT LOSSES OF FINANCIAL ASSETS" and "RECEIVABLES" • "FROM FINANCING ACTIVITIES" as well as note 22(b) of the audited annual financial report.

Additional Controls in respect of Continuing Connected Transactions

The provision of financing arrangements to CNHTC and its associates constitutes continuing connected transactions of the Group and such transactions are conducted in the manner as stipulated under the relevant financial services framework agreements. Additional internal control measures, including but not limited to re-confirmation before the release of new or renewal of loan or finance lease not exceeding the pre-approved caps, are implemented, so as to ensure the compliance with the requirements of the Listing Rules.

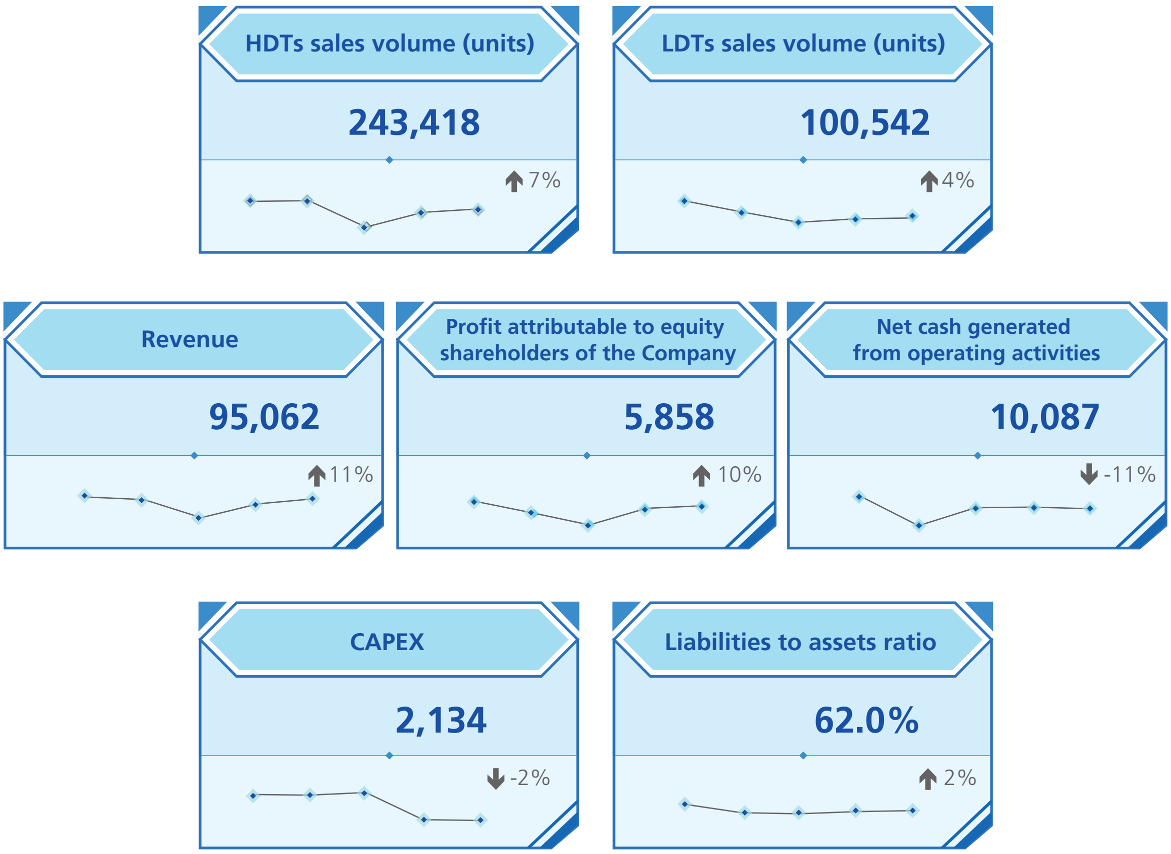
MAJOR KEY PERFORMANCE INDICATORS ("KPI")

The Directors focus on the sustainable development of the Group as a whole and on the interests of Shareholders. The Directors use financial and non-financial indicators as benchmarks to assist in evaluation and decision-making. Sales volumes and revenues of HDTs and LDTs reflect actual operating results and performance. Cash is critical to survival of the Group and net cash generated from operating activities provides insight on the Group's ability to generate cash flow from continuing operations. The gearing ratio (total liabilities divided by total assets) shows how the management balances equity financing with debt financing in maintaining the Group's liquidity. Capital expenditure (CAPEX) provides information on the medium to long term development of the Group. Profit attributable to equity shareholders of the Company provides information on the return to Shareholders for the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

The following charts present the key KPIs for the year ended 31 December of each of the following years.

(All key KPIs are expressed in RMB million unless otherwise stated)



Key performance indicators	2024	2023	2022	2021	2020
HDTs sales volume (units)	243,418	226,999	157,756	281,825	278,415
LDTs sales volume (units)	100,542	96,567	80,056	129,068	181,013
Revenue	95,062	85,498	59,405	93,357	98,198
Profit attributable to equity shareholders of the Company	5,858	5,318	1,673	4,322	6,851
Net cash generated from operating activities	10,087	11,368	10,900	(3,211)	19,492
CAPEX	2,134	2,175	3,450	3,326	3,359
Liabilities to assets ratio	62%	61%	59%	60%	68%

KEY RELATIONSHIPS WITH THE CUSTOMERS, SUPPLIERS, EMPLOYEES AND OTHERS

The Group highly values the communication and cooperation with every stakeholder. Through establishing a multi-channel communication system, we proactively listen to feedback from government institutions, regulators, shareholders, investors, customers, employees, the public, partners and the environmental sector. The expectations and concerns of all parties will be reasonably integrated into the Group's strategic plans and operational decisions after an in-depth analysis to confirm that the corporate development is in line with the needs of stakeholders and jointly drive sustainable value creation for the Group.

The Group constantly improves its services by upholding a customer-oriented approach. We adhere to serving the customer in a high-efficiency and convenient manner and timely respond to their needs to enhance satisfaction. In order to achieve win-win development, all-round backups will be offered to dealers for their serving capacity improvements. We also standardize the marketing to ensure that it was done on a true and accurate basis and to safeguard our brand reputation and customers' interests.

The Group consistently works on customer service and after-sales management process systems. We formulated the *On-site Management Measures for Service Stations* (《服務站現場管理辦法》), the *After-sales Services Management Process* (《售後服務管理程序》) and other customer service management systems, as well as the *Family Care Fund Management Process* (《親人關愛基金管理流程》) and the *Service Performance Management Process* (《服務績效管理流程》) in 2024, and updated the *Customer Service Callback Management Process* (《客戶回訪管理流程》) and the *Complaint Acceptance Management Process* (《投訴受理管理流程》), aiming at providing customers the excellent service in all aspects.

Various measures have been adopted to boost service quality and customer satisfaction, including continuously optimizing customer service management and communication channels. We offered a variety of complaint channels, including 24-hour 400 manual hotline complaints, voice message complaints, as well as online complaints via the Smart Sinotruk APP. Furthermore, the development of an intelligent customer service system has advanced, and we successfully deployed the core functionalities, such as robot voice answering, robot call-out for follow-ups, intelligent quality inspection, and intelligent search for service stations, in a full range of scenarios.

To ensure that customer complaints are handled promptly and efficiently, the Group carries out a process mechanism for handling major customer complaints. Such a mechanism can make sure that all complaints are classified and assigned to the responsible department within 12 hours, then checked and solved within 48 hours. Meanwhile, we track and manage the time-out complaints in real time to comprehensively raise the efficiency of unqualified service responding and handling. The customer callback service is performed to collect customer satisfaction evaluation on service process, personnel attitude and maintenance quality, so as to continuously improve service level and quality. In 2024, the Group received 114 quality-related complaints with a complaint handling rate of 100%.

The Group keeps perfecting its information security management system, and has formulated the *Measures on Information Security Management* (《信息安全管理辦法》), which stipulates security requirements on internet, server and end-user, in accordance with relevant laws such as the *Cybersecurity Law of the PRC* (《中華人民共和國網路安全法》), the *Data Security Law of the PRC* (《中華人民共和國數據安全法》), the *Personal Information Protection Law of the PRC* (《中華人民共和國個人信息保護法》), the *Management of Automobile Data Security (Trial)* (《汽車數據安全管理若干規定(試行)》) and industry-related criteria and standards. In 2024, the Group was not aware of any information security incident.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group always considers that the responsible supply chain plays an important role in sustainable development, thus dedicating itself to the building of a sustainable supply chain system that is transparent and efficient and acts on the vision of sustainability together with our suppliers.

The Group focuses on building a sustainable supply chain system and has formulated the *Supplier's Code of Conduct* (《供應商行為準則》) that stipulates management requirements for suppliers on environmental protection, health and safety, labor standards, business ethics and information security. The *Procedure of Initial Assessment on Supplier Capability* (《供方能力初審程式》) has clearly stated the requirement relating to occupational safety, occupational health and environmental management system. To identify and face the potential sustainable risks in the supply chain, we precisely include the environmental and social risks in the supplier management process, strengthening the environmental and social risk control on suppliers through warehousing management, qualification review, regular assessment and review. We also include ESG requirements for suppliers in the *Procurement Contract* (《採購合同》) in a standardized form to ensure that suppliers' ESG management is consistent with the Group's ESG management philosophy and regulate cooperation behavior.

The Group understands that employees are the most valuable treasure and the core competitiveness of an enterprise. Therefore, we firmly stand for the concept of being people-oriented, respecting employees' interests, development and welfare, and working towards a harmonious, diverse, bright and cheerful working atmosphere for them, achieving mutual benefits between the corporation and the employees. The Group simultaneously stays true to corporate social responsibility by taking the initiative to participate in public welfare undertakings and contribute to a better society.

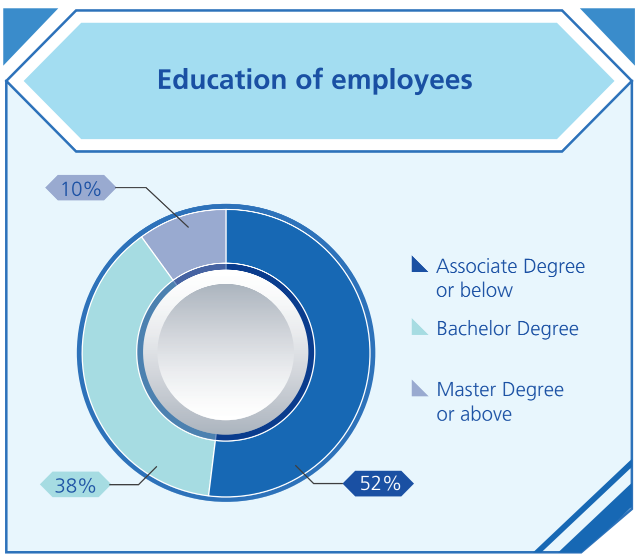
The Group puts a new premium on the legal use of labour and establishes a sound employee rights protection system to systematically manage employee recruitment, communication, salaries and performance. We insist on equal pay for equal work and a clear prohibition against any form of discrimination and sexual harassment, effectively safeguarding the legitimate rights and interests of employees.

The Group's remuneration policies were determined with reference to the performance, qualification and working experience of individual employees, as well as the results of the Group and the market conditions. The benefits provided by the Group to its employees include discretionary bonus, meal subsidies, medical insurance, work injury insurance, unemployment insurance, etc. Employees (including executive Directors) may receive bonuses and monetary rewards based on their performance and ratings in annual performance appraisals as well as participating in the employees' share award scheme. During the Period, the Company has adopted a share award scheme. For details of the share award scheme, please refer to the section headed "THE RESTRICTED SHARE AWARD SCHEME" in the Report of the Directors of this annual report.

During the Period, the expenses of the Group (including salaries, retirement benefits, other welfares, post-employment benefits and employees' share award scheme expenses) to all employees including Directors amounted to RMB6,303 million including share-based payment expense of RMB55 million, representing an increase of 14.8% YoY.

As at 31 December 2024, the Group employed a total of 28,560 employees, broken down by function and education as follows:

	Number of employees	%
Management team	275	0.96
Technical and engineering staff	3,854	13.49
Research and development staff	3,329	11.66
Production staff	15,702	54.98
Operation and sales staff	2,378	8.33
Administrative staff	3,022	10.58
	28,560	100.00



The Group attaches importance to talent cultivation and development, providing a wider platform for employee learning and promotion equipped with comprehensive personnel training systems, systematic training plans and diversified career development. The Group exerts great efforts to explore the employees' potential and upgrade their professional skills and comprehensive ability, handing to everyone for their self-fulfilment and solidifying a firm foundation of talents for making the development sustainable.

ENVIRONMENTAL POLICY, PERFORMANCE AND COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group upholds the concept of green development and is committed to building a sustainable, low-carbon future. Through responding to climate change, strengthening environmental management, and promoting green and low-carbon operations, we integrate environmental protection into the Group's strategy and daily operations, and strive to achieve a harmonious balance between corporate development and environmental protection.

The Group actively responds to the national strategic goal of "carbon neutrality and carbon peaking", continuously strengthens its ability to cope with climate change, identifies and actively responds to the risks and opportunities arising from climate change, continuously promotes the intelligent and low-carbon transformation of its industrial structure, and improves the climate resilience of its industrial chain.

MANAGEMENT DISCUSSION AND ANALYSIS

We place great emphasis on climate-related risks and opportunities, formulating the *Climate Risk Management Policy* (《氣候風險管理政策》) and establishing a climate change governance system. Climate risk management has been incorporated into the Group's overall ESG management. To address climate change matters, we have implemented a three-tier governance structure comprising the Board-the ESG management committee-the ESG task force.

We proactively explore green and low-carbon development models, conduct analyses on climate-related risks and opportunities, and actively formulate climate risk management strategies. By continuously adjusting our business development strategies and resource allocation, we strive to mitigate various risks associated with climate change while seizing opportunities in low-carbon development and transformation. We are committed to increasing investment in clean technology research and development, enhancing revenue from clean products, and driving the green development of both ourselves and society.

We are deeply aware of both the current and potential impact of climate change and have incorporated climate risk management measures into the Group's overall risk management system. In accordance with the disclosure framework of *International Financial Reporting Standard on Sustainable Disclosure 2 (IFRS S2) - Climate-related Disclosures*, we analyze climate risks from two dimensions: transition risks and physical risks. Through risk identification, risk assessment, and the formulation of response strategies, we evaluate the impact of climate change on our operations.

The Group regards greenhouse gas emissions as a critical indicator for measuring climate change and has integrated it into its strategic objectives. To achieve this, the Group consistently promotes green office practices and actively implements low-carbon operations, thereby contributing its expertise and efforts to global climate governance.

The Group actively implements green operations, adhering to standards for wastewater, air emissions, waste discharge, and noise control. We proactively adopt management measures to gradually reduce pollutant emissions and continuously minimize potential environmental impacts. In 2024, the Group achieved a 100% compliance rate for wastewater discharge and waste gas emissions. 100% of the hazardous wastes were disposed of in compliance with the regulations. No major environmental complaints or penalties were received.

The Group focuses on enhancing resource efficiency and implementing energy-saving and emission-reduction technological upgrades. We integrate the low-carbon concept throughout the entire production and operation process, striving to build a resource-efficient and environmentally friendly enterprise.

COMPLIANCE MATTERS

During the Period, as far as the Group is aware, the Group was not in any material breach of or non-compliance with the laws or regulations applicable to the Group which had a material impact on the business and operations of the Group.

During the Period, the Group has complied, in all material respects, with the requirements under the Companies Ordinance, the Listing Rules, the SFO and the Corporate Governance Code regarding, among others, disclosure of information and corporate governance.

PRINCIPAL RISKS AND SOLUTIONS

The principal risks faced by the Group and the mitigation measures taken during the Period are as follows:

1. QUALITY CONTROL RISKS

The Group continued to strengthen quality process control through the setting and monitoring of quality index, the benchmarking and assessment of quality system and the standardization and implementation of quality inspection, with a view to strictly controlling quality risks.

MITIGATION MEASURES:

In terms of the setting and monitoring of the quality index: Firstly, an index system of three levels covering the Company, department and team was established to achieve everyone shouldering index and raise awareness on quality management of all staff; Secondly, the online publishment, break down, data monitoring, rectification and recheck of the quality index was deployed through building a quality cloud index management and control module, thereby managing index data in an integrated way; Thirdly, a series index data analysis model was established to monitor the complete vehicles and machineries MIS, scanning parts MIS visual dashboard, supplier quality assessment monitoring, goods acceptance data and other key indexes in real-time, to timely analyze and provide feedback of the abnormal performance of each unit and quickly improve and promote the quality.

In terms of the benchmarking and assessment of the quality system: First of all, leveraging international and advanced standards and methods, through cooperating with TÜV SUD (TÜV南德) on a project of quality system customized service, we targeted meeting world-class standards and carried out a maturity evaluation against the whole process quality system from requirements, product development, process development to product delivery, so as to provide a guideline for our quality management system maturity improvement and quality capability enhancement; We then continuously evaluated the system maturity, completed the maturity evaluation of 10 processes including outsourcing management, external specialist management, product design and inspection control during the Period, and circularly reviewed the quality system. The level of physical quality control has greatly improved and the exclusive maintenance 3MIS has decreased by 32.31% YoY.

In terms of the standardization and implementation of quality inspection: Firstly, we have revised 4 procedure documents, including the Measures for Quality Control of Supporting Products (《配套產品質量管理辦法》) and established 5 management processes, including the Sample Test Plan management process (《樣試件檢測方案策劃管理流程》) to further uplift the inspection standardization; Secondly, to establish and implement quality supervision and management mechanism of logistics warehousing to regularly conduct special inspections on third party logistics warehouse, supervise the responsible department to rectify and improve the quality of inventory targeting product packaging, rust, overdue problems; Lastly, taking the after sales and zero-kilometer problem oriented, the special investigations on PU material, wire harness, lamps and other series could reduce defective goods, safeguarding production process and after-sales quality. During the Period, 925,000 product batches were inspected with the defect rate reduced by 22.30% YoY.

MANAGEMENT DISCUSSION AND ANALYSIS

2. SAFETY AND ENVIRONMENTAL RISKS

The Group firmly implements the production safety policy of "safety first, prevention oriented, comprehensive rectification management", with a strong sense of responsibility and mission, does a solid job in safety, environmental protection, fire protection and occupational health management, maintains an overall and stable development of the enterprise, and effectively guarantees the life security and physical health of every employee. During the Period, the Group comprehensively ranked first in the half-year and full-year city-wide evaluation for conducted by Ji'nan Emergency Management Bureau.

MITIGATION MEASURES:

Through intelligent linkage, smart management has been fully applied in safety and environmental protection. Firstly, intelligent upgrading projects have been implemented based on the application of information technology, including the intelligent supervision system for electrogas welding operation, combustible gas alarm system, access control system through remote control in limited space and other items in the total of 25, to achieve "passive safety" toward "active safety". The second is to establish a systematic safety management platform and launch the safety, environment and health platform system (安環健平台系統) in more than 20 manufacturing enterprises under the Group. The surveillance on enterprises in Ji'nan has been completely implemented in terms of the smart fire protection project, with a total of 1,092 special cameras set up to achieve full coverage of key area monitoring. Four key units have launched an intelligent fire alarm stepwise push function to achieve fire alarm stepwise push notifications and avoid time delay of rescue.

Through intelligent upgrading, supervision measures have been fully enhanced in terms of safety and environmental protection. During the Period, the Group upgraded the DCS control system for 9 manufacturing units involved in spraying, casting and rubber products, added 23 sets of DCS control systems to realize the integrated management of environmental monitoring data, installed 6 sets of VOCs exhaust gas online monitoring facilities for 3 manufacturing units, which laid a solid foundation for those units implementing environmental protection performance grading and applying for heavily polluted weather protection, purchased portable rapid detection equipment such as hand-held PID detector, thermal anemometer, multifunctional sound level meter and portable digital hygrometer for rapid detection of pollutants such as waste gas and noise in factories and workshops, and equipped more than 10 units with automated external defibrillator (AED), organized operation training and enhanced the rescue capability of employees for sudden cardiovascular and cerebrovascular diseases.

3. MARKET FLUCTUATION RISK

Internationally, amidst the insufficient growth drivers for the global economy, blocked multilateral trading regime and rising tariff barriers, which impacted the stability of the global industrial and supply chain, plus inflamed geopolitical tensions, the global market expectations and investment confidence were influenced, further aggravating the risk of international market fluctuations. Domestically, on one hand, the commercial vehicle industry has been in a critical stage of transformation and upgrading and structural adjustment, an important era of transformation from conventional internal combustion engines to new energy and intelligent networking, and an important stage of transformation from product sales to value-added services, which is ushering in a critical period of market structural adjustment. On the other hand, currently, the domestic economy has improved unstably with insufficient effective demand, combined with prominent overcapacity in the freight industry, successively localized products of international benchmark enterprises, and emerging enterprises tapping into the field of electric heavy duty trucks, which further intensified the industry competition.

MITIGATION MEASURES:

Continue exploring overseas market and promote brand internationalization. The Group will seize the increment opportunity in strategic markets, accelerate the upgrading and adjustment of overseas product structures, strengthen the promotion of high-end products, promote the realisation of localization operation, reduce logistics costs, and enhance the capacity of the service system and brand construction. During the Period, the Group was firmly committed to the frontline of overseas markets and achieved the best result in the export of HDTs.

Optimise marketing network and strengthen channel empowerment to improve marketing ability. Firstly, the Group will speed up the improvement of network construction, cultivation and screening, so as to enhance network competitiveness; secondly, the Group will deepen the penetration of our business in segment markets, precisely identify customers' requirements in each segment market through digital system and formulate targeted promotion and sales strategies for products, thus to achieve accurate marketing.

Accelerate new energy transformation and realise an overall market share increase. The Group will focus on the product planning of "One Main Guide, Two Wings Driven" to build a technology matrix with pure electric as the core and hybrid and fuel cell as the support. At the same time, the Group will focus on typical application scenarios such as ports, steel plant, urban construction slag, cement mixing, municipal sanitation and urban distribution logistics, improve the product matrix of towing, tipping, special purpose, light duty trucks and other products, and accelerate the promotion of new energy products in order to seize the opportunities for increments.

Innovate operating business mode and realise growth for new business. Based on digitalization and intelligence, the Group will cultivate the assets operation and management ability through the full life cycle of vehicles for users' operation, form a full life cycle ecological business layout of "intelligent logistics, vehicles rental and sales, out of warranty market, used cars", establish a good cycle of driving vehicle sales with service, and improve the after-market service ecological system of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS STRATEGIES AND PROSPECTS

Looking ahead to 2025, International Monetary Fund has made forecast that the global economy will witness a slight rebound although it remains lower than the pre-pandemic average historical level. From an international perspective, haunted by factors such as higher costs, swelling debts and aggravated protectionism, the global economy still faces adjustment pressure, along with continuous geopolitical conflicts as well as intensified uncertainty and unsteadiness. When it comes to domestic economy, the operation of economy is confronted with inadequate effective demand, the Chinese government will implement more proactive and effective macroeconomic policies by expanding domestic demand, promoting the integrated development of technological and industrial innovation, stabilizing real estate and stock market, preventing and dissolving risks in key sectors and external impacts, supporting expectations, stimulating vitality and pushing forward the constant economic recovery.

For the commercial vehicle industry, the overall demand in the commercial vehicle market will continue to increase in a recovery manner. For instance, As the basic situation of China's economy is expected to stabilize and recover, the rebound of demand for logistics and construction vehicles will serve as a solid foundation for the steady increase of sales of commercial vehicles. In addition, the numerous possessions of commercial vehicles will give rise to natural renewal of vehicles and the National IV "trade-in" policy has been gradually put in place, which brings in replacement opportunities for the commercial vehicle market. Also, with the rising overseas competitiveness of China's commercial vehicles, it is anticipated that China's commercial vehicle brands will be further recognized by overseas market. Moreover, the new energy and intelligence technology is evolving faster, which provides commercial vehicle enterprises with more space for business model innovation and opportunities for structural growth.

The Group has been sparing no efforts to fulfil our core value of "customer satisfaction is our purpose". To achieve our strategic vision to "build a world-class enterprise in terms of all series of commercial vehicles", the Group will strive to perform well in 2025 in respect of the following five areas:

1. Build all series of products that enable customers to make more profit. For the first place, the Group will utilize the European R&D platform resources to launch a new generation of medium-heavy duty trucks based on the latest platform. Then, the Group will continue to increase investment in research and development, devote to break through core technology, strengthen the independent innovation of key parts and components and continue to create more value for its customers.

2. Establish the most reliable sales channel network for customers. The Group will initially adhere to the "full value chain marketing, standardized operation and ultimate customers as the ultimate goal" and continue to carry out network enhancing actions and strive for a higher level of marketing, management as well as competitiveness of the channel network. Meanwhile, the Group will devote more energy to training its leading dealers by constantly optimizing business policies and jointly building the most profitable and sustainable network ecosystem.

3. Forge the most caring and efficient service support system. The Group will start to upgrade its service system based on the three aspects of "reducing customers' costs, improving customers' experience, and exceeding customers' expectations" to provide more intelligent services. The Group will go ahead towards building a comprehensive support system for market service, push forward the number of the core network components with sufficient facilities and premium service to reach 450 service providers, and meet customers' needs with the best service, the highest efficiency and the lowest cost in accordance with high standards.

4. Formulate a rapid-connection mechanism with direct access to the market. On one hand, the Group will promote its "straight-to-the-demand" action, equip more excellent R&D technical personnels for the forefront and provide compelling support for dealer and partners to develop customers. On the other hand, the Group will provide its customers with a delivery guarantee of the shortest cycle and the most favorable product guarantee in the industry, leveraging on its industry-leading high-end power chain advantage, the top domestic forward R&D level and a world-class intelligent manufacturing capability.

5. Provide maximum product full life cycle value. The Group will finalize the ecological business layout of full life cycle in terms of "vehicles rental and sales, intelligent logistics, out of warranty market and used cars". The Group will also stick to expanding and strengthening its market business, ensure quality and expand increment and keep pace with the first-class commercial vehicle enterprises in the world.

FINANCIAL REVIEW

REVENUE, GROSS PROFIT AND GROSS PROFIT MARGIN

The Group's revenue for the Period was RMB95,062 million, representing an increase of RMB9,564 million or 11.2% YoY. The increase in the revenue was due to a significant recovery in the demand of HDTs benefited from the steady improvement of the domestic macro-economy and the continued development of the overseas heavy duty truck market. The Group seized market opportunities, achieved growth in product sales, continued to strengthen cost control, and steadily improved profitability.

The Group's gross profit for the Period was RMB14,865 million, representing an increase of RMB1,327 million or 9.8% YoY. The increase in gross profit was mainly due to the significant increase in sales volume in trucks. Gross profit margin (gross profit divided by revenue) for the Period was 15.6%, representing a decrease of 0.2 percentage points YoY which was mainly affected by the decrease in the Operating Profit Margin of the HDTs Segment. The gross profit margin remained stable. (The reclassification of the warranty expenses from the selling and distribution expenses to cost of sales resulted in the decrease in gross profit margin by 0.9 percentage point for the Previous Period. For more details of the reclassification, please refer to note 48(a) in audited annual financial report.)

MANAGEMENT DISCUSSION AND ANALYSIS

OTHER INCOME AND GAINS

The other income and gains for the Period was RMB1,437 million, representing an increase of RMB620 million or 75.9% YoY. The increase was mainly due to the increase in various kind of other income such as wealth management products, government grant, etc.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses for the Period was RMB3,441 million, representing an increase of RMB136 million or 4.1% YoY and such increase was due the increase in sales. During the Period, the ratio of selling and distribution expenses to Products Revenue was 3.7%, representing a decrease of 0.2 percentage points YoY. (The reclassification of warranty expenses to cost of sales resulted in the decrease in the ratio of selling and distribution expenses to Products Revenue in the Previous Period by 0.8 percentage point. For more details, please refer to the section "REVENUE, GROSS PROFIT AND GROSS PROFIT MARGIN" above.)

ADMINISTRATIVE EXPENSES

Administrative expenses for the Period was RMB4,974 million, representing an increase of RMB305 million or 6.5% YoY. During the Period, administrative expenses to revenue ratio was 5.2%, representing a decrease of 0.3 percentage points YoY. Under the proper cost controls, the rate of the increase in the administrative expenses is less than that of the revenue. Among them, research and development expenses accounted for 55.0% of the administrative expenses, representing an increase by 2.5 percentage points YoY.

NET IMPAIRMENT LOSSES OF FINANCIAL ASSETS

The net impairment losses of financial assets for the Period was RMB256 million while the reversal of the net impairment losses for the Previous Period was RMB171 million. When the Group assesses the impairment of trade, financing and bills receivables, the Group will use 12-month, whole life and simplified expected credit loss models and consider historical observed default rates, forecast economic conditions and public credit information of each debtor or borrower. Based on the assessment, net impairment loss allowance of impairment of trade, financing and bills receivables at RMB21 million was made. With analysis of long outstanding uncollected receivables, net impairment loss allowance of financial assets in other receivables at RMB231 million was made. Further details of the trade, financing and bills receivables are set out in the sections headed "RECEIVABLES" • "From trade activities" and "From financing activities" and "FINANCE SEGMENT" and note 22 of the audited annual financial report. In addition, the remaining impairment loss of off-balance sheet credit business at RMB0.1 million was further reversed during the Period (2023: reversal of impairment loss allowance at RMB5 million).

OTHER EXPENSES

The other expenses for the Period was RMB174 million, representing an increase of RMB109 million or 167.7% YoY. The increase was mainly due to the significant increase by RMB135 million in fair value valuation loss in investment properties.

FINANCE INCOME - NET

Net finance income for the Period was RMB193 million, representing a decrease of RMB91 million or 32.0% YoY. The decrease in net finance income was resulted by the increase in forfaiting business which raised finance costs.

MANAGEMENT DISCUSSION AND ANALYSIS

SHARE OF PROFITS OF ASSOCIATES

Share of profits of associates for the Period was RMB130 million, representing an increase of RMB19 million or 17.1% YoY. The increase in share of profits of associates was mainly due to the share of profits from those engaged in sales of parts and components of trucks.

INCOME TAX EXPENSE

Income tax expense for the Period was RMB1,092 million , representing an increase of RMB36 million or 3.4%. The effective tax rate (income tax expense divided by profit before income tax expense) for the Period was 14.0%, representing a decrease of 1.3 percentage points YoY due to enjoyment of additional tax benefits from research and development expenses and utilisation of unrecognised tax losses of prior years.

PROFIT FOR THE PERIOD AND EARNINGS PER SHARE

Profit for the Period was RMB6,688 million, representing an increase of RMB861 million or 14.8% YoY. Net profit ratio (profit for the Period divided by revenue) was 7.0%, representing an increase of 0.2 percentage points or 2.9% YoY.

Profit attributable to equity shareholders of the Company for the Period was RMB5,858 million, representing an increase of RMB540 million or 10.2% YoY. The basic earnings per share attributable to equity shareholders of the Company for the Period was RMB2.14, representing an increase of RMB0.21 or 10.9% YoY.

RECEIVABLES

From trade activities

As at 31 December 2024, the Aggregate Trade Balance amounted to RMB22,782 million, representing an increase of RMB4,286 million or 23.2% when compared to the balance as at 31 December 2023. The increase in the Aggregate Trade Balances was due to the substantial increase in sales during the Period.

In addition to granting standard credit period to certain privileged customers, the Group received acceptance bills for settlement of trade receivables. The Group granted large dealers with good repayment history credit period from 3 to 12 months and/or accepted the settlement by commercial and bank acceptance bills and, hence, their ageing of the Aggregate Trade Balances was longer than that of other customers.

The trade receivables turnover (average Aggregate Trade Balances divided by Products Revenue multiplied by 366 days (2023: 365 days)) for the Period was 80.6 days (2023: 70.7 days), representing an increase of 9.9 days.

As at 31 December 2024, the Aggregate Trade Balances aged not more than twelve months amounted to RMB21,901 million or 96.1% of the Aggregate Trade Balances.

The Group reviewed the repayment progress of key customers or customers with higher risk of default in repayment on a monthly basis and assessed impairment loss by reference to their businesses, repayment information, etc. During the Period, the Group reversed impairment loss allowance for Aggregate Trade Balances at the amount of RMB7 million.

From financing activities

As at 31 December 2024, the net financing receivables was RMB15,362 million, representing an increase of RMB2,823 million or 22.5% when compared to the balance as at 31 December 2023.

As at 31 December 2024, the net financing receivables aged not more than twelve months amounted to RMB9,878 million or 64.3% of the net financing receivables.

During the Period, the Group made impairment loss allowance for financing receivables at the amount of RMB28 million. Further details of the financing receivables are set out in the section headed "FINANCE SEGMENT".

TRADE PAYABLES

As at 31 December 2024, the trade and bills payables amounted to RMB53,072 million, representing an increase of RMB6,448 million or 13.8% when compared to the balance as at 31 December 2023.

The trade payables turnover (average trade and bills payables balances divided by costs of Products Revenue multiplied by 366 days (2023: 365 days)) for the Period was 230.1 days (2023: 204.8 days (recalculated due to reclassification of warranty expenses to cost of sales)), representing an increase of 25.3 days YoY.

CASH FLOWS

Net cash inflow generated from operating activities for the Period was RMB10,087million, representing a decrease of RMB1,281 million YoY. Although the increase in profits, the decrease in inventories and other receivables have boosted cash inflows from operating activities, the net cash inflow from operating activities has decreased due to the substantial increase in receivables and the decrease in the increase in payables.

Net cash outflow used in investing activities for the Period was RMB8,662 million, representing a decrease of cash outflow of RMB2,397 million YoY which is mainly due to the reduction in net purchase of financial assets by RMB1,812 million, the decrease in purchase of property, plant and equipment together with intangible assets by RMB328 million, the receipt of the proceeds from disposal of equity of associates at RMB561 million reduction in loans to associates at RMB186 million and the increase in interest received at RMB97 million which was partly offset by reduction of proceeds from disposal of subsidiaries at RMB593 million.

Net cash outflow used in financing activities for the Period was RMB4,780 million, representing an increase of the cash outflow by RMB4,309 million YoY which is mainly due to the increase in final dividend and the first time of paying interim dividend resulting in an increase of RMB3,673 million, the additional payment of dividends to non-controlling interests at RMB454 million and net payment for purchase of shares under share award scheme by trustee at RMB309 million which was partly offset by the increase of the proceeds from net borrowings by RMB146 million.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2024, the Group had cash and cash equivalents of RMB11,956 million, representing a decrease of RMB3,296 million or 21.6% when compared to the balance as at 31 December 2023. The Group's total borrowings were about RMB5,698 million as at 31 December 2024, representing an increase of RMB649 million or 12.9% when compared with the balance as at 31 December 2023. Its gearing ratio (total borrowings divided by total assets) and debt-to-equity ratio (total borrowings divided by equity) as at 31 December 2024 were 4.4% and 11.6% respectively (31 December 2023: 4.1% and 10.5% respectively). As at 31 December 2024, current ratio (total current assets divided by total current liabilities) was 1.1 (31 December 2023: 1.2).

As at 31 December 2024, all borrowings were denominated in RMB (31 December 2023: all in RMB) and 87.1% borrowings were charged with reference to bank's preferential fixed rates (31 December 2023: 96.7%). The maturity profile of all borrowings was as follows:

	As at 31 December 2024 RMB million	As at 31 December 2023 RMB million
Within one year	**5,232**	4,907
After 1 year but within 2 years	**221**	53
After 2 years but within 5 years	**245**	89
	5,698	5,049

As at 31 December 2024, total consolidated equity of the Company was RMB49,152 million, representing an increase of RMB1,191 million or 2.5% when compared with the balance as at 31 December 2023.

