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**潍柴動力股份有限公司**

**WEICHAI POWER CO., LTD.**

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

**(Stock Code: 2338)**

**FINAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**FINANCIAL HIGHLIGHTS**

- Revenue was approximately RMB213,958 million, representing an increase of approximately 22.2%.
- Net profit attributable to the shareholders of the parent was approximately RMB9,014 million, representing an increase of approximately 83.8%.
- Basic earnings per share was approximately RMB1.04, representing an increase of approximately 84.5%.

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

The board of directors (the “Board”) of Weichai Power Co., Ltd. (the “Company”) is pleased to announce the audited consolidated financial statements of the Company and its subsidiaries (the “Group”) prepared in accordance with the China Accounting Standards for Business Enterprises for the year ended 31 December 2023 (the “Year”), together with comparative figures for the corresponding period of 2022 as follows:

## CONSOLIDATED INCOME STATEMENT

January to December 2023 (Expressed in Renminbi Yuan)

Item	Notes	2023	2022
I. Revenue	7	<b>213,958,475,631.13</b>	175,157,535,625.82
Less: Cost of sales	7	<b>168,842,269,935.85</b>	144,010,596,212.12
Taxes and surcharges	8	<b>748,900,121.75</b>	480,817,965.88
Distribution and selling expenses		<b>13,410,095,435.42</b>	10,661,211,027.82
General and administrative expenses		<b>9,456,556,047.18</b>	8,092,309,897.22
Research & development expenses		<b>8,044,946,289.02</b>	7,731,181,220.54
Finance expenses		<b>560,250,189.34</b>	(908,559,884.60)
Incl: Interest expenses		<b>3,355,408,336.47</b>	1,401,308,298.47
Interest income		<b>2,818,200,284.22</b>	2,359,191,391.03
Add: Other income		<b>1,015,255,179.34</b>	735,647,155.81
Investment income		<b>746,081,555.61</b>	243,040,509.28
Incl: Investment loss from associates and joint ventures		<b>(12,781,810.86)</b>	(143,647,623.76)
(Loss)/Profit on change of fair value		<b>(362,688,292.56)</b>	1,010,505,916.64
Impairment loss of credit		<b>(401,699,786.90)</b>	(412,420,309.85)
Impairment loss of assets		<b>(1,084,210,053.32)</b>	(875,208,571.12)
Gain on disposal of assets		<b>97,045,146.13</b>	42,488,657.30
II. Operating profit		<b>12,905,241,360.87</b>	5,834,032,544.90
Add: Non-operating income		<b>399,793,942.53</b>	413,350,498.75
Less: Non-operating expenses		<b>153,757,472.89</b>	162,176,038.43
III. Total profit		<b>13,151,277,830.51</b>	6,085,207,005.22
Less: Income tax expenses	9	<b>1,939,663,555.26</b>	402,515,654.25
IV. Net profit		<b>11,211,614,275.25</b>	5,682,691,350.97
(I) Breakdown by continuity of operations:			
1. Net profit from continuing operations		<b>11,211,614,275.25</b>	5,682,691,350.97
(II) Breakdown by attributable interests:			
1. Net profit attributable to shareholders of the parent		<b>9,013,894,024.19</b>	4,905,013,042.11
2. Minority interests		<b>2,197,720,251.06</b>	777,678,308.86

Item	Notes	2023	2022
V. Net other comprehensive income after tax		<b>961,777,190.87</b>	4,471,215,741.25
Net other comprehensive income attributable to shareholders of the parent after tax	<i>11</i>	<b>375,112,554.70</b>	1,876,175,355.42
(I) Those other comprehensive income not to be reclassified into profit or loss			
1. Changes arising from re-measuring of defined benefit plan		<b>(311,549,080.61)</b>	1,580,411,176.85
2. Other comprehensive income not to be reclassified into profit or loss using the equity method		<b>(1,796,183.75)</b>	33,986,931.49
3. Change in fair value of investment in other equity instruments		<b>450,995,017.09</b>	(300,829,387.68)
(II) Those other comprehensive income to be reclassified into profit or loss			
1. Other comprehensive income to be reclassified into profit or loss using the equity method		<b>1,814,424.80</b>	(52,951,314.27)
2. Cashflow hedging reserve		<b>(60,462,354.15)</b>	130,869,878.09
3. Exchange differences on foreign currency translation		<b>296,110,731.32</b>	484,688,070.94
Net other comprehensive income attributable to minority interests after tax		<b>586,664,636.17</b>	2,595,040,385.83
VI. Total comprehensive income		<b>12,173,391,466.12</b>	10,153,907,092.22
Total comprehensive income attributable to the shareholders of the parent		<b>9,389,006,578.89</b>	6,781,188,397.53
Total comprehensive income attributable to minority interests		<b>2,784,384,887.23</b>	3,372,718,694.69
VII. Earnings per share:	<i>10</i>		
(I) Basic earnings per share		<b>1.04</b>	0.57
(II) Diluted earnings per share		<b>1.04</b>	0.57

## CONSOLIDATED BALANCE SHEET

31 December 2023 (Expressed in Renminbi Yuan)

Item	Notes	31 December 2023	31 December 2022
Current assets			
Cash and cash equivalents		<b>92,856,868,996.26</b>	70,841,690,615.34
Incl: Amount deposited in financial institution		<b>29,075,692,104.66</b>	23,558,435,638.00
Financial assets held for trading		<b>11,422,432,984.46</b>	11,864,020,567.44
Notes receivable	3	<b>8,703,136,628.22</b>	9,602,586,343.47
Accounts receivable	4	<b>23,753,999,010.24</b>	21,418,523,616.59
Receivable financing		<b>8,137,773,556.08</b>	6,972,217,007.03
Prepayments		<b>1,691,269,021.84</b>	1,472,527,993.82
Other receivables		<b>1,131,338,229.24</b>	1,260,827,218.05
Inventories		<b>37,930,386,262.83</b>	33,373,961,762.55
Contract assets		<b>3,329,313,149.51</b>	4,042,186,086.76
Assets held for sale		<b>434,197,222.40</b>	203,550,763.80
Non-current assets due within one year		<b>4,813,822,873.60</b>	3,858,312,076.50
Other current assets		<b>3,720,763,423.75</b>	3,573,816,314.90
Total current assets		<b>197,925,301,358.43</b>	168,484,220,366.25
Non-current assets			
Long-term receivables		<b>13,507,352,761.73</b>	10,172,965,683.60
Long-term equity investments		<b>5,174,555,550.85</b>	5,340,553,607.62
Investment in other equity instruments		<b>4,012,101,895.24</b>	3,395,947,023.27
Other non-current financial assets		<b>534,636,729.78</b>	902,292,850.10
Investment property		<b>688,336,286.01</b>	621,930,393.42
Fixed assets		<b>44,075,967,147.89</b>	37,894,423,285.01
Construction in progress		<b>7,450,821,759.81</b>	7,980,410,006.36
Right-of-use assets		<b>5,068,430,369.55</b>	5,034,097,940.33
Intangible assets		<b>23,071,268,440.40</b>	22,759,467,050.26
Development expenditure		<b>23,458,541.71</b>	339,108,712.35
Goodwill		<b>24,858,318,250.05</b>	24,019,149,507.73
Long-term prepaid expenses		<b>271,071,017.19</b>	312,130,240.35
Deferred tax assets		<b>6,310,925,213.73</b>	4,905,290,205.76
Other non-current assets		<b>1,274,667,702.54</b>	1,504,100,980.08
Total non-current assets		<b>136,321,911,666.48</b>	125,181,867,486.24
Total assets		<b>334,247,213,024.91</b>	293,666,087,852.49

<b>Item</b>	<i>Notes</i>	<b>31 December 2023</b>	31 December 2022
<b>Current liabilities:</b>			
Short-term loans		<b>2,046,781,742.31</b>	4,609,106,808.74
Financial liabilities held for trading		<b>166,701,491.20</b>	85,556,345.40
Notes payable	5	<b>27,626,796,287.83</b>	22,024,750,934.33
Accounts payable	6	<b>60,126,789,151.17</b>	45,560,077,179.76
Contract liabilities		<b>15,234,524,336.16</b>	13,086,786,850.63
Liabilities classified as held for sale		<b>354,866,457.60</b>	201,695,038.80
Payroll payable		<b>7,429,266,514.31</b>	6,133,750,533.67
Taxes payable		<b>2,741,249,334.45</b>	1,665,377,748.46
Other payables		<b>7,907,770,820.46</b>	8,190,858,301.41
Non-current liabilities due within one year		<b>14,902,351,872.32</b>	11,215,162,500.91
Other current liabilities		<b>7,678,246,087.85</b>	6,969,573,180.76
<b>Total current liabilities</b>		<b><u>146,215,344,095.66</u></b>	<u>119,742,695,422.87</u>
<b>Non-current liabilities:</b>			
Long-term borrowings		<b>17,907,609,014.47</b>	22,782,303,500.82
Bonds payable		<b>8,837,411,046.40</b>	6,056,952,787.80
Lease liabilities		<b>4,336,712,719.42</b>	4,424,326,131.24
Long-term payables		<b>10,094,478,082.40</b>	8,015,209,194.73
Long-term payroll payable		<b>7,967,650,734.34</b>	6,863,810,957.10
Accruals and provisions		<b>849,946,058.79</b>	671,834,753.46
Deferred income		<b>4,665,797,036.04</b>	4,650,817,121.11
Deferred tax liabilities		<b>4,269,384,233.64</b>	4,449,817,821.47
Other non-current liabilities		<b>16,417,145,118.29</b>	11,897,668,001.48
<b>Total non-current liabilities</b>		<b><u>75,346,134,043.79</u></b>	<u>69,812,740,269.21</u>
<b>Total liabilities</b>		<b><u>221,561,478,139.45</u></b>	<u>189,555,435,692.08</u>