As at 31 December 2024, the Company's market capitalization was RMB58,295 million (calculated based on the issued share capital of the Company: 2,760,993,339 Shares, closing price: HK$22.8 per Share and at the exchange rate of 1: 0.92604 between HK$ and RMB).

As at 31 December 2024, the unutilized credit facilities of the Group from the banks amounted to RMB58,466 million (31 December 2023: RMB40,243 million). The Finance Segment mandatorily placed deposits of RMB2,227 million (31 December 2023: RMB2,223 million) to the PBOC for its financial operations. In addition, an aggregate amount of RMB4,524 million (31 December 2023: RMB2,661 million) of restricted cash and RMB300 million (31 December 2023: nil) of time deposits in other receivables were pledged mainly for issue of letters of credit and bank acceptance bills.

The Group meets its daily liquidity needs by matching operating cash flow patterns with funds on hand and enhances its liquidity by way of application for longer credit periods from suppliers, sufficient banking facilities and issuance of bills such as short-term commercial acceptance bills and bank acceptance bills.

INVESTMENTS

The Group continued to pay attention to potential strategic investment opportunities in the market, and acquired or invested in those meet the Group's strategic development requirements at appropriate times.

INVESTMENTS IN SUBSIDIARIES

In February 2024, the Group acquired 0.2553% equity of Sinotruk Finance Co., Ltd at the consideration of RMB17.3 million.

In February 2024, the Group disposed of 5% equity interest in Sinotruk Liuzhou Yunli Kodiak Machinery Co., Ltd. at the consideration of RMB0.8 million and, thereafter, Sinotruk Liuzhou Yunli Kodiak Machinery Co., Ltd. became an associated company of the Company.

During the Period, the Group has set up several wholly-owned subsidiaries at aggregate capital amount of RMB30 million.

MANAGEMENT DISCUSSION AND ANALYSIS

EQUITY INVESTMENTS FORMING PART OF THE GROUP'S OPERATIONS

Other than investment in subsidiaries, the Group holds long-term equity investments forming part of its business operations:

a) Investment in associates

As mentioned above, Sinotruk Liuzhou Yunli Kodiak Machinery Co., Ltd. became an associated company of the Company in February 2024.

During the Period, the Group disposed of part of equity interests in Prinx (Cayman) Holding Limited at the consideration of RMB53 million in open market.

As at 31 December 2024, the amount of investment in associates was RMB1,572 million, representing 1.2% of the total assets of the Group. During the Period, the Group disposed of all equity interests in Chongyou Gaoke Fuel System Co., Ltd. at the consideration of RMB505 million. For more details of the disposal, please refer to the announcement of the Company dated 30 January 2024. Performance of these investments are disclosed in the section headed "SHARE OF PROFITS OF ASSOCIATES".

As announced on 11 November 2024, the Company targeted to acquire 37.5% equity of SHIG Finance Co., Ltd. at consideration of RMB3,484,800,000. The Company had paid the consideration in March 2025. The changes of the industrial and commercial change registration of SHIG Finance Co., Ltd. is still in progress.

b) Other long term equity investments

As at 31 December 2024, the Group's unlisted equity investments for long term strategic investment purpose amounted to RMB17 million, representing less than 0.1% of the total assets of the Group. These investments were presented as financial assets at fair value through other comprehensive income.

OTHER SECURITIES INVESTMENTS

For the purposes of increasing profitability of short term funds and managing the liquidity of the Group, the Group invested in short-term equity investments which consisted of listed securities in Hong Kong and China. As at 31 December 2024, the Group had short term equity investment at RMB2 million, representing less than 0.1% of its total assets. Such equity investments are presented as equity investments in financial assets at fair value through profit or loss. Their fair values keep changing from time to time depending on factors including but are not limited to their operation results, economic situation and stock market sentiments.

CAPITAL COMMITMENT

As at 31 December 2024, the Group committed capital expenditure in respect of property, plant and equipment as well as intangible assets amounting to RMB1,124 million which would be funded by internal resources and borrowing facilities.

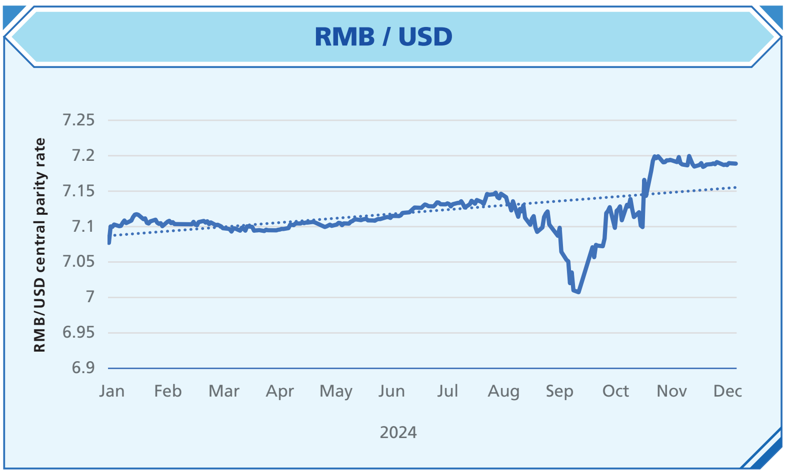
CHARGES ON GROUP ASSETS

Save as disclosed in the section headed "LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE", as at 31 December 2024, motor vehicles with an aggregate carrying value of RMB824 million were being pledged for borrowings at RMB713 million.

FINANCIAL MANAGEMENT AND POLICY

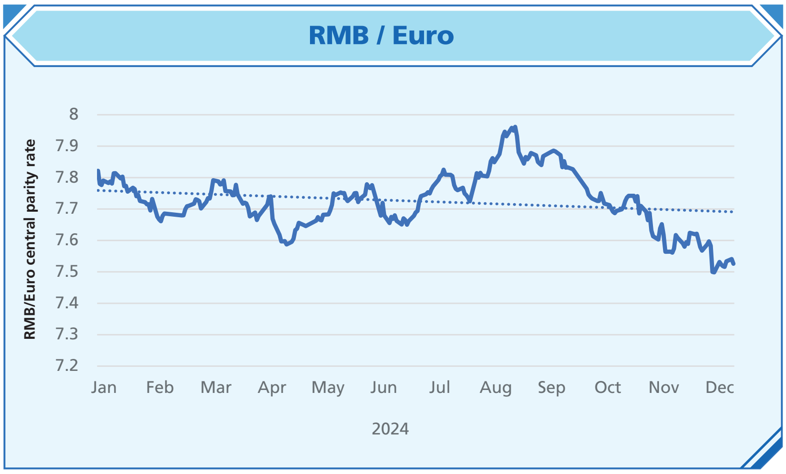
The finance & operation management department of the Group is responsible for the financial risk management of the Group. One of the primary objectives of financial policies of the Group is to manage exchange rate risk while the foreign exchange management working group directly participates in foreign exchanges management. The major foreign exchange risk exposure arises from its exporting and importing activities, business operations outside the PRC, the financing activities in Hong Kong and the purchase of HK$ for dividend payment. Although the Group does not aim for speculative activities, the Group uses forward exchange contracts, foreign exchange derivatives, etc. to manage the foreign exchange risks and purchases several wealth management products of which the return is linked with non-RMB foreign currencies.

The following charts show the RMB/USD, RMB/Euro and RMB/HK$ central parity rates for the Period in the PRC (data source: State Administration of Foreign Exchange, the PRC):



The RMB/USD central parity rate in the PRC as at 31 December 2024 was 7.1884, representing a depreciation of RMB by 1.49% when compared to the rate of 7.0827 as at 29 December 2023. RMB against USD central parity rates recorded in range of 7.0074 and 7.1996 with volatility at 3.53% and showed a trend of depreciation during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS



The RMB/Euro central parity rate in the PRC as at 31 December 2024 was 7.5257, representing an appreciation of RMB by 4.24% when compared with the rate of 7.8592 as at 29 December 2023. RMB against Euro central parity rates recorded in range of 7.4984 and 7.9616 with volatility at 9.24% and showed a trend of appreciation during the Period.

The RMB/HK$ central parity rate in the PRC as at 31 December 2024 was 0.92604, representing a depreciation of RMB by 2.19% when compared with the rate of 0.90622 as at 29 December 2023. RMB against HK$ central parity rates recorded in range of 0.90112 and 0.92604 with volatility at 0.60% and showed a trend of depreciation during the Period.

As at 31 December 2024, most of the Group's monetary assets and liabilities were denominated in RMB while the major non-RMB denominated net monetary assets were in USD, Euro and HK$. During the Period, the Group recorded foreign exchange gains of RMB151 million in operating profit and gains of RMB5 million on forward foreign exchange contracts for the purpose of reducing foreign exchange fluctuations. The material potential foreign exchange impacts to monetary assets and liabilities of the Group as at 31 December 2024 are:

	USD denominated net assets	EURO denominated net assets
5% appreciation/ depreciation in RMB	Loss/gain before tax of RMB427 million/ RMB403 million	Loss/gain before tax of RMB45 million/ RMB45 million

GOING CONCERN

Based on the current financial forecast and the funding that can be utilized, the Group will have sufficient financial resources to continue its operations in the foreseeable future. As a result, the financial statements were prepared on the going concern assumption.

CONTINGENT LIABILITIES, LEGAL PROCEEDINGS AND POTENTIAL LITIGATION

As at 31 December 2024, there was no material contingent liabilities. During the Period, the Group was not involved in any material litigation or arbitration.

DISCLAIMER ON NON-GAAP FINANCIAL MEASURES

Affiliated export revenue is a non-GAAP financial measure and is used for assessing the Group's actual export performance. Certain dealers purchase the Group's products and directly export to their overseas customers under which the Group treats such sales as export sales. Hence, it may not be comparable to similarly titled measures for other companies. Accordingly, such non-GAAP financial measure should not be considered as an alternative to revenue by geographical markets as an indicator of the operating performance of the Group. The use of non-GAAP financial measure is provided solely to enhance the overall understanding of the Group's current financial performance. Additionally, since the Group has historically reported non-GAAP results to investors, it is considered the inclusion of non-GAAP financial measure provides consistency in the Group's financial reporting.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Wang Zhijian (王志堅先生), born in January 1971, has been an executive Director since 5 December 2022. Mr. Wang holds a bachelor's degree in internal combustion engine from Jilin University of Technology (吉林工業大學), a master degree in power engineering from Tianjin University (天津大學), and a ph.D. degree of engineering from Tsinghua University (清華大學). He is a chief senior engineer (正高級工程師). He is currently the deputy secretary of the party committee, director and chief manager of SHIG, the secretary of the party committee and chairman of CNHTC. He previously served as the deputy secretary of the party committee of Weichai Holdings and the executive president of Weichai Power, etc.

Mr. Liu Zhengtao (劉正濤先生), born in October 1970, has been an executive Director since 13 May 2024. Mr. Liu holds a bachelor's degree and is an engineer. Mr. Liu is currently the deputy secretary of the party committee, director, general manager and the security director of CNHTC, etc. He previously served as a member of the party committee, the executive deputy general manager, the purchase director of CNHTC and director of Sinotruk Ji'nan Truck Co., Ltd, etc. He was an executive Director from 9 March 2020 to 5 December 2022 and the president of the Company from 15 June 2020 to 5 December 2022.

Mr. Wang Dechun (王德春), born in November 1968, has been an executive Director since 20 December 2024. Mr. Wang holds a bachelor's degree in engineering from Jilin University of Technology (吉林工業大學) and has extensive work experience in the automotive industry. Mr. Wang has successively served as the assistant to general manager, director of product application development, director of product planning and director of sales of CNHTC, the chairman of the board of directors and deputy general manager of Sinotruk Ji'nan Truck Co., Ltd., the executive general manager and general manager of the sales department of the light-duty trucks division of CNHTC, the chairman of the board of directors of Sinotruk Qingdao Heavy Industry Co., Ltd., the chairman of the board of directors of Sinotruk Hubei Huawei Special Vehicles Co., Ltd., and the chairman of the board of directors of Sinotruk Liuzhou Yunli Special Purpose Vehicle Co., Ltd., etc.

Ms. Li Xia (李霞女士), born in January 1980, has been an executive Director since 11 May 2021. Ms. Li is a senior accountant with a master degree in business administration. Ms. Li currently is the deputy general manager and financial controller of CNHTC. Ms. Li has successively served various positions including as the departmental head of the finance department and deputy financial controller of Weichai Power, the financial controller and concurrently the departmental head of the finance department of Weichai Heavy-duty Machinery Co., Ltd. (濰柴重機股份有限公司), and a director of Yangzhou Yaxing Motor Coach Co., Ltd. (揚州亞星客車股份有限公司), etc.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Zhao Hua (趙華), born in November 1981, has been an executive Director since 27 March 2025. Mr. Zhao holds a bachelor's degree in law from Yanshan University. Mr. Zhao Hua has extensive working experience in the automotive industry and currently serves as, among others, a vice president of the Company, the chairman of the board and the general manager of Sinotruk International, etc. He previously held positions such as the CIS business director and marketing CEO, and the deputy general manager of International Department of CNHTC.

Ms. Han Xing (韓星女士), born in November 1983, has been an executive Director since 20 December 2024. Ms. Han holds a bachelor's degree from Shandong University and a degree of master of executive business administration from China Europe International Business School. With extensive working experience in the automotive industry, Ms. Han is currently the head of the Ji'nan Branch of MAN Truck and Bus Trading (China) Co., Ltd. and the strategy representative of MAN Truck & Bus SE in China. She has successively served as the manager of the Enterprise Cooperation Key Project Leading Office and the director of the International Department at CNHTC, the assistant manager of the Business Controls and Development Department at Beijing Mercedes Benz Sales and Service Co. Ltd., the senior manager of industrial project, and the director of strategic cooperation at the Ji'nan Branch of MAN Truck and Bus Trading (China) Co., Ltd.

NON-EXECUTIVE DIRECTORS

Mr. Cheng Guangxu (程廣旭先生), born in October 1972, has been a non-executive Director since 13 May 2024. Mr. Cheng holds a bachelor's degree in engineering and is a senior engineer. Mr. Cheng currently holds positions including the deputy general manager of Weichai Power, etc. He previously served as the deputy chief technical officer and the deputy general manager of marketing department of Yangzhou Diesel Engine Co., Ltd., an assistant to the general manager of Weichai Power Yangzhou Diesel Engine Co., Ltd., the general manager of the truck power sales company of Weichai Power, and the assistant to president and the vice president of Weichai Power, etc.

Mr. Karsten Oellers, born in April 1976, has been a non-executive Director since 14 December 2021. Mr. Oellers has a Diploma in Industrial Engineering from the Technical University of Darmstadt, Germany. He joined DaimlerChrysler AG in 2002 and served in various senior managerial positions in various affiliates of Daimler AG. From March 2019 to June 2021, he served as the Senior Vice President of Global Sales Controlling for MAN Truck, Bus, Van and Aftersales of MAN Truck & Bus SE. Mr. Oellers joined TRATON SE in July 2021 and is currently the Head of Group Finance of TRATON SE .

Mr. Mats Lennart Harborn, born in February 1961, has been a non-executive Director since 14 December 2021. Mr. Harborn holds a bachelor of arts degree granted by Lund University in Sweden majoring in Oriental Studies and Business Administration. Mr. Harborn is currently the representative of China office of TRATON SE. He joined Scania in 2004. He served successively as the managing director of Scania China Representative office as well as of Scania Sales (China) Co., Ltd., the executive director of Scania China Strategic Office and the president of Scania China Group. Mr. Harborn was previously the Commercial Counsellor at the Swedish Embassy in China. In addition, Mr. Harborn has been actively involved in Sino-European trade and business relations. He was previously the President of the European Chamber of Commerce in China, the Chairman of Swedish Chamber of Commerce in China and the Chairman of the China Commercial Vehicles Board of European Automobile Manufacturers' Association.

DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Wang Dengfeng (王登峰博士), born in March 1963, has been an independent non-executive Director since 9 March 2016. Dr. Wang is currently a professor, doctoral tutor, the director of the Academic Committee and the director of the Automotive Lightweight Research Center of the School of Automotive Engineering of Jilin University (吉林大學), the PRC. Dr. Wang is also the chairman of the panelist committee of the China Automotive Lightweight Technology Innovation Strategic Alliance (中國汽車輕量化技術創新戰略聯盟), a member of the Society of Automotive Engineers of China (中國汽車工程學會). Dr. Wang completed his bachelor, master and doctorate degrees in engineering at Jilin University of Technology (吉林工業大學), the PRC. Dr. Wang successively held various positions including as a lecturer, the head of the Automotive and Tractor Faculty of Jilin University of Technology, and an associate dean of Automotive Engineering Faculty of Jilin University and Dr. Wang leads several national major research and development projects, technology support projects, the National High-tech R&D Program (863 Program) and projects supported by the National Natural Science Foundation of China. Dr. Wang received honorary titles such as the title of "Excellent National Teacher" granted by the Ministry Education of the PRC, the "Outstanding Person"award of the Chinese Automobile Industry for the 40th anniversary of the reform and opening up as well as some provincial and ministerial-level special and first prizes in science and technology.

Mr. Zhao Hang (趙航先生), born in July 1955, has been an independent non-executive Director since 11 April 2016. Mr. Zhao is a researcher-grade senior engineer and obtained his bachelor's degree in engineering from Jilin University of Technology (吉林工業大學), and a degree in executive master of business administration from China Europe International Business School (中歐國際工商學院). Mr. Zhao served as a doctoral tutor at Wuhan University of Technology (武漢理工大學), the PRC and an instructor and adjunct professor at Tongji University (同濟大學), the PRC, Jilin University (吉林大學), the PRC, Jiangsu University (江蘇大學), the PRC and Chongqing Jiaotong University (重慶交通大學), the PRC (which is previously known as "Chongqing Vocational College of Transportation (重慶交通學院)"). In addition, Mr. Zhao held various other positions including the deputy chairman and chief secretary of the National Technical Committee of Auto Standardization (全國汽車標準化技術委員會), the deputy chairman of the Society of Automotive Engineers of China (中國汽車工程學會) and the vice president of the China Association of Automobile Manufacturers (中國汽車工業協會). Mr. Zhao also served as an instructor at Transportation Engineering Institute of the Chinese People's Liberation Army (中國人民解放軍運輸工程學院) and the deputy chairman and chairman of China Automotive Technology & Research Center, etc. Mr. Zhao also held positions in various companies. He was a director of China Yiqi Co., Ltd. (中國一汽股份有限公司) (an unlisted company), a director of Zhejiang Wanfeng Auto Wheel Co., Ltd. (浙江萬豐奧威汽輪股份有限公司), an independent non-executive director of Sun.King Technology Group Limited (賽晶科技集團有限公司), an independent director of Shanghai Baolong Automotive Corporation (上海保隆汽車科技股份有限公司), an independent director of SG Automotive Group Co., Ltd. (遼寧曙光汽車集團股份有限公司) and an independent director of Hainan Drinda New Energy Technology Co., Ltd. (海南鈞達新能源科技股份有限公司). In addition, Mr. Zhao currently is also the chairman of Zhongfalian Investment Co., Ltd. (中發聯投資有限公司) (an unlisted company). In addition, he received the 2004 China Automobile Manufacturing Outstanding Technology Talent Award (2004年中國汽車工業優秀科技人才獎).

Mr. Liang Qing (梁青先生), born in May 1953, has been an independent non-executive Director since 1 September 2016. Mr. Liang graduated from Beijing Open University (北京開放大學), the PRC (formerly known as "Beijing Radio and Television University (北京廣播電視大學)") in 1985, where he studied Chinese language and literature. Mr. Liang was a president assistant of China Minmetals Corporation (中國五礦集團), the deputy chairman, a director and the general manager of China Minmetals H.K. (Holdings) Limited (中國五礦香港控股有限公司). Mr. Liang has abundant experience in international trading and investment. Mr. Liang is currently an independent non-executive director and a member of the audit committee and remuneration committee of Silver Grant International Holdings Group Limited (銀建國際控股集團有限公司) and an executive director of Jiangxi Copper Company Limited (江西銅業股份有限公司).

DIRECTORS AND SENIOR MANAGEMENT

Mr. Lyu Shousheng (呂守升先生), born in May 1971, has been an independent non-executive Director since 16 May 2019. Mr. Lyu has an MBA granted by the University of Illinois. Mr. Lyu possesses extensive experience in the areas of strategic management, organizational reform and human resource management. He previously served as the human resource manager of Bausch & Lomb (美國博士倫公司), the chief consulting officer and the national capability director of the China Region of Hay Group, senior vice president and a member of the executive committee of Kingsoft Corporation Limited (金山軟件有限公司), the deputy manager of Weichai Holdings, and the senior vice president, chief human resources officer and an executive committee member of AsiaInfo Technologies Limited (亞信科技控股有限公司) and the deputy general manager of JD.com, Inc. (京東集團股份有限公司). Mr. Lyu is currently a partner at HIPO (高潛諮詢公司) and the honorary chairman of Human Resource Association for Chinese & Foreign Enterprises (HRA). He currently also holds various social roles including a member of the National Science and Technology Expert Database and a professional instructor in business administration at National School of Development of Peking University.

Mr. Zhang Zhong (張忠先生), born in November 1968, has been an independent non-executive Director since 23 September 2021. Mr. Zhang is a lawyer and is currently a partner of Beijing Zhonglun Law Firm (北京市中倫律師事務所). He holds a a bachelor's degree in laws and a master degree in laws both from Renmin University of China (中國人民大學). Mr. Zhang currently is an independent non-executive director of Concord New Energy Group Limited (協和新能源集團有限公司) and an independent director of China Spacesat Co., Ltd. (中國東方紅衛星股份有限公司).

Dr. Liu Xiaolun (劉霄侖博士), born in March 1972, has been an independent non-executive Director since 12 March 2024. Dr. Liu holds a doctoral degree in enterprise management (corporate governance direction) and is a Chinese Certified Public Accountant (non-practicing). He is currently a lecturer, an associate professor, and the responsible professor of the risk management and internal control programme at Beijing National Accounting Institute (北京國家會計學院). Dr. Liu has previously served as a senior auditor of Arthur Andersen • Hua Qiang Certified Public Accountants and a senior auditor at the Beijing office of Price Waterhouse (now known as PricewaterhouseCoopers). He has also served as an independent director of China Transinfo Technology Co., Ltd. (北京千方科技股份有限公司), Guangdong Highsun Group Co., Ltd. (廣東海印集團股份有限公司), INKON Life Technology Co., Ltd. (盈康生命科技股份有限公司) and Hundsun Technologies Inc. (恒生電子股份有限公司). Dr. Liu currently serves as an independent director of Jiangsu Bioperfectus Technologies Co., Ltd. (江蘇碩世生物科技股份有限公司).

COMPANY SECRETARY

Mr. Kwok Ka Yiu (郭家耀先生), aged 60, has been our company secretary and financial controller since 12 November 2007. Mr. Kwok holds an MBA degree from the University of Hong Kong and is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Kwok has nearly seven years of audit experience in one of the prestigious international audit firms, KPMG and more than twenty years of financial and accounting experiences with companies listed on the Stock Exchange.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board and senior management of the Company commit to maintain a high standard of corporate governance, formulate good corporate governance practice for improvement of accountability and transparency in operations, and strengthen the internal control system from time to time so as ensure to meet with the expectations of the Shareholders. The Company has adopted the corporate governance codes as set out in Appendix C1 "Corporate Governance Code" (the "CG Code") to the Listing Rules as its own code of corporate governance.

During the Period, the Company had been in compliance with the code provisions under the CG Code, save and except for the code provision F.1.1 of the CG Code.

In respect of code provision F.1.1 of the CG Code, the Company should have a policy on payment of dividends. The Company has not established a dividend policy as the Company will consider various factors such as the current operating results, distributable reserves, financial position, expected financial performance, expected working capital requirements, sustainable development to determine the dividend, which is to the best interest of the Company and its Shareholders as a whole.

BOARD OF DIRECTORS

OVERALL ACCOUNTABILITY

The Board is accountable to the Shareholders. In discharging its corporate accountability, every Director is required to pursue excellence in the interests of the Shareholders and fulfill his/her fiduciary duties by applying the required level of skills, care and diligence to a standard in accordance with the statutory requirements. The Company attaches great importance to the level of Directors' commitment to the Company and the Board. The Directors have devoted sufficient time to the Company and closely monitored the Company's businesses.

All Directors are required to declare to the Board upon their first appointment, the directorships or other positions they are concurrently holding at other companies or organizations. These interests are updated on an annual basis as and when necessary.

In addition, each Director is subject to retirement by rotation at least once every three years.

BOARD RESPONSIBILITIES AND DELEGATION

The Board is responsible for formulating group policies and business and strategic directions, establishing good corporate governance practices and procedures and monitoring risk management, internal controls and operation performances. The EDs and the Executive Committee are delegated with the responsibilities of the day-to-day management of the Group and making operational and business decisions within the control of and delegation framework of the Group. The NEDs and INEDs, particularly, with their independent views, contribute valuable views and proposals for the Board's deliberation and decisions.

The Board has delegated some of its functions to the board committees, details of which are set out below. Matters specifically reserved to the Board include assessment on the nomination of new Directors, determination of remuneration of Directors and senior management, establishment of an effective risk management and internal control system, assessment on the effectiveness of the processes for financial reporting and of compliance of the Listing Rules, approval of financial statements, and review and/or approval of proposed dividend, material accounting policies, material contracts, significant appointments such as company secretary and external auditors, terms of reference of board committees, as well as major corporate policies such as code of conduct.

All Board members have separate and independent access to the Group's senior management to fulfill their duties. Independent professional advice can be sought to assist the relevant Directors and members of any board committees to discharge their duties at the Group's expense upon their request.

CORPORATE GOVERNANCE REPORT

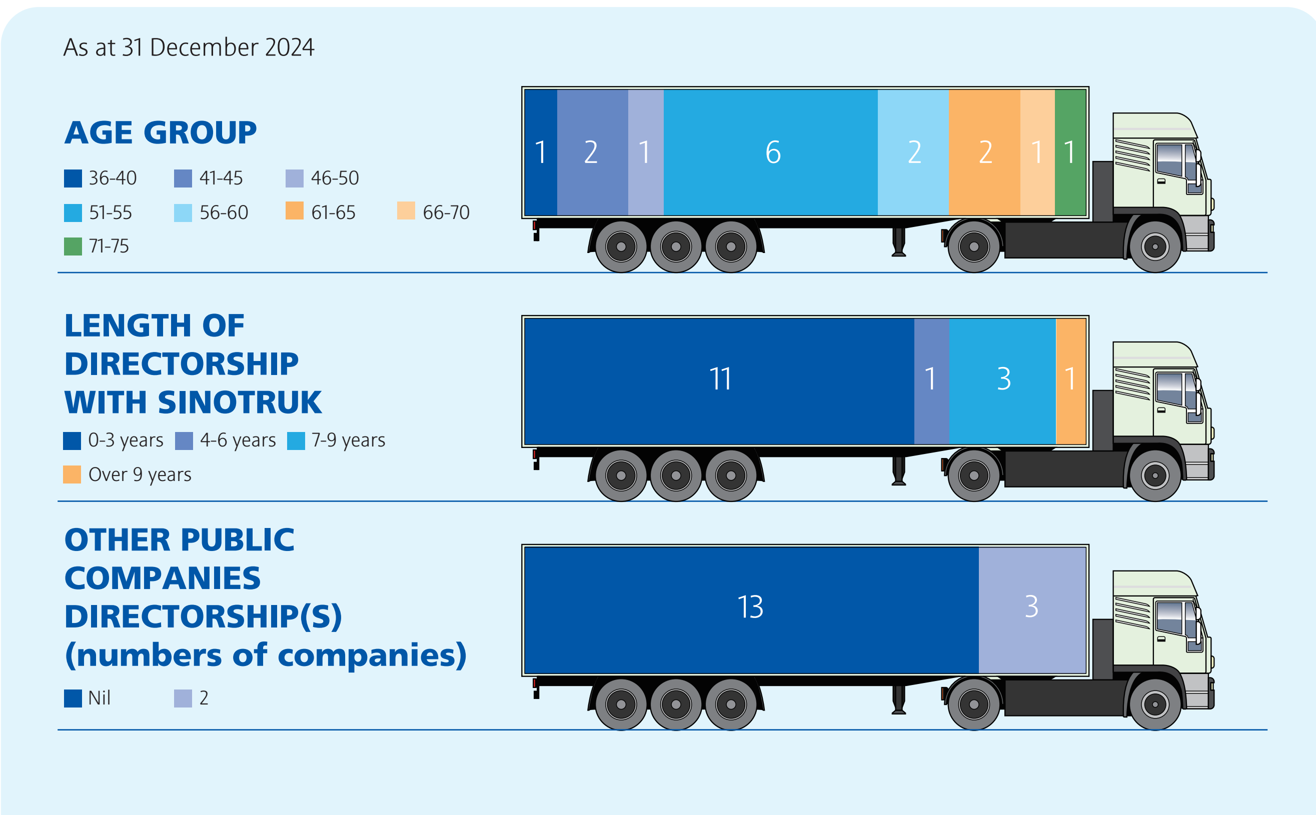
The primary roles of the chairman ("Chairman") of the Board are to provide leadership for the Board and to ensure that good corporate governance practices and procedures are established. The Chairman ensures that all Directors are properly briefed on issues arising at board meetings and all Directors receive adequate information, which is complete and reliable, in a timely manner and encourages all directors to make a full and active contribution to the Company's affairs.

The primary responsibilities of the president and the executive president (mainly responsible for sales in the PRC) (collectively referred to "Presidents") of the Company comprise the day-to-day management of the business, the implementation of major strategies and initiatives adopted by the Board, the development and formulation of business plans, budgets, strategies, business and financial objectives for consideration by the Board, and the establishment and maintenance of proper internal controls and systems.

The Board believes that the existing roles of the Chairman and the Presidents provide the Group with strong leadership, ensures prompt and efficient implementation of decisions and best promotes the interests of Shareholders.

COMPOSITION OF THE BOARD

As at 31 December 2024, the Board had a total number of sixteen Directors including seven EDs, three NEDs and six INEDs. Biographies of each existing Director are set out in the section headed "DIRECTORS AND SENIOR MANAGEMENT". Save as disclosed, there is no financial, business, family or other material/relevant relationships between Board members. A list of the Directors identifying their roles and functions are available on the websites of the Company and the Stock Exchange.



CORPORATE GOVERNANCE REPORT

EXECUTIVE DIRECTORS

As at 31 December 2024, there were seven EDs including Mr. Wang Zhijian, Mr. Liu Zhengtao, Mr. Wang Chen, Mr. Wang Dechun, Mr. Liu Wei, Ms. Li Xia and Ms. Han Xing. Mr. Wang Zhijian is the Chairman and Mr. Wang Chen is the President and Mr. Wang Dechun is the Executive President.

NON-EXECUTIVE DIRECTORS

As at 31 December 2024, there were three NEDs including Mr. Cheng Guangxu, Mr. Karsten Oellers and Mr. Mats Lennart Harborn.

Each of Mr. Cheng Guangxu, Mr. Karsten Oellers and Mr. Mats Lennart Harborn as a NED has entered into a letter of appointment with the Company for a term of three years commenced from 13 May 2024, 14 December 2024 and 14 December 2024, respectively. Each of the letter of appointment of the NEDs can be terminated by either party giving not less than three months' prior written notice.

INDEPENDENT NON-EXECUTIVE DIRECTORS AND THEIR INDEPENDENCE

As at 31 December 2024, there were six INEDs including Dr. Wang Dengfeng, Mr. Zhao Hang, Mr. Liang Qing, Mr. Lyu Shousheng, Mr. Zhang Zhong and Dr. Liu Xiaolun.

Each of Dr. Wang Dengfeng, Mr. Zhao Hang, Mr. Liang Qing, Mr. Lyu Shousheng, Mr. Zhang Zhong and Dr. Liu Xiaolun has entered into a letter of appointment with the Company for a term of three years commenced from 9 March 2025, 11 April 2025, 1 September 2022, 16 May 2022, 23 September 2024 and 12 March 2024, respectively. Each of the letter of appointment of the INEDs can be terminated by either party giving not less than three months' prior written notice.

With Dr. Liu Xiaolun's past experience as an auditor and his academic background of a doctoral degree in enterprise management (corporate governance direction), the Company considers that Dr. Liu Xiaolun is a qualified person with appropriate professional knowledge in accounting and finance as required by Rule 3.10(2) of the Listing Rules.

The Company has already received annual confirmation letters of independence from all INEDs for the Period and each of them has declared fulfillment of all the guidelines for assessing independence in accordance with Rule 3.13 of the Listing Rules. Accordingly, the Board and the Nomination Committee consider that each of the INEDs is independent as defined under the Listing Rules.

CORPORATE GOVERNANCE REPORT

ATTENDANCE OF BOARD MEETINGS AND BOARD COMMITTEE MEETINGS

During the Period, details of each Director's attendance in the Board and committees meetings are set out below:

	Numbers of meetings attended/entitled to attend						
Directors	Board meetings	Executive Committee meetings	Strategy and Investment Committee meetings	Remuneration Committee meetings	Nomination Committee meetings	Audit Committee meetings	General meetings
EXECUTIVE DIRECTORS:							
Mr. Wang Zhijian	7/7	2/2	2/2				2/2
Mr. Liu Zhengtao	3/3	1/1					2/2
Mr. Wang Chen	7/7	2/2	2/2				1/2
Mr. Wang Dechun	0/0	0/0					0/0
Mr. Liu Wei	7/7	2/2					2/2
Ms. Li Xia	7/7	2/2	2/2				2/2
Ms. Han Xing	0/0	0/0	0/0				0/0
NON-EXECUTIVE DIRECTORS:							
Mr. Cheng Guangxu	3/3			1/1	0/0		2/2
Mr. Karsten Oellers	3/7						0/2
Mr. Mats Lennart Harborn	3/7						0/2
INDEPENDENT NON-EXECUTIVE DIRECTORS:							
Dr. Wang Dengfeng	7/7					4/4	2/2
Mr. Zhao Hang	7/7		2/2				2/2
Mr. Liang Qing	7/7			6/6			0/2
Mr. Lyu Shousheng	7/7			6/6	2/2	4/4	2/2
Mr. Zhang Zhong	7/7			6/6	2/2		2/2
Dr. Liu Xiaolun	5/5			4/4		4/4	2/2
FORMER EXECUTIVE DIRECTORS:							
Mr. Zhang Wei	4/5	1/2					1/1
Mr. Richard von Braunschweig	3/7	0/2	0/2				0/2
Ms. Zhao Hong	4/4	1/1					0/0
FORMER NON-EXECUTIVE DIRECTORS:							
Mr. Sun Shaojun	4/4			5/5	2/2		0/0
Mr. Alexander Albertus Gerhardus Vlaskamp	0/5						0/1
FORMER INDEPENDENT NON-EXECUTIVE DIRECTOR:							
Dr. Lin Zhijun	2/2			2/2		0/0	0/0

BOARD MEETINGS

The Company generally convenes four regular full Board meetings per year or more meetings when necessary.

During the Period, seven Board meetings were convened to review, consider and approve the following major agenda items:

(1) the 2023 annual report of the Company and related results announcements, circulars and documents, the 2023 ESG Report, the call for the 2024 AGM and extraordinary general meeting of the Company during the Period and the relevant closures of register of members;

(2) the annual review of the effectiveness and adequacy of the Group's risk management and internal control systems;

(3) the non-competition undertaking of CNHTC;

(4) the 2024 interim report of the Company and related results announcements and documents;

(5) the connected transactions for the years 2023 and 2024 as well as the renewal of continuing connected transactions during the Period;

(6) the recommendation of the re-appointment of KPMG as the Company's auditor and the re-election of the retiring Directors at the 2024 AGM;

(7) the recommendation of the payment of the final dividend for the year 2023 and the declaration of the payment of 2024 interim dividend;

(8) the operational and financial reports of the Group;

(9) the discussion and approval of restricted share award scheme;

(10) matters raised by the Audit Committee including the assessment of internal control report, the risk management report and ESG Report;

(11) the capital contribution to SHIG Finance Co., Ltd.; and

(12) the amount of incentives for senior and core employees for the year of 2023.