<b>Item</b>	<i>Notes</i>	<b>31 December 2023</b>	31 December 2022
Shareholders' equity:			
Share capital		<b>8,726,556,821.00</b>	8,726,556,821.00
Capital reserve		<b>11,012,818,725.86</b>	11,350,199,586.08
Less: Treasury shares		<b>597,240,738.39</b>	1,036,022,358.39
Other comprehensive income	<i>11</i>	<b>1,172,836,172.90</b>	739,485,609.80
Special reserve		<b>285,820,279.24</b>	307,793,867.29
Surplus reserve		<b>3,550,538,788.75</b>	2,765,811,169.85
Retained earnings		<b>55,183,869,765.05</b>	50,330,429,225.83
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Total equity attributable to the shareholders of the parent		<b>79,335,199,814.41</b>	73,184,253,921.46
Minority interests		<b>33,350,535,071.05</b>	30,926,398,238.95
		<hr/>	<hr/>
Total shareholders' equity		<b>112,685,734,885.46</b>	104,110,652,160.41
		<hr/>	<hr/>
Total liabilities and shareholders' equity		<b>334,247,213,024.91</b>	293,666,087,852.49
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# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

## 1. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

### a. Preparation basis of the financial statements

#### *Preparation basis*

The Group has adopted the Accounting Standards for Business Enterprises and relevant provisions promulgated by the MOF. In addition, the Group also disclosed relevant financial information in accordance with Compilation Rules No. 15 for Information Disclosure by Companies Offering Securities to the Public – General Requirements for Financial Reporting (2023 Revision), the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

#### *Continuing operations*

The Group carried out assessment on the going concern for the 12 months' period commencing from 31 December 2023, and did not recognise any matters and situation leading to material doubt on the continuity of operation. Therefore, these financial statements have been prepared based on the going-concern assumption.

#### *Basis of book-keeping and principle of measurement*

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

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

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

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

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

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

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

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

*Business combinations involving enterprises under common control*

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

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

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

*Business combinations involving enterprises not under common control and goodwill*

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

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

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

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



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

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

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

**c. Judgment criteria for control and basis for preparation of consolidated financial statements**

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

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

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

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

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

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

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

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

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

## **2. SEGMENT REPORTING**

### **Operating segments**

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

The details of operating segments are as follows:

- (a) manufacturing and sale of engines and related parts ("Engines");
- (b) manufacturing and sale of automobiles and automobile components other than Engines ("Automobiles and automobile components");
- (c) manufacturing and sale of agricultural equipment (complete machineries), agricultural machineries, agricultural vehicles and related parts ("Agricultural equipment");
- (d) forklift trucks production, warehousing technology and supply chain solution services ("Intelligent logistics").

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

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

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

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

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

Item	Engines	Automobiles and automobile components	Agricultural equipment	Intelligent logistics	Inter-segment elimination	Total
Incurred in the previous year						
Segment revenue:						
Sale to external customers	33,205,742,234.46	45,385,945,331.74	17,655,455,265.88	78,910,392,793.74	-	175,157,535,625.82
Inter-segment sale	5,944,944,276.77	1,425,922,380.16	77,058,414.15	100,052,542.46	(7,547,977,613.54)	-
<b>Total</b>	<b>39,150,686,511.23</b>	<b>46,811,867,711.90</b>	<b>17,732,513,680.03</b>	<b>79,010,445,336.20</b>	<b>(7,547,977,613.54)</b>	<b>175,157,535,625.82</b>
Segment results	2,823,299,911.27	(599,470,830.88)	546,970,684.85	427,673,355.88	473,453,113.26	3,671,926,234.38
Adjustment:						
Interest income	-	-	-	-	-	2,359,191,391.03
Dividend income and unallocated income	-	-	-	-	-	1,666,896,924.67
Corporate and other unallocated expenses	-	-	-	-	-	(162,176,038.43)
Finance expenses	-	-	-	-	-	(1,450,631,506.43)
Profit before tax	-	-	-	-	-	6,085,207,005.22
31 December 2022						
Segment assets	68,239,419,418.82	52,232,604,699.52	6,774,340,868.36	107,402,285,965.21	(32,011,848,610.15)	202,636,802,341.76
Adjustment:						
Corporate and other unallocated assets						91,029,285,510.73
<b>Total assets</b>						<b>293,666,087,852.49</b>
Segment liabilities	34,434,414,530.82	44,858,707,520.41	10,921,232,564.34	56,003,644,189.38	(7,272,238,423.97)	138,945,760,380.98
Adjustment:						
Corporate and other unallocated liabilities						50,609,675,311.10
<b>Total liabilities</b>						<b>189,555,435,692.08</b>
Incurred during the year						
Other segment information:						
Share of profit and loss from:						
Gain/(loss) from associates and joint ventures	83,683,738.24	(170,774,137.78)	(156,804,262.12)	100,247,037.90	-	(143,647,623.76)
(Loss)/gain of impairment of inventories	(57,179,766.25)	(124,141,273.87)	16,558,930.26	(266,605,810.33)	-	(431,367,920.19)
(Loss)/gain of credit impairment of receivables and lease receivable	(12,618,059.91)	(231,610,948.31)	8,941,504.77	(177,132,806.40)	-	(412,420,309.85)
Loss of impairment of assets	(302,755,837.96)	-	-	(141,084,812.97)	-	(443,840,650.93)
Depreciation and amortisation	(1,714,662,881.39)	(1,523,246,658.97)	(278,968,211.33)	(7,631,070,027.49)	-	(11,147,947,779.18)
(Loss)/gain from disposal of fixed assets	(2,255,566.62)	11,036,921.33	808,651.19	32,898,651.40	-	42,488,657.30
Investment in associates and joint ventures	3,311,290,393.29	1,201,199,390.33	-	828,063,824.00	-	5,340,553,607.62
Capital expenditure	3,654,748,952.96	1,604,098,229.31	185,172,659.74	10,486,293,711.60	-	15,930,313,553.61

## Group information

### *Information about products and services*

Revenue from external transactions

<b>Item</b>	<b>Incurred during the year</b>	<b>Incurred in previous year</b>
Powertrain, complete vehicles and machines and key components	<b>93,829,680,934.26</b>	61,707,846,378.76
Other components	<b>7,860,728,366.30</b>	9,406,269,834.02
Agricultural equipment	<b>16,033,535,952.44</b>	17,342,820,525.98
Intelligent logistics	<b>87,455,549,590.79</b>	78,910,392,793.74
Others	<b>8,778,980,787.34</b>	7,790,206,093.32
<b>Total</b>	<b><u>213,958,475,631.13</u></b>	<u>175,157,535,625.82</u>

### *Geographic information*

Revenue from external transactions

<b>Item</b>	<b>Incurred during the year</b>	<b>Incurred in previous year</b>
China	<b>100,206,059,785.38</b>	80,100,572,872.72
Other countries and regions	<b>113,752,415,845.75</b>	95,056,962,753.10
<b>Total</b>	<b><u>213,958,475,631.13</u></b>	<u>175,157,535,625.82</u>

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

Total non-current assets

<b>Item</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
China	<b>33,283,327,899.75</b>	33,117,968,164.81
Other countries and regions	<b>78,673,567,166.25</b>	72,687,403,558.70
<b>Total</b>	<b><u>111,956,895,066.00</u></b>	<u>105,805,371,723.51</u>

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

### 3. NOTES RECEIVABLE

#### (1) Classification of notes receivable

Item	31 December 2023	31 December 2022
Bank acceptance bills	8,444,020,941.36	9,491,886,182.48
Commercial acceptance bills	259,115,686.86	110,700,160.99
<b>Total</b>	<b>8,703,136,628.22</b>	<b>9,602,586,343.47</b>

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

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

Item	31 December 2023	31 December 2022
Bank acceptance bills	5,260,389,158.46	6,324,081,527.25

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

	31 December 2023		31 December 2022	
	Derecognised	Not derecognised	Derecognised	Not derecognised
Bank acceptance bills	1,390,762,990.63	1,702,000.00	10,170,000.00	–
Commercial acceptance bills	350,000.00	450,000.00	–	–

As at 31 December 2023, the Group had not transferred any notes into accounts receivable due to issuers' failure in performance (31 December 2022: Nil).