BOARD COMMITTEES

The Board has set up the Executive Committee, the Strategy and Investment Committee, the Remuneration Committee, the Audit Committee and the Nomination Committee to deal with different businesses and matters. Details of different committees are discussed below.

EXECUTIVE COMMITTEE

The Executive Committee has been formed by all the EDs as appointed from time to time and is responsible for implementing the decisions made by the Board including but not limit to financing operations, operating strategies, business development, and managing daily operations and the effective implementation of corporate strategy and policies.

As at 31 December 2024, the Executive Committee comprised seven members, namely, Mr. Wang Zhijian, Mr. Liu Zhengtao, Mr. Wang Chen, Mr. Wang Dechun, Mr. Liu Wei, Ms. Li Xia and Ms. Han Xing. Mr. Wang Zhijian was the chairman of the Executive Committee.

During the Period, the Executive Committee convened two meetings mainly to consider and approve the following major agenda items:

(1) the operation and financial reports of the Group;

(2) 2024 business plan and targets; and

(3) determination of 2023 drawdown ratio under the incentive policies.

STRATEGY AND INVESTMENT COMMITTEE

The Strategy and Investment Committee is mainly responsible for the formulation of medium and long term strategic plans and business development strategies of the Group including the study and recommendation of significant investment financing initiatives and significant capital operations and asset operation projects.

CORPORATE GOVERNANCE REPORT

As at 31 December 2024, the Strategy and Investment Committee comprised five members, namely, Mr. Wang Zhijian, Mr. Wang Chen, Ms. Li Xia, Ms. Han Xing and Mr. Zhao Hang. Mr. Wang Zhijian, Mr. Wang Chen, Ms. Li Xia and Ms. Han Xing were EDs while Mr. Zhao Hang was an INED. Mr. Wang Zhijian was the chairman of the Strategy and Investment Committee.

During the Period, the Strategy and Investment Committee convened two meetings and mainly discussed the proposal in relation to the transfer of 40% equity of Chongyou Gaoke Fuel System Co., Ltd. and the proposal in relation to the capital contribution to SHIG Finance Co., Ltd.

REMUNERATION COMMITTEE

The Remuneration Committee is mainly responsible for the appraisal of the Directors and senior management performance and making recommendation to the Board on their remuneration including the formulation of performance assessment standards, procedures, major proposals and mechanisms of the assessment systems, rewards and penalties as well as review and/or approve matters of share schemes. The Remuneration Committee will also supervise the remuneration and other benefits offered by the Group to the Directors.

As at 31 December 2024, the Remuneration Committee comprised five members, namely, Mr. Lyu Shousheng, Mr. Liang Qing, Mr. Zhang Zhong, Dr. Liu Xiaolun and Mr. Cheng Guangxu. Mr. Lyu Shousheng, Mr. Liang Qing, Mr. Zhang Zhong and Dr. Liu Xiaolun were INEDs while Mr. Cheng Guangxu was a NED. Mr. Lyu Shousheng was the chairman of the Remuneration Committee. The most up-to-date version of the terms of reference of the Remuneration Committee is available on the websites of the Company and the Stock Exchange.

During the Period, the Remuneration Committee had convened six meetings primarily to discuss and review the proposed 2023 drawdown ratio under the incentive policies, to recommend the remuneration of proposed new appointed directors, and to approve the proposed adoption of a restricted share award scheme. For details of the restricted share award scheme, please refer to the section headed "THE RESTRICTED SHARE AWARD SCHEME" in the Report of the Directors of this annual report.

AUDIT COMMITTEE

The Audit Committee is mainly responsible for reviewing and monitoring the financial control, internal control, risk management systems, including reassessment of the financial and accounting policies, review of interim reports, annual reports and financial statements, supervision of ESG work including review of the ESG report, review of the risk management and internal control systems, the effectiveness of the internal audit function, etc. In addition, the Audit Committee is responsible for the appointment, re-appointment and removal of external auditor, and for reporting to the Board on the recommendation, review and supervision of the external auditor in respect of its independence and objectivity, the effectiveness of the audit procedures, review of the scope and amount of the provision of non-audit services by the external auditor annually as well as the impact to the independence of the external auditor, the handling of any issues related to the resignation of auditor or the removal of such auditor and the communication with the external auditor on auditing matters. The most up-to-date version of the terms of reference of the Audit Committee is available on the websites of the Company and the Stock Exchange.

CORPORATE GOVERNANCE FUNCTIONS

The Audit Committee is also responsible for performing the corporate governance functions including the following corporate governance duties:

- to formulate and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- to review and monitor the training and continuous professional development of Directors and senior management of the Company;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and the Directors; and
- to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report in the annual report of the Company.

CORPORATE GOVERNANCE REPORT

As at 31 December 2024, the Audit Committee comprised three members, namely, Dr. Liu Xiaolun, Dr. Wang Dengfeng and Mr. Lyu Shousheng who were all INEDs. Dr. Liu Xiaolun was the chairman of the Audit Committee.

During the Period, the Audit Committee convened four meetings and had discussed, reviewed and approved the following major agenda items:

(1) the auditor's reports to the Audit Committee in respect of the 2023 annual audit and the 2024 interim review of the Group;

(2) the 2023 annual report, the 2023 ESG Report, the 2024 interim report and their relevant results announcements;

(3) the recommendation of re-appointment of KPMG as the auditors of the Company in 2024 AGM;

(4) the review of independence of the auditors, KPMG, the nature and the level of remuneration of non-audit services;

(5) the assessment of the financial reporting system of the Group;

(6) a series of internal controls reports and the adequacy of resources, staff qualifications and experience, training programmes and budget of the accounting and financial reporting function of the Group;

(7) the annual internal audit report, internal control reports and the risk management report of the Group;

(8) review on corporate governance report;

(9) the review of duties and responsibilities of the relevant departments in respect of risk management and internal controls areas;

(10) the review of 2024 audit plan of the Group;

(11) the discussion of the external expert's opinions in various aspects of the existing risk management system and framework, including the identification of major risk areas and its measurement, alert systems, information system etc. and follow up action plans; and

(12) the brief discussion with the external experts about the feasibility study of the enhancement of corporate governance of the Company.

In additional to reviewing and approving the above agenda items, the Audit Committee directly communicated with the management regarding the performance and key risk areas of the Group, the relevant internal controls etc. and met with the auditors at least twice a year in the absence of the management.

NOMINATION COMMITTEE

The Nomination Committee is responsible for reviewing the Board's structure, size, composition (including the skills, knowledge and experience) and diversity at least annually and making recommendations on any proposed changes to complement the Company's corporate strategy, including the selection of individuals nominated for directorships, the appointment or re-appointment of Directors, succession planning for Directors and accessing the independence of independent non-executive Directors. In considering the nomination of new directors, the Board will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates, especially their experience in commercial vehicles industry and/or other professional areas.

As at 31 December 2024, the Nomination Committee comprised three members, namely, Mr. Zhang Zhong, Mr. Lyu Shousheng and Mr. Cheng Guangxu. Mr. Zhang Zhong and Mr. Lyu Shousheng were INEDs while Mr. Cheng Guangxu was a NED. Mr. Zhang Zhong was the chairman of the Nomination Committee. The most up-to-date version of the terms of reference of the Nomination Committee is available on the websites of the Company and the Stock Exchange.

During the Period, the Nomination Committee held two meetings primarily to review and evaluate the structure, size and composition (including the skills, knowledge and experience) of the Board to complement the Company's corporate strategy, to assess independence of the independent non-executive Directors, to consider the nomination of candidates for the appointment as Directors, and to review and recommend the re-appointment of the retiring Directors at the general meeting of the Company.

During the Period, the Board has reviewed and concluded that its existing structure, size, composition and diversity are appropriate.

DIVERSITY POLICY AND NOMINATION PROCEDURES

The Company recognizes and embraces the importance and benefit to achieve diversity on the Board to corporate governance and the board effectiveness. The Company adopted a board diversity policy on 1 September 2013. The board diversity policy is to ensure that the Board has the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance and sets out the measurable objectives to select board candidates based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience.

For the purpose of implementation of the board diversity policy, the following measurable objectives:

1. at least one third of the Directors shall be independent non-executive Directors;

2. at least one Director and senior management is female; and

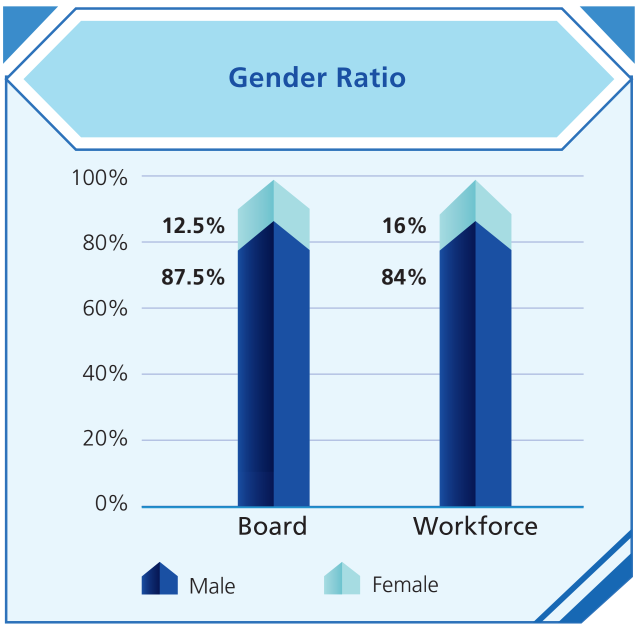
3. at least one Director shall have obtained accounting or other professional qualifications.

During the Period, all the measurable objectives have been fulfilled.

The Company does not have a formal nomination policy in place. The Nomination Committee has primary responsibility for identifying suitably qualified candidates to become members of the Board and shall give adequate consideration to the diversity policy in selection of board candidates. Selection of board candidates shall be based on a range of diversity perspectives with reference to the Group's business model and specific needs, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience. All Board appointments will be based on meritocracy, and candidates will be considered against appropriate criteria, having due regard to the benefits of diversity on the Board.

For succession planning to maintain gender diversity on the Board, the Board will ensure, by upholding an open, fair, just and reasonable human resource policy with equal opportunities for talent attraction and promotion regardless of gender, that a diverse pipeline of candidates is available to take up leadership positions when any vacancy arises.

As at 31 December 2024, the gender ratios of the Board and all employees (including senior management) were as shown in the charts below:



The Company has also taken and continues to take steps to promote diversity at all levels of its workforce. Our approach for talent recruitment and retention is to employ a diverse team that works together collaboratively and encourage differences and individuality in employees with respect to equal opportunities, diversity and anti-discrimination. Notwithstanding the fact that, with a view to enhancing efficiency, we have not set a measurable objective for achieving gender diversity at the workforce level. The Company is determined to commit to the meritocratic and diverse approach which provides equal consideration and opportunities to all qualified candidates regardless of gender in terms of hiring and promotion process.

CORPORATE GOVERNANCE REPORT

DIVIDEND POLICY

As at 31 December 2024, the Company did not have a dividend policy in place.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted Appendix C3 - Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") to the Listing Rules as the code of conduct for securities transactions by the Directors. The Company has made specific enquiries with all Directors and all Directors confirm that they have complied with the standards required by the Model Code during the Period.

CHANGES OF DIRECTORS AND MEMBERS OF BOARD COMMITTEES AFTER THE PERIOD

Mr. Wang Chen and Mr. Liu Wei resigned as EDs and members of relevant board committees on 27 March 2025.

Mr. Liu Zhengtao was appointed as the President and a member of the Strategy and Investment Committee on 27 March 2025.

Mr. Zhao Hua was appointed as an ED and a member of the Executive Committee on 27 March 2025.

CHANGES IN DIRECTORS' INFORMATION

Mr. Liu Zhengtao was appointed as the director and general manager of CNHTC.

Ms. Li Xia ceased in serving as the financial controller of the Group.

Mr. Mats Lennart Harborn had been the president of Scania China Group during 2020 to 2024 and currently is the representative of China office of TRATON SE.

Mr. Zhao Hang resigned as an independent director of Hainan Drinda New Energy Technology Co., Ltd.

Dr. Liu Xiaolun retired as independent director of Hundsun Technologies Inc.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

All Directors have kept abreast of their responsibilities as Directors and of the conduct, business activities and development of the Company. Directors are continuously updated with regulatory and governance developments.

Directors are encouraged to participate in professional development courses and seminars to develop and refresh their knowledge and skills. The Company has devised a training record to assist the Directors to record the training they have undertaken. In addition, the Company will reimburse Directors any reasonable costs incurred for the attendance of these professional development courses and seminars.

In December 2024, the Company arranged Reed Smith Richards Butler LLP, legal advisers to the Company as to Hong Kong laws, to provide directors training and training materials, "Memorandum on the Duties and Responsibilities of a Director of a Company Listed on the Main Board of the Stock Exchange of Hong Kong Limited" and/or "年度董事培訓"/"Annual Directors' Training" to all Directors. Each of Mr. Wang Zhijian, Mr. Liu Zhengtao, Mr. Wang Chen, Mr. Liu Wei, Ms. Li Xia, Mr. Cheng Guangxu, Mr. Karsten Oellers, Mr. Mats Lennart Harborn, Dr. Wang Dengfeng, Mr. Zhao Hang, Mr. Liang Qing, Mr. Lyu Shousheng, Mr. Zhang Zhong and Dr. Liu Xiaolun has confirmed in writing that he/she had participated in continuous professional developments to develop and refresh their knowledge and skills as directors during the Period by way of attending the above training and/or reading the above training materials. In addition, each of Mr. Liu Zhengtao, Mr. Wang Dechun, Ms. Han Xing, Mr. Cheng Guangxu and Dr. Liu Xiaolun had attended a training on directors' responsibilities provided by Reed Smith Richards Butler LLP in relation to his/her appointment as a Director, understood his/her obligations as a director of a listed issuer and obtained legal advice pursuant to the rule 3.09D on 8 May 2024, 11 December 2024, 11 December 2024, 8 May 2024 and 10 March 2024, respectively, during the Period.

REMUNERATION OF AND BENEFITS FOR DIRECTORS AND SENIOR MANAGEMENT

For NEDs and INEDs, the remuneration paid to each of them is director's fees only. Apart from basic salaries, EDs are also entitled to year-end bonus and employee incentive scheme, which depend on the market conditions, and performance of the Group and individual persons during the Period.

For the Period, the remuneration payable to members of senior management by band are follows:

Emolument bands (in RMB)	Number of individuals
500,000 or below	11
500,001 - 1,000,000	2
1,000,001 or above	5

Four Directors waived their remuneration during the Period.

Further particulars regarding Directors' remuneration and the five highest paid individuals as required to be disclosed pursuant to Appendix D2 to the Listing Rules are set out in notes 9 and 10 to the consolidated financial statements.

ACCOUNTABILITY AND AUDITING

The Directors are responsible for preparing the financial statements for the financial year ended 31 December 2024 to reflect a true and fair view of the Company's and the Group's financial positions and results and cash flows during the year.

In preparing the financial statements for the year ended 31 December 2024, the GAAP in Hong Kong, Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards are adopted, with consistent use of appropriate accounting policies, for making reasonable and prudent judgments and estimates. The financial statements for the year ended 31 December 2024 were prepared on a going concern basis.

The reporting responsibilities of the auditors are set out in the Independent Auditor's Report in this annual report.

CORPORATE GOVERNANCE REPORT

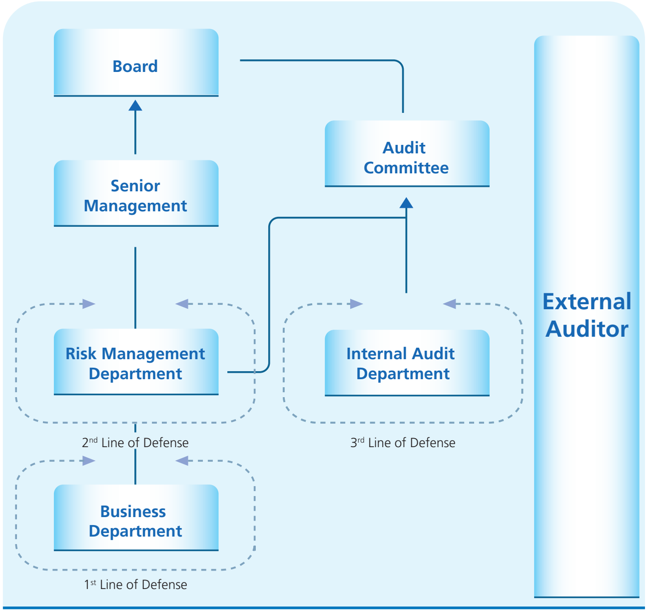
RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the maintenance of a stable and effective risk management and internal control systems for the Group and also responsible for reviewing their effectiveness. The Board, with the assistance from the Audit Committee, conducted annual review on the effectiveness of the Group's risk management (including ESG risks) and internal control systems as required by the CG Code, covering financial, operational and compliance controls and risk management functions, and including reviews on the adequacy of resources, staff qualifications and experience, training programs and budget of the Group's accounting, internal audit and financial reporting function for the Period and considered they were effective and adequate.

The Company has established an organizational structure with defined levels of responsibility and reporting procedures. The risk management department and the group internal audit department assist the Board and/or the Audit Committee in the review of the effectiveness of the Group's risk management and internal control systems on an ongoing basis. The Directors through these departments are kept regularly apprised of significant risks that may impact on the Group's performance.

The Company has established "Overall Risk Management Procedures"《全面風險管理流程》to ensure further improvement of management standards, increase competitiveness, and promote steady development. Relevant rules and regulations are adhered to and complied with, reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the Group's performance are appropriately identified and managed. The systems and internal controls can only provide reasonable and not absolute assurance against material misstatement or loss, as they are designed to manage, rather than eliminate the risk of failure to achieve business objectives.

The Group's risk management framework is guided by the following model as shown below:



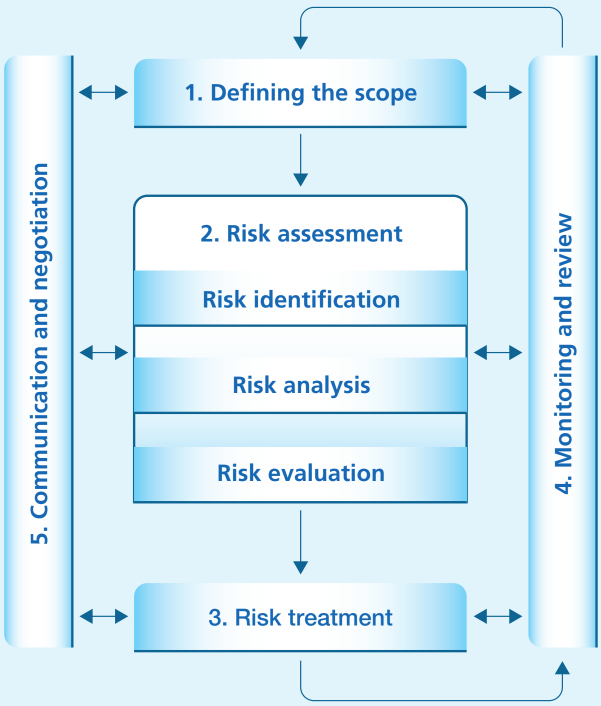
Senior management is responsible for reviewing the establishment of the overall risk management organization and the definition of the responsibilities, approving the annual risk management work plan and supervising its implementation, reviewing the development, implementation and adjustment of significant risk reaction programs, determining the key risk monitoring indicators, decompositing these indicators and reviewing risk management related systems and significant risk management policies.

The internal audit department is responsible for assessing, reviewing the effectiveness of risk management processes and systems, assessing whether risks are properly assessed, assessing the reporting of significant risks, and reviewing the management of significant risks.

The risk management department is responsible for establishing the risk management organization and defining responsibilities, procedures and system of risk management, formulating the annual risk management work plan, carrying out risk assessment, proposing the risk management strategy, assisting the relevant departments carrying out significant risk management. It also prepares risk management performance appraisal program and conducts annual performance appraisal and arranges risk management training.

Business units identify, analyze and evaluate their business risks and identify significant risks, develop risk management strategies, solutions and crisis management plans for significant risks, dynamically monitor significant risk associated indicators and execute the procedures and policies of the risk management and internal controls of the Group.

The Group adopts the principles of "ISO 31000:2009 Risk Management - Principles and Guidelines" as its approach to manage its business and operational risks. The following diagram illustrates the key processes used to identify, evaluate and manage the Group's significant risks:



1	Group risk management department establishes common risk terminology, risk definition, risk assessment criteria and risk classification.
2	Business units carry out internal and external information and risk areas collection to form risk information database, conduct risk assessment based on the standard and develop response action plans. Through the comprehensive evaluation of significant risks, pre-event, during the event and after-event plans and crisis management plans are formulated.
3	Business units, based on established procedures, carry out risk assessment and execute significant risk management programs and regularly report to the group risk management department about the progress.
4 and 5	Group risk management department monitors the risk management status of the business units and reports the relevant information to the Audit Committee on a regular basis. Group risk management department is responsible for negotiation and coordination of risk management tasks over different departments and business units, and reporting risk information. Group internal audit department reviews the effectiveness of risk management, and the assessment and management of significant risks.

CORPORATE GOVERNANCE REPORT

The Group has incorporated its risk management systems into the core operating practices of the business. On an ongoing basis, the respective business units review and assess the status of potential risks which may impact on their ability to achieve their business objectives and/or those of the Group. The business units report to their risk management department on the changes in the significant risk management and the related indicators on a quarterly basis. The group risk management department conducts a risk assessment on a regular basis and reports to the Audit Committee on the significant risk management of the Group and the implementation of the risk response measures at each regular meeting.

The Executive Committee had provided the Board with the written confirmation that the risk management and internal controls were effective during the Period. The Executive Committee also confirmed that the Group had properly complied with the internal control procedures over the connected transactions including but not limited to those in respect of the pricing and the annual caps (if applicable) of such transactions. The internal audit department had regularly reviewed the internal controls systems including connected transactions and did not identify any significant issues during the Period.

The Board confirmed that the risk management system and internal control systems of the Group (including but not limited to in respect of the compliance with the financial reporting and the Listing Rules) were effective and adequate and that there were no significant risk events occurred during the Period.

The internal audit department of the Group and subsidiaries are responsible for carrying out internal audit. They review the significant controls of the Group on a continuous basis and aim to cover all major operations of the Group on a cyclical basis. Overall, internal audits are designed to provide the Board with reasonable assurance that the internal control systems of the Group are sound and effective.

Both the risk management department and the internal audit department regularly submit their work summary reports to the Audit Committee.

In addition to the review of risk management and internal controls undertaken within the Group, the external auditor also assessed the adequacy and effectiveness of certain key risk management and internal controls as part of their statutory audits. Where appropriate, the external auditor's recommendations are adopted and enhancements to the risk management and internal controls will be made.

In addition, Ji'nan Truck Company appointed KPMG HuaZhen LLP to express audit opinion on the effectiveness of internal controls in its financial reports. KPMG HuaZhen LLP opined that Ji'nan Truck Company had maintained the effective internal controls in its financial reports in all material aspects under "Basic Standard for Enterprise Internal Control" and the relevant regulations as at 31 December 2024.

The Securities Management Department is responsible for handling and dissemination of inside information. The Company has established "Disclosure of Inside Information Policy"《內幕信息披露制度》and various subsidiary procedures to ensure inside information remains confidential until the disclosure of such information is appropriately approved and made, while the dissemination of such information is efficiently and consistently made. The Company regularly communicates with relevant employees about the status of the implementation of the inside information disclosure policies and provides them the relevant trainings.

The Group has set up a whistleblowing mechanism against anti-corruption, business ethics discipline, etc. and provided channels to stakeholders including face-to-face reporting, telephone calls, letters, e-mail messages, etc. We investigate, handle and report relevant cases in a timely manner in the light of procedures and adopt confidentiality and protection measures. Behaviors including intentional leakage of whistleblowers' information and retaliation against whistleblowers are prohibited.

NON-COMPETITION UNDERTAKING

In order to protect the Group's interests, CNHTC entered into a non-competition undertaking (the "Non- competition Undertaking") with the Group in November 2007. The Board has received an annual confirmation from CNHTC for its compliance with the Non-competition Undertaking for the year ended 31 December 2024. After conducting the review, the Directors, including all INEDs, are of the view that the Non-competition Undertaking have been complied with by all parties.

REMUNERATION OF AUDITORS

For the Period, details of the remuneration in respect of the Group's auditors, KPMG and their related entities are as follows:

	RMB'000
For financial audit services:	6,233
For other services:	
Internal control audit of services for a subsidiary	377
Assurance services	200
Taxation professional services	80
Total fee for other services	657
Total remuneration	6,890

COMPANY SECRETARY

The company secretary of the Company ("Company Secretary"), Mr. Kwok Ka Yiu, has confirmed that he has attended not less than 15 hours of relevant professional training during the Period. His biographical details are set out in the section headed "Directors and Senior Management" in this annual report.

SHAREHOLDERS AND INVESTOR RELATIONS

COMMUNICATION POLICY

The Board considers that active communications with investors are important and provides reports with transparency and clarity in disclosures. Any significant events of the Group requiring disclosure will be disclosed in a timely, accurate and complete manner through the websites of the Company and the Stock Exchange, so as to safeguard Shareholders' rights of information and participation. Ji'nan Truck Company publishes its announcements in the designed website as required by the regulations of the Shenzhen Stock Exchange while the Company announces the latest financial information of Ji'nan Truck Company from time to time on the websites of the Company and the Stock Exchange.

The notice of the AGM together with relevant documents will be sent out to the Shareholders not less than 21 days prior to the date on which the AGM will be held and not less than 14 days prior to the date on which all other general meetings will be held. The notice contains details on the procedures for voting by poll as well as other relevant information related to the proposed resolutions.

Sinotruk's website (www. sinotruk.com) has been adopted as the designated company website for publication of the Company's announcements, notices and other corporate communications. As at 31 December 2024, about 2.9 per cent and 2.5 per cent of registered Shareholders in Sinotruk's register of the members opted to receive corporate communications via print version and by email, respectively.

The Group establishes investor relations telephone hotlines both in the PRC (+86 531 5806 3808) and in Hong Kong (+852 3102 3808) and email accounts including zhengquanbu@sinotruk.com, securities@sinotrukhk.com and boardenquiries@sinotrukhk.com for the Shareholders and investors communication.

The Board has assessed the above communication channels with the Shareholders and considered that they were effective during the Period.

CORPORATE GOVERNANCE REPORT

SHAREHOLDING ANALYSIS

Based on publicly available information and within the Directors' knowledge as at the Latest Practicable Date, approximately 24 per cent of Shares were held by the public.

As at 31 December 2024, the major shareholders of the Company were SHIG and FPFPS. SHIG is a PRC state-owned enterprise and indirectly holds 51% of the entire issued capital of the Company. One of the SHIG Group's principal businesses is commercial vehicles manufacturing. FPFPS indirectly holds 25% of the entire issued share capital of the Company plus one Share. The FPFPS Group, including Volkswagen Group, is one of the world's leading automobile manufacturers in commercial vehicles and passenger cars. Volkswagen Group owns twelve brands from seven European countries: Volkswagen Passenger Cars, Audi, SEAT, ŠKODA, Bentley, Bugatti, Lamborghini, Porsche, Ducati, Volkswagen Commercial Vehicles, Scania and MAN.

The Company's market capitalization and shareholding distribution as at 31 December 2024 are set out in the section headed "SHAREHOLDER INFORMATION" of this annual report.

CHANGE OF IMMEDIATE HOLDING COMPANY

The Board had received notices from Sinotruk (BVI) Limited regarding its transfer of 51% of the issued share capital of the Company to CNHTC in December 2024. Upon completion of the transfer, CNHTC became the immediate holding company of the Company. The registration of CNHTC in Sinotruk's register of the members was completed on 2 April 2025. For more details of the change, please refer to the announcements of the Company dated 20 December 2024 and 24 December 2024. Despite there was change of the immediate holding company, the ultimate holding company, SHIG, remains unchanged.

INVESTOR RELATIONS

The Securities Management Department is responsible for promoting investor relations, enhancing communication and ensuring that the investors are able to obtain information about the Group on a fair and timely basis to assist them in making the best investment decisions. To cultivate good relationship with Shareholders and potential investors, the Company has participated in a number of one-on-one meetings, investors' conferences, road shows and site visits during the Period. Analysts and fund managers may gain better knowledge on the production operations of the Group through these activities. Investors and the public may also browse the website of the Company at www.sinotruk.com for the latest information available in respect of the Group including information on the financial conditions and the latest business developments of the Group.

ANNUAL GENERAL MEETING

The Board and senior management are well aware of their important tasks of acting on behalf of the interests of all the Shareholders and improving the Shareholders' returns. The Board considers that the AGM is an important opportunity for direct communication with the Shareholders. The 2024 AGM was successfully held on 28 June 2024 at the meeting centre of the Company, No. 688 Shunhua South Road, Licheng District, Ji'nan City, Shandong Province, PRC and Level 22, Nexxus Building, 41 Connaught Road Central, Hong Kong. Certain members of the Board and external auditors of Company attended the 2024 AGM in person or via video conferencing system and communicated with the Shareholders. Details of the voting particulars were disclosed in the Company's announcement dated 28 June 2024.

The Board encourages all the Shareholders to participate in the forthcoming 2025 AGM where the members of the Board and external auditors will be present and communicate with the Shareholders.

SHAREHOLDERS' RIGHTS

(1) Procedures for Shareholders to convene a general meeting

Any one or more Shareholders holding at the date of deposit of the Requisition (as defined below) at least 5% of the total voting rights of all Shareholders having rights to vote at general meetings of the Company (the "Requisitionist(s)") shall at all times have the right, by requisition (the "Requisition") to the Board or the Company Secretary to convene a general meeting.

The Requisition must state the business to be dealt with at the general meeting. It must also be authenticated by such Requisitionist(s) and either deposited at the registered office of the Company (the "Registered Office") at Units 2102-03, China Merchants Tower, Shun Tak Centre, 168 - 200 Connaught Road Central, Hong Kong or by email to generalmeeting@sinotrukhk.com for attention of the "Company Secretary".

If the Directors do not within 21 days from the date of the deposit of the Requisition proceed duly to convene a meeting for a day not more than 28 days after the date on which notice convening the meeting is given, such Requisitionist(s), or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a general meeting in accordance with the relevant provisions of the Companies Ordinance, but any meeting so convened shall not be held after the expiration of 3 months from the said date.

(2) Procedures for putting forward proposals at Shareholders' meeting

Eligible Shareholders (as defined below) may submit a request to make proposals or move a resolution at the general meeting (the "Request"). "Eligible Shareholder(s)" means:

(i) any number of Shareholders representing at least 2.5% of the total voting rights of all Shareholders having at the date of the Request a right to vote at the general meeting to which the Request relates; or

(ii) at least 50 Shareholders who have a right to vote at the general meeting to which the Request relates.

The Request must state clearly the name(s) and contact information of the Eligible Shareholders, his/her/their shareholding, the proposed resolution, accompanied by a statement (the "Statement") of not more than 1,000 words with respect to the matter referred to in the proposed resolution or the proposed business to be dealt with at the general meeting.

The Request and the Statement must be authenticated by the Eligible Shareholder(s) making the Request and either deposited at the Registered Office or by email to resolutionrequest@sinotrukhk.com for the attention of the "Company Secretary" at least six (6) weeks before the AGM to which the Request relates; or if later, the time at which notice is given of that AGM, and in all other cases, at least seven (7) days before the general meeting to which the Request relates.

CORPORATE GOVERNANCE REPORT

The Eligible Shareholder(s) need not pay the circulation of the Statement if the Request and the Statement have been duly received by the Company and been sent together with notice of the AGM. In all other cases, the Eligible Shareholder(s) concerned shall deposit a sum of money reasonably sufficient to meet the Company's expenses in serving the notice of the resolution, a circular or a supplemental circular (as the case may be) concerned together with the Statement at least seven (7) days before the general meeting to which the Request relates in accordance with the Companies Ordinance and the requirements under the Listing Rules to all the Shareholders.

(3) Shareholders' enquiries to the Board

Shareholders may send their enquiries and concerns together with their names and contact information to the Board by addressing them to the Registered Office of the Company by post or email to boardenquiries@sinotrukhk.com for the attention of the "Company Secretary". The Board will reply to the enquiries and concerns as soon as possible.

CONSTITUTIONAL DOCUMENTS

The Articles of the Company was adopted by way of a special resolution passed by the Shareholders at the 2023 AGM held on 28 June 2023. Such amendments to the Articles were made in order to (i) allow greater flexibility for Company to hold general meetings in the physical, hybrid or full virtual form; (ii) reflect and align with the latest requirements under the Listing Rules; and (iii) make certain housekeeping amendments. There has been no change to the Articles during the Period. The Articles of the Company is available on the websites of the Company and the Stock Exchange.

DISCLAIMER

The contents of the section headed "SHAREHOLDERS' RIGHTS" are for reference and disclosure compliance purposes only. The information does not represent and should not be regarded as legal or other professional advice from the Company to the Shareholders. Shareholders should seek their own independent legal or other professional advice as to their rights as Shareholders. The Company disclaims all liabilities and losses incurred by the Shareholders in reliance on any contents of the section headed "SHAREHOLDERS' RIGHTS".

REPORT OF THE DIRECTORS

The Directors are pleased to present their report and the audited financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL BUSINESS

The Company is principally engaged in investment holding. The Group primarily specializes in the research, development and manufacturing of HDTs, LDTs, etc and related key assemblies, parts and components, including engines, cabins, axles, steel frames and gearboxes as well as provision of financing services to those parties related to the production and sales of the Group's products and to the CNHTC Group. Details of principal activities of the Company's principal subsidiaries are set out in note 19 to the consolidated financial statements.

An analysis of the Group's performance for the Period by operating segments is set out in note 4 to the consolidated financial statements. Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance, including an analysis of the Group's performance during the Period using financial key performance indicators, a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the section headed "MANAGEMENT DISCUSSION AND ANALYSIS" of this annual report. This discussion forms part of this report of the Directors.

OPERATING RESULTS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of profit or loss and consolidated statement of comprehensive income.

PROPOSED 2024 FINAL DIVIDEND

The Board recommends to distribute to Shareholders whose names appear on the register of members of the Company on Thursday, 10 July 2025 a final dividend of either HK$0.55 or RMB0.51 per Share (converted at the exchange rate of RMB0.92294 to HK$1 as published by the PBOC on Thursday, 27 March 2025) for the year ended 31 December 2024 (the "**2024 Final Dividend**") with a sum of approximately HK$1,519 million or RMB1,408 million which is subject to the Shareholders' approval at the forthcoming 2025 AGM.

The Company has been determined as a Chinese-resident enterprise. Pursuant to the "Enterprise Income Tax Law of the PRC"《中華人民共和國企業所得稅法》and the "Detailed Rules for the Implementation of the Enterprise Income Tax Law of the PRC"《中華人民共和國企業所得稅法實施條例》, a Chinese-controlled offshore incorporated enterprise shall withhold and pay enterprise income tax for its non-PRC resident enterprise shareholders. As the withholding and payment obligation lies with the Company, the Company will withhold and pay enterprise income tax for its non-PRC resident enterprise shareholders to whom the Company pays the 2024 Final Dividend.

In respect of all the Shareholders whose names are not registered as natural persons (including HKSCC Nominees Limited, corporate nominees or trustees such as securities companies and banks, and other entities or organizations, which are all considered as non-PRC resident enterprise shareholders), the Company will distribute the 2024 Final Dividend after deducting an enterprise income tax of 10% or other appropriate rates.

REPORT OF THE DIRECTORS

Investors who invest in Shares through the Shanghai Stock Exchange or the Shenzhen Stock Exchange (the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect investors), whether natural persons or enterprises, are investors who hold the Shares through HKSCC Nominees Limited, and, in accordance with the above requirements, the Company will pay to HKSCC Nominees Limited the amount of the 2024 Final Dividend after withholding for payment the 10% enterprise income tax.

The Company will not withhold and pay the income tax in respect of the 2024 Final Dividend payable to PRC resident enterprise shareholders, exempted entities or any natural person shareholders.

PRINCIPAL PROPERTIES

Details of the principal properties held for development and/or sale and for investing purposes are set out in note 16 to the consolidated financial statements.

SHARE ISSUED DURING THE PERIOD

There were no issue of Shares during the Period. Details of the movements in the equity of the Company during the Period are set out in the consolidated statement of changes in equity and notes 36 and 37 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's distributable reserves as at 31 December 2024, calculated under Part 6 of the Companies Ordinance, were approximately RMB5,335,294,000 (2023: approximately RMB3,885,000,000).

CHARITABLE DONATIONS

The Group did not make monetary charitable donations for the Period (2023: RMB nil). The Group had engaged in certain public-welfare and charity endeavors during the Period, details of which are disclosed in 2024 ESG Report.

BORROWINGS

Details of the Group's borrowings as at 31 December 2024 are set out in note 30 to the consolidated financial statements.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results, the assets and liabilities of the Group for the past five financial years is set out on page 220.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's securities during the Period.

THE RESTRICTED SHARE AWARD SCHEME

On 17 March 2024, the Company adopted a restricted share award scheme (the "Share Award Scheme") for the purpose of (i) retaining and attracting talents through an enhanced remuneration structure; (ii) better aligning the interests of the officers and employees, and of the Shareholders; and (iii) effectively motivating the management team and key employees of the Group, and thereby promoting the long-term development of the Group and maximising the interests of the Shareholders. The eligible participants to the Share Award Scheme include the Directors, senior management, and key employees occupying or involved in research and development, technical, sales and management roles within the Group.

The total number of Shares to be granted (the "Award Share(s)") under the Share Award Scheme shall not exceed 1% of the total number of issued Shares from time to time. The aggregate number of Shares which may be awarded to any grantee under the Scheme shall not exceed 1% of the total number of issued Shares from time to time. As at 17 March 2024, the date of the adoption of the Share Award Scheme, and 31 December 2024, the number of Shares available for grant under the Share Award Scheme were 27,609,933 Shares and 439,933 Shares, respectively.

The Share Award Scheme is a share scheme solely funded by existing Shares of the Company and, hence, there is no share available for issue under the Share Award Scheme.

Subject to any early termination pursuant to the rules related to the Share Award Scheme, the Share Award Scheme shall expire on 6 June 2029 (i.e. 60 months after the date of the grant on 6 June 2024) and thus its remaining life is approximately 4 years and 2 months from the date of this annual report.

Subject to the provisions of the Share Award Scheme, the Board may, from time to time, at its sole and absolute discretion select any grantee and grant an award to any such grantee at the grant price.

The grant price (purchase price) for the grant shall not be less than the higher of:

(a) 50% of the closing price of the Shares as quoted on the Stock Exchange as at the date of the announcement of the proposed adoption of the Shares Award Scheme, being 23 January 2024; and

(b) 50% of the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days prior to the date of the announcement of the proposed adoption of the Shares Award Scheme.

Hence, the grant price has been determined at RMB6.896 which is equivalent to approximately HK$7.58. The grant price is payable by the grantee for acceptance of the grant, with a payment deadline stipulated in the relevant grant agreement.

REPORT OF THE DIRECTORS

Vesting of the Award Shares is conditional upon the followings:

(A) EVENTS

(1) none of the following specified events has occurred in relation to the Company: (i) the Company has failed to engage an auditor to audit the Company's financial statements and accounting records as required by the applicable laws or regulations of the PRC or Hong Kong; (ii) the issuance of a qualified opinion, an adverse opinion or a disclaimer of opinion by the auditors of the Company in respect of the consolidated financial statements of the Company for the most recent financial year; (iii) material dispute has been raised by the PRC state-owned assets and supervision authority or audit department on financial results and/or financial reports of the Company; (iv) the imposition of penalty on the Company by the securities regulatory authority and other relevant regulatory authorities as a result of a material breach of laws or regulations of the PRC or Hong Kong; and (v) situations occur where the implementation of the Share Award Scheme is prohibited by the applicable laws or regulations of the PRC or Hong Kong; and

(2) none of the following specified events has occurred in relation to the grantee: (i) results of the relevant 經濟責任審計 (accountability audit) or similar assessments indicate that the grantee has not effectively performed his/her duties, or has been grossly negligent or committed malfeasance in performing his/her duties; (ii) the grantee has breached the relevant laws or regulations of the PRC or Hong Kong or the Articles; (iii) the Company has sufficient evidence to prove that during the employment of the grantee by any member of the Group, the grantee, due to bribery, corruption or theft, divulging operational or technical secrets of the Group, or has conducted connected transactions or any other acts, has caused harm to the Group's interests or reputation, and which has caused a material adverse effect on the Group's image, resulting in a loss for the Group; and (iv) a failure to perform or incorrectly perform duties, causing significant asset losses and other serious adverse consequences to the Group.

(B) VESTING TERMS AND TARGETS

Vesting Period	Vesting Dates	Percentage of Award Shares to be vested	Performance target of the Company	Results of individual performance assessment
24 months from the grant date	Any day falling between the first trading day after 24 months from the date of the Grant to the last trading day within 36 months from the date of the grant	30%#	(1) The operating revenue in the year 2024 shall not be less than RMB94.8 billion (2) The sales profit margin^ shall not be less than 7.5% (3) The indicators set out in (1) and (2) above shall not be lower than the average industry performance for 2024 and the industry level as at the date of the grant	Pass
36 months from the grant date	Any day falling between the first trading day after 36 months from the date of the grant to the last trading day within 48 months from the date of the grant	30%#	(1) The operating revenue in the year 2025 shall not be less than RMB109.1 billion (2) The sales profit margin^ shall not be less than 8% (3) The indicators set out in (1) and (2) above shall not be lower than the average industry performance for 2025 and the industry level as at the date of the grant	Pass
48 months from the grant date	Any day falling between the first trading day after 48 months from the date of the grant to the last trading day within 60 months from the date of the grant	40%#	(1) The operating revenue in the year 2026 shall not be less than RMB125.5 billion (2) The sales profit margin^ shall not be less than 8.5% (3) The indicators set out in (1) and (2) above shall not be lower than the average industry performance for 2026 and the industry level as at the date of the grant	Pass

^ excluding the impact of share-based payment expenses

subject to scale-back adjustment on the results of individual performance assessment

REPORT OF THE DIRECTORS

(C) SCALE-BACK ADJUSTMENT

Annual performance assessment results	Pass				Fail
Class	S (Distinction)	A (Excellent)	B (Good)	C (Acceptable)	D (Unaceeptable)
Vesting proportion	100%	100%	100%	80%	0%

The actual number of the Award Shares to be vested for a grantee in a given year is calculated as the "Vesting proportion" multiplied by the number of Shares scheduled to be vested for the relevant period.

(D) RETENTION

20% of the total number of Award Shares granted to a grantee who is a Director or senior management of the Group shall not be vested until the end of his/her term of office (which shall be considered as at the relevant grant date and excluding any subsequent re-elected or renewed term of office, if applicable) and subject to him/her passing the individual performance assessment at that time.

The trustee of the Share Award Scheme shall abstain from exercising the voting rights in respect of any Shares held directly or indirectly by it under the relevant trusts. As at 31 December 2024, the trustee of the Share Award Scheme held 26,520,000 Shares which represented approximately 0.96% of the Shares in issue.

On 6 June 2024, the Company granted a total of 27,170,000 Award Shares (representing approximately 0.98% of the total issued Shares) to 188 grantees including 4 executive Directors and other senior management under the Share Award Scheme. The Company had received the grant price monies of all Award Shares granted.

Details of the movements of the Award Shares under the Share Award Scheme during the Period are as follows:

			Number of Award Shares					
Grantees	**Date of grant**	**Closing price immediately before the date of grant**	**Unvested balance as at 1 January 2024**	**Granted during the Period**	**Lapsed during the Period**	**Unvested balance as at 31 December 2024**	**Vesting Period**	**Vesting Dates**
Directors								
Mr. Liu Zhengtao	6 June 2024	HK$18.30	Not applicable	150,000	—	150,000	24 months	8 June 2026 to 4 June 2027
	6 June 2024	HK$18.30	Not applicable	150,000	—	150,000	36 months	7 June 2027 to 5 June 2028
	6 June 2024	HK$18.30	Not applicable	200,000	—	200,000	48 months	6 June 2028 to 5 June 2029
Mr. Liu Wei	6 June 2024	HK$18.30	Not applicable	150,000	—	150,000	24 months	8 June 2026 to 4 June 2027
	6 June 2024	HK$18.30	Not applicable	150,000	—	150,000	36 months	7 June 2027 to 5 June 2028
	6 June 2024	HK$18.30	Not applicable	200,000	—	200,000	48 months	6 June 2028 to 5 June 2029
Ms. Li Xia	6 June 2024	HK$18.30	Not applicable	105,000	—	105,000	24 months	8 June 2026 to 4 June 2027
	6 June 2024	HK$18.30	Not applicable	105,000	—	105,000	36 months	7 June 2027 to 5 June 2028
	6 June 2024	HK$18.30	Not applicable	140,000	—	140,000	48 months	6 June 2028 to 5 June 2029
Mr. Zhang Wei (resigned during the Period)	6 June 2024	HK$18.30	Not applicable	150,000	150,000	—	24 months	8 June 2026 to 4 June 2027
	6 June 2024	HK$18.30	Not applicable	150,000	150,000	—	36 months	7 June 2027 to 5 June 2028
	6 June 2024	HK$18.30	Not applicable	200,000	200,000	—	48 months	6 June 2028 to 5 June 2029

REPORT OF THE DIRECTORS

Grantees	Date of grant	Closing price immediately before the date of grant	Number of Award Shares: Unvested balance as at 1 January 2024	Granted during the Period	Lapsed during the Period	Unvested balance as at 31 December 2024	Vesting Period	Vesting Dates
Other grantees								
Other key employees of the Group occupying or involved in research and development, technical, sales and management roles	6 June 2024	HK$18.30	Not applicable	7,596,000	45,000	7,551,000	24 months	8 June 2026 to 4 June 2027
	6 June 2024	HK$18.30	Not applicable	7,596,000	45,000	7,551,000	36 months	7 June 2027 to 5 June 2028
	6 June 2024	HK$18.30	Not applicable	10,128,000	60,000	10,068,000	48 months	6 June 2028 to 5 June 2029
			Not applicable	27,170,000	650,000	26,520,000		

Notes:

1. The grant price of each Award Share granted on 6 June 2024 is RMB6.896.

2. For performance targets of the Company and grantee, please refer to the section headed "VESTING TERMS AND TARGETS" above.

3. Pursuant to Hong Kong Financial Reporting Standard 2 – Share-based Payment and the accounting policy in respect of share-based payment of the Company, the fair value of each Award Share was measured at the date of grant, being 6 June 2024, and determined at the amount of RMB10.174 which was equal to the market price of the Share at the date of grant at HK$18.78 (equivalent to RMB17.070) less the grant price at RMB6.896 while no adjustment of expected dividends to the fair value of the Award Share is made as grantee shall be entitled to receive all dividends in respect of all the Award Shares since the relevant grant date of such Award Shares. The fair value of the Award Shares granted on 6 June 2024 was approximately RMB276,427,580, of which the Group recognized an expense of approximately RMB55 million for the year ended 31 December 2024.

4. During the Period, no Award Shares was vested or cancelled under the Share Award Scheme.

5. The grant price of each of Award Share lapsed is RMB6.896.

6. The five highest paid individuals during the Period are all Directors, including the four Directors whose information is individually provided under the section "Directors" in the table above, and one Director who has not been granted any Award Shares under the Share Award Scheme.

For more details of the Share Award Scheme and the grant on 6 June 2024, please refer to the announcements of the Company dated 23 January 2024, 17 March 2024 and 6 June 2024, respectively. Further details of the Share Award Scheme are disclosed in note 35 to the consolidated financial statements.

REPORT OF THE DIRECTORS

DIRECTORS

During the Period and as at the date of this report, the Directors were as follows:

EXECUTIVE DIRECTORS:

Mr. Wang Zhijian (*Chairman*)
Mr. Liu Zhengtao *(President)* (appointed as an Executive Director on 13 May 2024; appointed as the President on 27 March 2025)
Mr. Wang Dechun (*Executive President*) (appointed on 20 December 2024)
Ms. Li Xia
Mr. Zhao Hua (appointed on 27 March 2025)
Ms. Han Xing (appointed on 20 December 2024)

NON-EXECUTIVE DIRECTORS:

Mr. Cheng Guangxu (appointed on 13 May 2024)
Mr. Karsten Oellers
Mr. Mats Lennart Harborn

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Dr. Wang Dengfeng
Mr. Zhao Hang
Mr. Liang Qing
Mr. Lyu Shousheng
Mr. Zhang Zhong
Dr. Liu Xiaolun (appointed on 12 March 2024)

FORMER EXECUTIVE DIRECTORS

Mr. Wang Chen (resigned on 27 March 2025)
Mr. Liu Wei (resigned on 27 March 2025)
Mr. Zhang Wei (resigned on 20 September 2024)
Ms. Zhao Hong (resigned on 13 May 2024)
Mr. Richard von Braunschweig (resigned on 20 December 2024)

Each of Mr. Wang Chen, Mr. Liu Wei, Mr. Zhang Wei, Ms. Zhao Hong, and Mr. Richard von Braunschweig has confirmed that he/she has no disagreement with the Board and nothing relating to the affairs of the Company needed to be brought to the attention of the Shareholders.

FORMER NON-EXECUTIVE DIRECTORS

Mr. Sun Shaojun (resigned on 13 May 2024)
Mr. Alexander Albertus Gerhardus Vlaskamp (resigned on 22 August 2024)

Each of Mr. Sun Shaojun and Mr. Alexander Albertus Gerhardus Vlaskamp has confirmed that he has no disagreement with the Board and nothing relating to the affairs of the Company needed to be brought to the attention of the Shareholders.

FORMER INDEPENDENT NON-EXECUTIVE DIRECTOR

Dr. Lin Zhijun (resigned on 12 March 2024)

The Board is of the view that there is no matter relating to the resignation of Dr. Lin Zhijun due to changes in the operational management and development requirements of the Company that needs to be brought to the attention of the Shareholders.

ROTATION OF DIRECTORS

Pursuant to article 82 of the Articles, Mr. Wang Dechun, Mr. Zhao Hua and Ms. Han Xing will retire at the forthcoming annual general meeting and, being eligible, will offer himself/herself for re-election as Director.

Pursuant to article 83 (1) of the Articles, Mr. Karsten Oellers and Mr. Mats Lennart Harborn will retire at the forthcoming annual general meeting and, being eligible, will offer herself/himself for re-election as Directors.

DIRECTORS OF THE COMPANY'S SUBSIDIARIES

During the Period, Directors, Mr. Liu Zhengtao, Mr. Wang Chen, Mr. Wang Dechun, Mr. Liu Wei, Mr. Zhang Wei, Ms. Li Xia, Ms. Zhao Hong and Mr. Sun Shaojun are also directors in certain subsidiaries of the Company.

A full list of the names of the directors of the Company's subsidiaries can be found in the Company's website at www.sinotruk.com under "Investor Relations" • "Corporate" • "Board of directors".

REPORT OF THE DIRECTORS

PERMITTED INDEMNITY

Pursuant to the Articles, subject to the statues, every Director shall be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he/she may sustain or incur in the execution of his/her office or otherwise in relation thereto. Subject to the applicable laws and the Articles, the Company has taken out insurance against the liability and costs associated with legal actions against all the Directors arising out of corporate activities.

DIRECTORS' SERVICE CONTRACTS

None of the Directors has or is proposed to have any service contract with the Company or its subsidiary that is not terminable by the employer within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS AND COMPETING BUSINESS

During the Period, Mr. Wang Zhijian is the deputy secretary of the party committee, the chief manager and a director of SHIG, the secretary of the party committee, and chairman of CNHTC; Mr. Liu Zhengtao is the deputy secretary of the party committee, the general manager, director and the security director of CNHTC; Ms. Li Xia is the deputy general manager and the financial controller of CNHTC; Ms. Han is the head of the Ji'nan Branch of MAN Truck and Bus Trading (China) Co., Ltd. and the strategy representative of MAN Truck & Bus SE in China; Mr. Cheng Guangxu holds positions including the deputy general manager of Weichai Power; Mr. Karsten Oellers is the head of group finance at TRATON SE and Mr. Mats Lennart Harborn is the representative of China office of TRATON SE and was the president of Scania China Group. In addition, during the Period, Mr. Wang Chen is the executive deputy general manager of CNHTC; Mr. Liu Wei is the deputy general manager of CNHTC; Mr. Zhang Wei was the deputy general manager of CNHTC; Ms. Zhao Hong is the deputy general manager of CNHTC; Mr. Richard von Braunschweig is finance director of the MAN sales entity in the United Kingdom (MAN Truck & Bus UK Ltd.); Mr. Sun Shaojun is a deputy chief manager of Weichai Holdings and an executive director of Weichai Power; Mr. Alexander Albertus Gerhardus Vlaskamp is the chairman of the executive board of MAN Truck & Bus SE and a member of the executive board of TRATON SE. The CNHTC Group and the Weichai Group are subsidiaries of SHIG. TRATON SE, MAN Truck & Bus SE, MAN Truck and Bus Trading (China) Co., Ltd., MAN Truck & Bus UK Ltd. and Scania China Group are non-wholly owned subsidiaries or division of FPFPS.

The manufacture and sales of trucks and/or bus activities of the SHIG Group and the FPFPS Group constitute competing businesses to the Group.

Save for transactions amongst group members, between the Group and the SHIG Group and between the Group and the FPFPS Group as disclosed in section headed "CONNECTED TRANSACTIONS" below in the report of the Directors and in the related party transactions in note 42 to the consolidated financial statements, no other transactions, arrangements and contracts of significance to which the Company, any of its subsidiaries, fellow subsidiaries or its parent companies was a party and in which a Director and the Director's connected party had any material interest, whether directly or indirectly, subsisted at the end of the Period or at any time during the Period.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the current Directors and senior management of the Company as at the date of this report are set out on pages 46 to 49.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, the interests or short positions (if any) of the Directors and chief executives of the Company or their associates (as defined in the Listing Rules) in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

LONG POSITIONS

The Company's ordinary Shares

Name of Director	Nature of interest	Number of underlying Shares interested pursuant to the share award scheme	Approximate percentage of shareholding in the class
Mr. Liu Zhengtao	Beneficial owner	500,000	0.02
Mr. Liu Wei	Beneficial owner	500,000	0.02
Ms. Li Xia	Beneficial owner	350,000	0.01

Associated corporation — ordinary A shares in Weichai Power (a fellow subsidiary of the Company)

Name of Director	Nature of interest	Number of ordinary shares held	Approximate percentage of shareholding in the class
Mr. Wang Zhijian	Beneficial owner	600,000	0.01
Mr. Wang Chen	Beneficial owner	600,000	0.01
Mr. Cheng Guangxu	Beneficial owner	600,000	0.01

Save as disclosed above, as at 31 December 2024, none of the Directors and chief executives of the Company or their associates (as defined in the Listing Rules) had interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2024, other than the interests of the Directors and chief executives of the Company as disclosed above, the Company has been notified of the following interests in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO:

(A) THE COMPANY

Long position

Name of Shareholder	Capacity in which interests are held	Note	Number of Shares held	Approximate percentage of shareholding
SHIG	Interest in controlled corporation	(a)	1,408,106,603	51%
CNHTC	Beneficial owner		1,408,106,603	51%
FPFPS	Interest in controlled corporation	(b)	690,248,336	25%
Ferdinand Porsche Familien-Holding GmbH	Interest in controlled corporation	(c), (l)	690,248,336	25%
Ferdinand Alexander Porsche GmbH	Interest in controlled corporation	(d)	690,248,336	25%
Familie Porsche Beteiligung GmbH	Interest in controlled corporation	(e), (m)	690,248,336	25%
Porsche Automobil Holding SE	Interest in controlled corporation	(f), (n)	690,248,336	25%
Volkswagen AG	Interest in controlled corporation	(g)	690,248,336	25%
Volkswagen Finance Luxemburg S.A.	Interest in controlled corporation	(h)	690,248,336	25%
Volkswagen International Luxemburg S.A.	Interest in controlled corporation	(i)	690,248,336	25%
TRATON SE	Interest in controlled corporation	(j)	690,248,336	25%
TRATON International S.A.	Interest in controlled corporation	(k)	690,248,336	25%
MAN Finance and Holding S.A.	Beneficial owner		690,248,336	25%

Notes:

(a) SHIG holds 65% interest in CNHTC. SHIG is deemed to have interest in all the Shares held (or deemed to be held) by CNHTC under the SFO.

(b) FPFPS holds 90% interest in Ferdinand Porsche Familien-Holding GmbH. FPFPS is deemed to have interest in all the Shares held (or deemed to be held) by Ferdinand Porsche Familien-Holding GmbH under the SFO.

(c) Ferdinand Porsche Familien-Holding GmbH holds 73.85% interest in Ferdinand Alexander Porsche GmbH. Ferdinand Porsche Familien-Holding GmbH is deemed to have interest in all the Shares held (or deemed to be held) by Ferdinand Alexander Porsche GmbH under the SFO.

(d) Ferdinand Alexander Porsche GmbH holds 100% interest in Familie Porsche Beteiligung GmbH. Ferdinand Alexander Porsche GmbH is deemed to have interest in all the Shares held (or deemed to be held) by Familie Porsche Beteiligung GmbH under the SFO.

(e) Familie Porsche Beteiligung GmbH holds 51.69% interests in Porsche Automobil Holding SE. Familie Porsche Beteiligung GmbH is deemed to have interest in all the Shares held (or deemed to be held) by Porsche Automobil Holding SE under the SFO.

(f) Porsche Automobil Holding SE holds 50.73% interest in Volkswagen AG. Porsche Automobil Holding SE is deemed to have interest in all the Shares held (or deemed to be held) by Volkswagen AG under the SFO.

(g) Volkswagen AG holds 100% interest in Volkswagen Finance Luxemburg S.A. Volkswagen AG is deemed to have interest in all the Shares held (or deemed to be held) by Volkswagen Finance Luxemburg S.A. under the SFO.

(h) Volkswagen Finance Luxemburg S.A. holds 100% voting interest in Volkswagen International Luxemburg S.A. Volkswagen Finance Luxemburg S.A. is deemed to have interest in all the Shares held (or deemed to be held) by Volkswagen International Luxemburg S.A. under the SFO.

(i) Volkswagen International Luxemburg S.A. holds 89.72% voting interest in TRATON SE. Volkswagen International Luxemburg S.A. is deemed to have interest in all the Shares held (or deemed to be held) by TRATON SE under the SFO.

(j) TRATON SE holds 100% voting interest in TRATON International S.A. TRATON SE is deemed to have interest in all the Shares held (or deemed to be held) by TRATON International S.A. under the SFO.

(k) TRATON International S.A. holds 100% voting interest in MAN Finance and Holding S.A. TRATON International S.A. is deemed to have interest in all the Shares held (or deemed to be held) by MAN Finance and Holding S.A. under the SFO.

(l) Notwithstanding the information recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO, the Company has been informed that, as at 31 December 2024, Ferdinand Porsche Familien-Holding GmbH holds 100% interest in Ferdinand Alexander Porsche GmbH.

(m) Notwithstanding the information recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO, the Company has been informed that, as at 31 December 2024, Familie Porsche Beteiligung GmbH held a 27.73% interest in the capital of Porsche Automobil Holding SE and had a voting interest of 55.46% in this entity.

(n) Notwithstanding the information recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO, the Company has been informed that, as at 31 December 2024, Porsche Automobil Holding SE held a 31.40% interest in the capital of Volkswagen AG and had a voting interest of 53.30% in this entity.

REPORT OF THE DIRECTORS

B) MEMBERS OF THE GROUP

Long position

Name of equity holder	Nature of interests	Name of the member of the Group	Approximate percentage of equity interest held
Liuzhou Yunli Investment Co., Ltd.	Beneficial owner	Sinotruk Liuzhou Yunli Special Vehicles Co., Ltd.	40%
Yongan Fudi Investment Co., Ltd.	Beneficial owner	Sinotruk Fujian Haixi Vehicles Co., Ltd.	20%
Chengdu Qingbaijiang District State-owned Asset Investment and Management Co., Ltd.	Beneficial owner	Sinotruk Chengdu Wangpai Commercial Vehicles Co., Ltd.	20%
Suizhou Huawei Investment Holdings Co., Ltd.	Beneficial owner	Sinotruk Hubei Huawei Special Vehicles Co., Ltd.	40%
Shandong International Trust Co., Ltd.	Beneficial owner	Sinotruk Auto Finance Co., Ltd.	6.52%
SHIG Investment Co., Ltd.	Beneficial owner	Sinotruk (Ji'nan) Business Co., Ltd.	40%
Weichai Power	Beneficial owner	Shandong Tongxin Zhixing Digital Technology Co., Ltd.	15.793%
Weichai Lovol Intelligent Agricultural Technology Co., Ltd.	Beneficial owner	Shandong Tongxin Zhixing Digital Technology Co., Ltd.	7.502%
Rizhao Fengtai Transportation Co., Ltd.	Beneficial owner	Tongxin Zhixing Logistics Technology (Rizhao) Co., Ltd.	25%
Rizhao Development Co., Ltd.	Beneficial owner	Tongxin Zhixing Logistics Technology (Rizhao) Co., Ltd.	15%

Save as disclosed above, as at 31 December 2024, no other persons had any interests or short positions in the shares or underlying shares of the Company recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO or who were directly or indirectly interested in 5% or more of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the businesses of the Company were entered into or existed during the Period.

MAJOR CUSTOMERS AND SUPPLIERS

The followings are the percentages of purchases and sales attributable to the major customers and suppliers of the Group for the Period:

Sales

– the largest customer	3.3%
– the five largest customers	8.3%

Purchases

– the largest supplier	11.6%
– the five largest suppliers	16.1%

Sinotruk Hydrogen Engergy Vehicles Innovation Centre Co., Ltd. (中國重汽集團氫動能汽車創新中心有限公司) was the largest customer of the Group while Weichai Power and CNHTC Ji'nan Specialty Vehicles Co., Ltd., were the largest and one of the five largest suppliers of the Group, respectively. All these companies are fellow subsidiaries of the Company. Saved as disclosed in the section headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES" and that Sinotruk Hydrogen Engergy Vehicles Innovation Centre Co., Ltd., Weichai Power and CNHTC Ji'nan Specialty Vehicles Co., Ltd. are indirect subsidiaries of SHIG, none of the Directors, or any of their associates or any shareholders who, to the knowledge of the Directors, hold over 5% of the issued share capital of the Company, had any beneficial interest in the major customers or suppliers of the Group noted above.

REPORT OF THE DIRECTORS

CONNECTED TRANSACTIONS

Set out below are the details of the connected transactions of the Company as required to be reported under the Listing Rules.

A. CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING AND ANNOUNCEMENT REQUIREMENTS BUT EXEMPT FROM THE INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT

1) The Equity Transfer Agreement

Date of Agreement	:	30 January 2024
Parties	:	(1) Ji'nan Power Company (2) CNHTC (3) Chongyou Gaoke Fuel System Co., Ltd.
Objective	:	Ji'nan Power Company disposed of all its 40% equity interest in Chongyou Gaoke Fuel System Co., Ltd. to CNHTC
Consideration	:	RMB505,374,000

Details of the transactions contemplated under the equity transfer agreement were disclosed in the Company's announcement dated 30 January 2024. The transfer was completed in February 2024.

B. CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNOUNCEMENT REQUIREMENTS AND THE INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT

1) The Capital Contribution Agreement

Date of Agreement	:	11 November 2024
Parties	:	(1) the Company (2) SHIG (3) Weichai Power (4) Weichai Heavy-duty Machinery Co., Ltd. ("Weichai Heavy Machinery") (5) Shantui Construction Machinery Co., Ltd. ("Shantui Co") (6) Shaanxi Fast Gear Co., Ltd. ("SFGC") (7) SHIG Finance Co., Ltd.
Objective	:	The Company and existing equity holders of SHIG Finance Co., Ltd. (being SHIG, Weichai Power, Weichai Heavy Machinery, Shantui Co and SFGC) each agreed to make capital contribution to SHIG Finance Co., Ltd. The capital contribution to be made by the Company is in the total amount of RMB3,484,800,000 and the capital contributions to be made by the existing equity holders of SHIG Finance Co., Ltd. are in the aggregate of RMB2,090,880,000. Upon completion, the Company will obtain 37.5% equity interest in SHIG Finance Co., Ltd.
Consideration	:	RMB3,484,800,000

Each of Weichai Power, Weichai Heavy Machinery, Shantui Co, SFGC and SHIG Finance Co., Ltd. is a subsidiary of SHIG (the controlling shareholder of the Company), and accordingly, a connected person of the Company. Details of the transactions contemplated under the capital contribution agreement were disclosed in the Company's announcement dated 11 November 2024 and and the Company's circular dated 23 January 2025. The Company had made its capital contribution of RMB3,484,800,000 in March 2025. As at the Latest Practicable Date, the industrial and commercial change registration in respect of the capital contribution to SHIG Finance Co., Ltd. is still in progress, and the transactions contemplated under the capital contribution agreement have not yet been completed.

REPORT OF THE DIRECTORS

C. CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNUAL REVIEW AND ANNOUNCEMENT REQUIREMENTS BUT EXEMPT FROM THE INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT

1) 2025 Provision of Repurchase Guarantee (New Energy Vehicles) Agreement

Date of agreement	:	31 March 2023
Parties	:	the Company Strong Financial Leasing Co., Ltd. ("Strong Leasing")
Term	:	from 31 March 2023 to 31 December 2025
Objective	:	the Group has agreed to provide guarantee to Strong Leasing and its associates ("Strong Leasing Group") in repurchasing certain leased products (which comprise new energy vehicles) pursuant to the relevant finance lease arrangements provided by the Strong Leasing Group to the customers of the Group in purchase of the Group's products
Consideration	:	the repurchase shall be made at a price equivalent to the outstanding amount of the underlying loans under the relevant finance lease arrangements (including the relevant penalties and costs and expenses)
Annual cap for the year ended 31 December 2024	:	maximum accumulated repurchase amount: RMB450,000,000
Actual consideration for the year ended 31 December 2024	:	maximum accumulated repurchase amount: nil

Strong Leasing is a non-wholly owned subsidiary of SHIG, a controlling shareholder of the Company, and hence, a connected person. Details of the transactions contemplated under the 2025 Provision of Repurchase Guarantee (New Energy Vehicles) Agreement were disclosed in the Company's announcement dated 31 March 2023.

2) 2026 Provision of Interest Subsidy Agreement

Date of agreement	:	31 March 2023
Parties	:	Strong Leasing the Company
Term	:	three years from 1 January 2024 to 31 December 2026
Objective	:	the Group has agreed to provide interest subsidy to its customers who obtained financing from the Strong Leasing Group to purchase its products by way of the Group paying certain interest amount to the Strong Leasing Group directly with an aim to facilitate the sales of vehicle products
Consideration	:	the extent of interest subsidy is determined by the Group with reference of the sales campaign to be undertaken by the Group and the profit margin of the sale of the Group's products
Annual cap for the year ended 31 December 2024	:	RMB114,000,000 (revised)
Actual consideration for the year ended 31 December 2024	:	RMB50,328,738

Details of the transactions contemplated under the 2026 Provision of Interest Subsidy Agreement and the Supplemental Agreement to the 2026 Provision of Interest Subsidy Agreement were disclosed in the Company's announcements dated 31 March 2023 and 25 March 2024, respectively.

REPORT OF THE DIRECTORS

3) 2026 Provision of General Services Agreement

Date of agreement	:	31 March 2023
Parties	:	CNHTC the Company
Term	:	three years from 1 January 2024 to 31 December 2026
Objective	:	the Group has agreed to provide leasing services, relevant utility connection and support services, property management and ancillary services, technology support and services to CNHTC and its Associates
Consideration	:	the consideration was determined on the basis of: (a) the government-prescribed price or government-guided price (b) the prevailing market price charged by independent third parties for similar services (c) a cost plus profit margin approach with margin between 5% to 20%
Annual cap for the year ended 31 December 2024	:	RMB285,000,000 (revised)
Actual consideration for the year ended 31 December 2024	:	RMB236,872,674

Details of the transactions contemplated under the 2026 Provision of General Services Agreement and the Supplemental Agreement to the 2026 Provision of General Services Agreement were disclosed in the Company's announcements dated 31 March 2023 and 25 March 2024, respectively.

4) 2026 Receipt of Guarantee Agreement

Date of agreement	:	31 March 2023
Parties	:	CNHTC the Company
Term	:	three years from 1 January 2024 to 31 December 2026
Objective	:	CNHTC and its Associates agreed to provide credit guarantees or repurchase guarantees (as the case may be) to the Group in respect of the payment obligations of loans or under certain finance lease arrangements (as the case may be) of customers of CNHTC and its Associates
Consideration	:	without charging any guarantee fees
Annual cap for the year ended 31 December 2024	:	maximum day-end guarantee balance: RMB2,100,000,000 (revised)
Actual consideration for the year ended 31 December 2024	:	maximum day-end guarantee balance: RMB473,560,081

Details of the transactions contemplated under the 2026 Receipt of Guarantee Agreement the Supplemental Agreement to the 2026 Receipt of Guarantee Agreement were disclosed in the Company's announcements dated 31 March 2023 and 25 March 2024, respectively.

5) 2026 Receipt of General Services Agreement

Date of agreement	:	31 March 2023
Parties	:	CNHTC the Company
Term	:	three years from 1 January 2024 to 31 December 2026
Objective	:	CNHTC and its associates have agreed to provide general services such as property management, transportation, short-term leasing, products testing and improvement services, technology development services and other services to the Group
Consideration	:	the consideration was determined on the basis of: (a) the price prescribed by the government or any regulatory authority (b) the prevailing market price charged by independent third parties in the provision of similar services
Annual cap for the year ended 31 December 2024	:	RMB1,035,000,000
Actual consideration for the year ended 31 December 2024	:	RMB153,083,014

Details of the transactions contemplated under the 2026 Receipt of General Services Agreement were disclosed in the Company's announcement dated 31 March 2023.

6) 2026 MTB Parts Sales Agreement

Date of agreement	:	31 March 2023
Parties	:	MAN Truck & Bus SE the Company
Term	:	three years from 1 January 2024 to 31 December 2026
Objective	:	the Group has agreed to supply raw materials, auxiliary materials, parts and spare parts, semi-finished products for production and operation and moulds for the production of these spare parts, etc. to MAN Truck & Bus SE and its associates
Consideration	:	the consideration was determined on the basis of: (a) price list products: market price approach with reference to same price list to independent third parties, MAN Truck & Bus SE and its associates and CNHTC and its Associates (b) unique and proprietary products: a cost plus profit margin approach with margin between 5% to 20%
Annual cap for the year ended 31 December 2024	:	RMB900,000,000 (revised)
Actual consideration for the year ended 31 December 2024	:	RMB121,888,875

MAN Truck & Bus SE is a subsidiary of FPFPS (a substantial shareholder of the Company), and thus a connected person of the Company. Details of the transactions contemplated under the 2026 MTB Parts Sales Agreement and the Supplemental Agreement to the 2026 MTB Parts Sales Agreement were disclosed in the Company's announcements dated 31 March 2023 and 25 March 2024, respectively.