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

#### 4. ACCOUNTS RECEIVABLE

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

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

Age	31 December 2023	31 December 2022
Within 1 year	<b>23,115,434,963.62</b>	20,528,709,966.91
1 to 2 years	<b>608,881,383.49</b>	1,421,597,883.19
2 to 3 years	<b>981,449,749.27</b>	262,341,986.76
Over 3 years	<b>2,583,846,211.08</b>	2,403,481,239.17
Gross carrying amount	<b>27,289,612,307.46</b>	24,616,131,076.03
Less: Provision for credit loss	<b>3,535,613,297.22</b>	3,197,607,459.44
<b>Carrying amount</b>	<b>23,753,999,010.24</b>	21,418,523,616.59

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

Item	31 December 2023				
	Gross carrying amount	Proportion (%)	Provision for credit losses	Percentage of provision (%)	Carrying amount
Provision for bad debts on an individual basis	4,715,952,250.78	17.28	2,684,132,923.38	56.92	2,031,819,327.40
Provision for bad debts on a collective basis – credit losses are provided for using impairment matrix based on aging analysis	22,573,660,056.68	82.72	851,480,373.84	3.77	21,722,179,682.84
– credit losses are provided for using overdue ages as credit risk characteristics	8,021,790,247.67	29.40	725,697,896.69	9.05	7,296,092,350.98
– accounts receivable portfolio with good credit history	13,417,793,650.82	49.17	120,371,342.25	0.90	13,297,422,308.57
	<u>1,134,076,158.19</u>	<u>4.15</u>	<u>5,411,134.90</u>	<u>0.48</u>	<u>1,128,665,023.29</u>
<b>Total</b>	<b><u>27,289,612,307.46</u></b>	<b><u>100.00</u></b>	<b><u>3,535,613,297.22</u></b>	<b><u>12.96</u></b>	<b><u>23,753,999,010.24</u></b>
Item	31 December 2022				
	Gross carrying amount	Proportion (%)	Provision for credit losses	Percentage of provision (%)	Carrying amount
Provision for bad debts on an individual basis	5,264,751,188.55	21.39	2,485,020,803.34	47.20	2,779,730,385.21
Provision for bad debts on a collective basis – credit losses are provided for using impairment matrix based on aging analysis	19,351,379,887.48	78.61	712,586,656.10	3.68	18,638,793,231.38
– credit losses are provided for using overdue ages as credit risk characteristics	6,610,417,935.90	26.85	605,005,709.05	9.15	6,005,412,226.85
– accounts receivable portfolio with good credit history	11,822,205,856.59	48.03	93,400,273.87	0.79	11,728,805,582.72
	<u>918,756,094.99</u>	<u>3.73</u>	<u>14,180,673.18</u>	<u>1.54</u>	<u>904,575,421.81</u>
<b>Total</b>	<b><u>24,616,131,076.03</u></b>	<b><u>100.00</u></b>	<b><u>3,197,607,459.44</u></b>	<b><u>12.99</u></b>	<b><u>21,418,523,616.59</u></b>

- (a) As at 31 December 2023, the Group's accounts receivable assessed for expected credit losses individually are presented as follows:

Customer	Gross carrying amount	Provision for credit loss	Percentage of provision (%)	Reasons
Customer 1	874,736,603.02	553,605,696.29	63.29	Bad repayment ability
Customer 2	381,348,885.50	90,235,860.00	23.66	Significant slowdown in collection of receivables
Customer 3	214,223,741.41	183,408,527.53	85.62	Bad repayment ability
Customer 4	213,717,428.21	161,438,112.00	75.54	Bad repayment ability
Customer 5	111,878,808.83	111,878,808.83	100.00	Bad repayment ability
Customer 6	75,871,191.17	75,871,191.17	100.00	Bad repayment ability
Customer 7	56,927,140.00	56,927,140.00	100.00	Long credit age
Others	2,787,248,452.64	1,450,767,587.56	52.05	Long credit age, etc.
<b>Total</b>	<b>4,715,952,250.78</b>	<b>2,684,132,923.38</b>	<b>56.92</b>	

- (b) As at 31 December 2023, the Group's accounts receivable for which credit losses are provided for using impairment matrix based on aging analysis are presented as follows:

Age	31 December 2023		
	Gross carrying amount	Lifetime expected credit loss	Expected credit loss rate (%)
Within 1 year	7,103,358,830.78	233,995,947.28	3.29
1 to 2 years	291,528,492.28	51,624,415.16	17.71
2 to 3 years	260,698,783.97	93,368,376.90	35.81
3 to 4 years	53,390,642.01	34,795,477.27	65.17
4 to 5 years	30,789,828.22	29,890,009.67	97.08
Over 5 years	282,023,670.41	282,023,670.41	100.00
<b>Total</b>	<b>8,021,790,247.67</b>	<b>725,697,896.69</b>	<b>9.05</b>



- (c) As at 31 December 2023, the Group's accounts receivable for which credit losses are provided for using overdue ages as credit risk characteristics are presented as follows:

Overdue age	31 December 2023		
	Gross carrying amount	Lifetime expected credit loss	Expected credit loss rate (%)
Not yet overdue or overdue for less than 90 days	12,578,048,290.27	71,632,872.45	0.57
Overdue for more than 90 days but less than 180 days	532,977,917.79	18,080,400.09	3.39
Overdue for more than 180 days	306,767,442.76	30,658,069.71	9.99
<b>Total</b>	<b>13,417,793,650.82</b>	<b>120,371,342.25</b>	<b>0.90</b>

- (d) As at 31 December 2023, provisions for credit losses for the Group's accounts receivable with good credit history are presented as follows:

Item	31 December 2023		
	Gross carrying amount	Lifetime expected credit loss	Expected credit loss rate (%)
Accounts receivable with good credit history	1,134,076,158.19	5,411,134.90	0.48

- (3) As at 31 December 2023, the top five balances in respect of accounts receivable and contract assets by closing balance are presented as follows:

Name of entity	Gross carrying amount of accounts receivable	Gross carrying amount of contract assets	Proportion (%)	Provision for credit losses
First place	874,736,603.02	–	2.86	553,605,696.29
Second place	462,561,075.20	151,863,321.60	2.01	–
Third place	513,329,040.90	–	1.68	15,399,871.23
Fourth place	496,996,443.66	–	1.62	2,512,456.06
Fifth place	381,348,885.50	–	1.25	90,235,860.00
<b>Total</b>	<b>2,728,972,048.28</b>	<b>151,863,321.60</b>	<b>9.42</b>	<b>661,753,883.58</b>

(4) Movements in provision for credit losses:

<b>Provision for credit losses</b>	<b>Lifetime expected credit loss (without impairment of credit)</b>	<b>Lifetime expected credit loss (with impairment of credit)</b>	<b>Total</b>
Balance as at 31 December 2022	765,435,159.92	2,432,172,299.52	3,197,607,459.44
Balance as at 31 December 2022 in the current year			
– Transferred to receivables with impairment of credit	(17,463,796.59)	17,463,796.59	–
Provision for the year	232,554,726.46	318,459,156.32	551,013,882.78
Reversal during the year	(116,080,822.03)	(45,104,907.92)	(161,185,729.95)
Written off during the year	–	(60,260,553.27)	(60,260,553.27)
Other increases	–	1,853,921.94	1,853,921.94
Adjustment for exchange differences	194,628.55	6,389,687.73	6,584,316.28
	<u>864,639,896.31</u>	<u>2,670,973,400.91</u>	<u>3,535,613,297.22</u>
Balance as at 31 December 2023	<u>864,639,896.31</u>	<u>2,670,973,400.91</u>	<u>3,535,613,297.22</u>

As at 31 December 2023, the balance of restricted accounts receivable of the Group amounted to RMB62,500,000.00 (31 December 2022: RMB63,589,641.23).

## 5. NOTES PAYABLE

<b>Item</b>	<b>31 December 2023</b>	31 December 2022
Bank acceptance bills	27,586,268,520.14	21,998,263,547.45
Commercial acceptance bills	40,527,767.69	26,487,386.88
	<u>27,626,796,287.83</u>	<u>22,024,750,934.33</u>
<b>Total</b>	<u>27,626,796,287.83</u>	<u>22,024,750,934.33</u>

As at 31 December 2023, the Group had no outstanding notes payable which were due (31 December 2022: Nil).

## 6. ACCOUNTS PAYABLE

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

<b>Item</b>	<b>31 December 2023</b>	31 December 2022
Within 1 year	58,809,419,645.54	43,792,975,117.25
Over 1 year	1,317,369,505.63	1,767,102,062.51
	<u>60,126,789,151.17</u>	<u>45,560,077,179.76</u>
<b>Total</b>	<u>60,126,789,151.17</u>	<u>45,560,077,179.76</u>

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

As at 31 December 2023, there was no payable which was material and aged over one year (31 December 2022: Nil).