REPORT OF THE DIRECTORS

7) 2025 Finance Lease and Guarantee Agreement

Date of agreement	:	30 October 2023
Parties	:	(i) CNHTC (ii) the Company
Term	:	from 27 September 2023 to 31 December 2025
Objective	:	for the Group's purchase of vehicles and related products ("Leased Products"), the Group obtained financing from financial institutions (which may be a member of CNHTC and its Associates or an independent third party) ("Financial Institutions") by way of receiving finance lease services (which may be direct leasing or sale and lease-back arrangements) and in connection with the obtaining of the finance lease services, (i) the Group may provide repurchase guarantees to CNHTC and its Associates in case that the Group obtained finance lease services from CNHTC and its Associates, (ii) the Group may provide repurchase guarantees to Financial Institutions in respect of the finance services obtained by connected subsidiaries
Consideration	:	the amount of repurchase guarantee of the Leased Products from the relevant Financial Institution was at a price equivalent to the outstanding amount of the underlying loan and relevant penalties and expenses
Annual cap for the year ended 31 December 2024	:	maximum day-end balance of the outstanding amount: RMB620,000,000
Actual consideration for the year ended 31 December 2024	:	maximum day-end balance of the outstanding amount: RMB364,354,867

Details of the transactions contemplated under the 2025 Finance Lease and Guarantee Agreement were disclosed in the Company's announcement dated 30 October 2023.

8) 2026 Secured Loan Agreement

Date of Agreement	:	30 October 2023
Parties	:	CNHTC the Company
Term	:	one year from 1 January 2024 to 31 December 2024 (revised)
Objective	:	CNHTC and its Associates have agreed to provide a revolving loan facility to the Group which are secured by the assets of the Group
Consideration	:	market price approach with reference to the one-year loan prime rate published by the National Interbank Funding Center and the interest rates for loan facilities of the same tenure and type of assets pledged as offered by major commercial banks in the PRC
Annual cap for the year ended 31 December 2024	:	maximum day-end balance of the outstanding amount: RMB522,000,000
Actual consideration for the year ended 31 December 2024	:	maximum day-end balance of the outstanding amount: nil

Details of the transactions contemplated under the 2026 Secured Loan Agreement and the supplemental agreement to the 2026 Secured Loan Agreement were disclosed in the Company's announcements dated 30 October 2023 and 11 November 2024, respectively.

REPORT OF THE DIRECTORS

D CONTINUING CONNECTED TRANSACTIONS SUBJECT TO THE REPORTING, ANNUAL REVIEW, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

1) 2024 Weichai Parts Sales Agreement

Date of agreement	:	4 March 2022
Parties	:	Weichai Holdings the Company
Term	:	three years from 1 January 2022 to 31 December 2024
Objective	:	the Group has agreed to supply raw materials, assemblies, parts and components, semi-finished products, etc. to the Weichai Group
Consideration	:	the consideration was determined on the basis of: (a) off-the-shelf parts: market price approach (b) unique and proprietary parts: a cost plus profit margin approach with margin between 5% to 20%
Annual cap for the year ended 31 December 2024	:	RMB679,000,000
Actual consideration for the year ended 31 December 2024	:	RMB98,662,710

Details of the transactions contemplated under the 2024 Weichai Parts Sales Agreement were disclosed in the Company's announcement dated 4 March 2022 and the Company's circular dated 12 April 2022.

2) 2026 CNHTC Sales of Goods Agreement

Date of agreement	:	31 March 2023
Parties	:	CNHTC the Company
Term	:	three years from 1 January 2024 to 31 December 2026
Objective	:	the Group has agreed to supply products including trucks, chassis and semi-tractor trucks, raw materials, parts and components, semi-finished products etc. to CNHTC and its Associates
Consideration	:	the consideration was determined on the basis of: (a) price list products: market price approach with reference to same price list to independent third parties and CNHTC and its Associates (b) unique and proprietary parts: cost plus profit margin approach with margin between 5% to 20%
Annual cap for the year ended 31 December 2024	:	RMB7,306,000,000 (revised)
Actual consideration for the year ended 31 December 2024	:	RMB6,339,674,489

Details of the transactions contemplated under the 2026 CNHTC Sales of Goods Agreement and the Supplemental Agreement to the 2026 CNHTC Sale of Goods Agreement were disclosed in the Company's announcements dated 31 March 2023 and 25 March 2024, respectively and the Company's circulars dated 29 May 2023 and 24 May 2024, respectively.

3) 2026 CNHTC Purchase of Goods Agreement

Date of agreement	:	31 March 2023
Parties	:	CNHTC the Company
Term	:	three years from 1 January 2024 to 31 December 2026
Objective	:	CNHTC and its Associates has agreed to sell products including vehicles, refitted trucks, chassis, and add-on products (such as trunk, flatbed, tank), semi-trailer trucks, raw materials, parts and components, assemblies, semi-finished products etc. to the Group
Consideration	:	the consideration was determined on the basis of: (a) price list products and the products of CNHTC and its Associates: market price approach with reference to the prices as quoted in the price lists of CNHTC and its Associates for all its customers including the Group (b) add-on products: reimbursement basis (without any profit margin) as the Group's customers bear all add-on products costs which are at stipulated prices quoted by CNHTC and its Associates or prices mutually agreed between the Group's customers and CNHTC and its Associates (at the case may be)
Annual cap for the year ended 31 December 2024	:	RMB6,410,000,000 (revised)
Actual consideration for the year ended 31 December 2024	:	RMB5,164,048,846

Details of the transactions contemplated under the 2026 CNHTC Purchase of Goods Agreement and the Supplemental Agreement to the 2026 CNHTC Purchase of Goods Agreement were disclosed in the Company's announcements dated 31 March 2023 and 25 March 2024, respectively and the Company's circulars dated 29 May 2023 and 24 May 2024, respectively.

4) 2026 Provision of Financial Services Agreement

Date of agreement	:	31 March 2023
Parties	:	CNHTC the Company
Term	:	three years from 1 January 2024 to 31 December 2026
Objective	:	the Group will provide a wide range of financial services to CNHTC and its Associates
Consideration	:	(a) bills discounting services, (b) loan services, (c) issue of bills and (d) entrustment loan arrangements: market price approach
Annual cap for the year ended 31 December 2024	:	(a) Aggregate maximum day-end balance: RMB4,438,000,000 (b) Aggregate income: RMB135,200,000 (c) Aggregate expense: RMB5,000,000
Actual consideration for the year ended 31 December 2024	:	(a) Aggregate maximum day-end balance: RMB1,225,116,358 (b) Aggregate income: RMB36,789,296 (c) Aggregate expense: RMB23,985

Details of the transactions contemplated under the 2026 Provision of Financial Services Agreement were disclosed in the Company's announcement dated 31 March 2023 and the Company's circular dated 29 May 2023.

REPORT OF THE DIRECTORS

5) 2024 Weichai Parts Purchase Agreement

Date of agreement	:	30 October 2023
Parties	:	Weichai Holdings the Company
Term	:	one year from 1 January 2024 to 31 December 2024
Objective	:	the Weichai Group has agreed to sell raw materials, parts and components, assemblies, semi-finished products (including but not limited to engines, gearboxes and axles), and related services, etc. to the Group
Consideration	:	the consideration was determined on the basis of the market price approach with reference to the prices as quoted in the price lists of the Weichai Group for all its customers including the Group
Annual cap for the year ended 31 December 2024	:	RMB29,200,000,000
Actual consideration for the year ended 31 December 2024	:	RMB16,220,706,908

Details of the transactions contemplated under the 2024 Weichai Parts Purchase Agreement were disclosed in the Company's announcement dated 30 October 2023 and the Company's circular dated 27 November 2023.

All the above continuing connected transactions did not exceed the relevant annual cap amounts. The price and the terms of the above transactions have been determined in accordance with the pricing policies and guideline set out in their relevant announcements and/or the relevant circulars.

The Directors (including the INEDs) have reviewed the continuing connected transactions of the Company and confirmed that they have been entered into:

i. in the ordinary and usual course of business of the Group;

ii. on normal commercial terms or better; and

iii. in accordance with the relevant agreements governing these transactions on terms that are fair and reasonable and are in the interests of the Shareholders as a whole.

The auditors of the Company was engaged to report the Group's continuing connected transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by Hong Kong Institute of Certified Public Accountants.

KPMG, the auditors of the Company, has issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions for the Period disclosed above in accordance with the Rule 14A.56 of the Listing Rules and confirmed nothing has come to their attention that causes them to believe that the continuing connected transactions:

i. have not been approved by the Board;

ii. were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provisions of goods or services by the Group;

iii. were not entered into, in all material respects, in accordance with the relevant agreements governing these continuing connected transactions; and

iv. have exceeded the relevant annual caps.

RELATED PARTY TRANSACTIONS

The related party transactions are set out in note 42 to the consolidated financial statements. Apart from the connected transactions and continuing connected transactions disclosed above, certain related party transactions disclosed in the note 42(c), which also fall under the scope of connected transactions and continuing connected transactions under Chapter 14A of the Listing Rules, are exempt from reporting, annual review, announcement or independent shareholders' approval requirements and have complied with the requirements of Chapter 14A of the Listing Rules.

REPORT OF THE DIRECTORS

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company, and within the knowledge of the Directors, as at the Latest Practicable Date, the Company has maintained sufficient public float in accordance with the Listing Rules.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The 2024 Environmental, Social and Governance Report of the Company is disclosed separately at the websites of the Company and the Stock Exchange.

AUDITORS

Ernst & Young retired as the auditors of the Company upon expiration of its term of office at the conclusion of the 2023 AGM on 28 June 2023. Thereafter, the Company appointed KPMG as its auditors.

The consolidated financial statements have been audited by KPMG who will retire at the forthcoming AGM of the Company.

SUBSEQUENT EVENTS

No significant subsequent events have taken place after the end of the Period.

By Order of the Board
Wang Zhijian
Chairman

Ji'nan, PRC, 27 March 2025

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of
Sinotruk (Hong Kong) Limited
(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Sinotruk (Hong Kong) Limited (the "Company") and its subsidiaries (the "Group") set out on pages 106 to 219, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

IKEY AUDIT MATTERS (CONTINUED)

Recoverability of Trade and Financing Receivables

Refer to note 22 to the consolidated financial statements and the accounting policies on note 2.4. Impairment of financial assets

The Key Audit Matter	How the matter was addressed in our audit
As at 31 December 2024, the Group's gross carrying amount of trade and financing receivables amounted to RMB34,139,494,000, against which an allowance of RMB1,678,760,000 for expected credit losses (ECLs) was recorded. The Group's trade receivables mainly arose from its heavy duty trucks, light duty trucks and engines businesses. The financing receivables arose from the Group's money lending business. Management applies the simplified approach to measure the ECL allowance for trade receivables and the general approach to measure the ECL allowance for financing receivables. Trade and financing receivables are grouped according to shared credit risk characteristics. The ECL assessment takes into account the ageing of trade receivable balances, the historical overdue data of financing receivable balances, the payment history of the Group's customers, current market conditions, and forward-looking information. Such assessment involves significant management judgement and estimation. We identified the ECL allowance for trade and financing receivables as a key audit matter because determining the level of the ECL allowance requires the exercise of significant management judgement, which is inherently subjective.	Our audit procedures to assess the ECL allowance for trade and financing receivables included the following: • obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls relating to credit control, debt collection and estimation of the ECL allowance; • evaluating the Group's policies for estimating the ECL allowance with reference to the requirements of the applicable accounting standard; • obtaining an understanding of the key parameters and assumptions that management used in its implementation of the ECL model, including the basis of segmentation of the trade and financing receivables based on shared credit risk characteristics of customers and the historical credit loss data used in management's estimated loss rates; • for trade and financing receivables that were assessed for ECLs individually, assessing reasonableness of the bases upon which the ECL allowance was measured, including inquiring and understanding the customer's financial condition, checking the ageing of trade receivables and historical overdue data of financing receivables, cash flows expected to be received and historical payment and so forth; • assessing whether items in the trade receivables ageing reports were categorised in the appropriate ageing bracket by comparing individual items therein with relevant underlying documentation, on a sample basis;

KEY AUDIT MATTERS (CONTINUED)

Recoverability of Trade and Financing Receivables (continued)

Refer to note 22 to the consolidated financial statements and the accounting policies on note 2.4. Impairment of financial assets

The Key Audit Matter	How the matter was addressed in our audit
	• assessing the appropriateness of management's estimates of the ECL allowance for trade receivables by examining the information used by management to derive such estimates, including testing the accuracy of the historical credit loss data and evaluating whether the historical loss rates are appropriately adjusted based on current market conditions and forward-looking information; • evaluating the reasonableness of management's assessment on whether the credit risk of the financing receivables has, or has not, increased significantly since initial recognition and whether the financing receivables is credit-impaired by selecting risk-based samples. For the selected samples, we evaluated the reasonableness of the credit risk staging by inspecting the relevant financing receivables overdue information, obtaining the financial information of the borrowers and researching market information about their businesses; • re-performing the calculation of the ECL allowance as at 31 December 2024 based on the Group's ECL policies; and • evaluating the reasonableness of the credit risk related disclosures in the consolidated financial statements with reference to the requirements of the applicable accounting standards.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (CONTINUED)

Recognition of Warranty Provisions

Refer to note 31 to the consolidated financial statements and the accounting policies on note 2.4. Provisions.

The Key Audit Matter	How the matter was addressed in our audit
As at 31 December 2024, the Group recorded warranty provisions amounting to RMB1,543,521,000. Provisions for warranties granted by the Group to customers are recognised based on sales volume and estimated costs of warranty claims on products sold. The determination of the estimated warranty provisions requires significant management judgement in estimating the warranty cost per unit of vehicle sold. We identified recognition of warranty provisions as a key audit matter because the magnitude of the amount of warranty provisions and because significant management judgement is required in estimating the costs in respect of future warranty claims.	Our audit procedures to assess the recognition of warranty provisions included the following: • obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls relating to past experience data collection, estimation and recording of warranty provisions; • evaluating the appropriateness of the warranty provisioning model with reference to the requirements of the prevailing accounting standards; • assessing the reasonableness of the warranty cost per unit of vehicle sold based on our knowledge of the business and by comparing, on a sample basis, the actual warranty cost incurred for claims during the year with provisions made in prior year; • evaluating, on a sample basis, the reliability of the information used in calculating warranty cost per unit of vehicle sold, by comparing: (a) the historical sales quantity with sales receipts; and (b) the historical actual claims with claims documents from services providers of the group; • testing the mathematical accuracy of calculation based on management's warranty provision model; and • evaluating the reasonableness of the disclosures in the consolidated financial statements in respect of warranty provisions with the reference to the requirements of the prevailing accounting standards.

INDEPENDENT AUDITOR'S REPORT

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors are assisted by the audit committee of the Company (the "Audit Committee") in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yeung Ka Chun.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

27 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024
(Expressed in thousands of RMB unless otherwise indicated)

	Notes	2024	2023 (restated)
Revenue	5	**95,061,587**	85,498,035
Cost of sales		**(80,196,093)**	(71,959,543)
Gross profit		**14,865,494**	13,538,492
Other income and gains	6	**1,436,740**	816,951
Selling and distribution expenses		**(3,440,974)**	(3,304,863)
Administrative expenses		**(4,973,522)**	(4,669,217)
(Impairment losses)/reversal of impairment losses on financial assets, net		**(256,152)**	170,652
Other expenses		**(173,591)**	(64,914)
Operating profit		**7,457,995**	6,487,101
Finance income		**331,484**	313,874
Finance costs		**(138,752)**	(29,413)
Finance income, net	8	**192,732**	284,461
Share of profits and losses of associates		**129,601**	111,119
Profit before tax	7	**7,780,328**	6,882,681
Income tax expense	11(a)	**(1,092,053)**	(1,055,830)
Profit for the year		**6,688,275**	5,826,851
Attributable to:			
Equity shareholders of the Company		**5,858,394**	5,318,107
Non-controlling interests		**829,881**	508,744
		6,688,275	5,826,851
Earnings per share	14		
(expressed in RMB per share)			
Basic		**2.14**	1.93
Diluted		**2.13**	1.93

The notes on pages 115 to 219 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 13.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024
(Expressed in thousands of RMB unless otherwise indicated)

	Notes	2024	2023
Profit for the year		**6,688,275**	5,826,851
Other comprehensive income (after tax)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Changes in fair value of financial assets at fair value through other comprehensive income ("FVOCI")		**17,835**	(15,397)
Exchange differences on translation of foreign operations		**4,499**	(2,884)
Share of other comprehensive income of associates		**863**	563
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		**23,197**	(17,718)
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:			
Remeasurements of termination and post-employment benefit obligations		**(55,758)**	(30,493)
Changes in fair value of equity investments designated at FVOCI		**(14,479)**	—
Revaluation gains arising from transfer of property, plant and equipment and land use rights to investment properties		**—**	16,333
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods		**(70,237)**	(14,160)
Other comprehensive loss for the year, net of tax	12	**(47,040)**	(31,878)
Total comprehensive income for the year		**6,641,235**	5,794,973
Attributable to:			
Equity shareholders of the Company		**5,814,442**	5,285,271
Non-controlling interests		**826,793**	509,702
		6,641,235	5,794,973

The notes on pages 115 to 219 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024
(Expressed in thousands of RMB unless otherwise indicated)

	Notes	2024	2023
Non-current assets			
Property, plant and equipment	15	**15,424,218**	15,823,031
Investment properties	16	**959,931**	1,060,721
Right-of-use assets	17(a)	**2,254,683**	2,260,256
Goodwill		**68,933**	68,933
Intangible assets	18	**131,464**	152,072
Investments in associates	20	**1,571,718**	2,017,567
Equity investments designated at FVOCI	24	**17,446**	31,925
Trade and financing receivables	22	**5,671,189**	5,032,516
Prepayments, other receivables and other assets	23	**11,102,862**	6,113,115
Deferred tax assets	32	**2,147,381**	2,158,585
Total non-current assets		**39,349,825**	34,718,721
Current assets			
Inventories	21	**11,639,705**	13,338,401
Trade, financing and bills receivables	22	**27,296,320**	17,078,156
Prepayments, other receivables and other assets	23	**17,089,452**	17,018,790
Financial assets at FVOCI	25	**5,176,003**	8,924,104
Financial assets at fair value through profit or loss ("FVPL")	26	**10,145,642**	10,521,843
Cash and cash equivalents and restricted cash	27	**19,080,075**	20,185,473
Total current assets		**90,427,197**	87,066,767
Current liabilities			
Trade and bills payables	28	**53,071,538**	46,624,080
Other payables and accruals	29	**18,831,147**	19,062,656
Borrowings	30	**5,232,139**	4,907,134
Lease liabilities	17(b)	**3,413**	1,709
Tax payable		**312,730**	216,189
Provisions	31	**1,603,683**	1,718,293
Total current liabilities		**79,054,650**	72,530,061
Net current assets		**11,372,547**	14,536,706
Total assets less current liabilities		**50,722,372**	49,255,427

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024
(Expressed in thousands of RMB unless otherwise indicated)

	Notes	2024	2023
Non-current liabilities			
Borrowings	30	**465,682**	141,533
Lease liabilities	17(b)	**3,779**	1,195
Deferred tax liabilities	32	**38,835**	98,900
Termination and post-employment benefit obligations	33	**450,503**	410,374
Deferred income	34	**611,173**	642,894
Total non-current liabilities		**1,569,972**	1,294,896
Net assets		**49,152,400**	47,960,531
Equity			
Equity attributable to equity shareholders of the Company			
Share capital	36	**16,717,024**	16,717,024
Other reserves	37	**3,762,445**	3,603,118
Retained earnings		**20,681,047**	19,952,019
		41,160,516	40,272,161
Non-controlling interests		**7,991,884**	7,688,370
Total equity		**49,152,400**	47,960,531

The notes on pages 115 to 219 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 106 to 219 were approved by the board of directors on 27 March 2025 and were signed on its behalf by:

Wang Zhijian
Director

Li Xia
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024
(Expressed in thousands of RMB unless otherwise indicated)

		Attributable to equity shareholders of the Company												
	Notes	Share capital	Capital reserve	Revaluation reserve	Fair value reserve of financial assets at FVOCI	Statutory reserve	Discretionary reserve	Merger reserve	Translation and other reserves	Shares held for share award schemes	Retained earnings	Total	Non-controlling interests	Total equity
At 1 January 2024		16,717,024	(1,973,463)	26,909	(39,126)	4,957,806	104,294	493,042	33,656	–	19,952,019	40,272,161	7,688,370	47,960,531
Profit for the year		–	–	–	–	–	–	–	–	–	5,858,394	5,858,394	829,881	6,688,275
Other comprehensive income/(loss) for the year:														
Changes in fair value of financial assets at FVOCI		–	–	–	13,582	–	–	–	–	–	–	13,582	4,253	17,835
Exchange differences on translation of foreign operations		–	–	–	–	–	–	–	4,499	–	–	4,499	–	4,499
Share of other comprehensive income of associates		–	–	–	–	–	–	–	863	–	–	863	–	863
Remeasurements of termination and post-employment benefit obligations		–	–	(48,417)	–	–	–	–	–	–	–	(48,417)	(7,341)	(55,758)
Changes in fair value of equity investments designated at FVOCI		–	–	–	(14,479)	–	–	–	–	–	–	(14,479)	–	(14,479)
Total comprehensive income for the year		–	–	(48,417)	(897)	–	–	–	5,362	–	5,858,394	5,814,442	826,793	6,641,235
Transactions with equity shareholders in their capacity as owners:														
Dividends approved in respect of the previous year	13	–	–	–	–	–	–	–	–	–	(2,665,184)	(2,665,184)	–	(2,665,184)
Dividends declared in respect of the current year	13	–	–	–	–	–	–	–	–	–	(1,820,012)	(1,820,012)	–	(1,820,012)
Changes in ownership interests in a subsidiary without change of control		–	(16)	–	–	–	–	–	–	–	–	(16)	(17,300)	(17,316)
Disposal of a subsidiary		–	–	–	–	–	–	–	–	–	–	–	(5,567)	(5,567)
Dividends of subsidiaries distributed to non-controlling interests	13	–	–	–	–	–	–	–	–	–	–	–	(500,412)	(500,412)
Equity settled share-based transactions	7	–	55,087	–	–	–	–	–	–	–	–	55,087	–	55,087
Employee share award schemes:														
– Purchase of shares		–	–	–	–	–	–	–	–	(512,380)	–	(512,380)	–	(512,380)
– Disposal of shares		–	–	–	–	–	–	–	–	16,418	–	16,418	–	16,418
Total transactions with equity shareholders in their capacity as owners		–	55,071	–	–	–	–	–	–	(495,962)	(4,485,196)	(4,926,087)	(523,279)	(5,449,366)
Appropriation to reserves		–	–	–	–	644,170	–	–	–	–	(644,170)	–	–	–
At 31 December 2024		16,717,024	(1,918,392)	(21,508)	(40,023)	5,601,976	104,294	493,042	39,018	(495,962)	20,681,047	41,160,516	7,991,884	49,152,400

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024
(Expressed in thousands of RMB unless otherwise indicated)

		Attributable to equity shareholders of the Company										Non-controlling interests	Total equity
	Notes	Share capital	Capital reserve	Revaluation reserve	Fair value reserve of financial assets at FVOCI	Statutory reserve	Discretionary reserve	Merger reserve	Translation and other reserves	Retained earnings	Total		
At 1 January 2023		16,717,024	(1,973,431)	44,124	(25,826)	4,350,699	104,294	628,451	35,977	16,053,241	35,934,553	7,097,433	43,031,986
Profit for the year		–	–	–	–	–	–	–	–	5,318,107	5,318,107	508,744	5,826,851
Other comprehensive income/(loss) for the year:													
Changes in fair value of financial assets at FVOCI		–	–	–	(13,300)	–	–	–	–	–	(13,300)	(2,097)	(15,397)
Exchange differences on translation of foreign operations		–	–	–	–	–	–	–	(2,884)	–	(2,884)	–	(2,884)
Share of other comprehensive income of associates		–	–	–	–	–	–	–	563	–	563	–	563
Remeasurements of termination and post-employment benefit obligations		–	–	(33,548)	–	–	–	–	–	–	(33,548)	3,055	(30,493)
Revaluation gains arising from transfer of property, plant and equipment and land use rights to investment properties		–	–	16,333	–	–	–	–	–	–	16,333	–	16,333
Total comprehensive income for the year		–	–	(17,215)	(13,300)	–	–	–	(2,321)	5,318,107	5,285,271	509,702	5,794,973
Transactions with equity shareholders in their capacity as owners:													
Dividends approved in respect of the previous year	13	–	–	–	–	–	–	–	–	(812,222)	(812,222)	–	(812,222)
Capital injection from non-controlling interests		–	–	–	–	–	–	–	–	–	–	2,000	2,000
Changes in ownership interests in a subsidiary without change of control		–	(32)	–	–	–	–	–	–	–	(32)	(9,449)	(9,481)
Dividends of subsidiaries distributed to non-controlling interests	13	–	–	–	–	–	–	–	–	–	–	(46,725)	(46,725)
Total transactions with equity shareholders in their capacity as owners		–	(32)	–	–	–	–	–	–	(812,222)	(812,254)	(54,174)	(866,428)
Effect of business combination under common control	48(b)	–	–	–	–	–	–	(135,409)	–	–	(135,409)	135,409	–
Appropriation to reserves		–	–	–	–	607,107	–	–	–	(607,107)	–	–	–
At 31 December 2023		16,717,024	(1,973,463)	26,909	(39,126)	4,957,806	104,294	493,042	33,656	19,952,019	40,272,161	7,688,370	47,960,531

The notes on pages 115 to 219 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024
(Expressed in thousands of RMB unless otherwise indicated)

	Notes	2024	2023
Cash flows from operating activities			
Profit before tax		**7,780,328**	6,882,681
Adjustments for:			
Finance costs	8	**138,752**	29,413
Share of profits and losses of associates		**(129,601)**	(111,119)
Finance income	8	**(331,484)**	(313,874)
Dividend income from financial assets at FVPL	6	**—**	(65)
Gain on disposal of items of property, plant and equipment	7	**(31,251)**	(14,529)
Gain on disposal of a subsidiary		**(9)**	—
Loss on disposal of part of the equity in an associate	7	**1,642**	—
Gain on disposal of financial assets at FVPL	6	**(432,544)**	(137,749)
Revaluation losses on investment properties	16	**135,074**	114
Fair value losses on financial assets at FVPL		**2,379**	31,580
Fair value loss on listed equity investments		**806**	2,018
Depreciation of right-of-use assets	17(a)	**96,993**	98,735
Depreciation of property, plant and equipment	15	**1,663,202**	1,408,229
Amortisation of intangible assets	18	**38,218**	65,529
Impairment of property, plant and equipment	15	**11,122**	7,632
Impairment of intangible assets	18	**—**	30,134
Impairment of other long-term deferred expenses		**—**	150,041
Allowance/(reversal of allowance) for financial assets		**235,669**	(69,666)
(Reversal of impairment)/impairment of trade receivables	22(a)	**(2,559)**	4,221
Impairment/(reversal of impairment) of financing receivables	22(b)	**28,159**	(99,573)
Reversal of impairment losses of bills receivable	22(c)	**(4,972)**	(6,720)
Reversal of allowance for expected credit losses from the off-balance sheet credit business	31	**(145)**	(4,582)
Impairment of investments in an associate	7	**—**	6,405
Write-down of inventories to net realisable value	21	**590,622**	808,086
Recognition of deferred income	34	**(46,980)**	(34,813)
Equity-settled share-based compensation expenses		**55,087**	—
Foreign exchange differences, net		**(59,536)**	(96,662)
		9,738,972	8,635,466

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024
(Expressed in thousands of RMB unless otherwise indicated)

	Notes	2024	2023
Decrease/(increase) in inventories		**1,087,594**	(644,430)
Increase in trade, financing and bills receivables		**(10,943,463)**	(3,513,097)
Decrease/(Increase) in prepayments, other receivables and other assets		**3,114,599**	(4,271,384)
Decrease in restricted cash		**1,743,062**	120,782
Increase in trade and bills payables		**6,480,263**	12,990,385
Increase/(decrease) in other payables and accruals		**54,178**	(1,643,407)
(Decrease)/increase in provisions		**(114,465)**	186,108
Decrease in termination and post-employment benefits		**(15,629)**	(145,587)
Increase in government grants		**7,688**	112,072
Increase in operating fund of finance segment	39	**96,011**	748,946
Cash generated from operations		**11,248,810**	12,575,854
Interest paid		**(120,851)**	(21,249)
Income tax paid		**(1,041,261)**	(1,186,250)
Net cash flows generated from operating activities		**10,086,698**	11,368,355
Cash flows from investing activities			
Interest received		**304,890**	207,511
Dividends received from an associate		**20,075**	16,326
Dividend income received from financial assets at FVPL		**—**	65
Purchases of property, plant and equipment		**(2,236,542)**	(2,547,777)
Proceeds from disposal of property, plant and equipment		**130,428**	117,710
Proceeds from government grants		**7,571**	5,478
Purchase of intangible assets		**(7,279)**	(11,774)
Proceeds from disposal of part of the equity in an associate		**561,168**	—
Proceeds from disposal of a subsidiary		**47**	593,132
Purchases of financial assets at FVPL		**(19,331,662)**	(16,246,052)
Proceeds from disposal of financial assets at FVPL		**19,682,295**	10,268,806
Purchase of financial assets at amortised cost and placement of time deposits		**(43,549,662)**	(73,496,802)
Proceeds from disposal of financial assets at amortised cost and maturity of time deposits		**35,781,716**	70,245,085
Repayments of loan received from an associate		**301,900**	75,000
Designated loan to an associate		**(327,000)**	(285,900)
Net cash flows used in investing activities		**(8,662,055)**	(11,059,192)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024
(Expressed in thousands of RMB unless otherwise indicated)

	Notes	2024	2023
Cash flows from financing activities			
Proceeds from borrowings		**1,087,462**	604,972
Repayments of borrowings		**(534,394)**	(195,146)
Principal portion of lease payments		**(3,576)**	(6,295)
Interests paid		**(17,826)**	(8,065)
Capital injection from non-controlling interests		**—**	2,000
Acquisition of non-controlling interests		**(17,316)**	(9,481)
Dividends to the equity shareholders of the Company		**(4,485,196)**	(812,222)
Dividends to the non-controlling interests of subsidiaries		**(500,412)**	(46,725)
Proceeds from granting restricted shares		**187,364**	—
Payment for purchase of shares		**(512,380)**	—
Proceeds from disposal of shares		**16,418**	—
Net cash flows used in financing activities		**(4,779,856)**	(470,962)
Net decrease in cash and cash equivalents		**(3,355,213)**	(161,799)
Cash and cash equivalents at beginning of year	27	**15,251,508**	15,316,645
Effect of foreign exchange rate changes, net		**59,539**	96,662
Cash and cash equivalents at end of year		**11,955,834**	15,251,508
Analysis of balances of cash and cash equivalents			
Cash and bank balances	27	**11,955,834**	13,749,099
Time deposits	27	**—**	1,502,409
Cash and cash equivalents as stated in the consolidated statement of cash flows		**11,955,834**	15,251,508

The notes on pages 115 to 219 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

1. CORPORATE AND GROUP INFORMATION

Sinotruk (Hong Kong) Limited (the "Company") was incorporated in Hong Kong on 31 January 2007 as a limited liability company as a result of a group reorganisation of China National Heavy Duty Truck Group Company Limited ("CNHTC"). The address of the Company's registered office is Units 2102-03, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company and its subsidiaries are hereinafter collectively referred to as the Group. The Group is principally engaged in the research, development and manufacture of heavy duty trucks, medium-heavy duty trucks, light duty trucks, etc and related key assemblies, parts and components including engines, cabins, axles, steel frames and gearboxes, and the provision of financial services. Details of place of incorporation and business, kind of legal entity and particulars of the issued share capital of certain major subsidiaries are disclosed in note 19.

The board of directors has received a notice from China National Heavy Duty Truck Group Company Limited ("CNHTC") that, on 20 December 2024, CNHTC has entered into a conditional share transfer agreement with Sinotruk (BVI) Limited ("Sinotruk BVI"), in relation to the transfer of 51% of the issued share capital of the Company by Sinotruk BVI to CNHTC, at nil consideration. The transfer has been completed and the registration of CNHTC in the register of member of the Company has been completed on 2 April 2025. Upon completion of the transfer, CNHTC has become the immediate holding company of the Company.

In the opinion of the directors, the holding company of the Company is CNHTC. The ultimate holding company of the Company is Shandong Heavy Industry Group Co., Ltd. ("SHIG"), which is incorporated in Mainland China.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the requirements of the Hong Kong Companies Ordinance.

These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2.2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

They have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss which have been measured at fair value.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

2.1. BASIS OF PREPARATION (CONTINUED)

BASIS OF CONSOLIDATION (CONTINUED)

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

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

2.2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURE

The Group has applied the following new and amended HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKAS 1, Presentation of financial statements – Classification of liabilities as current or non-current ("2020 amendments") and amendments to HKAS 1, Presentation of financial statements – Non-current liabilities with covenants ("2022 amendments")
- Amendments to HKFRS 16, Leases – Lease liability in a sale and leaseback
- Amendments to HKAS 7, Statement of cash flows and HKFRS 7, Financial instruments: *Disclosures – Supplier finance arrangements*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

2.3. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2024

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 21, *The effects of changes in foreign exchange rates: Lack of exchangeability*	1 January 2025
Amendments to HKFRS 9, Financial instruments and HKFRS 7, Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments	1 January 2026
Annual improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18, Presentation and disclosure in financial statements	1 January 2027
HKFRS 19, Subsidiaries without public accountability: disclosures	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

2.4. MATERIAL ACCOUNTING POLICIES

INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate is classified as held for sale, it is accounted for in accordance with HKFRS *5 Non-current Assets Held for Sale and Discontinued Operations.*

BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

BUSINESS COMBINATIONS AND GOODWILL (CONTINUED)

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Business combinations arising from transfers of interests in entities that are under the control of the controlling party that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling investor's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity. Any cash paid for the acquisition is recognised directly in equity.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

FAIR VALUE MEASUREMENT

The Group measures its investment properties, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or paid to transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 valuations:	Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
Level 2 valuations:	Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
Level 3 valuations:	Fair value measured using significant unobservable inputs

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

IMPAIRMENT OF NON-FINANCIAL ASSETS

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the statement of profit or loss in the period in which it arises.

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

RELATED PARTIES

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis or, for certain equipment, the double declining balance method to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life, as follows:

Buildings	8 - 35 years
Machinery	7 - 18 years
Furniture, fittings and equipment	4 - 18 years
Motor Vehicles	5 - 10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents building and machinery under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

INVESTMENT PROPERTIES

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Proprietary technology

Proprietary technology recognised from development expenditures is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 2 to 10 years.

Software

Software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 2 to 10 years.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

LEASES

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	50 - 999 years
Buildings	1 to 20 years
Motor vehicles	1 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are separately disclosed in the consolidated statement of financial position.