## 7. REVENUE AND COST OF SALES

### (1) Revenue and cost of sales

Item	Incurred during the year		Incurred in previous year	
	Revenue	Cost	Revenue	Cost
Revenue from principal operations	210,806,724,128.58	166,191,339,869.08	172,170,215,429.74	141,420,288,397.55
Other revenue	3,151,751,502.55	2,650,930,066.77	2,987,320,196.08	2,590,307,814.57
<b>Total</b>	<b>213,958,475,631.13</b>	<b>168,842,269,935.85</b>	<b>175,157,535,625.82</b>	<b>144,010,596,212.12</b>

### (2) Details of revenue

Item	Incurred during the year	Incurred in previous year
Revenue from principal operations		
Sales of goods and others	107,504,823,438.84	75,917,002,110.02
Revenue from forklift trucks production and sales and warehousing technology	64,728,581,775.02	52,025,038,787.05
Revenue from supply chain solution services	22,720,385,724.48	26,885,354,006.69
Agricultural equipment	15,852,933,190.24	17,342,820,525.98
Sub-total	210,806,724,128.58	172,170,215,429.74
Other revenue		
Sales of materials	2,297,935,536.55	2,231,493,925.01
Lease income	104,175,047.22	81,760,203.26
Provision of non-industrial labour	103,853,349.53	158,499,663.39
Others	645,787,569.25	515,566,404.42
Sub-total	3,151,751,502.55	2,987,320,196.08
<b>Total</b>	<b>213,958,475,631.13</b>	<b>175,157,535,625.82</b>

### (3) Reporting segment

Item	Engines and automobiles and automobile components		Intelligent logistics		Agricultural equipment		Total	
	Revenue	Cost of sales	Revenue	Cost of sales	Revenue	Cost of sales	Revenue	Cost of sales
Major regions of operation								
Incl: Mainland China	79,949,151,774.26	63,293,294,160.04	5,466,958,078.64	4,117,451,617.88	14,789,949,932.48	12,730,644,783.85	100,206,059,785.38	80,141,390,561.77
Other countries and regions	30,520,238,313.64	25,646,446,946.77	81,988,591,512.15	62,063,123,952.92	1,243,586,019.96	991,308,474.39	113,752,415,845.75	88,700,879,374.08
<b>Total</b>	<b>110,469,390,087.90</b>	<b>88,939,741,106.81</b>	<b>87,455,549,590.79</b>	<b>66,180,575,570.80</b>	<b>16,033,533,952.44</b>	<b>13,721,953,258.24</b>	<b>213,958,475,631.13</b>	<b>168,842,269,935.85</b>
Categorised by time for recognition of revenue								
Incl: transferred at a certain point of time	110,203,530,877.88	88,832,233,549.78	54,261,650,278.15	41,055,548,084.14	16,017,779,387.70	13,707,947,624.12	180,482,960,543.73	143,595,729,258.04
Provided over a certain period of time	140,095,456.02	30,957,386.30	24,287,534,806.19	18,383,648,568.71	12,524,998.55	11,123,402.59	24,440,155,260.76	18,425,729,357.60
Subtotal of revenue arising from contracts with customers								
Revenue under the Standard on Leases	110,343,626,333.90	88,863,190,936.08	78,549,185,084.34	59,439,196,652.85	16,030,304,386.25	13,719,071,026.71	204,923,115,804.49	162,021,458,615.64
	125,763,754.00	76,550,170.73	8,906,364,506.45	6,741,378,917.95	3,231,566.19	2,882,231.53	9,035,359,826.64	6,820,811,320.21
<b>Total</b>	<b>110,469,390,087.90</b>	<b>88,939,741,106.81</b>	<b>87,455,549,590.79</b>	<b>66,180,575,570.80</b>	<b>16,033,533,952.44</b>	<b>13,721,953,258.24</b>	<b>213,958,475,631.13</b>	<b>168,842,269,935.85</b>

**(4) Performance of obligations**

The supply chain solution services provided by the Group belong to the performance obligation satisfied over a certain period of time. The performance costs actually incurred on a cumulative basis as a percentage of estimated total costs is used to ascertain progress of performance of supply chain solution services contracts. As at 31 December 2023, some of the Group's supply chain solution services contracts were still in the process of performance, the transaction price allocated to the outstanding (or partially unperformed) performance obligations is related to the performance progress of each supply chain solution services contract, and will be recognised as revenue in the future performance period of each supply chain solution services contracts based on the performance progress.

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

The amount of revenue corresponding to the contract performance obligations for which the contracts had been entered into but had not been performed or fully performed as at the end of the Year was RMB31,349,342,822.40. Information related to revenue expected to be recognised in respect of outstanding performance obligations under contracts is set out below:

<b>Term</b>	<b>31 December 2023</b>
Within 1 year	<b>12,454,081,280.00</b>
1 to 2 years	<b>11,784,446,003.20</b>
2 to 3 years	<b>3,950,112,512.00</b>
3 to 4 years	<b>1,524,559,052.80</b>
4 to 5 years	<b>825,255,296.00</b>
Over 5 years	<b>810,888,678.40</b>

**8. TAXES AND SURCHARGES**

<b>Item</b>	<b>Incurred during the year</b>	<b>Incurred in previous year</b>
Property tax	<b>284,854,757.35</b>	213,249,183.50
City maintenance and construction tax	<b>117,876,880.48</b>	50,251,602.40
Educational surtax	<b>87,283,023.03</b>	37,172,438.43
Stamp duty	<b>126,420,299.90</b>	83,169,897.00
Others	<b>132,465,160.99</b>	96,974,844.55
<b>Total</b>	<b>748,900,121.75</b>	<b>480,817,965.88</b>

## 9. INCOME TAX EXPENSES

Item	Incurred during the year	Incurred in previous year
Current tax expenses	3,306,177,799.50	984,266,790.64
Deferred tax expenses	<u>(1,366,514,244.24)</u>	<u>(581,751,136.39)</u>
<b>Total</b>	<b><u>1,939,663,555.26</u></b>	<b><u>402,515,654.25</u></b>

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

Item	Incurred during the year	Incurred in previous year
Total profit	13,151,277,830.51	6,085,207,005.22
Tax at statutory tax rate	<i>Note 1</i> 3,287,819,457.70	1,521,301,751.31
Effect of different tax rates applicable to the Company and some subsidiaries	<i>Note 2</i> (1,011,678,047.03)	(647,767,817.01)
Effect of tax rate change on opening balance of deferred income tax	(25,278,383.94)	(214,704.00)
Adjustments to current tax of previous periods	39,337,418.74	(220,092,846.52)
Profits and losses attributable to associates and joint ventures	47,040,411.00	63,622,110.52
Income not subject to tax	(83,432,561.90)	(235,655,738.33)
Expenses not deductible for tax	256,535,689.02	395,584,245.04
Effect of tax incentives on eligible expenditures	(815,703,345.68)	(908,914,642.26)
Effect of utilisation of deductible losses and deductible temporary difference of unrecognised deferred tax assets from prior years	(123,324,355.63)	(150,208,213.70)
Effect of unrecognised deductible losses and deductible temporary difference	547,722,537.93	609,754,998.53
Others	<u>(179,375,264.95)</u>	<u>(24,893,489.33)</u>
Tax expense at the Group's effective tax rate	<b><u>1,939,663,555.26</u></b>	<b><u>402,515,654.25</u></b>

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

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

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

## 10. EARNINGS PER SHARE (EPS)

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

The calculation of basic EPS is detailed as follows:

<b>Item</b>	<b>Incurred during the year</b>	Incurred in previous year
Earnings		
Net profit of the current year attributable to ordinary shareholders of the Company	<b><u>9,013,894,024.19</u></b>	<u>4,905,013,042.11</u>
Shares		
Weighted average number of the ordinary shares outstanding of the Company	<b><u>8,639,291,296.00</u></b>	<u>8,675,816,523.08</u>
Basic EPS (RMB/share)	<b><u>1.04</u></b>	<u>0.57</u>

The Group holds no potential shares that are significantly dilutive.

## 11. OTHER COMPREHENSIVE INCOME

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

Item	Balance as at 31 December 2022	Incurred before the income tax for the current year	Less: Amount recognised in other comprehensive income in previous period and recognised in profit or loss in current period	Incurred during the year			Less: Amount recognised in other comprehensive income in previous period and recognised in profit or loss in current period	Balance as at 31 December 2023
				Less: Income tax expenses	Attributable to parent company after tax	Attributable to minority interests after tax		
I. Those other comprehensive income not to be reclassified into profit or loss	1,444,770,266.79	(74,533,005.89)	-	(94,778,053.21)	137,649,752.73	(117,404,705.41)	(58,238,008.40)	1,640,658,027.92
Changes arising from re-measuring of defined benefit plan	833,225,450.27	(722,880,952.72)	-	(158,878,094.90)	(311,549,080.61)	(252,453,777.21)	(45,573,826.10)	567,250,195.76
Other comprehensive income not to be reclassified into profit or loss using the equity method	(112,762,386.40)	2,519,849.00	-	-	(1,796,183.75)	4,316,032.75	-	(114,558,570.15)
Change in fair value of investment in other equity instruments	724,307,202.92	645,828,097.83	-	64,100,041.69	450,995,017.09	130,733,039.05	(12,664,182.30)	1,187,966,402.31
II. Other comprehensive income to be reclassified into profit or loss	(705,284,656.99)	932,057,536.91	(17,682,642.60)	8,208,035.96	237,462,801.97	704,069,341.58	-	(467,821,855.02)
Other comprehensive income to be reclassified into profit or loss using the equity method	(11,391,380.32)	1,814,424.80	-	-	1,814,424.80	-	-	(9,576,955.52)
Cashflow hedging reserve	127,955,731.90	(83,189,504.32)	(17,682,642.60)	8,208,035.96	(60,462,354.15)	(13,252,543.53)	-	67,493,377.75
Exchange differences on foreign currency translation	(821,849,008.57)	1,013,432,616.43	-	-	296,110,731.32	717,321,885.11	-	(525,738,277.25)
Total of other comprehensive income	<u>739,485,609.80</u>	<u>857,524,531.02</u>	<u>(17,682,642.60)</u>	<u>(86,570,017.25)</u>	<u>375,112,554.70</u>	<u>586,664,636.17</u>	<u>(58,238,008.40)</u>	<u>1,172,836,172.90</u>

The Group transferred its cashflow hedging reserve to the initial recognition of inventories of RMB40,653,629.02 during the year.

## 12. DIVIDENDS

	2023 RMB'000	2022 RMB'000
Proposed final dividend – RMB0.293 (2022: RMB0.158) per ordinary share	<u>2,554,245</u>	<u>1,365,008</u>

On 25 March 2024, the Company's 2023 profit distribution proposal was approved by the Company's seventh meeting of the sixth session of the Board. The Company proposed a distribution to all shareholders of a cash dividend of RMB2.93 (including tax) for every 10 shares held, without any capitalisation of reserve, based on the total number of shares of 8,717,561,296 shares eligible for profit distribution (calculated by deducting 8,995,525 shares in the securities account designated for share repurchase from the total share capital of the Company of 8,726,556,821 shares) as at 31 December 2023. Implementation of the proposal is subject to the consideration and approval by the 2023 annual general meeting of the Company.



## CHAIRMAN’S STATEMENT

Dear Shareholders,

On behalf of the Board, I would like to present the audited annual results of the Company for the year ended 31 December 2023.

### I. REVIEW OF OPERATING CONDITIONS

In 2023, China’s economy withstood external pressures and overcame internal difficulties, while supply and demand steadily improved, structural transformation accelerated and upgraded, and high-quality development was solidly promoted. Major expected targets were successfully achieved. The annual gross domestic product reached RMB126.06 trillion, representing a year-on-year increase of 5.2%. The heavy-duty truck industry delivered a sales volume of 910,000 units, representing a year-on-year increase of 36%; the construction machinery industry delivered a sales volume of 720,000 units (including 345,000 units of diesel forklift trucks), representing a year-on-year decrease of 11%; the agricultural equipment industry delivered a sales volume of 410,000 units, representing a year-on-year decrease of 22%.

During the reporting period, the Company focused on its principal businesses, seized opportunities in both the domestic and international markets, promoted structural adjustment as well as transformation and upgrading, and enhanced quality and efficiency, effectively overcoming the pressure of weakening momentum of the international economy and the downturn of the domestic industry, and realising high-quality development, with a substantial year-on-year growth of the major metrics. In 2023, the Company’s revenue increased by 22.2% as compared with that in the corresponding period of 2022 to approximately RMB213,958 million. Net profit attributable to the shareholders of the listed company amounted to approximately RMB9,014 million, representing an increase of approximately 83.8% as compared with that in the corresponding period of 2022. Basic earnings per share was RMB1.04, representing an increase of approximately 84.5% as compared with that in the corresponding period of 2022.

#### 1. Power System Business

In 2023, the Company sold 736,000 units of engines, representing a year-on-year increase of 28%; 838,000 units of gear boxes, representing a year-on-year increase of 42%; 743,000 units of axles, representing a year-on-year increase of 39%. Among which, the export volume of engines reached 66,000 units, representing a year-on-year increase of 21%; the export volume of M-series engines exceeded 5,400 units, representing a year-on-year increase of 33%. **We insist on technological independence and empowerment, with first-class independent research and development capability in the industry.** We have established a research and development (R&D) system comprising eight institutes and one center (八院一中心) under Weichai Power Central Research Institute, improved

the product R&D system for each segment market, enhanced our whole process R&D capability so as to comprehensively and quickly satisfy customers' needs. We have strengthened Weichai Power (Tokyo) Science and Technology Innovation Center and Weichai Lovol (Osaka) Science and Technology Innovation Center, while enhancing strategic cooperation with international first-class enterprises, such as Bosch from Germany, AVL from Austria and FEV from Germany. The key performance indicators of engine products continued to take lead in the industry. **Our leading position in the industry continued to be consolidated, with significant advantage as a market leader in powertrains.** The power, reliability and economic efficiency of light-duty power products have been comprehensively improved, and product competitiveness has been continuously strengthened. The new generation of H/T series heavy-duty engine products dominated the industry's high-horsepower development trend, and set up a new industry benchmark in the markets of trunkline logistics, greenway cold chain and express delivery etc. M-series large-diameter and high power density engines have entered the global high-end markets such as data engineering centers and mechanic mining trucks, representing a critical step in the adjustment of product structure. With significant differentiated advantages, hydraulic powertrain products for construction machinery, in particular WP15H/17T/6M33/8M33 hydraulic pressure powertrains, have achieved a comprehensive breakthrough in the large-scale mining market.

## 2. Commercial Vehicle Business

The Company adhered to the leading strategy with complete vehicles and machineries, continuously enhanced the competitiveness of its products, and accelerated collaborative upgrading of the industrial chain. Shaanxi Heavy-duty Motor Company Limited ("Shaanxi Zhongqi"), a controlling subsidiary of the Company, seized market opportunities and adhered to value marketing transformation. It recorded a total sales volume of heavy-duty trucks of 116,000 units throughout the year, representing a year-on-year increase of 45%. The export volume amounted to 52,000 units, representing a year-on-year increase of 51%. **We deepened product and business restructuring and fully stimulated the vigor of channels.** We transformed from focusing on traditional construction vehicles to diversified products such as standard load logistics, natural gas and new energy products etc. The sales ratio of medium- and high-end products exceeded 30%, and the market structure was more balanced. We continuously optimised channel management, integrated industry resources, expanded channel scale and service system in the international market, and further enhanced our brand influence. **The competitiveness of our major products continued to be strengthened, creating high-end brands that lead the industry.** We strengthened technical synergy

with industry chain partners, and continuously improved key indicators such as economic efficiency, reliability and comfort of products, and released the world's first 840-horsepower DeLong X6000 17H fuel-powered tractor, refreshing a new record in domestic truck power. The sales volume of high-end model X6000 was over 9,000 units. The sales volume of natural gas heavy-duty trucks exceeded 26,700 units, representing a year-on-year increase of 416%.

### 3. Agricultural Equipment Business

In 2023, there was a phased deep adjustment in the agricultural machinery market. Against the backdrop of multiple factors such as emission standard upgrades and food prices, and a significant decline in the agricultural machinery market, the Company's agricultural equipment business bucked the trend, and the market share of its major products increased in overall, sustaining its leading market position. **Focusing on high-end agricultural machinery products, we established the top brand of agricultural machinery in China.** We have released Weichai Lovol P3404-8V high-horsepower intelligent tractor which is fully electronically controlled and operated with independent intellectual property rights and the best technical configuration in China. Its comprehensive operational efficiency is increased by 30% while the comprehensive fuel consumption reduced by 10%. The new generation of Gushen GR80 series harvesting machine has undergone configuration upgrade to provide strong power, superior performance and comfortable experience, which meets the demand of continuous operation and cross-area operation in modern agricultural production. **We adhered to the science and technology-driven innovation and guided the transformation and upgrading of the industry.** We accelerated the transformation to a system service provider for smart agricultural technology by releasing China's first systematic CVT tractor solution for the application scenario of smart agriculture, which provided the end users with fully managed socialised agricultural services. We have achieved breakthroughs in the industrialisation of 240hp-340hp high-horsepower CVT series tractors, and rapid breakthroughs in key core technologies in large-feed harvesting machinery and electric precision seeders, leading the upgrade of agricultural machinery and equipment towards the direction of large-scale, high-end and intelligence.