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

LEASES (CONTINUED)

Group as a lessee (Continued)

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of buildings, machinery, tools, furniture and fixtures and motor vehicles (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of tools, furniture and fixtures and motor vehicles that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception or when there is a lease modification each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as other income in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying assets to the lessee are accounted for as finance leases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS AND OTHER FINANCIAL ASSETS

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS AND OTHER FINANCIAL ASSETS (CONTINUED)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments*: *Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS AND OTHER FINANCIAL ASSETS (CONTINUED)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS AND OTHER FINANCIAL ASSETS (CONTINUED)

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 - Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 - Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 - Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS AND OTHER FINANCIAL ASSETS (CONTINUED)

Impairment of financial assets (Continued)

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as borrowings and payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables and accruals, and borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (borrowings)

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

FINANCIAL LIABILITIES (CONTINUED)

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

PROVISIONS

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

The Group provides for warranties in relation to the sale of trucks and related key assemblies parts and components for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are recognised based on sales volume and past experience of the level of repairs, discounted to their present values as appropriate.

INCOME TAX

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

– temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

– taxable temporary differences arising on the initial recognition of goodwill; and

– those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

INCOME TAX (CONTINUED)

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date, unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

GOVERNMENT GRANTS

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

REVENUE RECOGNITION

Revenue from contracts with customers

Revenue is recognized when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION (CONTINUED)

Revenue from contracts with customers (Continued)

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) Sale of goods

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally, on delivery of goods.

Dealers

Sales are recognised when control of the products has transferred, being when the products are delivered to the dealers, the dealer has full discretion over the channel and price to sell the produces, and there is no unfulfilled obligation that could affect the dealer's acceptance of the products. Delivery of the products occurs when the products have been shipped to the specific location where are mutually agreed by both parties.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

End use customers

The Group also sells its products directly to end user customers. Revenue from the sales of products is recognised when the products are delivered to end user customers.

Volume rebates

Some contracts for the sale of goods provide customers with rebates. The rebates give rise to variable consideration. Retrospective rebates may be provided to certain customers according to the Group's business policy. Rebates are offset against amounts payable by the customer. The Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of rebates.

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION (CONTINUED)

Revenue from contracts with customers (Continued)

(b) Rendering of services

Revenue from the rendering of services is recognised in the accounting period in which the services are rendered, by reference to the acceptance of the total service by the customers, or stage of completion of the specific transaction which is assessed on the basis of the actual services provided as a proportion of the total services to be provided.

Revenue from other sources

Revenue from provision of financing services is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Other income

Rental income is recognised on a time proportion basis over the lease terms.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

CONTRACT LIABILITIES

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

EMPLOYEE BENEFITS

Pension schemes

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in central pension schemes operated by the local municipal governments. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension schemes. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension schemes.

Termination and post-employment benefits

Termination and post-employment benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Housing funds

Full-time employees of the Group in Mainland China are entitled to participate in various government-supervised housing funds. The Group contributes on a monthly basis to these funds based on the rates ranging from 5% to 12% of the basic salaries of the employees. The Group's liability in respect of these funds is limited to the contributions payable in each period.

Equity settled share-based transactions

The fair value of the award shares was calculated based on the market price of the Company's shares at the grant date, net of subscription price. The amount is generally recogised as an expense, with a corresponding increase in equity, over the relevant vesting period. The amount recognised as an expense is adjusted to reflect the number of awards for which the service-related conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date. Pursuant to the terms of the restricted share award scheme, the participant shall be entitled to receivable all dividends in respect of the award shares since the grant date.

BORROWINGS COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

DIVIDENDS

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the consolidated financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

FOREIGN CURRENCIES

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain subsidiaries not established in the PRC are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal or liquidation of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

3. MATERIAL ACCOUNTING ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade and financing receivables

The Group uses a provision matrix to calculate ECLs for trade and financing receivables.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade and financing receivables is disclosed in note 22 to the consolidated financial statements.

Provision for inventories

A write-down of inventories to net realisable value is made based on the ageing and estimated net realisable value of inventories. The assessment of the write-down amount involves management's judgements and estimates. Where the actual outcome or expectation in the future is different from the original estimate, such differences will impact the carrying value of the inventories and the write-down charge/reversal in the period in which such estimate has been changed. The Group, pursuant to the accounting policy for inventories, writes down inventories from cost to net realisable value and makes reserves for slow-moving items and obsolescence by using the lower of cost and net realisable value rule. The Group re-estimates the allowance to reduce the valuation of inventories to net realisable value item by item at the end of each reporting period. At 31 December 2024, the amount of write-down of inventories was RMB407,901,000 (2023: RMB693,292,000).

Estimation of fair value of investment properties

The fair value of investment properties is determined by using valuation techniques.

The carrying amount of investment properties at 31 December 2024 was RMB959,931,000 (2023: RMB1,060,721,000). Details of the judgement and assumptions have been disclosed in note 16 to the consolidated financial statements.

3. MATERIAL ACCOUNTING ESTIMATES (CONTINUED)

ESTIMATION UNCERTAINTY (CONTINUED)

Termination and post-employment benefit obligations

The Group has recognised the early retirement plan and the supplementary pension insurance plans and other comprehensive retirement benefit plans. The estimated amounts of such benefit expenses and liabilities are calculated on the basis of various assumption conditions, including discount rate, growth rate of related benefits and others. The difference between the actual results and actuarial assumption may affect the accuracy of accounting estimations. The changes in the above assumptions will affect the amount of liabilities for early retirement and supplementary pension benefits and other comprehensive benefit plan liabilities, even though management considers that the assumptions are reasonable. At 31 December 2024, termination and post-employment benefit obligations amounted to RMB582,980,000 (2023: RMB593,405,000). Further details are included in note 33 to the consolidated financial statements.

Product warranty provisions

The Group generally offers warranties with periods of 6 months to 96 months for its trucks, buses and engines. The assessment of the provision amount involves management's judgements and estimates. Where the actual outcome or expectation in the future is different from the original estimate, such differences will impact the carrying amount of the product warranty provisions and the provision amount charged/reversed in the period in which such estimate has been changed. At 31 December 2024, the provision for product warranties amounted to RMB1,543,521,000 (2023: RMB1,637,850,000) Further details are included in note 31 to the consolidated financial statements.

Useful lives of items of property, plant and equipment

The Group's management determines the estimated useful lives for its property, plant and equipment. The estimation is based on the historical experience of the actual useful lives. Management will revise the depreciation charges where useful lives are different from previously estimated, or it will write off or write down technically obsolete or non-strategy assets that have been abandoned or sold.

Limitations on the estimation of variable consideration

In estimating variable consideration, the Group considers all such information as shall be reasonably obtained, including historical data, current data and projected data, thereby estimating the amount of possible consideration and the probability to the extent of such quantities as shall be reasonable. If it is estimated that multiple outcomes are possible for the contracts, the Group estimates the amount of variable consideration based on the expected value approach. If it is estimated that only two outcomes are possible, the variable consideration is arrived at using the most likely outcome method. Variable consideration is included in the transaction price to the extent it is highly probable that there will not be a significant reversal in the amount of cumulative revenue recognized when the uncertainty is resolved. In assessing whether it is highly probable that there will not be a significant reversal in the amount of cumulative revenue recognized when the uncertainty relevant to the variable consideration is resolved, the Group also considers the possibility of reversal of income and the ratio of reversed amount. On each balance sheet date, the Group re-assesses the amount of variable consideration, including re-assessing whether the estimation of variable consideration is limited, to reflect the circumstance as at the end of the reporting period as well as changes during the reporting period.

4. OPERATING SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments. No operating segments have been aggregated to form the following reportable segments.

(i) Heavy duty trucks – Manufacture and sale of heavy duty trucks, medium-heavy duty trucks and related components;

(ii) Light duty trucks and others – Manufacture and sale of light duty trucks, buses, other vehicles and related components;

(iii) Engines – Manufacture and sale of engines, gearboxes and related parts; and

(iv) Finance – Provision of deposit taking, borrowings, bills discounting, issue of bills and entrustment loans to the members of the Group and members of CNHTC and its subsidiaries excluding the Group ("CNHTC Group") as well as the provision of auto and supply chain financing services to the public.

(a) SEGMENT RESULTS, ASSETS AND LIABILITIES

For the purposes of assessing segment performance and allocating resources among segments, the Group's most senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of prepaid income tax, deferred tax assets and other corporate assets. Segment liabilities are those operating liabilities that result from the operating activities of a segment. Segment liabilities do not include borrowings and other liabilities that are incurred for financing rather than operating purposes unless the segment is engaged in financing activities. Segment liabilities exclude deferred tax liabilities, income tax payable, dividend payable and other corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

(Expressed in thousands of RMB unless otherwise indicated)

4. OPERATING SEGMENT INFORMATION (CONTINUED)

(b) RECONCILIATIONS OF REPORTABLE SEGMENT REVENUES, PROFIT OR LOSS, ASSETS AND LIABILITIES

The segment results for the year ended 31 December 2024 are as follows:

	Heavy duty trucks	Light duty trucks and others	Engines	Finance	Elimination	Total
External revenue						
Sales of goods	82,577,127	9,819,817	681,972	—	—	93,078,916
Rendering of services	575,181	20,269	33,059	—	—	628,509
Provision of financing services	—	—	—	1,354,162	—	1,354,162
Total external revenue	83,152,308	9,840,086	715,031	1,354,162	—	95,061,587
Inter-segment revenue	998,081	1,321,734	13,209,753	124,833	(15,654,401)	—
Total segment revenue	84,150,389	11,161,820	13,924,784	1,478,995	(15,654,401)	95,061,587
Operating profit/(loss) before unallocated expenses	4,411,520	(215,388)	1,972,006	807,154	534,429	7,509,721
Unallocated expenses						(51,726)
Operating profit						7,457,995
Finance income, net						192,732
Share of profits and losses of associates						129,601
Profit before tax						7,780,328

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

4. OPERATING SEGMENT INFORMATION (CONTINUED)

(b) RECONCILIATIONS OF REPORTABLE SEGMENT REVENUES, PROFIT OR LOSS, ASSETS AND LIABILITIES (CONTINUED)

The segment results for the year ended 31 December 2023 are as follows:

	Heavy duty trucks	Light duty trucks and others	Engines	Finance	Elimination	Total
External revenue						
Sales of goods	74,255,696	8,809,918	587,679	—	—	83,653,293
Rendering of services	575,242	17,757	31,953	—	—	624,952
Provision of financing services	—	—	—	1,219,790	—	1,219,790
Total external revenue	74,830,938	8,827,675	619,632	1,219,790	—	85,498,035
Inter-segment revenue	457,168	1,485,979	13,934,607	167,644	(16,045,398)	—
Total segment revenue	75,288,106	10,313,654	14,554,239	1,387,434	(16,045,398)	85,498,035
Operating profit/(loss) before unallocated expenses	4,351,977	(623,466)	2,070,110	771,212	(60,391)	6,509,442
Unallocated expenses						(22,341)
Operating profit						6,487,101
Finance income, net						284,461
Share of profits and losses of associates						111,119
Profit before tax						6,882,681

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4. OPERATING SEGMENT INFORMATION (CONTINUED)

Other segment items included in profit or loss for the year ended 31 December 2024 are as follows:

	Heavy duty trucks	Light duty trucks and others	Engines	Finance	Unallocated	Total
Depreciation of property, plant and equipment	**701,750**	**348,434**	**610,755**	**2,254**	**9**	**1,663,202**
Depreciation of right-of-use assets	**60,817**	**21,941**	**14,235**	**—**	**—**	**96,993**
Amortisation of other intangible assets	**15,931**	**6,079**	**14,751**	**1,457**	**—**	**38,218**

Other segment items included in profit or loss for the year ended 31 December 2023 are as follows:

	Heavy duty trucks	Light duty trucks and others	Engines	Finance	Unallocated	Total
Depreciation of property, plant and equipment	593,791	235,232	577,073	2,123	10	1,408,229
Depreciation of right-of-use assets	58,048	16,525	24,162	—	—	98,735
Amortisation of other intangible assets	23,080	12,094	28,910	1,445	—	65,529

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4. OPERATING SEGMENT INFORMATION (CONTINUED)

The segment assets and liabilities as at 31 December 2024 and addition to non-current assets of the segments for the year then ended are as follows:

	Heavy duty trucks	Light duty trucks and others	Engines	Finance	Unallocated	Total
Segment assets	88,340,510	15,792,338	20,842,659	53,860,683	3,438,075	182,274,265
Elimination						(52,497,243)
Total assets						129,777,022
Segment liabilities	61,824,941	14,980,254	10,086,472	44,934,858	555,249	132,381,774
Elimination						(51,757,152)
Total liabilities						80,624,622
Addition to non-current assets	457,585	1,330,195	389,249	928	—	2,177,957

A reconciliation for entity assets and liabilities is as follows:

	Assets	Liabilities
Segment assets/liabilities after elimination	126,338,947	80,069,373
Unallocated:		
Deferred tax assets/liabilities	2,147,381	38,835
Prepaid income tax/tax payable	103,451	312,730
Other assets/liabilities	1,187,243	203,684
	3,438,075	555,249
Total	129,777,022	80,624,622

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

4. OPERATING SEGMENT INFORMATION (CONTINUED)

The segment assets and liabilities as at 31 December 2023 and addition to non-current assets of the segments for the year then ended are as follows:

	Heavy duty trucks	Light duty trucks and others	Engines	Finance	Unallocated	Total
Segment assets	76,102,819	13,999,854	27,372,875	56,055,447	2,352,407	175,883,402
Elimination						(54,097,914)
Total assets						121,785,488
Segment liabilities	48,231,935	14,206,563	10,268,600	45,991,510	325,763	119,024,371
Elimination						(45,199,414)
Total liabilities						73,824,957
Addition to non-current assets	840,597	962,147	909,167	2,828	—	2,714,739

A reconciliation for entity assets and liabilities is as follows:

	Assets	Liabilities
Segment assets/liabilities after elimination	119,433,081	73,499,194
Unallocated:		
Deferred tax assets/liabilities	2,158,585	98,900
Prepaid income tax/tax payable	112,409	216,189
Other assets/liabilities	81,413	10,674
	2,352,407	325,763
Total	121,785,488	73,824,957

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

4. OPERATING SEGMENT INFORMATION (CONTINUED)

GEOGRAPHICAL INFORMATION

(a) Revenue from external customers

	2024	2023
Mainland China	56,676,788	54,669,888
Overseas	38,384,799	30,828,147
	95,061,587	85,498,035

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2024	2023
Mainland China	36,200,801	31,510,303
Overseas	1,001,643	1,049,833
	37,202,444	32,560,136

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets.

(c) Contract liabilities

The Group has recognised the following liabilities related to contracts with customers:

	2024	2023
Heavy duty trucks	3,134,916	4,662,850
Light duty trucks and others	805,028	550,788
Engines	23,655	17,754
Finance	515	428
	3,964,114	5,231,820

Information about major customers

During the years ended 31 December 2024 and 2023, no revenue derived from a single customer accounted for 10% or more of the Group's total revenue.

(Expressed in thousands of RMB unless otherwise indicated)

5. REVENUE

An analysis of revenue is as follows:

	2024	2023
Revenue from contracts with customers	**93,707,425**	84,278,245
Revenue from other sources		
Provision of financing services	**1,354,162**	1,219,790
	95,061,587	85,498,035

REVENUE FROM CONTRACTS WITH CUSTOMERS

(a) Disaggregated revenue information

	2024	2023
Types of goods or services		
Sale of goods	**93,078,916**	83,653,293
Rendering of services	**628,509**	624,952
Total revenue from contracts with customers	**93,707,425**	84,278,245
Geographical markets		
Mainland China	**55,322,626**	53,450,098
Overseas	**38,384,799**	30,828,147
Total revenue from contracts with customers	**93,707,425**	84,278,245
Timing of revenue recognition		
Transferred at a point in time	**91,839,196**	83,315,271
Transferred over time	**1,868,229**	962,974
Total revenue from contracts with customers	**93,707,425**	84,278,245

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

5. REVENUE (CONTINUED)

REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

(a) Disaggregated revenue information (Continued)

The following table shows the amounts of the contract liabilities at the beginning of the reporting period were recognised as revenue in the current reporting period:

	2024	2023
Contract liabilities at the beginning of the reporting period recognised as revenue:		
Sale of goods	**4,897,319**	4,768,663
Rendering of services	**334,501**	294,346
	5,231,820	5,063,009

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of goods

The performance obligation is satisfied upon delivery of goods. Payment in advance is normally required, except for some customers with good credit, where payment is generally due from 3 to 12 months from delivery. Some contracts provide customers with volume rebates which give rise to variable consideration subject to constraint.

Rendering of services

Revenue from the rendering of services is recognised in the accounting period in which the services are rendered, by reference to the acceptance of the total services by the customers, or stage of completion of the specific transaction which is assessed on the basis of the actual services provided as a proportion of the total services to be provided.

6. OTHER INCOME AND GAINS

	2024	2023
Gain on disposal of financial assets at FVPL	**432,544**	137,749
Penalties income	**301,900**	112,811
Government grants	**215,044**	105,489
Income on disposal of scraps	**192,383**	186,167
Foreign exchange differences, net	**151,471**	164,507
Rental income from leases, net	**65,562**	61,846
Gains on disposal of items of property, plant and equipment	**31,251**	14,529
Dividend income from financial assets at FVPL	**—**	65
Others	**46,585**	33,788
	1,436,740	816,951

(Expressed in thousands of RMB unless otherwise indicated)

7. PROFIT BEFORE TAX

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

	Notes	2024	2023
Cost of inventories sold	21(a)	**71,982,666**	64,507,415
Depreciation and amortisation			
Depreciation of property, plant and equipment	15	**1,663,202**	1,408,229
Depreciation of right-of-use assets	17(a)	**96,993**	98,735
Amortisation of intangible assets	18	**38,218**	65,529
Research and development costs*		**2,735,842**	2,450,110
Auditor's remuneration			
Financial audit services		**6,233**	6,233
Internal control audit services		**377**	377
Assurance service		**200**	—
Taxation professional services		**80**	80
Employee benefit expense (including directors' remuneration (note 9))			
Wages, salaries, allowances, social security and benefits		**4,760,491**	4,194,053
Defined contribution pension schemes**		**590,194**	524,909
Termination benefits	33(a)	**87,564**	65,572
Post-employment benefits	33(b)	**8,918**	(31,774)
Housing benefits		**427,519**	381,620
Share-based payment		**55,087**	—
Other staff benefits		**373,636**	356,627
Lease payments not included in the measurement of lease liabilities	17(c)	**58,892**	41,414
Gain on disposal of a subsidiary		**(9)**	—
Loss on disposal of part of the equity in an associate		**1,642**	—
Gains on disposal of property, plant and equipment		**(31,251)**	(14,529)
Fair value changes on financial assets at FVPL		**3,184**	(33,958)
Impairment loss/(reversal of impairment)			
(Reversal of impairment)/impairment loss of trade receivables	22(a)	**(2,559)**	4,221
Impairment loss/(reversal of impairment) of financing receivables	22(b)	**28,159**	(99,573)
Reversal of impairment loss of bills receivable	22(c)	**(4,972)**	(6,720)
Impairment loss/(reversal of impairment) of financial assets included in prepayments, other receivables and other assets	23	**230,764**	(69,666)
Impairment of other long-term deferred expenses		**—**	150,041
Impairment of property, plant and equipment	15	**11,122**	7,632
Impairment of intangible assets	18	**—**	30,134
Reversal of allowance for expected credit losses from the off-balance sheet credit business	31	**(145)**	(4,582)
Impairment of investments in associates		**—**	6,405
Foreign exchange differences, net***		**(151,471)**	(164,507)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

7. PROFIT BEFORE TAX (CONTINUED)

* The research and development costs of RMB2,735,842,000 (2023: RMB2,450,110,000) are included in "Administrative expenses" in the consolidated statement of profit or loss.

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

*** Foreign exchange differences, net are included in "Other income and gains" or "Other expenses" for the year incurred in the consolidated statement of profit or loss.

8. FINANCE INCOME

An analysis of finance income is as follows:

	2024	2023
Finance costs:		
– Borrowings	**(138,476)**	(29,195)
– Interest on lease liabilities (note 17 (b))	**(276)**	(218)
	(138,752)	(29,413)
Finance income:		
– Interest income from bank deposits	**331,484**	313,874
Finance income, net	**192,732**	284,461

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

9. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to the Listing Rules, section 383(1)of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

2024	Notes	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Employer's contribution to retirement benefit schemes	Sub-total	Share-based payments (i)	Total
Executive directors:								
Mr. Wang Zhijian	(ii)	—	—	—	—	—	—	—
Mr. Liu Zhengtao	(iii)	—	1,245	—	27	1,272	1,039	2,311
Mr. Wang Dechun	(iv)	—	43	—	1	44	—	44
Ms. Li Xia		—	1,694	—	42	1,736	727	2,463
Ms. Han Xing	(v)	—	18	—	—	18	—	18
Non-executive directors:								
Mr. Cheng Guangxu	(vi)	—	—	—	—	—	—	—
Mr. Karsten Oellers		200	—	—	—	200	—	200
Mr. Mats Lennart Harborn		200	—	—	—	200	—	200
Independent non-executive directors:								
Dr. Wang Dengfeng		200	—	—	—	200	—	200
Mr. Zhao Hang		200	—	—	—	200	—	200
Mr. Liang Qing		200	—	—	—	200	—	200
Mr. Lyu Shousheng		200	—	—	—	200	—	200
Mr. Zhang Zhong		200	—	—	—	200	—	200
Mr. Liu Xiaolun	(vii)	161	—	—	—	161	—	161
Former directors:								
Mr. Wang Chen	(viii)	—	1,649	—	42	1,691	—	1,691
Mr. Liu Wei	(ix)	—	2,075	—	42	2,117	1,039	3,156
Mr. Zhang Wei	(x)	—	2,038	—	44	2,082	—	2,082
Ms. Zhao Hong	(xi)	—	533	—	16	549	—	549
Mr. Richard von Braunschweig	(xii)	—	539	—	—	539	—	539
Mr. Sun Shaojun	(xiii)	—	—	—	—	—	—	—
Mr. Alexander Albertus Gerhardus Vlaskamp	(xiv)	—	—	—	—	—	—	—
Dr. Lin Zhijun	(xv)	39	—	—	—	39	—	39
Total		1,600	9,834	—	214	11,648	2,805	14,453

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

9. DIRECTORS' REMUNERATION (CONTINUED)

2023	Notes	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Employer's contribution to retirement benefit schemes	Total
Executive directors:						
Mr. Wang Zhijian	(ii)	—	1,634	—	21	1,655
Ms. Li Xia		—	1,968	—	41	2,009
Non-executive directors:						
Mr. Karsten Oellers		190	—	—	—	190
Mr. Mats Lennart Harborn		190	—	—	—	190
Independent non-executive directors:						
Dr. Wang Dengfeng		190	—	—	—	190
Mr. Zhao Hang		190	—	—	—	190
Mr. Liang Qing		190	—	—	—	190
Mr. Lyu Shousheng		190	—	—	—	190
Mr. Zhang Zhong		190	—	—	—	190
Former directors:						
Mr. Wang Chen	(viii)	—	2,004	—	41	2,045
Mr. Liu Wei	(ix)	—	3,349	—	41	3,390
Mr. Zhang Wei	(x)	—	2,733	—	63	2,796
Ms. Zhao Hong	(xi)	—	1,622	—	41	1,663
Mr. Richard von Braunschweig	(xii)	—	557	—	—	557
Mr. Sun Shaojun	(xiii)	—	—	—	—	—
Mr. Alexander Albertus Gerhardus Vlaskamp	(xiv)	—	—	—	—	—
Dr. Lin Zhijun	(xv)	190	—	—	—	190
Total		1,520	13,867	—	248	15,635

9. DIRECTORS' REMUNERATION (CONTINUED)

Notes:

(i) These represent the estimated value of award share granted to the directors under the restricted share award scheme. The value of these award shares is measured according to the Group's accounting policies for equity settled share-based transactions of employee benefits as set out in the note 2.4 and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited and/or lapsed prior to vesting. The details of these benefits in kind, including the principal terms and number of award shares granted, are disclosed under the paragraph "THE RESTRICTED SHARE AWARD SCHEME" in the directors' report and note 35.

(ii) Mr. Wang Zhijian waived all his emoluments since 1 January 2024.

(iii) Mr. Liu Zhengtao was appointed as an executive director on 13 May 2024.

(iv) Mr. Wang Dechun was appointed as an executive director on 20 December 2024.

(v) Ms. Han Xing was appointed as an executive director on 20 December 2024.

(vi) Mr. Cheng Guangxu was appointed as a non-executive director on 13 May 2024. He waived all his emoluments during his tenure.

(vii) Mr. Liu Xiaolun was appointed as an independent non-executive director on 12 March 2024.

(viii) Mr. Wang Chen resigned as an executive director with effect from 27 March 2025.

(ix) Mr. Liu Wei resigned as an executive director with effect from 27 March 2025.

(x) Mr. Zhang Wei resigned as an executive director with effect from 20 September 2024.

(xi) Ms. Zhao Hong resigned as an executive director with effect from 13 May 2024.

(xii) Mr. Richard von Braunschweig resigned as an executive director with effect from 20 December 2024.

(xiii) Mr. Sun Shaojun resigned as a non-executive director with effect from 13 May 2024. He waived all his emoluments during his tenure.

(xiv) Mr. Alexander Albertus Gerhardus Vlaskamp resigned as a non-executive director with effect from 22 August 2024. He waived all his emoluments during his tenure.

(xv) Dr. Lin Zhijun resigned as an independent non-executive director with effect from 12 March 2024.

(xvi) There was no amount paid or payable by the Group to any of the Directors as an inducement to join or upon joining the Group or as compensation for loss of office for the year 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

10. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals during the year included five directors (2023: five directors), details of whose remuneration are set out in note 9 above.

There was no amount paid or payable by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office for the year 2024.

11. INCOME TAX

(a) TAXATION IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS REPRESENTS:

	2024	2023
Current tax:		
– Hong Kong		
Charge for the year	**7,590**	—
– Mainland China		
Charge for the year	**1,073,828**	970,848
Provision in prior years	**13,385**	(49,020)
	1,087,213	921,828
– Other countries	**51,957**	320
Total current tax	**1,146,760**	922,148
Deferred tax (note 32)	**(54,707)**	133,682
Total tax charge	**1,092,053**	1,055,830

The Company and other companies operate in Hong Kong are subject to Hong Kong profits tax at the rate of 16.5% (2023: 16.5%) on their estimated assessable profits during the period, except for one subsidiary of the Group which may be a qualifying corporation under the two-tiered Profits Tax rate regime. The Company is also determined as a Chinese-resident enterprise and, is subject to corporate income tax at a rate of 25% (2023: 25%) according to the Corporate Income Tax Law of the People's Republic of China (the "CIT Law").

The subsidiaries in the PRC are subject to corporate income tax at a rate of 25% (2023: 25%) according to the CIT Law while certain subsidiaries in the PRC are subject of corporate income tax at a rate of 15% (2023: 15%) according to the High New Tech Enterprises or the Western Development tax incentives of the CIT Law.

Other oversea subsidiaries are subject to corporate income tax at applicable tax rates according to existing laws, interpretations and practices of the countries in which the subsidiaries operate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

11. INCOME TAX (CONTINUED)

(b) RECONCILIATION BETWEEN TAX EXPENSE AND ACCOUNTING PROFIT AT APPLICABLE TAX RATES:

	2024	2023
Profit before tax	**7,780,328**	6,882,681
Tax at the statutory tax rate	**1,929,143**	1,706,576
Lower tax rates enacted by local authorities	**(46,088)**	(52,406)
Additional deduction for research and development expenditure	**(503,912)**	(551,255)
Adjustments in respect of current tax of previous periods	**13,385**	(49,020)
Income not subject to tax	**(6,046)**	(20,787)
Expenses not deductible for tax	**51,860**	25,043
Utilisation of unrecognised tax losses from previous periods	**(411,190)**	(248,604)
Tax losses and deductible temporary differences not recognised	**64,901**	246,283
Tax charge	**1,092,053**	1,055,830

(c) PILLAR TWO INCOME TAXES

The Organisation for Economic Co-operation and Development ("OECD") published Pillar Two model rules in December 2021, with the effect that a jurisdiction may enact domestic tax laws ("Pillar Two Legislation") to implement the Pillar Two model rules on a globally agreed common approach. The Group mainly operates in Mainland China and its subsidiaries are located in Hong Kong. The Hong Kong SAR Government amended the Inland Revenue Ordinance to introduce a domestic minimum top-up tax which will take effect from the year ending 31 December 2025. The Group does not recognise any current tax relating to the Pillar Two model rules for the year ended 31 December 2024.

The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes and would account for the tax as current tax when incurred. Due to the uncertainties in enactment and interpretation of Pillar Two legislation, and complexities in applying the legislation and calculating taxable income, the quantitative impact of Pillar Two is not yet reasonably estimable. The Group is continuously monitoring the law enactment progress of Pillar Two legislation in relevant jurisdictions to assess the impact to the financial statements of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

12. OTHER COMPREHENSIVE INCOME

(a) TAX EFFECTS RELATING TO EACH COMPONENT OF OTHER COMPREHENSIVE INCOME

	2024			2023		
	Before-tax amount	Tax expense	Net-of-tax amount	Before-tax amount	Tax benefit/ (expense)	Net-of-tax amount
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:						
Changes in fair value of financial assets at FVOCI	23,681	(5,846)	17,835	(21,623)	6,226	(15,397)
Exchange differences on translation of foreign operations	4,499	—	4,499	(2,884)	—	(2,884)
Share of other comprehensive income of associates	863	—	863	563	—	563
	29,043	(5,846)	23,197	(23,944)	6,226	(17,718)
Other comprehensive (loss)/ income that will not be reclassified to profit or loss in subsequent periods:						
Remeasurements of termination and post-employment benefit obligations	(55,758)	—	(55,758)	(30,493)	—	(30,493)
Changes in fair value of equity investments designated at FVOCI	(14,479)	—	(14,479)	—	—	—
Revaluation gains arising from transfer of property, plant and equipment and land use rights to investment properties	—	—	—	21,777	(5,444)	16,333
	(70,237)	—	(70,237)	(8,716)	(5,444)	(14,160)
Other comprehensive income	(41,194)	(5,846)	(47,040)	(32,660)	782	(31,878)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

13. DIVIDENDS

(a) DIVIDENDS PAYABLE TO EQUITY SHAREHOLDERS OF THE COMPANY ATTRIBUTABLE TO THE YEAR

	2024	2023
Interim dividend declared and paid of HK$0.72 or RMB0.66 per ordinary share (2023: nil)	**1,820,012**	—
Final dividend proposed after the end of the reporting period of HK$0.55 or RMB0.51 (2023:HK$1.063 or RMB0.965 per ordinary share)	**1,408,107***	2,665,184

The final dividend proposed after the reporting period has not been recognized as a liability at the end of the reporting period.

* It is calculated based on the number of ordinary share issued at the proposed RMB dividend per ordinary share.

(b) DIVIDENDS PAYABLE TO EQUITY SHAREHOLDERS OF THE COMPANY ATTRIBUTABLE TO THE PREVIOUS FINANCIAL YEAR, APPROVED AND PAID DURING THE YEAR

	2024	2023
Final dividend in respect of the previous financial year, approved and paid during the year of HK$1.063 or RMB0.965 per ordinary share (2023:HK$0.33 or RMB 0.29 per ordinary share)	**2,665,184**	812,222

(c) Dividends payable of subsidiaries distributed to non-controlling interest for the year ended 31 December 2024 of approximately RMB500,412,000 (2023: approximately RMB46,725,000) were approved during the year.

14. EARNINGS PER SHARE

(a) BASIC EARNINGS PER SHARE

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

	2024	2023
Profit attributable to equity shareholders of the Company	**5,858,394**	5,318,107
Weighted average number of ordinary shares in issue (in thousand shares)	**2,742,245**	2,760,993
Basic earnings per share (in RMB)	**2.14**	1.93

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

14. EARNINGS PER SHARE (CONTINUED)

(a) BASIC EARNINGS PER SHARE (CONTINUED)

The movements in weighted average number of ordinary shares in issue are as follows:

	2024	2023
Ordinary shares at 1 January (in thousand shares)	**2,760,993**	2,760,993
Effect of shares purchased (in thousand shares)	**(18,922)**	—
Effect of shares disposed of (in thousand shares)	**174**	—
Weighted average number of ordinary shares at 31 December (in thousand shares)	**2,742,245**	2,760,993

(b) DILUTED EARNINGS PER SHARE

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares after adjusting for award shares, calculated as follows:

	2024	2023
Profit attributable to ordinary equity shareholders of the Company	**5,858,394**	5,318,107
Weighted average number of ordinary shares in issue (in thousand shares)	**2,746,856**	2,760,993
Diluted earnings per share (in RMB)	**2.13**	1.93

Profit attributable to ordinary equity shareholders of the Company (diluted) is same as Profit attributable to ordinary equity shareholders of the Company (basic).

The movements in weighted average number of ordinary shares in issue (diluted) are as follows:

	2024	2023
Weighted average number of ordinary shares at 31 December (in thousand shares)	**2,742,245**	2,760,993
Effect of deemed issue of shares under the Company's restricted award share scheme at subscription price (note 35)	**4,611**	—
Weighted average number of ordinary shares (diluted) at 31 December (in thousand shares)	**2,746,856**	2,760,993

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery	Furniture, fittings and equipment	Motor vehicles	Construction in progress	Total
For the year ended 31 December 2024						
At 1 January 2024:						
Cost	11,346,217	17,815,267	700,725	631,120	2,063,540	32,556,869
Accumulated depreciation and impairment	(3,275,686)	(12,739,252)	(464,991)	(239,566)	(14,343)	(16,733,838)
Net carrying amount	8,070,531	5,076,015	235,734	391,554	2,049,197	15,823,031
At 1 January 2024, net of accumulated depreciation and impairment	8,070,531	5,076,015	235,734	391,554	2,049,197	15,823,031
Additions	13,141	150,057	18,056	7,801	1,928,039	2,117,094
Transfers	93,379	651,760	130,573	1,381,603	(2,257,315)	—
Transfer from investment properties (note 16)	4,307	—	—	—	—	4,307
Transfer to investment properties (note 16)	(38,304)	—	—	—	—	(38,304)
Transfer to right-of-use assets (note 17(a))	—	—	—	—	(83,720)	(83,720)
Transfer to intangible assets (note 18)	—	—	—	—	(20,339)	(20,339)
Transfer to long-term deferred expenses	—	—	—	—	(222,210)	(222,210)
Disposal of a subsidiary	(142)	(1,613)	(62)	(4)	—	(1,821)
Disposals	(23,964)	(99,812)	(4,649)	(351,071)	—	(479,496)
Depreciation (note 7)	(411,555)	(1,024,089)	(106,479)	(121,079)	—	(1,663,202)
Impairment (note 7)	(10,609)	—	(513)	—	—	(11,122)
At 31 December 2024, net of accumulated depreciation and impairment	7,696,784	4,752,318	272,660	1,308,804	1,393,652	15,424,218
At 31 December 2024:						
Cost	11,377,156	18,379,420	801,352	1,659,186	1,407,994	33,625,108
Accumulated depreciation and impairment	(3,680,372)	(13,627,102)	(528,692)	(350,382)	(14,342)	(18,200,890)
Net carrying amount	7,696,784	4,752,318	272,660	1,308,804	1,393,652	15,424,218

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings	Machinery	Furniture, fittings and equipment	Motor vehicles	Construction in progress	Total
For the year ended 31 December 2023						
At 1 January 2023:						
Cost	10,182,533	16,077,240	630,188	408,408	3,700,816	30,999,185
Accumulated depreciation and impairment	(2,958,644)	(11,914,729)	(390,383)	(213,471)	(17,797)	(15,495,024)
Net carrying amount	7,223,889	4,162,511	239,805	194,937	3,683,019	15,504,161
At 1 January 2023, net of accumulated depreciation and impairment	7,223,889	4,162,511	239,805	194,937	3,683,019	15,504,161
Additions	34,455	62,123	18,468	35,489	2,130,500	2,281,035
Transfers	1,388,121	1,945,981	67,356	227,524	(3,628,982)	—
Transfer to investment properties (note 16)	(195,972)	—	—	—	—	(195,972)
Transfer to right-of-use assets (note 17(a))	—	—	—	—	(63,707)	(63,707)
Transfer to intangible assets (note 18)	—	—	—	—	(3,595)	(3,595)
Transfer to long-term deferred expenses	—	—	—	—	(68,038)	(68,038)
Revaluation gains recognised in other comprehensive income	21,777	—	—	—	—	21,777
Disposals	(48,410)	(149,501)	(3,626)	(35,232)	—	(236,769)
Depreciation (note 7)	(345,697)	(945,099)	(86,269)	(31,164)	—	(1,408,229)
Impairment (note 7)	(7,632)	—	—	—	—	(7,632)
At 31 December 2023, net of accumulated depreciation and impairment	8,070,531	5,076,015	235,734	391,554	2,049,197	15,823,031
At 31 December 2023:						
Cost	11,346,217	17,815,267	700,725	631,120	2,063,540	32,556,869
Accumulated depreciation and impairment	(3,275,686)	(12,739,252)	(464,991)	(239,566)	(14,343)	(16,733,838)
Net carrying amount	8,070,531	5,076,015	235,734	391,554	2,049,197	15,823,031

As at 31 December 2024, the Group's aggregate carrying value of the buildings without ownership certificates was approximately RMB1,860,995,000 (2023: approximately RMB2,106,516,000). In the opinion of the directors, the Group is entitled to lawfully and validly occupy and/or use the buildings for its daily operations, notwithstanding the fact that the related building ownership certificates have not yet been obtained.