#### 4. Intelligent Logistics Business

The Company has the world's leading intelligent logistics business segment. KION Group AG ("KION"), an overseas controlling subsidiary of the Company based in Germany, is a globally leading supplier in the area of intelligent logistics, and is dedicated to providing intelligent logistics solutions for factories, warehouses, distribution centers, etc. in more than 100 countries and regions around the world. In 2023, KION overcame the impact of inflation and supply chain issues and achieved a record-high revenue of EUR11.43 billion, in which its forklift business (represented by Linde and STIHL) realised a revenue of EUR8.48 billion and the supply chain solution business (represented by the Dematic Group in the U.S.) realised a revenue of EUR3 billion. Its forklift business deeply explored market demands, continued to improve the level of intelligence, and created intelligent unmanned forklift solutions for automated warehousing and logistics. Investment was made to construct a high-end logistics equipment manufacturing base in Ji'nan, Shandong Province of US-based Dematic Group, which is US-based Dematic Group's largest production plant in Asia-Pacific and provides integrated intelligent solutions for the high-quality development of China's logistics industry.

#### 5. New Energy, New Technology and New Business Format

The Company has thoroughly implemented the new development concept and accelerated the construction of a "Three New" business layout to actively offer Weichai's solutions against the backdrop of the national strategy of carbon peak and carbon neutrality. **Our new energy business has achieved high-quality development and the differentiated competitive advantage of "three electric" products are prominent.** We have completed the development of electric-powered assembly products for heavy-duty trucks, light-duty trucks and passenger vehicles, with motor power covering 50-430kW, and power density upgraded by more than 20% compared with competing products; highly integrated 6-in-1 controller with maximum efficiency of 99% and 30% higher integration than competing products. The electric consumption of the complete vehicle equipped with Weichai's new energy powertrain is 5% lower than that of our competitors, creating a differentiated advantage of pure electric powertrain. **We achieved breakthroughs in fuel cell core technology, leading the hydrogen energy sector.** We released the world's first high-power metal-supported SOFC commercialised product, with a heat and electricity cogeneration efficiency of 92.55%, creating the world's highest record and offering green and low-carbon solutions for distributed energy and microgrids. We realised mass supply to a number of fuel cell products, with a product life of 30,000 hours, which is globally leading in terms of core technology and industrialisation in the field of hydrogen fuel cells.

## **II. DIVIDENDS AND CAPITALISATION OF RESERVE**

On 25 March 2024, the Company's 2023 profit distribution proposal was considered and approved by the Company's seventh meeting of the sixth session of the Board. Based on 8,717,561,296 shares eligible for profit distribution (calculated by deducting 8,995,525 shares in the securities account designated for share repurchase from the total share capital of the Company of 8,726,556,821 shares) as at 31 December 2023, the Company intends to distribute to all shareholders a cash dividend of RMB2.93 (including tax) for every 10 shares held, without any capitalisation of reserve. Upon the implementation of the 2023 dividends distribution plan, if there is a change in the total amount of shares eligible for profit distribution, the Company will adjust the total amount of profit distribution in accordance with the principle that "the distribution proportion shall remain unchanged" on the basis of the total number of shares eligible for profit distribution as at the record date for the implementation of the distribution plan for A shares. This proposal is subject to the consideration and approval at the 2023 annual general meeting. The expected payment date for the cash dividend as well as the relevant record date on the entitlements to the payment of the cash dividend will be determined by the Board and announced no later than two months after the date of obtaining the said shareholders' approval.

## **III. OUTLOOK AND PROSPECTS**

Looking ahead to 2024, despite that the global economic recovery will likely remain weak, economic growth is expected to sustain relatively high resilience, with stronger-than-expected economic growth in both large emerging markets and developing economies. China's economy is expected to continue to rebound and improve with favourable policy support and show a recovery in consumption, increased investment and improved exports. With the recovery of the domestic economy, coupled with the effective support of exports, national policies to promote consumption and other favorable factors, it is expected that the commercial vehicle industry will maintain a growth trend in 2024. The increasing penetration of new energy and the accelerated advancement of intelligentisation and electrification will bring new opportunities for the development of the Company's "Three New" businesses.

In 2024, the general principles of the Company's work are: improving resilience, deepening global presence, winning with technology, performing structural upgrade, achieving efficient synergy and reform and breakthroughs. The Company will adhere to the goal-oriented approach, enhance resource allocation, strengthen safeguard measures, grasp export opportunities, and unswervingly seize the market and secure orders to ensure that the Group will continue to maintain high-quality development in 2024.

**We will continuously enhance presence in segment markets to win the tough battle in the market in 2024.** We will give full play to the differentiated competitive advantages of powertrains, and undertake precise marketing and make breakthroughs in expansion to ensure a steady increase in market share. We will seize the opportunity of explosive growth in emerging markets, strengthen resource investment in strategic businesses such as large-diameter and high power density engines, and accelerate the development and promotion of product packages in new markets. We will further leverage the resource advantages of the Group to promote the development of the “Three New” businesses; accelerate the transition from homogenised price competition to high-end technological competition, and ensure that the market share, proportion of high-end products, profitability and industry ranking of each business continue to improve. **We will firmly focus on scientific and technological innovation, and enhance the core competitive advantages of products and technology.** We will continue to increase R&D investment, accelerate the breakthrough of “bottleneck” key technology, strengthen research in cutting-edge technology of key components and continue to improve product reliability, and further expand the leading advantages in terms of economic efficiency, reliability, power and other key indicators. We will undertake all-round enhancement of the core competitiveness of batteries, electric motors, electronic controllers and assembly products and accelerate breakthroughs in fuel cell core technology. **We will strengthen the control of overseas industries and make every effort to realise historic breakthroughs in export.** We will continuously promote the improvement of profitability of overseas companies, focusing on guaranteeing supply chain security, operation security and asset security, and realising the continued steady growth of overseas industries. We will prioritise product export as the top strategic task, and make every effort to build up the competitiveness of top-ranking products, first-ranking export management system, first-ranking human resources, and synergistic construction of resources of the whole Group; accelerate the layout of global warehousing and logistics centers, overseas after-market service centers, overseas financial support centers, and international brand communication centers, so as to comprehensively build up the new advantages in product export. **We will continuously improve the management level and activate our endogenous power.** We will promote the in-depth digital transformation, break down the barriers faced by all core systems, and realise full data communication among all business domains. We will accelerate the integrated HR digital transformation, and comprehensively review and accurately identify various types of talents. We will give full play to the advantages of combining business scenarios and massive data, and continue to promote the application of artificial intelligence in the traditional business. We will refine and sublimate Weichai’s WOS management philosophy, and provide operational solutions for China’s equipment manufacturing industry.

#### IV. APPRECIATION

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

## MANAGEMENT DISCUSSION AND ANALYSIS

The Directors are pleased to present a management discussion and analysis of the results of operations of the Group for the year ended 31 December 2023 as follows:

### I. INDUSTRY ANALYSIS

The Company is one of the vehicle and equipment manufacturing conglomerates in the PRC with the best comprehensive strengths. Our development vision is to become a world leading, well-respected and sustainably developing multinational group of intelligent industrial equipment with its own core technologies, with vehicle and machinery as the leading business, and with powertrain as the core business. Over the years, the Company has been dedicated to product management and capital operation and striving to develop competitive products in terms of three key aspects: quality, technology and cost-effectiveness, thereby developing a new pattern of synergetic development among business segments including powertrains (including engines, gear boxes, axles and hydraulics), complete vehicles, agricultural equipment and intelligent logistics.

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

Looking back to 2023, in the face of the complex and severe international environment and the formidable tasks of domestic reform, development and stabilisation, China's economy navigated through troubled waters, with the main expected goals of both economic and social development having been successfully achieved, and high-quality development having been solidly pushed forward. In 2023, the gross domestic product reached RMB126.06 trillion, representing a year-on-year increase of 5.2%.

In 2023, the heavy-duty truck industry entered a recovery period and, under the joint efforts of the industry delivered a satisfactory result with a growth rate that is not low. During the Year, the heavy-duty truck industry delivered a sales volume of 910,000 units, representing a year-on-year increase of 36%. The performance of the domestic construction machinery market was still unsatisfactory due to multiple factors and the downward trend continued in 2023. The construction machinery industry delivered a sales volume of 720,000 units (including 345,000 units of diesel forklift trucks), representing a year-on-year decrease of 11%. In 2023, the agricultural machinery market has experienced a stage of deep adjustment and, due to the superimposed influence of multiple factors including emission standard upgrades and food prices, the agricultural machinery market has experienced a sharp decline. In 2023, the sales volume of the agricultural equipment industry amounted to 410,000 units, representing a year-on-year decrease of 22%.

## **2. Industrial Trucks and Supply Chain Solutions**

Global economic growth slowed down again in 2023. The International Monetary Fund (IMF), in its January outlook (IMF, January 2024), forecasts that global economic output would fall from 3.5% in 2022 to 3.1% in 2023. The global economy achieved only a weak recovery because of factors such as the strain of the ongoing war in Ukraine and the rise in the cost of living.

According to the studies from a research institute Interact Analysis, the markets for industrial trucks and supply chain solutions including services were affected by economic and political uncertainties, elevated interest rates, and the high level of inflation in 2023. These factors had a negative impact on customers' willingness to invest and therefore also on demand for industrial trucks and supply chain solutions. The challenging conditions in the market led to some planned investments being postponed or even halted. But the positive medium- and long-term trends in the for industrial trucks and supply chain solutions market remain intact.

## **II. THE GROUP'S BUSINESS**

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

### **1. Powertrains, Complete Vehicles and Machines and Key Components**

The Group has always adhered to self-reliance and self-improvement in science and technology with the advantages of the globally coordinated R&D platform, while perfecting its product research and development system for each segment market and improving its full-process research and development capabilities to meet customer needs in a comprehensive and rapid manner. During the Year, the Company's product and market structures continued to optimize and its leading position in the industry continued to be consolidated with significant advantage as a market leader in powertrains.

In 2023, focusing on the strategy of being led by complete vehicles and machineries, the Company continuously enhanced the competitiveness of its products and accelerated the synergetic upgrading of industrial chain. Shaanxi Heavy Duty Automotive Co., Ltd. ("Shaanxi Zhongqi"), a controlling subsidiary of the Company, seized market opportunities and insisted on the transformation of value marketing, achieving a historical breakthrough in product sales.



During the Year, the Company sold 736,000 units of engines, representing a year-on-year growth of 28%; 838,000 units of gear boxes, representing a year-on-year growth of 42%; 743,000 units of axles, representing a year-on-year growth of 39%. Among which, the export volume of engines reached 66,000 units, representing a year-on-year growth of 21%; the export volume of M-series engines exceeded 5,400 units, representing a year-on-year growth of 33%. It recorded a sales volume of heavy-duty trucks of 116,000 units throughout the year, representing a year-on-year growth of 45%. The export volume amounted to 52,000 units, representing a year-on-year growth of 51%.

The engine segment contributed approximately RMB47,852 million to the sales revenue of the Group during the Year, representing a year-on-year growth of approximately 44.1%, while the automobiles and automobile components segment contributed approximately RMB62,618 million to the sales revenue of the Group during the Year, representing a year-on-year growth of approximately 38.0%.

## **2. Intelligent Logistics**

Revenue from industrial trucks & services business increased significantly during the Year, with operating result far exceeding expectations, increasing by approximately 15.3% year-on-year from approximately EUR7,356 million for the corresponding period last year to EUR8,480 million. However, due to the subdued market, the number of orders of new trucks from the industrial trucks & services sub-segment fell by 9.9% to 242,000 in the Year. The total value of order intake declined by approximately 6.4% year-on-year from approximately 8,426 million for the corresponding period last year to approximately EUR7,890 million.

On the other hand, after several years of strong growth, the market for warehouse automation solutions has become relatively weak and customer demand has weakened significantly, with the total value of order intake of the year amounting to approximately EUR3,032 million, a year-on-year decrease of approximately 9.8% compared to the corresponding period last year.

During the Year, the intelligent logistics business contributed approximately RMB87,456 million to the Group's sales revenue, representing a year-on-year increase of approximately RMB8,546 million or approximately 10.8% compared to approximately RMB78,910 million for the corresponding period last year.

### **3. Agricultural Equipment**

In 2023, there was a phased deep adjustment in the agricultural machinery market. Against the backdrop of the superimposed influence of multiple factors such as emission standard upgrades and food prices and a significant decline in the agricultural machinery market, the Company's agricultural equipment business bucked the trend, with the market share of its major products increasing in general, with continuously leading market position. The agricultural equipment business contributed approximately RMB16,034 million to the sales revenue of the Group during the Year.

Last year, the Company expected that its sales revenue in 2023 would increase by approximately 10% to approximately RMB192.7 billion. The actual sales revenue amounted to approximately RMB214 billion, representing a year-on-year increase of approximately 22.2%. The higher-than-expected actual sales revenue was mainly due to the recovery of the heavy-duty truck industry in 2023, leading to a year-on-year increase of the industry sales and a year-on-year increase of the Company's related business performance accordingly.

In 2024, it is expected that the global economic recovery will remain weak, but economic growth is expected to remain relatively resilient, with stronger-than-expected growth in large emerging markets and developing economies. The Company will adhere to the work principles of “improving resilience, deepening global presence, winning with technology, performing structural upgrade, achieving efficient synergy and reform and breakthroughs” to steadfastly complete various targets and missions. By cooperating with companies engaged in complete vehicle and machinery within the Group, we will continue to enhance our product competitiveness and brand influence, and ensure that the Group will continue to maintain high-quality development in 2024. Considering the economic development trend and the industry situation, the Company expects that its sales revenue in 2024 would be ranging from approximately RMB224.7 billion to RMB235.4 billion, representing an overall growth of approximately 5% to 10% as compared with 2023.

### III. FINANCIAL REVIEW

#### 1. The Group's Results of Operations

##### *a. Revenue*

In 2023, the Group's revenue amounted to approximately RMB213,958 million, representing an increase of approximately RMB38,800 million or approximately 22.2% from approximately RMB175,158 million in the corresponding period in 2022, which was mainly due to the Group seizing the opportunity of structural growth in the heavy-duty truck industry, actively deepening structural adjustments and making strong breakthroughs in strategic markets, resulting in rapid growth in the sales volume of the Group's related products, which contributed to the substantial year-on-year performance growth. Revenue from principal operations amounted to approximately RMB210,807 million, representing an increase of approximately RMB38,637 million or approximately 22.4% from approximately RMB172,170 million in the corresponding period last year.

##### *b. Gross Operating Margin*

During the Year, the Group's gross operating margin was 21.1%, representing a year-on-year increase of 3.3 percentage points. Among which, the domestic segment was mainly affected by factors including the rebound in overall sales revenue, the dilution of fixed production costs and the increasing profitability of products, while the overseas segment mainly benefited from the increase of sales price and the stabilisation of material cost, which resulted in the increase in the gross profit margin of the overseas segment.

##### *c. Distribution and Selling Expenses*

Distribution and selling expenses increased by approximately 25.8% to approximately RMB13,410 million in the Year from approximately RMB10,661 million in the corresponding period of 2022. The increase of distribution and selling expenses was primarily attributable to an increase in after-sales and repair fee and marketing expenses as affected by the significant increase in turnover. The distribution and selling expenses as a percentage of revenue increased from approximately 6.1% in the corresponding period of last year to approximately 6.3% during the Year.

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

General and administrative expenses increased by approximately RMB1,364 million or approximately 16.9% from approximately RMB8,092 million in the corresponding period of 2022 to approximately RMB9,457 million in the Year. The increase in general and administrative expenses was mainly due to the recovery of business expansion which resulted in an increase in staff costs and external support fee, but the overall expenses were effectively controlled. The general and administrative expenses as a percentage of revenue decreased from approximately 4.6% in the corresponding period of last year to approximately 4.4% during the Year.

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

The Group's EBIT increased from approximately RMB7,487 million in the corresponding period of 2022 to approximately RMB16,507 million in the Year, representing a year-on-year increase of approximately RMB9,020 million or 120.5%. The significant increase in EBIT was primarily attributable to significant economies of scale as the sales increased, and the Group's effective control of expenses, which led to an increase in the EBIT margin from approximately 4.3% last year to approximately 7.7% during the Year.

**f. *Finance Expenses***

Finance expenses increased from net finance income of approximately RMB909 million in the corresponding period of 2022 to net finance expense of approximately RMB560 million during the Year, mainly due to the further increase in the scale of interest-bearing liabilities and the relatively high increase in interest rates resulting from interest rate hikes, which resulted in an increase in interest expenses of approximately RMB1,954 million from approximately RMB1,401 million in the corresponding period of 2022 to approximately RMB3,355 million in the Year, representing a year-on-year increase of approximately 139.5%.

**g. *Provision for Impairment***

In accordance with the Accounting Standards for Business Enterprises, Stock Listing Rules of the Shenzhen Stock Exchange and the relevant provisions of the Company's accounting policies, based on the principle of prudence, the Company has conducted impairment tests on its assets with signs of impairment within the scope of the consolidated financial statements as at 31 December 2023 and made corresponding impairment provisions for assets with signs of impairment. According to the test results, provision made for the impairment by the Company in 2023 amounted to approximately RMB1,486 million, of which the provision for credit losses amounted to approximately RMB402 million, provision for decline in value of inventories amounted to approximately RMB759 million, provision for impairment of goodwill amounted to approximately RMB98 million, provision for impairment of fixed assets and intangible assets amounted to approximately RMB185 million, provision for impairment losses of construction in progress amounted to RMB12 million, impairment of long-term equity investments amounted to approximately RMB8 million, and provision for impairment of right-of-use assets amounted to approximately RMB20 million.

***h. Income Tax Expenses***

The Group's income tax expenses increased from approximately RMB403 million in the corresponding period in 2022 to approximately RMB1,940 million during the Year, representing a year-on-year increase of approximately 381.9%, which was mainly attributable to the substantial increase in total profit. The Group's average effective tax rate increased from approximately 6.6% in the corresponding period last year to approximately 14.7% during the Year.

***i. Net Profit and Net Profit Margin***

The Group's net profit increased from approximately RMB5,683 million in the corresponding period of 2022 to approximately RMB11,212 million during the Year, representing a year-on-year increase of approximately 97.3%. The Group's net profit margin for the Year was approximately 5.2%, which increased by 2 percentage points from approximately 3.2% in the corresponding period last year.