(Expressed in thousands of RMB unless otherwise indicated)

16. INVESTMENT PROPERTIES

	2024	2023
Carrying amount at 1 January	**1,060,721**	840,134
Transfer from property, plant and equipment (note 15)	**38,304**	195,972
Transfer to property, plant and equipment (note 15)	**(4,307)**	—
Transfer from right-of-use assets (note 17(a))	**836**	24,729
Transfer to right-of-use assets (note 17(a))	**(549)**	—
Revaluation losses recognised in other expenses	**(135,074)**	(114)
Carrying amount at 31 December	**959,931**	1,060,721

Investment properties are located in Hong Kong, Shandong province, Zhejiang province, Jiangsu province, Sichuan province, Shanxi province and Guangxi province of the PRC. Investment properties in Hong Kong are held on leases over 50 years. Investment properties in Mainland China are held on leases between 35 and 50 years.

An independent valuation, based on an open market value, of the Group's investment properties was performed by the surveyors, PRUDENTIAL Property Surveyors (Hong Kong) Limited and Shandong Zhongping Hengxin Assets Appraisal Co., Ltd., to determine the fair value of the investment properties as at 31 December 2024. The revaluation gains or losses are included in "Other income and gains" or "Other expenses" in the consolidated statement of profit or loss.

As at 31 December 2024, the Group's aggregate carrying value of the buildings without ownership certificates was approximately RMB34,391,000 (2023: approximately RMB35,354,000). In the opinion of the directors, the Group is entitled to lawfully and validly occupy and/or use the buildings for its daily operations, notwithstanding the fact that the related building ownership certificates have not yet been obtained.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

16. INVESTMENT PROPERTIES (CONTINUED)

FAIR VALUE HIERARCHY

The Group's policy is to recognise transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstance that caused the transfers. There were no transfers among levels 1, 2 and 3 during the year (2023: none).

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2024 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurement for:				
– Warehouses	—	—	184,686	184,686
– Factories	—	—	484,608	484,608
– Office units	—	212,006	41,590	253,596
– Residential properties	—	37,041	—	37,041
	—	249,047	710,884	959,931

	Fair value measurement as at 31 December 2023 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurement for:				
– Warehouses	—	—	189,607	189,607
– Factories	—	—	521,657	521,657
– Office units	—	286,883	22,882	309,765
– Residential properties	—	39,692	—	39,692
	—	326,575	734,146	1,060,721

Level 2 fair values of the investment properties have been generally derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation is the selling price per square foot or per square metre.

(Expressed in thousands of RMB unless otherwise indicated)

16. INVESTMENT PROPERTIES (CONTINUED)

FAIR VALUE HIERARCHY (CONTINUED)

Level 3 fair values of the investment properties are based on the income capitalisation approach (term and reversionary method), direct comparison method or replacement cost approach. The income capitalisation approach largely used unobservable inputs (rental value and capitalisation rate) and took into account the significant adjustment on term yield to account for the risk upon the reversionary and estimation in vacancy rate after the expiry of the current lease.

Information about fair value measurement of investment properties using significant unobservable inputs (Level 3):

Fair value as at 31 December 2024	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
609,389	Income capitalisation approach	Rental value	RMB0.31 - 2.48 per day per square metre	The higher the rental value, the higher the fair value
		Capitalisation rate	6% - 8%	The higher the capitalisation rate, the lower the fair value
59,902	Direct comparison method	Unit price	RMB822.27 - 833.74 per square metre	The higher the unit price, the higher the fair value
41,593	Replacement cost approach	Integrated depreciation rate	39% - 85%	The higher the integrated depreciation rate, the lower the fair value

Fair value as at 31 December 2023	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
630,205	Income capitalisation approach	Rental value	RMB0.29 - 2.51 per day per square metre	The higher the rental value, the higher the fair value
		Capitalisation rate	6.8% - 8%	The higher the capitalisation rate, the lower the fair value
60,265	Direct comparison method	Unit price	RMB900.37 - 905.27 per square metre	The higher the unit price, the higher the fair value
43,676	Replacement cost approach	Integrated depreciation rate	13% - 69%	The higher the integrated depreciation rate, the lower the fair value

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

17. LEASES

THE GROUP AS A LESSEE

The Group has lease contracts for various items of leasehold land, buildings and motor vehicles used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 1 and 5 years. Motor vehicles generally have lease terms between 1 and 5 years and/or are individually of low value. There are several lease contracts that include extension options, which are further discussed below.

(a) RIGHT-OF-USE ASSETS

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Land use rights	Buildings	Motor Vehicles	Total
As at 1 January 2023	2,304,488	3,848	7,032	2,315,368
Additions	—	4,645	—	4,645
Transfer from property, plant and equipment (note 15)	63,707	—	—	63,707
Transfer to investment properties (note 16)	(24,729)	—	—	(24,729)
Depreciation (note 7)	(92,041)	(5,885)	(809)	(98,735)
As at 31 December 2023	**2,251,425**	**2,608**	**6,223**	**2,260,256**
Additions	**—**	**—**	**9,778**	**9,778**
Transfer from property, plant and equipment (note 15)	**83,720**	**—**	**—**	**83,720**
Transfer from investment properties (note 16)	**549**	**—**	**—**	**549**
Transfer to investment properties (note 16)	**(836)**	**—**	**—**	**(836)**
Derecognition	**—**	**(1,656)**	**(135)**	**(1,791)**
Depreciation (note 7)	**(90,941)**	**(952)**	**(5,100)**	**(96,993)**
As at 31 December 2024	**2,243,917**	**—**	**10,766**	**2,254,683**

As at 31 December 2024, no parcels of the Group's land use rights (2023: an aggregate carrying amount of approximately RMB6,565,000) did not have land use right certificates registered under the names of the respective members of the Group.

(Expressed in thousands of RMB unless otherwise indicated)

17. LEASES (CONTINUED)

(b) LEASE LIABILITIES

The carrying amount of lease liabilities and the movements during the year are as follows:

	2024	2023
Carrying amount at 1 January	**2,904**	4,554
New leases	**9,778**	4,645
Accretion of interest recognised during the year (note 8)	**276**	218
Derecognition	**(1,914)**	—
Payments	**(3,852)**	(6,513)
Carrying amount at 31 December	**7,192**	2,904
Analysed into:		
Current portion	**3,413**	1,709
Non-current portion	**3,779**	1,195
Total	**7,192**	2,904

(c) THE AMOUNTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS IN RELATION TO LEASES ARE AS FOLLOWS:

	2024	2023
Interest on lease liabilities (note 8)	**276**	218
Depreciation charge of right-of-use assets	**96,993**	98,735
Expense relating to short-term and low-value leases (note 7)	**58,892**	41,414
Total amount recognised in profit or loss	**156,161**	140,367

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

17. LEASES (CONTINUED)

(d) The total cash outflow for leases is disclosed in note 39(c) to the consolidated financial statements.

THE GROUP AS A LESSOR

The Group leases its investment properties (note 16) consisting of sixteen (2023: sixteen) commercial properties in Mainland China and Hong Kong under operating lease arrangements. The terms of the leases generally require the tenants to provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was approximately RMB79,782,000 (2023: approximately RMB70,697,000).

At 31 December 2024, undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2024	2023
Within one year	**26,163**	16,159
After one year but within five years	**70,463**	86,650
After five years	**10,596**	8,581
	107,222	111,390

(Expressed in thousands of RMB unless otherwise indicated)

18. INTANGIBLE ASSETS

	Proprietary technology	Software	Total
For the year ended 31 December 2024			
Cost at 1 January 2024, net of accumulated amortisation and impairment	**78,796**	**73,276**	**152,072**
Additions	**—**	**7,279**	**7,279**
Transfers from construction in progress (note 15)	**—**	**20,339**	**20,339**
Disposal of a subsidiary	**(10,008)**	**—**	**(10,008)**
Amortisation (note 7)	**(20,386)**	**(17,832)**	**(38,218)**
At 31 December 2024	**48,402**	**83,062**	**131,464**
At 31 December 2024:			
Cost	**1,555,357**	**228,631**	**1,783,988**
Accumulated amortisation and impairment	**(1,506,955)**	**(145,569)**	**(1,652,524)**
Net carrying amount	**48,402**	**83,062**	**131,464**
For the year ended 31 December 2023			
Cost at 1 January 2023, net of accumulated amortisation and impairment	158,466	73,900	232,366
Additions	—	11,774	11,774
Transfers from construction in progress (note 15)	—	3,595	3,595
Impairment (note 7)	(30,134)	—	(30,134)
Amortisation (note 7)	(49,536)	(15,993)	(65,529)
At 31 December 2023	78,796	73,276	152,072
At 31 December 2023:			
Cost	1,568,635	201,013	1,769,648
Accumulated amortisation and impairment	(1,489,839)	(127,737)	(1,617,576)
Net carrying amount	78,796	73,276	152,072

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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19. INFORMATION ABOUT SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name	Place of incorporation/ registration and business/ kind of legal entity	Issued ordinary/ registered share capital (in million)	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
Sinotruk Ji'nan Truck Co., Ltd.* 中國重汽集團濟南卡車股份有限公司	PRC/ Mainland China/Joint stock company with limited liability	RMB1,174.87	51.00	—	Manufacture and sale of trucks and spare parts
Sinotruk Ji'nan Power Co., Ltd.* 中國重汽集團濟南動力有限公司	PRC/ Mainland China/Limited liability company	RMB6,713.08	100.00	—	Manufacture and reproduction of engines
Sinotruk Ji'nan Commercial Truck Co., Ltd.* 中國重汽集團濟南商用車有限公司	PRC/ Mainland China//Limited liability company	RMB1,871.29	100.00	—	Manufacture and sale of trucks and spare parts
Sinotruk International 中國重汽集團國際有限公司	PRC/ Mainland China/Limited liability company	RMB1,750.00	100.00	—	Import and export of trucks and spare parts
Sinotruk (Hong Kong) International Investment Limited 中國重汽(香港)國際資本有限公司	Hong Kong/ Hong Kong/Limited liability company	HK$1,518.27	100.00	—	Consultation and strategic planning in respect of the automobile market, import and export trading, asset operations and investment holding
Sinotruk Finance Co., Ltd. * 中國重汽財務有限公司	PRC/ Mainland China/Limited liability company	RMB3,050.00	51.33	44.87	Taking deposits, facilitating borrowings, discounting bills, and providing entrusted loans, entrusted and investment

(Expressed in thousands of RMB unless otherwise indicated)

19. INFORMATION ABOUT SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ registration and business/ kind of legal entity	Issued ordinary/ registered share capital (in million)	Percentage of equity attributable to the Company Direct %	 Indirect %	Principal activities
Sinotruk (Ji'nan) Axle Co., Ltd.* 重汽(濟南)車橋有限公司	PRC/ Mainland China/Limited liability company	RMB646.74	49.00	26.01	Manufacture and sale of trucks and axle and transmission parts
Sinotruk Auto Finance Co., Ltd. * 重汽汽車金融有限公司	PRC/ Mainland China/Limited liability company	RMB2,600.00	76.09	13.04	Taking deposits, facilitating borrowings and financing leases, providing loans and customer credit
Sinotruk Hangzhou Engines Co., Ltd. * 中國重汽集團杭州發動機有限公司	PRC/ Mainland China/Limited liability company	RMB1,931.00	49.00	51.00	Manufacture and reproduction of engines
Sinotruk Ji'ning Commercial Truck Co., Ltd. * 中國重汽集團濟寧商用車有限公司	PRC/ Mainland China/Limited liability company	RMB300.00	—	100.00	Manufacture and sale of trucks and spare parts
Sinotruk Chengdu Wangpai Commercial Vehicles Co., Ltd. * 中國重汽集團成都王牌商用車有限公司	PRC/ Mainland China/Limited liability company	RMB800.00	—	80.00	Research & development, manufacture and sale of commercial vehicles
Sinotruk (Jinan) Aftermarket Intelligent Service Co., Ltd.* 重汽(濟南)後市場智慧服務有限公司	PRC/ Mainland China/Limited liability company	RMB20.00	—	51.00	sales of vehicle accessories
Sinotruk Fujian Haixi Vehicles Co., Ltd.* 中國重汽集團福建海西汽車有限公司	PRC/ Mainland China/Limited liability company	RMB200.00	—	80.00	Research& development, manufacture and sale of commercial vehicles

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19. INFORMATION ABOUT SUBSIDIARIES (CONTINUED)

* English names are for identification purposes only.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

20. INVESTMENTS IN ASSOCIATES

	2024	2023
Associates	**1,571,718**	2,017,567

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2024	2023
Share of the associates' profit	**129,601**	111,119
Share of the associates' other comprehensive income	**863**	563
Share of the associates' total comprehensive income	**130,464**	111,682
Aggregate carrying amount of the Group's investments in associates	**1,571,718**	2,017,567

The Group's trade receivable and payable balances with associates are disclosed in note 42(b) to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

20. INVESTMENTS IN ASSOCIATES (CONTINUED)

Particulars of the Group's associates are as follows:

Name	Particulars of registered capital (in million)	Place of Registration/ business	Ownership interest	Percentage of voting power	Profit sharing	Principal activities
Prinx (Cayman) Holding Limited (Prinx)*	USD50	Cayman Islands/PRC	8.61%	8.61%	8.61%	Investment holding
Sinotruk Panzhihua Mining Truck Co., Ltd. (Panzhihua Mining Truck)	RMB30	PRC/ Mainland China	30%	30%	30%	Sale of heavy duty trucks
UZ TRUCK AND BUS MOTORS Limited Liability Company (UZ TRUCK AND BUS MOTORS)	EUR11	Uzbekistan/ Uzbekistan	32.89%	32.89%	32.89%	Manufacture and sale of heavy duty trucks
Suzhou Tsintel Co., Ltd. (Suzhou Tsintel)	RMB7	PRC/ Mainland China	9.09%	9.09%	9.09%	Manufacture and sale of automotive electronics, auto parts, machinery and equipment and related consulting
Shandong Guochuang Fuel Cell Technology Innovation Center Co., Ltd. (Shandong Guochuang)	RMB65	PRC/ Mainland China	30.77%	30.77%	30.77%	Fuel cell design and development
Shengrui Transmission Co., Ltd. (Shengrui Transmission)	RMB165	PRC/Mainland China	20%	20%	20%	Manufacture and sale of auto parts and related maintenance services
Chongqing Yunyang Automotive Manufacturing Co., Ltd. (Chongqing Yunyang)	RMB216	PRC/Mainland China	35.05%	35.05%	35.05%	Manufacture and sale of automobile and parts
Sinotruk Mianyang Special Vehicles Co., Ltd. (Mianyang Special Vehicles)	RMB190	PRC/ Mainland China	34%	34%	34%	Manufacture and sale of automobile and parts
Weichai Freshen Air Co., Ltd. (Weichai Freshen Air)	RMB143	PRC/ Mainland China	30%	30%	30%	Manufacture and sale ofair purification products
Sinotruk Liuzhou Yunli Kodiak Machinery Co., Ltd. (Kodiak)**	USD347	PRC/ Mainland China	46%	46%	46%	Manufacture and sale of automobile and parts

* During the year, the Group disposed of 6,256,500 ordinary shares of Prinx. The fair value of investment in Prinx was approximately RMB373,491,000 as at 31 December 2024 (2023: approximately RMB424,836,000).

** In February 2024, the Group disposed of 5% equity of a non-wholly-owned subsidiary, Sinotruk Liuzhou Yunli Kodiak Machinery Co., Ltd. to Liuzhou Yunli Investment Co., Ltd. for the consideration of approximately RMB759,000. After the completion of the disposal, Sinotruk Liuzhou Yunli Kodiak Machinery Co., Ltd. changed from a subsidiary of the Company to an associate of the Group.

*** In February 2024, the Group disposed of the investment of Chongyou Gaoke Fuel System Co., Ltd. for the consideration of RMB505,374,000.

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21. INVENTORIES

	2024	2023
Raw materials	**2,825,646**	2,808,311
Work in progress	**1,416,983**	1,479,755
Finished goods - engines, parts and components	**300,262**	329,694
Finished goods - trucks and others	**7,504,715**	9,413,933
	12,047,606	14,031,693
Less: write-down of inventories to net realisable value	**(407,901)**	(693,292)
	11,639,705	13,338,401

(a) COST OF INVENTORIES

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2024	2023
Carrying amount of inventories sold	**71,392,044**	63,699,329
Write-down of inventories	**657,466**	877,497
Reversal of write-down of inventories	**(66,844)**	(69,411)
	71,982,666	64,507,415

The reversal of write-down of inventories made in prior years arose due to an increase in the estimated net realisable value of certain goods as a result of a change in consumer preferences.

(Expressed in thousands of RMB unless otherwise indicated)

22. TRADE, FINANCING AND BILLS RECEIVABLES

	2024	2023
Trade receivables	**18,105,088**	10,107,093
Provision for impairment	**(1,005,925)**	(1,008,635)
Trade receivables, net (a)	**17,099,163**	9,098,458
Financing receivables	**16,034,406**	13,245,816
Provision for impairment	**(672,835)**	(707,340)
Financing receivables, net (b)	**15,361,571**	12,538,476
Bills receivable	**509,053**	480,988
Provision for impairment	**(2,278)**	(7,250)
Bills receivable, net (c)	**506,775**	473,738
	32,967,509	22,110,672
Current portion		
Trade receivables	**16,911,270**	9,034,015
Financing receivables	**9,878,275**	7,570,403
Bills receivable	**506,775**	473,738
	27,296,320	17,078,156
Non-current portion		
Trade receivables	**187,893**	64,443
Financing receivables	**5,483,296**	4,968,073
	5,671,189	5,032,516

(a) TRADE RECEIVABLES

The sales policy of the Group generally requires its customers to pay a certain amount of deposits when orders of trucks are made and to settle purchase price in cash, on credit or by acceptance bills before delivery of trucks. A credit period from 3 to 12 months is granted to selected customers based on credit assessment. Trade receivables are non-interest-bearing.

As at 31 December 2024, approximately RMB3,185,262,000 (2023: approximately RMB2,745,338,000) of the trade receivables are secured by letters of credit issued by certain overseas third parties. As at 31 December 2024, approximately RMB3,197,228,000 (2023: approximately RMB2,274,781,000) of the trade receivables were guaranteed by China Export and Credit Insurance Corporation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

22. TRADE, FINANCING AND BILLS RECEIVABLES (CONTINUED)

(a) TRADE RECEIVABLES (CONTINUED)

An ageing analysis of the trade receivables based on the invoice date at the end of the reporting period, net of provisions, is as follows:

	2024	2023
Less than 3 months	**10,141,700**	5,166,749
3 months to 6 months	**3,393,871**	1,727,168
6 months to 12 months	**2,682,900**	1,603,614
1 year to 2 years	**592,159**	268,718
2 years to 3 years	**56,239**	92,698
Over 3 years	**232,294**	239,511
	17,099,163	9,098,458

The movements in provision for impairment of trade receivables are as follows:

	2024	2023
At 1 January	**1,008,635**	1,183,822
(Reversal of impairment)/impairment loss, net (note 7)	**(2,559)**	4,221
Amount written off as uncollectible	**—**	(179,408)
Disposal of a subsidiary	**(151)**	—
At 31 December	**1,005,925**	1,008,635

An impairment analysis is performed at each reporting date using a provision matrix or individually assessed to measure expected credit losses. The provision rates of the provision matrix are based on ageing groupings on the invoice date of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

(Expressed in thousands of RMB unless otherwise indicated)

22. TRADE, FINANCING AND BILLS RECEIVABLES (CONTINUED)

(a) TRADE RECEIVABLES (CONTINUED)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2024

	Ageing as at 31 December 2024				
	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	**1.06%**	**15.49%**	**48.55%**	**74.26%**	**5.56%**
Gross carrying amount (RMB'000)	**16,392,705**	**700,690**	**109,300**	**902,393**	**18,105,088**
Expected credit losses (RMB'000)	**174,234**	**108,531**	**53,061**	**670,099**	**1,005,925**

As at 31 December 2023

	Ageing as at 31 December 2023				
	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	0.63%	11.97%	65.94%	75.72%	9.98%
Gross carrying amount (RMB'000)	8,548,843	312,965	258,640	986,645	10,107,093
Expected credit losses (RMB'000)	53,497	37,469	170,535	747,134	1,008,635

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

22. TRADE, FINANCING AND BILLS RECEIVABLES (CONTINUED)

(b) FINANCING RECEIVABLES

Financing receivables represent loans to CNHTC Group, dealers and suppliers of the Group and CNHTC Group and end-users, as well as lease financing to individuals and entities when they purchase commercial vehicles of the Group from dealers and issue of bills. Receivables from those who purchased commercial vehicles of the Group from dealers were secured by the vehicles and most of these receivables were provided with guarantees from these dealers and their relevant parties.

An ageing analysis of the financing receivables based on the maturity date at the end of the reporting period, net of provisions, is as follows:

	2024	2023
Less than 3 months	**2,824,224**	2,122,665
3 months to 6 months	**2,825,575**	2,237,868
6 months to 12 months	**4,228,476**	3,209,871
1 year to 2 years	**4,778,028**	3,829,274
2 years to 3 years	**705,268**	1,138,798
	15,361,571	12,538,476

The movements in provision for impairment of financing receivables are as follows:

	Stage 1	Stage 2	Stage 3	Total
At 1 January 2024	**238,068**	**314,963**	**154,309**	**707,340**
(Decrease)/increase (note 7)	**(4,969)**	**56,009**	**(22,881)**	**28,159**
Amount written off as uncollectible	**—**	**—**	**(62,664)**	**(62,664)**
At 31 December 2024	**233,099**	**370,972**	**68,764**	**672,835**

	Stage 1	Stage 2	Stage 3	Total
At 1 January 2023	671,661	3,939	131,313	806,913
(Decrease)/increase (note 7)	(433,593)	311,024	22,996	(99,573)
At 31 December 2023	238,068	314,963	154,309	707,340

(Expressed in thousands of RMB unless otherwise indicated)

22. TRADE, FINANCING AND BILLS RECEIVABLES (CONTINUED)

(c) BILLS RECEIVABLE

Bills receivable are financial asset at amortised cost and held for the purpose of collection of contractual cash flows.

	2024	2023
Bank acceptance bills	**166,404**	196,709
Commercial acceptance bills	**342,649**	284,279
Provision for impairment of commercial acceptance bills	**(2,278)**	(7,250)
	506,775	473,738

An ageing analysis of bills receivable based on transaction dates at the end of the reporting period, net of provisions, is as follows:

	2024	2023
Less than 3 months	**467,779**	184,803
3 months to 6 months	**36,362**	286,149
6 months to 12 months	**2,634**	2,786
	506,775	473,738

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

22. TRADE, FINANCING AND BILLS RECEIVABLES (CONTINUED)

(c) BILLS RECEIVABLE (CONTINUED)

The movement in provision for impairment of bills receivables is as follows:

	2024	2023
At 1 January	**7,250**	13,970
reversal of impairment loss, net (note 7)	**(4,972)**	(6,720)
At 31 December	**2,278**	7,250

(d) THE CARRYING AMOUNTS OF THE GROUP'S TRADE, FINANCING AND BILLS RECEIVABLES ARE DENOMINATED IN THE FOLLOWING CURRENCIES:

	2024	2023
RMB	**24,454,558**	17,656,039
USD	**7,861,146**	3,953,556
EURO	**487,270**	420,227
Others	**164,535**	80,850
	32,967,509	22,110,672

(Expressed in thousands of RMB unless otherwise indicated)

23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024	2023
Current portion		
Prepayments	**899,243**	1,419,850
Deposits and other receivables	**567,807**	611,257
Financial assets at amortised cost	**13,314,724**	13,571,253
Others	**2,608,858**	1,486,787
	17,390,632	17,089,147
Provision for impairment - financial assets	**(301,180)**	(70,357)
	17,089,452	17,018,790
Non-current portion		
Long-term prepayments	**345,073**	185,970
Financial assets at amortised cost (a)	**10,358,939**	5,783,737
Long-term deferred expenses	**721,592**	486,402
Others	**30,979**	10,786
	11,456,583	6,466,895
Provision for impairment - financial assets	**—**	(59)
Provision for impairment - long-term deferred expenses	**(353,721)**	(353,721)
	(353,721)	(353,780)
	11,102,862	6,113,115
	28,192,314	23,131,905

(a) As at 31 December 2024, the Group pledged approximately RMB300,000,000 (2023: nil) of time deposits with original maturity above 12 months, for issuing bank acceptance bills.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (CONTINUED)

The movements in provision for impairment of financial assets at amortised cost are as follows:

	2024	2023
At 1 January	**70,416**	140,100
Impairment/(reversal of impairment) losses, net (note 7)	**230,764**	(69,666)
Amount written off as uncollectible	**—**	(18)
At 31 December	**301,180**	70,416

Financial assets mainly represent deposits with suppliers and other parties, national debt reverse repurchase, pledge-style repo and designated loan to an associate. The expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group and are adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The loss rate applied as at 31 December 2024 was 0.15% (2023: 0.37%). The credit quality of the financial assets is considered to be normal because they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk.

The carrying amounts of financial assets in the Group's other receivables are denominated in the following currencies:

	2024	2023
RMB	**23,923,960**	19,878,018
USD	**12,441**	15,609
HK$	**2,472**	2,217
Euro	**72**	2
Others	**1,345**	44
	23,940,290	19,895,890

(Expressed in thousands of RMB unless otherwise indicated)

24. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024	2023
Equity investments	**17,446**	31,925

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024	2023
Debt investments		
– bank acceptance bills	**5,176,003**	8,924,104

The Group receives acceptance bills from its customers to settle their purchase debts and intends to use these acceptance bills either to pay off its trade and other payables or to hold until maturity.

An ageing analysis of bank acceptance bills based on transaction dates at the end of the reporting period is as follows:

	2024	2023
Less than 3 months	**3,848,630**	4,897,165
3 months to 6 months	**1,131,758**	4,003,737
6 months to 12 months	**195,615**	23,202
	5,176,003	8,924,104

All debt investments as at 31 December 2024 and 2023 are denominated in RMB.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024	2023
Wealth management product		
- with the principal and interest non-guaranteed	**10,138,484**	10,508,803
Listed equity investments, at fair value	**2,482**	3,288
Forward currency contracts	**4,676**	9,752
	10,145,642	10,521,843

The above equity investments were classified as financial assets at fair value through profit or loss as they are held for trading.

Financial assets at fair value through profit or loss are denominated in the following currencies:

	2024	2023
RMB	**10,143,160**	10,518,555
HK$	**2,482**	3,288
	10,145,642	10,521,843

(Expressed in thousands of RMB unless otherwise indicated)

27. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	2024	2023
Cash and bank balances	**11,955,834**	13,749,099
Time deposits - within 3 months	**—**	1,502,409
Cash and cash equivalents	**11,955,834**	15,251,508
Time deposits - with original maturity of 3 months to 12 months	**245,582**	—
Restricted cash	**6,878,659**	4,933,965
	19,080,075	20,185,473

As at 31 December 2024, the cash and bank balances and time deposits of the Group denominated in RMB and kept in Mainland China amounted to approximately RMB15,705,897,000 (2023: approximately RMB13,580,254,000). The RMB kept in Mainland China is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks which are authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods depending on the immediate cash requirements of the Group and earn interest at the deposit rates of the respective periods. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

Management considered the credit risks in respect of bank deposits with financial institutions are relatively minimum as each counterparty either bears a high credit rating or is a large state-owned or listed PRC bank with good reputation.

The breakdown of restricted cash by nature as at the year end is as follows:

	2024	2023
Deposits for issuing bank acceptance bills	**331,009**	2,161,277
Deposits for issuing letters of credit	**500,000**	500,000
Pledged time deposits (a)	**3,692,662**	—
Mandatory reserve deposits (b)	**2,226,983**	2,223,400
Other restricted cash	**128,005**	49,288
	6,878,659	4,933,965

(a) As at 31 December 2024, the Group pledged approximately RMB 3,692,662,000 (2023: nil) of time deposits with original maturity of 3 months to 12 months, for issuing bank acceptance bills.

(b) Sinotruk Finance Co., Ltd. and Sinotruk Auto Finance Co., Ltd. are required to place mandatory deposits with the People's Bank of China ("PBOC") for deposit taking.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

27. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH (CONTINUED)

Cash and cash equivalents and restricted cash are denominated in the following currencies:

	2024	2023
RMB	**15,940,462**	18,487,739
USD	**2,203,676**	1,328,981
EURO	**407,292**	284,391
HK$	**100,746**	22,321
Others	**427,899**	62,041
	19,080,075	20,185,473

28. TRADE AND BILLS PAYABLES

	2024	2023
Trade payables	**31,311,451**	31,703,351
Bills payable	**21,760,087**	14,920,729
	53,071,538	46,624,080

An ageing analysis of the trade and bills payables based on the invoice date as at the end of the reporting period is as follows:

	2024	2023
Less than 3 months	**35,482,863**	30,129,969
3 months to 6 months	**15,653,016**	14,027,999
6 months to 12 months	**1,650,614**	2,270,559
1 year to 2 years	**180,217**	96,289
2 years to 3 years	**41,209**	67,100
Over 3 years	**63,619**	32,164
	53,071,538	46,624,080

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

28. TRADE AND BILLS PAYABLES (CONTINUED)

Trade payables are non-interest-bearing. Credit periods granted by each individual supplier or contractor are on a case-by-case basis and set out in the respective contracts.

Trade and bills payables are denominated in the following currencies:

	2024	2023
RMB	**52,613,069**	46,623,456
USD	**435,266**	624
EURO	**1,875**	—
Others	**21,328**	—
	53,071,538	46,624,080

29. OTHER PAYABLES AND ACCRUALS

	2024	2023
Other payables	**8,598,827**	7,898,981
Volume rebate	**2,288,738**	1,840,691
Contract liabilities (a)	**3,964,114**	5,231,820
Accruals	**2,047,802**	2,125,350
Staff salaries and welfare	**1,282,173**	1,315,312
Termination and post-employment benefits due less than one year (note 33)	**132,477**	183,031
Other taxes and surcharge payables	**517,016**	467,471
	18,831,147	19,062,656

Other payables are non-interest-bearing and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

29. OTHER PAYABLES AND ACCRUALS (CONTINUED)

(a) Details of contract liabilities are as follows:

	31 December 2024	31 December 2023
Short-term advances received from customers		
Sale of goods	**3,566,867**	4,883,613
Rendering of services	**397,247**	348,207
	3,964,114	5,231,820

Contract liabilities mainly represent receipts in advance from customers prior to the satisfaction of performance obligations. All contract liabilities are expected to be recognised as income within one year.

Other payables are denominated in the following currencies:

	2024	2023
RMB	**8,589,029**	7,893,334
USD	**4,246**	2,605
HK$	**2,831**	2,437
EURO	**21**	—
Others	**2,700**	605
	8,598,827	7,898,981

(Expressed in thousands of RMB unless otherwise indicated)

30. BORROWINGS

	2024			2023		
	Effective interest rate (%)	Maturity		Effective interest rate (%)	Maturity	
Current						
Bank loans	**2 - 3.45**	**2025**	**4,971,863**	2.85 - 3.55	2024	4,858,860
Other borrowings	**3.8-5**	**2025**	**260,276**	4.8 - 6	2024	48,274
			5,232,139			4,907,134
Non-Current						
Bank loans	**3**	**2026**	**15,000**	3.2	2025-2026	17,000
Other borrowings	**3.8 - 5**	**2026-2029**	**450,682**	4.8 - 6	2025-2028	124,533
			465,682			141,533
			5,697,821			5,048,667

Analysed into:	**2024**	**2023**
Within one year	**5,232,139**	4,907,134
After 1 year but within 2 years	**220,593**	52,957
After 2 years but within 5 years	**245,089**	88,576
	5,697,821	5,048,667

At the end of the reporting period, all borrowings were denominated in RMB.

All of the above non-current interest-bearing borrowings are carried at amortised cost. None of the non-current interest-bearing borrowings is expected to be settled within one year.

At 31 December 2024, the interest-bearing borrowings of the Group were secured by mortgages over motor vehicles with an aggregate carrying value of RMB823,864,000 (2023: RMB209,582,000). All other borrowings are not secured.

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(Expressed in thousands of RMB unless otherwise indicated)

31. PROVISIONS

	Product warranties	Legal claims	Expected credit losses from the off-balance sheet credit business	Total
At 1 January 2024	1,637,850	80,298	145	1,718,293
Additional provisions	735,898	5,963	—	741,861
Amounts utilised during the year	(830,227)	(26,099)	—	(856,326)
Amounts reversed during the year	—	—	(145)	(145)
At 31 December 2024	1,543,521	60,162	—	1,603,683

The Group provides product warranties ranging from half year to three years to its customers on the trucks and buses and five to eight years on the batteries of the buses during the warranty period. The amount of the provision for the warranties is estimated based on sales volumes and estimated warranty cost per unit of vehicle sold. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

32. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

DEFERRED TAX ASSETS:

	Provision for receivables and inventories	Pensions and other post-retirement benefits	Unrealised profit	Accrued expenses and provisions	Fair value adjustment arising from business combination	Deferred income	Loss available for offsetting against future taxable profits	Others	Total
At 1 January 2023	523,717	95,009	391,878	953,207	62,407	70,014	280,464	140,431	2,517,127
(Charged)/credited to profit or loss (note 11)	(7,428)	11,755	(97,922)	317,111	(2,326)	10,520	(249,828)	(48,526)	(66,644)
Credited to other comprehensive income	—	—	—	—	—	—	—	6,226	6,226
At 31 December 2023	516,289	106,764	293,956	1,270,318	60,081	80,534	30,636	98,131	2,456,709
Credited/(charged) to profit or loss (note 11)	35,010	(48,047)	(52,178)	193,795	(15,636)	4,839	53,261	(990)	170,054
Charged to other comprehensive income	—	—	—	—	—	—	—	(5,846)	(5,846)
At 31 December 2024	551,299	58,717	241,778	1,464,113	44,445	85,373	83,897	91,295	2,620,917

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

32. DEFERRED TAX (CONTINUED)

DEFERRED TAX LIABILITIES:

	Depreciation allowance in excess of related depreciation	Fair value adjustment arising from business combination	Fair value arising from financial assets at fair value through profit or loss	Fair value arising from property, plant and equipment and land use right	Fair value adjustment arising from investment properties	Total
At 1 January 2023	245,756	39,476	19,579	8,781	10,950	324,542
Charged/(credited) to profit or loss (note 11)	45,248	(282)	17,919	—	4,153	67,038
Charged to other comprehensive income	—	—	—	—	5,444	5,444
At 31 December 2023	**291,004**	**39,194**	**37,498**	**8,781**	**20,547**	**397,024**
Charged/(credited) to profit or loss (note 11)	**140,808**	**(5,688)**	**(12,382)**	**—**	**(7,391)**	**115,347**
At 31 December 2024	**431,812**	**33,506**	**25,116**	**8,781**	**13,156**	**512,371**

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2024	2023
Net deferred tax assets recognised in the consolidated statement of financial position	**2,147,381**	2,158,585
Net deferred tax liabilities recognised in the consolidated statement of financial position	**38,835**	98,900

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

32. DEFERRED TAX (CONTINUED)

DEFERRED TAX LIABILITIES: (CONTINUED)

The Group has no tax losses arising in Hong Kong (2023: tax losses at approximately RMB11,310,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

The Group also has tax losses arising in Mainland China of approximately RMB5,629,871,000 (2023: approximately RMB6,873,395,000) that will expire in one to five or ten years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Deferred tax assets have not been recognised in respect of the following items:

	2024	2023
Tax losses	**5,629,871**	6,884,705
Deductible temporary differences	**1,963,313**	2,214,658
	7,593,184	9,099,363

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

33. TERMINATION AND POST-EMPLOYMENT BENEFITS

	2024	2023
Termination benefits (a)	**292,203**	302,841
Post-employment benefits (b)	**290,777**	290,564
	582,980	593,405
Less: current portion (note 29)	**132,477**	183,031
Non-current portion	**450,503**	410,374

(a) The termination benefit balance mainly represents the early retirement plan under the streamlining of the human resources structure. The termination benefits recognised in the consolidated statement of profit or loss are as follows:

	2024	2023
Termination benefits, included in staff cost (note 7)	**87,564**	65,572

(b) The Group established the supplementary pension insurance plans and other comprehensive retirement benefit plans for employees who retired before 1 January 2019. These plans include annual living subsidies for employees after their retirement.

The amounts of post-employment benefits recognised in the consolidated statement of financial position are determined as follows:

	2024	2023
Present value of benefit plans	**290,777**	290,564
Liability in the consolidated statement of financial position	**290,777**	290,564

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

33. TERMINATION AND POST-EMPLOYMENT BENEFITS (CONTINUED)

(b) (CONTINUED)

The movements of post-employment benefits recognised in the consolidated statement of financial position are as follows:

	2024	2023
As at 1 January	**290,564**	349,205
Post-employment benefits recognised in profit or loss (note 7)	**8,918**	(31,774)
Remeasurement of post-employment benefits recognised in other comprehensive income	**8,569**	(7,414)
Benefits paid	**(17,274)**	(19,453)
As at 31 December	**290,777**	290,564
Less: current portion	**20,730**	20,479
Non-current portion	**270,047**	270,085

The material actuarial assumptions used in valuing these obligations are as follows:

(i) Discount rates adopted and salary increase adopted:

	2024	2023
Termination benefits and post-employment benefits discount rate	**1.5%/1.75%**	2.25%/2.5%
Average salary increase rate	**10%**	10%

(ii) Mortality: Average life expectancy of residents in the PRC.

34. DEFERRED INCOME

	2024	2023
Government grants	**611,173**	642,894

For the year ended 31 December 2024, recognition of deferred income amounting to RMB46,980,000 is credited to profit or loss (2023: RMB34,813,000).

(Expressed in thousands of RMB unless otherwise indicated)

35. EQUITY SETTLED SHARE-BASED TRANSACTIONS

SHARE AWARD SCHEMES

Pursuant to the restricted share award scheme adopted on 17 March 2024, 27,170,000 award shares were granted to a total of 188 incentive participants at a grant price of HKD7.58 or RMB6.896 per share. The incentive participants included directors and senior management officers of the Group. The scheme is subject to vesting periods of 24 months, 36 months and 48 months, respectively, from the date of registration of the respective grants of the restricted shares, and their respective vesting proportion to equity interests granted were 30%, 30% and 40% respectively.

Movement in the number of award shares for the year ended 31 December 2024 is as follows:

	Number of awarded shares
At 1 January 2024	—
Granted during the year	27,170,000
Lapsed during the year	(650,000)
At 31 December 2024	26,520,000

The fair value of the award shares was calculated based on the market price of the Company's shares at the grant date, net of grant price, which was to be expensed over the relevant vesting period. Pursuant to the terms of the restricted share award scheme, the participant shall be entitled to receivable all dividends in respect of the award shares since the grant date.

36. SHARE CAPITAL

(a) ISSUED SHARE CAPITAL

	2024	2023
Issued and fully paid:		
2,760,993,339 (2023: 2,760,993,339) ordinary shares	16,717,024	16,717,024

(b) PURCHASE OF SHARES

During the year, due to the implementation of the share award scheme of the Company mentioned in note 35, the Company has set up a structured entity Sinotruk ESPO Trust ("Share Scheme Trust").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

36. SHARE CAPITAL (CONTINUED)

(b) PURCHASE OF SHARES (CONTINUED)

As the Company has the power to govern the financial and operating policies of the Share Scheme Trust and can derive benefits from the contributions of the eligible persons who are awarded with the shares by the schemes, the directors of the Company consider that it is appropriate to consolidate the Share Scheme Trust.

The consideration paid by the Share Scheme Trust for purchasing the Company's shares from the market is presented as "Shares held for share award schemes" and the amount is deducted from total equity. As at 31 December 2024, the Share Scheme Trust held 26,520,000 shares of the Company with the carrying value of approximately RMB495,962,000.

37. OTHER RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

The Group's capital reserve is the reserve arising from asset donations and transactions with CNHTC as a result of the reorganisation, transactions with non-controlling interests and equity settled shareholder transactions.

The Group's statutory reserves are the aggregate statuary reserves of all PRC subsidiaries. In accordance with PRC regulation and the articles of association of the subsidiaries incorporated in the PRC ("PRC subsidiaries"), before distributing the profit each year, the PRC subsidiaries are required to set aside 10% of their statutory net profit for the year after offsetting any prior year's losses as determined under the PRC accounting regulations to the statutory reserve. When the balance of such reserve reached 50% of the capital, any further appropriation is optional. The statutory reserve can be utilised to offset prior year's losses or issue bonus shares. However, such statutory reserve must be maintained at a minimum of 25% of the entity's capital after such issuance.

According to the regulations of the Notice of the Ministry of Finance on Issuing the Administrative Measures for the Provision of Reserves of Financial Enterprises (Cai Jin [2012] No. 20) issued on 30 March 2012, financial enterprises shall, based on their actual conditions, carry out quantitative analysis on the risks to which the risk assets are exposed via the internal model approach or standard approach to determine the estimated value of potential risk. A general provision is made for the part that the estimated value of potential risk exceeds the impairment of assets. In principle, the balance of general provision shall not be lower than 1.5% of the ending balance of the risk assets. The proportion (1.5%) that the balance of general provision accounts for the ending balance of the risk assets could be reached in several years, but no more than 5 years in principle, if it is not available for a financial enterprise by one-time.

The merger reserve of the Group represents the difference between the nominal value of the shares or the capital of the subsidiaries that had been acquired and the nominal value of the Company's shares issued in exchange therefore pursuant to the Reorganisation or consideration paid for the acquisition of a subsidiary as a business combination under common control subsequent to the Reorganisation.

Pursuant to certain regulations issued by the Ministry of Finance and the Emergency Department, the Group is required to set aside from profit after tax an amount to a safety production reserve for its subsidiaries operated in the PRC at different rates ranging from 0.05% to 2.35% of revenue of the previous year. The reserve can be utilised for improvements of safety on production, and the amounts are generally expenses in nature and charged to the consolidated statement of profit or loss as incurred, and at the same time the corresponding amounts of safety production reserve fund were utilised and transferred back to retained profits until such special reserve was fully utilised.

(Expressed in thousands of RMB unless otherwise indicated)

38. PARITY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Company's subsidiaries that have material non-controlling interests are set out below:

Sinotruk Ji'nan Truck Co., Ltd.	2024	2023
Percentage of equity interest held by non-controlling interests	**49.00%**	49.00%

Sinotruk Ji'nan Truck Co., Ltd.	2024	2023
Profit for the year allocated to non-controlling interests	**543,874**	468,405
Dividends paid to non-controlling interests	**431,324**	46,970
Accumulated balances of non-controlling interests at the reporting date	**7,790,619**	6,815,421

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

Sinotruk Ji'nan Truck Co., Ltd.	2024	2023
Revenue	**36,808,351**	34,647,094
Total expenses	**(35,698,404)**	(33,691,166)
Profit for the year	**1,109,947**	955,928
Total comprehensive income for the year	**1,099,549**	958,798
Current assets	**24,434,230**	23,603,881
Non-current assets	**8,866,772**	5,837,101
Current liabilities	**19,074,878**	15,446,528
Non-current liabilities	**295,831**	274,277
Net cash flows generated from operating activities	**3,536,544**	1,426,783
Net cash flows used in investing activities	**(3,143,777)**	(1,244,134)
Net cash flows used in financing activities	**(859,055)**	(288,903)
Net decrease in cash and cash equivalents	**(466,288)**	(106,254)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

39. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) MAJOR NON-CASH TRANSACTIONS

For the year ended 31 December 2024, the Group endorsed bank acceptance bills to the suppliers for purchase of property, plant and equipment amounting to approximately RMB572,213,000 (2023: approximately RMB718,912,000).

(b) CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

2024	Borrowings	Lease liabilities	Total
At 1 January 2024	5,048,667	2,904	5,051,571
Changes from financing cash flows:			
Principal portion of lease payments	—	(3,576)	(3,576)
Proceeds from borrowings	1,087,462	—	1,087,462
Repayments of borrowings	(534,394)	—	(534,394)
Interests paid	(17,550)	(276)	(17,826)
Other changes:			
Interests on borrowings	17,625	—	17,625
Increase in operating fund of finance segment	96,011	—	96,011
New leases	—	9,778	9,778
Derecognition of leases	—	(1,914)	(1,914)
Accretion of interest recognised during the year	—	276	276
At 31 December 2024	5,697,821	7,192	5,705,013

(Expressed in thousands of RMB unless otherwise indicated)

39. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONTINUED)

2023	Borrowings	Lease liabilities	Total
At 1 January 2023	3,889,799	4,554	3,894,353
Changes from financing cash flows:			
Principal portion of lease payments	—	(6,295)	(6,295)
Proceeds from borrowings	604,972	—	604,972
Repayments of borrowings	(195,146)	—	(195,146)
Interests paid	(7,847)	(218)	(8,065)
Other changes:			
Interests on borrowings	7,943	—	7,943
Increase in operating fund of finance segment	748,946	—	748,946
New leases	—	4,645	4,645
Accretion of interest recognised during the year	—	218	218
At 31 December 2023	5,048,667	2,904	5,051,571

(c) TOTAL CASH OUTFLOW FOR LEASES

	2024	2023
Within operating activities	**(39,589)**	(33,226)
Within financing activities	**(3,852)**	(6,513)
	(43,441)	(39,739)

40. CONTINGENT LIABILITIES

The directors are of the opinion that, except for the provision for legal claims already made as disclosed in note 31, there is no material contingent liability in respect of legal claims. The provision for guarantees of product warranties is disclosed in note 31.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

41. COMMITMENTS

(a) The Group had the following capital commitments at the end of the reporting period:

	2024	2023
Property, plant and equipment and intangible assets	**1,124,089**	1,686,380

(b) The Group had the following credit commitments at the end of the reporting period:

	2024	2023
Issue of bills	–	8,400

42. RELATED PARTY TRANSACTIONS

As disclosed in note 1, the directors consider the immediate holding company of the Company is CNHTC, a state-owned enterprise organized under the laws of the PRC with limited liability. The ultimate holding company of the Company is SHIG which is a state-owned company established in the PRC and is controlled by the PRC Government. SHIG and its subsidiaries including CNHTC and Weichai Group Holdings Limited are referred to as SHIG Group.

The directors consider that the major related parties are the SHIG Group, the shareholder of the Company with significance influence over the Group, the associated companies of the Group, the key management personnel of the Company and its holding companies as well as their close family members, and other PRC government-related entities ("Other State-owned Enterprises").

MAN Finance and Holding S.A., which is a non-wholly-owned subsidiary of Ferdinand Porsche Familien–Privatstiftung ("FPFPS"), is a shareholder having significant influence over the Group. FPFPS and its subsidiaries are referred to as the FPFPS Group.

The Group transacts business with certain associated companies including Prinx and its subsidiaries (referred to as"Prinx Cayman Group"), Mianyang Special Vehicles, Panzhihua Mining Truck and Kodiak. The Group also transacts business with certain associated companies which are also members of the SHIG Group including Chongyou Gaoke (before disposal), Suzhou Tsintel, Weichai Freshen Air, Shengrui Transmission and Intelligent Technology (before merger). The Group's business with UZ TRUCK AND BUS MOTORS is grouped with the FPFPS Group.

(Expressed in thousands of RMB unless otherwise indicated)

42. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) SIGNIFICANT RELATED PARTY TRANSACTIONS

(i) Financing activities with related parties

SHIG Group

	Highest balance during the year 2024	Balance at 31 December 2024	Highest balance during the year 2023	Balance at 31 December 2023
Assets				
Loans	**583,616**	**423,616**	406,710	406,710
Financing receivables	**521,500**	**319,000**	1,230,000	521,500
	1,105,116	**742,616**	1,636,710	928,210
Liabilities				
Deposit taking#	**4,742,353**	**2,028,189**	2,867,850	2,222,290
Others				
Receipt of guarantee	**473,560**	**473,560**	38,329	38,329
Financial leasing and guarantees	**364,355**	**355,506**	194,410	189,710
Issue of bills	**12,000**	**—**	142,150	12,000
Equity contribution by non-controlling interests to a subsidiary#	**—**	**—**	2,000	2,000
	849,915	**829,066**	376,889	242,039

Mianyang Special Vehicles

	Highest balance during the year 2024	Balance at 31 December 2024	Highest balance during the year 2023	Balance at 31 December 2023
Liabilities				
Deposit taking	**53**	**53**	53	53

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

42. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(ii) Trading, servicing and other transactions with related parties

	2024	2023
SHIG Group		
Purchases of spare parts	**16,309,506**	14,231,158
Purchases of trucks	**5,047,595**	3,777,179
Sale of trucks	**5,004,452**	839,874
Sale of spare parts	**1,028,248**	753,114
Disposal of an associate	**505,374**	—
Supply of technology development	**120,144**	50,079
Purchases of general services	**72,559**	64,611
Rental income	**58,876**	45,204
Supply of auxiliary production services	**55,783**	38,204
Provision of interest subsidy	**50,329**	29,300
Interest expense for deposit taking services#	**33,250**	33,251
Aggregate of interest income for loan services	**29,226**	40,763
Leasing expenses	**28,291**	26,012
Sale of property, plant and equipment*	**6,768**	116
Purchases of property, plant and equipment*	**1,291**	220
Commission charge expense*	**95**	—
Interest expense for surety of issue of bills	**24**	267
Purchases of construction and project management services*	**—**	2,322
Commission income	**—**	6
	28,351,811	19,931,680

(Expressed in thousands of RMB unless otherwise indicated)

42. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(ii) Trading, servicing and other transactions with related parties (Continued)

	2024	2023
FPFPS Group		
Sale of spare parts	**121,889**	17,706
Prinx Cayman Group		
Purchases of spare parts	**387,678**	331,689
Purchases of general services	**2,634**	2,088
Supply of auxiliary production services	**—**	44
	390,312	333,821
Mianyang Special Vehicles		
Purchases of trucks	**24,970**	2,036
Sale of trucks	**18,088**	6,405
	43,058	8,441
Kodiak		
Sale of trucks	**38,601**	not applicable
Sale of spare parts	**2,856**	not applicable
	41,457	not applicable
Key management compensation		
Short-term employee benefits	**11,434**	15,387
Share-based payments	**2,805**	—
Pension scheme contributions	**214**	248
	14,453	15,635

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

42. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) BALANCES WITH RELATED PARTIES

	2024	2023
(i) Amounts due from related parties		
SHIG Group		
Trade receivables	**4,389,818**	688,397
Loans	**423,616**	406,710
Financing receivables	**319,000**	521,500
Other receivables	**88,994**	48,252
Prepayments	**63,076**	253,873
	5,284,504	1,918,732
Mianyang Special Vehicles		
Trade receivables	**—**	869
FPFPS Group		
Trade receivables	**26,865**	—
Kodiak		
Trade receivables	**42,249**	not applicable
Other receivables	**12,587**	not applicable
	54,836	not applicable

The interest rate of financing receivables to related parties are 3.20% (2023: 3.20%) per annum. The interest rate of loans to an associate are 3.75% to 4.13% (2023: 4.13% to 4.30%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

42. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) BALANCES WITH RELATED PARTIES (CONTINUED)

	2024	2023
(ii) Amounts due to related parties		
SHIG Group		
Deposit taking#	**2,028,189**	2,222,290
Trade payables	**1,594,180**	1,610,759
Other payables	**516,119**	96,307
Contract liabilities	**51,779**	16,865
	4,190,267	3,946,221
FPFPS Group		
Contract liabilities	**—**	17,842
Prinx Cayman Group		
Trade payables	**157,601**	197,670
Other payables	**7,690**	4,932
	165,291	202,602
Mianyang Special Vehicles		
Contract liabilities	**3,735**	1,234
Trade payables	**3,460**	12,610
Other payables	**2,971**	3,301
Deposit taking	**53**	53
	10,219	17,198
Panzhihua Mining Truck		
Other liabilities	**33**	33

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

42. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) BALANCES WITH RELATED PARTIES (CONTINUED)

As at 31 December 2024, except for financing receivables amounted to RMB319,000,000 repayable within 3 years (31 December 2023: RMB521,500,000) and were secured by properties held by certain members of the SHIG Group (31 December 2023: secured by properties held by certain members of the SHIG Group), remaining financing receivables (including loans to related parties) were unsecured, bearing interest at rates mutually agreed and due within one year.

As at 31 December 2024 and 2023, except for deposit taking from related parties bearing interest at rates mutually agreed, all other amounts due from/to related parties were all unsecured, interest free and due within one year.

As at 31 December 2024, the impairment loss of trade receivables due from related parties amounted to approximately RMB159,863,000 (31 December 2023: nil).

Balances with other state-owned enterprises

As at 31 December 2024 and 2023, majority of the Group's bank balances and borrowings were with state-owned banks.

(c) APPLICABILITY OF THE LISTING RULES RELATING TO CONNECTED TRANSACTIONS

The related party transactions with SHIG Group and FPFPS Group at (a)(i), (a)(ii) and (b)(ii) above constitute connected transactions or continuing connect transactions as defined in Chapter 14A of the Listing Rules. However, those transactions marked with (*) and (#) are exempt from the disclosure requirements in Chapter 14A of the Listing Rules as they are below the de minimis threshold under Rule 14A.76(1) and financial assistance received by the Group under Rule 14A.90, respectively.

(Expressed in thousands of RMB unless otherwise indicated)

43. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2024

FINANCIAL ASSETS

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
		Debt investments	Equity investments		
Equity investments designated at FVOCI	—	—	17,446	—	17,446
Financial assets included in prepayments, other receivables and other assets	—	—	—	23,940,290	23,940,290
Financial assets at FVPL	10,145,642	—	—	—	10,145,642
Trade, financing and bills receivables	—	—	—	32,967,509	32,967,509
Financial assets at FVOCI	—	5,176,003	—	—	5,176,003
Cash and cash equivalents and restricted cash	—	—	—	19,080,075	19,080,075
	10,145,642	5,176,003	17,446	75,987,874	91,326,965

FINANCIAL LIABILITIES

	Financial liabilities at amortised cost
Trade and bills payables	53,071,538
Financial liabilities included in other payables and accruals	10,646,629
Borrowings	5,697,821
Lease liabilities	7,192
	69,423,180

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

43. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

2023

FINANCIAL ASSETS

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
		Debt investments	Equity investments		
Equity investments designated at FVOCI	—	—	31,925	—	31,925
Financial assets included in prepayments, other receivables and other assets	—	—	—	19,895,831	19,895,831
Financial assets at FVPL	10,521,843	—	—	—	10,521,843
Trade, financing and bills receivables	—	—	—	22,110,672	22,110,672
Financial assets at FVOCI	—	8,924,104	—	—	8,924,104
Cash and cash equivalents and restricted cash	—	—	—	20,185,473	20,185,473
	10,521,843	8,924,104	31,925	62,191,976	81,669,848

FINANCIAL LIABILITIES

	Financial liabilities at amortised cost
Trade and bills payables	46,624,080
Financial liabilities included in other payables and accruals	10,024,331
Borrowings	5,048,667
Lease liabilities	2,904
	61,699,982

(Expressed in thousands of RMB unless otherwise indicated)

44. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

	Fair value measurement as at 31 December 2024 using			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets:				
Financial assets at FVPL	**2,482**	**4,676**	**10,138,484**	**10,145,642**
Equity investments designated at FVOCI	**—**	**—**	**17,446**	**17,446**
Financial assets at FVOCI	**—**	**5,176,003**	**—**	**5,176,003**
	2,482	**5,180,679**	**10,155,930**	**15,339,091**

	Fair value measurement as at 31 December 2023 using			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets:				
Financial assets at FVPL	3,288	9,752	10,508,803	10,521,843
Equity investments designated at FVOCI	—	—	31,925	31,925
Financial assets at FVOCI	—	8,924,104	—	8,924,104
	3,288	8,933,856	10,540,728	19,477,872

The Group did not have any financial liabilities measured at fair value as at 31 December 2024 and 2023.

During the year ended 31 December 2024, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets.

During the year ended 31 December 2024, there were no reclassifications of financial assets, no transfers among level 1, level 2 and level 3 and no other changes in valuation techniques.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

44. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

(i) Valuation techniques and inputs used in Level 1 and Level 2 fair value measurements

Level 1 financial assets at FVPL comprise equity investment traded on The Stock Exchange of Hong Kong Limited and Shanghai Stock Exchange. Their fair values are based on closing prices.

Level 2 financial assets at FVPL comprise forward currency contracts. The fair values are determined by discounting the difference between the contractual forward price and the current forward price. The discount rate used is derived from the relevant government yield curve as at the end of the reporting period plus an adequate constant credit spread.

Level 2 financial assets at FVOCI comprise bank acceptance bills that are held for collection of contractual cash flow and for selling the financial assets. The fair values are estimated by using a discounted cash flow approach with discount rates quoted in main state-owned banks.

(ii) Information about Level 3 fair value measurements

Level 3 financial assets at FVPL include wealth management products acquired from a trust company and from banks with the principals and interest rates non-guaranteed. Their fair values are estimated by using a discounted cash flow approach and main inputs used by the Group are estimated yield rates written in contracts by the counterparties.

Level 3 financial assets at FVOCI include equity investments that are not publicly traded, the Group uses its judgement to select a variety of valuation methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. In connection with the investments in shares, the Group adopts a combination of income and market approaches. The income approach adopts a discounted cash flow method to assess the fair value of these financial assets. Under this methodology, fair value is determined by discounting the projected cash flow of the investee company to present value based on profit and cash flow forecast and other relevant information provided by the investee company. The market approach adopts various sales/income multiplers to assess the fair value of these financial assets. Under this methodology, fair value is determined by multiplying various sales/income of the investee company to multipliers with regard to the risks and nature of the business.

(Expressed in thousands of RMB unless otherwise indicated)

44. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

(ii) Information about Level 3 fair value measurements (Continued)

The movements in fair value measurement within Level 3 during the year are as follows:

	Year ended 31 December	
	2024	**2023**
Financial assets at FVPL and equity investments designated at FVOCI:		
At 1 January	**10,540,728**	4,491,985
Total gains recognised in the statement of profit or loss	**(19,686)**	71,497
Changes of equity investments designated at FVOCI (note 12(a))	**(14,479)**	—
Purchases	**19,331,662**	16,246,052
Disposal	**(19,682,295)**	(10,268,806)
At 31 December	**10,155,930**	10,540,728

(b) FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES NOT CARRIED AT FAIR VALUE

The carrying amounts of the Group's financial instruments including borrowings carried at cost or amortised cost were not materially different from their fair values as at 31 December 2023 and 2024.

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45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments are currency risk, interest risk, credit risk and liquidity risk. The directors reviews and agrees policies for managing each of these risks and they are summarised below.

CURRENCY RISK

The Group mainly operates in the PRC with most of the transactions denominated and settled in RMB. The major foreign exchange risk exposure arises from its exporting and importing activities as well as financing activities in Hong Kong. Accordingly, the Group has certain trade and other receivables, cash and cash equivalents and restricted cash, and trade and other payables denominated in foreign currencies, mainly the USD, EURO and HK$, which are exposed to foreign currency translation risk.

To manage the foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward contracts to reduce foreign exchange risk.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the USD/EURO/HK$ and RMB exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair values of monetary assets and liabilities).

	Increase/ (decrease) in exchange rates	Increase/(decrease) in profit before tax	
	%	2024	2023
If RMB weakens against USD	(5)	403,049	247,226
If RMB strengthens against USD	5	(426,952)	(230,419)
If RMB weakens against EURO	(5)	45,254	28,887
If RMB strengthens against EURO	5	(45,254)	(28,887)
If RMB weakens against HK$	(5)	5,580	1,168
If RMB strengthens against HK$	5	(5,580)	(1,168)

(Expressed in thousands of RMB unless otherwise indicated)

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

INTEREST RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from borrowings. The Group defines "net borrowings" as being interest-bearing financial liabilities less interest-bearing investments (excluding cash held for short-term working capital purposes). The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following details the interest rate profile of the Group's borrowings at the end of the reporting period:

	2024		2023	
	Effective interest rate %	Amount	Effective interest rate %	Amount
Fixed rate:				
Borrowings	**2.00% - 5.00%**	**5,084,564**	2.85% - 6.00%	4,880,594
Variable rate:				
Borrowings	**(5-year LPR+0.2%) - (1-year LPR+1.55%)**	**613,257**	(1-year LPR-0.45%) - (1-year LPR+1.15%)	168,073
		5,697,821		5,048,667

(ii) Sensitivity analysis

At 31 December 2024, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately RMB2,960,000 (2023: approximately RMB1,349,000).

The sensitivity analysis above indicates the annualised impact on the Group's interest expense that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to floating rate instruments which expose the Group to cash flow interest rate risk at that date. The analysis does not take into account exposure to fair value interest rate risk arising from fixed rate instruments as the Group does not hold any fixed rate instruments which are measured at fair value in the financial statements. The analysis is performed on the same basis as 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

CREDIT RISK

The carrying amounts of cash and cash equivalents and restricted cash, trade, financing and bills receivables, and financial assets included in prepayments, other receivables and other assets, and the off-balance sheet credit commitments represent the Group's maximum exposure to credit risk in relation to financial assets. Substantially all of the Group's cash and cash equivalents and restricted cash are held in major financial institutions located in Mainland China and Hong Kong, which management believes are of high credit quality.

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

The amounts presented are gross carrying amounts for financial assets and off-balance sheet credit commitments.

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
Trade, financing and bills receivables*	14,365,140	1,593,618	75,648	18,614,141	34,648,547
Other receivables	567,807	—	—	—	567,807
Financial assets at FVOCI	—	—	—	5,199,771	5,199,771
Financial assets included in prepayments, other receivables and other assets					
– Normal**	23,673,663	—	—	—	23,673,663
Cash and cash equivalents and restricted cash	19,080,075	—	—	—	19,080,075
	57,686,685	1,593,618	75,648	23,813,912	83,169,863

(Expressed in thousands of RMB unless otherwise indicated)

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

CREDIT RISK (CONTINUED)

Maximum exposure and year-end staging (Continued)

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
Trade, financing and bills receivables*	12,299,971	786,566	159,279	10,588,081	23,833,897
Other receivables	611,257	—	—	—	611,257
Financial assets at FVOCI	—	—	—	8,988,020	8,988,020
Financial assets included in prepayments, other receivables and other assets – Normal**	19,354,990	—	—	—	19,354,990
Cash and cash equivalents and restricted cash	20,185,473	—	—	—	20,185,473
Off-balance sheet credit commitments	8,400	—	—	—	8,400
	52,460,091	786,566	159,279	19,576,101	72,982,037

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 22 to consolidated the financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

Further details about credit risks on trade, financing and bills receivables, and other receivables are disclosed in notes 22 and 23 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

LIQUIDITY RISK

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of borrowings and lease liabilities.

The maturity profile of the Group's financial liabilities and off-balance sheet credit commitments as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2024				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Trade and bills payables	53,071,538	—	—	—	53,071,538
Financial liabilities included in other payables and accruals	10,646,629	—	—	—	10,646,629
Borrowings	5,328,586	233,774	249,697	—	5,812,057
Lease liabilities	3,622	2,700	1,257	—	7,579
	69,050,375	236,474	250,954	—	69,537,803

	2023				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Trade and bills payables	46,624,080	—	—	—	46,624,080
Financial liabilities included in other payables and accruals	10,024,331	—	—	—	10,024,331
Borrowings	4,997,416	58,726	92,506	—	5,148,648
Lease liabilities	1,760	1,413	—	—	3,173
Off-balance sheet credit commitments	8,400	—	—	—	8,400
	61,655,987	60,139	92,506	—	61,808,632

(Expressed in thousands of RMB unless otherwise indicated)

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2024.

Similar to the others in the industry, the Group monitors capital using the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the consolidated statement of financial position), less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debt.

The gearing ratios as at the end of the reporting periods were as follows:

	2024	2023
Borrowings	**5,697,821**	5,048,667
Less: Cash and cash equivalents	**(11,955,834)**	(15,251,508)
Net debt	**(6,258,013)**	(10,202,841)
Total equity	**49,152,400**	47,960,531
Total capital	**42,894,387**	37,757,690
Gearing ratio	**Not applicable**	Not applicable

46. EVENTS AFTER THE REPORTING PERIOD

On 27 March 2025, the directors of the Company proposed a final dividend. Further details are disclosed in note 13.

No significant subsequent events have taken place after the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2024	2023
Non-current assets			
Property, plant and equipment		7	16
Investment properties	(a)	37,041	39,693
Investments in subsidiaries		20,283,487	20,228,124
Deferred income tax assets		4,282	3,073
Total non-current assets		20,324,817	20,270,906
Current assets			
Prepayments, other receivables and other assets		358,112	310,760
Cash and cash equivalents		1,141,841	40,701
Total current assets		1,499,953	351,461
Current liabilities			
Trade payables		805	1,153
Other payables and accruals		202,879	9,521
Total current liabilities		203,684	10,674
Net current assets		1,296,269	340,787
Total assets less current liabilities		21,621,086	20,611,693
Net assets		21,621,086	20,611,693
Equity			
Share capital		16,717,024	16,717,024
Other reserve	(b)	(431,232)	9,643
Retained earnings	(b)	5,335,294	3,885,026
Total equity		21,621,086	20,611,693

The statement of financial position of the Company was approved by the Board of Directors on 27 March 2025 and was signed on its behalf by:

Wang Zhijian
Director

Li Xia
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB unless otherwise indicated)

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Notes:

(a) The fair value of the Company's investment properties as at 31 December 2024 was RMB37,041,000 (31 December 2023: RMB39,693,000) which was valued by the independent surveyor.

(b) A summary of the Company's reserves is as follows:

	Capital reserve	Revaluation reserve	Shares held for share award schemes	Retained earnings
At 1 January 2023	—	9,643	—	3,718,300
Profit for the year	—	—	—	978,948
Dividends approved in respect of the previous year	—	—	—	(812,222)
At 31 December 2023 and 1 January 2024	—	9,643	—	3,885,026
Profit for the year	—	—	—	5,935,464
Equity settled share-based transactions	55,087	—	—	—
Employee share award schemes:				
Purchase of shares	—	—	(512,380)	—
Disposal of shares	—	—	16,418	—
Dividends approved in respect of the previous year	—	—	—	(2,665,184)
Dividends declared in respect of the current year	—	—	—	(1,820,012)
At 31 December 2024	55,087	9,643	(495,962)	5,335,294

48. COMPARATIVE FIGURES

(a) PRESENTATION OF WARRANTY EXPENSES

To cope with the changes of accounting practices in the PRC truck industries, the Company has recorded the warranty expenses in cost of sales in the consolidated statement of profit or loss. Accordingly, the warranty expenses for the year ended 31 December 2023 at the amount of approximately RMB697,041,000 was reclassified from the selling and distribution expense to cost of sales.

(b) BUSINESS COMBINATION

The Group holds approximately 72.362% equity interest in Shandong Tongxin Zhixing Digital Technology Co., Ltd., ("Tongxin Zhixing", formerly known as "Weichai Intelligent Technology Co., Ltd."), after the completion of contribution of additional capital on 27 September 2023 ("Acquisition") and, thereafter, Tongxin Zhixing become a subsidiary of the Company. Prior to and following the Acquisition, the ultimate holding company of the Company and Tongxin Zhixing is SHIG. The is a business combination under common control. Accordingly, the results, assets and liabilities of Tongxin Zhixing should have been accounted for at historical amounts in the consolidated financial statements of the Company as if Tongxin Zhixing had always been part of the Group.

FIVE YEARS FINANCIAL SUMMARY

OPERATING RESULTS

	For the year ended 31 December				
	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000
Revenue	98,197,985	93,357,031	59,405,299	85,498,035	**95,061,587**
Profit before tax	9,550,730	5,862,814	2,895,127	6,882,681	**7,780,328**
Income tax expense	(2,127,080)	(1,153,352)	(957,565)	(1,055,830)	**(1,092,053)**
Profit for the year	7,423,650	4,709,462	1,937,562	5,826,851	**6,688,275**
Attributed to:					
Owners of the Company	6,850,524	4,322,071	1,672,662	5,318,107	**5,858,394**
Non-controlling interests	573,126	387,391	264,900	508,744	**829,881**
Profit for the year	7,423,650	4,709,462	1,937,562	5,826,851	**6,688,275**

ASSETS, LIABILITIES AND EQUITY

	As at 31 December				
	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000
Total assets	111,008,261	107,019,934	105,642,274	121,785,488	**129,777,022**
Total liabilities	75,328,854	64,251,847	62,610,288	73,824,957	**80,624,622**
Total equity:					
Owners of the Company	32,115,008	35,671,144	35,934,553	40,272,161	**41,160,516**
Non-controlling interests	3,564,399	7,096,943	7,097,433	7,688,370	**7,991,884**
	35,679,407	42,768,087	43,031,986	47,960,531	**49,152,400**

In September 2023, the Group made further capital contribution to Tongxin Zhixing and then Tongxin Zhixing became a subsidiary of the Company. Tongxin Zhixing becoming a subsidiary of the Company was considered to be a business combination under common control as the Group and Tongxin Zhixing are under common control of SHIG both before and after the capital contribution. Accordingly, the results, assets and liabilities of Tongxin Zhixing should have been accounted for at historical amounts in the consolidated financial statements of the Company as if Tongxin Zhixing had always been part of the Group. The above financial figures for years 2020 to 2021 are not adjusted with inclusion of those of Tongxin Zhixing.


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