***j. Liquidity and Cash Flow***

During the Year, net cash inflows generated from the Group's operating activities amounted to approximately RMB27,471 million, representing a year-on-year increase of approximately RMB29,820 million as compared with the net operating cash outflows of the corresponding period last year, which was primarily attributable to the year-on-year increase of RMB47,275 million in cash received from sales of goods or rendering of services as affected by the increase in turnover of the Year. On the other hand, due to the recovery of business expansion, cash paid for goods and services had a year-on-year increase of RMB9,664 million; cash paid to and on behalf of employees had a year-on-year increase of RMB5,879 million; and cash paid for all types of taxes had an increase of RMB2,018 million. Net increase in cash and cash equivalents of the Year was approximately RMB8,859 million, among which partly had been applied to repayment of borrowings, payment of interest, as well as the acquisition of property, plant and equipment for the expansion of the Group's business.

As of 31 December 2023, the Group's cash and cash equivalents (net of interest-bearing debts) amounted to net cash of RMB36,368 million (as at 31 December 2022: RMB25,961 million). Based on the above calculations, the Group is in a net cash position.

As at 31 December 2023, the Group's gearing ratio (net interest-bearing debts/(shareholders' equity + net interest-bearing debts)) was approximately 23.8% (as at 31 December 2022: 26.1%).

## 2. Financial Position

### *a. Assets and Liabilities*

As at 31 December 2023, the Group had total assets of approximately RMB334,247 million, of which approximately RMB197,925 million were current assets. As at 31 December 2023, the Group had cash and cash equivalents of approximately RMB92,857 million (as at 31 December 2022: RMB70,842 million). On the same date, the Group's total liabilities amounted to approximately RMB221,561 million, of which approximately RMB146,215 million were current liabilities. The current ratio was approximately 1.35x (as at 31 December 2022: 1.41x).

### *b. Capital Structure*

As at 31 December 2023, the Group had total equity of approximately RMB112,686 million, of which approximately RMB79,335 million was attributable to equity holders of the Company and the remaining balance was minority interests.

The borrowings of the Group as at 31 December 2023 amounted to approximately RMB35,252 million, which included bonds of approximately RMB9,384 million, short-term commercial paper of approximately RMB157 million and bank borrowings of approximately RMB25,712 million.

Borrowings repayable on demand or within a period not exceeding one year were approximately RMB7,804 million; borrowings repayable within a period of more than one year but not exceeding two years were approximately RMB9,489 million; borrowings repayable within a period of more than two years but not exceeding five years were approximately RMB8,378 million; and borrowings repayable within a period of more than 5 years were approximately RMB41 million.

The bank borrowings included fixed interest rate bank borrowings of approximately RMB2,484 million and floating interest rate bank borrowings of approximately RMB23,228 million. Other than Euro-denominated borrowings equivalent to approximately RMB16,187 million and USD-denominated borrowings equivalent to approximately RMB460 million, borrowings are primarily Renminbi-denominated borrowings.

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

**c. *Pledge of Assets***

As at 31 December 2023, bank deposits, notes receivables and receivable financing of approximately RMB27,635 million (as at 31 December 2022: approximately RMB16,220 million) were pledged to banks to secure the Group's notes payable, letter of guarantee, acceptance bills and letter of credit, etc. issued by banks. The pledged bank deposits carry prevailing bank interest rates. The pledge will be released upon the settlement of the relevant bank borrowings. The fair value of the bank deposits as at the balance sheet date was approximately the same as the carrying amount. Fixed assets, long-term receivables and accounts receivables of approximately RMB9,587 million (as at 31 December 2022: approximately RMB8,326 million) were also pledged by the Group to secure bank borrowings, guarantee its liabilities under the staff retirement benefit and use in asset securitisation financing.

**d. *Contingencies***

As at 31 December 2023, the Group provided certain distributors and agents with bank guarantee amounting to approximately RMB286 million (as at 31 December 2022: approximately RMB873 million) to secure their obtaining and use of banking facilities.

As at 31 December 2023, the Group provided guarantee for repurchase liabilities in respect of failure of the lessees under finance leases to settle instalment payments plus interest. Risk exposure in respect of possible guarantee for repurchase liabilities amounted to approximately RMB2,802 million (as at 31 December 2022: approximately RMB1,831 million).

**e. *Commitments***

As at 31 December 2023, the Group had capital commitments of approximately RMB13,000 million (as at 31 December 2022: approximately RMB6,592 million), principally for the capital expenditure in respect of acquisition of property, plant and equipment. The capital expenditure will be financed by internal resources.

As at 31 December 2023, the Group had no other investment commitments (as at 31 December 2022: nil).

**f. *Intangible assets***

As at 31 December 2023, total intangible assets of the Group amounted to approximately RMB23,071 million, of which land use rights amounted to approximately RMB2,855 million, trademark use rights amounted to approximately RMB8,222 million, relationship with customers amounted to approximately RMB3,955 million, proprietary technologies amounted to approximately RMB1,329 million, and licenses and software amounted to approximately RMB6,710 million. Intangible assets formed through internal research and development as at the end of the Year accounted for 25.23% of the balance of intangible assets.

***g. Hedging arrangements***

KION, a subsidiary of the Company, conducted cash flow hedging on forward currency contracts designated to the exchange rate risk of forecast sale, forecast purchase and firm commitment. The total cash flow of the hedged item amounted to RMB4,522,986,254.12 (EUR575,502,119.06), of which the amount due within 1 year was RMB4,032,907,434.15 (EUR513,144,777.35), and the remaining portion will become due in 2025. The hedged items would affect the profit and loss for the period from 2024 to 2025. There was no material invalid hedge within the Year. As at 31 December 2023, the cashflow hedging reserve in respect of the aforesaid hedged item was a loss of RMB7,962,295.30 (EUR481,000.00).

On 15 January 2020, Weichai Power (Hong Kong) International Development Co., Limited, a subsidiary of the Company, used the interest rate swap instrument as hedging instrument, and conducted cash flow hedging on the floating-rate borrowings amounting to EUR241 million against the cash flow fluctuation incurred by change in interest rates. The hedged items would affect the profit and loss for the period of 2020 to 2024. There was no material invalid hedge for the current year. As at 31 December 2023, the cashflow hedging reserve in respect of the aforesaid hedged item was a profit of RMB63,190,028.15 (EUR9,311,722.19).

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

KION conducted fair value hedging of the interest rate risk of lease receivables by entering into an amortising interest rate swap contract. The interest rate swap contract as a hedging instrument reflects the notional amount and maturity of the portfolio of hedged items and will mature in 2030. In conclusion, the fair value hedging exposes the lease receivables to a variable interest rate consistent with its relevant currency zone. Therefore, from an economic point of view, the variable rate is equivalent to the variable rate for refinancing the portfolio of hedged items.



### **3. Other Financial Information**

#### ***a. Employees***

As at 31 December 2023, the Group had approximately 89,000 employees (including approximately 42,000 employees of KION). During the Year, the Group paid remuneration of approximately RMB34,349 million. The Group has established and perfected a remuneration incentive policy to promote the high quality and rapid development of the enterprise by evaluating the value of various types of personnel and referencing the market remuneration levels, setting competitive remuneration standards, reasonably setting personnel remuneration levels, determining the salary scale based on position and performance, and adjusting salary based on performance appraisals. During the Year, training expenses of approximately RMB28 million in total were incurred and a total of 4,831,990 hours of training was provided to 41,768 participants.

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

#### ***b. Material Investment, Major Acquisition and Disposal***

During the Year, a subsidiary of the Company, Weichai Lovol Intelligent Agricultural Technology Co., Ltd.\* (濰柴雷沃智慧農業科技股份有限公司) submitted an application relating to the possible spin-off and separate listing of its shares on the ChiNext Board of the Shenzhen Stock Exchange, and received the notice of acceptance on 23 March 2023. For further details, please refer to the Company’s announcement dated 24 March 2023.

Save for the above, the Group did not have any major investment, acquisition or disposal during the Year.

#### ***c. Subsequent Events after the Balance Sheet Date***

On 25 March 2024, the Company’s 2023 profit distribution proposal was considered and approved by the Company’s seventh meeting of the sixth session of the Board. Based on 8,717,561,296 shares eligible for profit distribution (calculated by deducting 8,995,525 shares in the securities account designated for share repurchase from the total share capital of the Company of 8,726,556,821 shares) as at 31 December 2023, the Company intends to distribute to all shareholders a cash dividend of RMB2.93 (including tax) for every 10 shares held, without any capitalisation of reserve. This proposal is subject to the consideration and approval at the 2023 annual general meeting.

*d. Use of proceeds*

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

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

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

The issue price of RMB16.40 per A Share represents a premium of approximately 9.26% to the benchmarked price of HK\$18.02 (equivalent to approximately RMB15.01), such benchmarked price being the closing price of H Shares on the date of the Company's acceptance of the subscriptions involving the non-public issuance of A Shares under the relevant general mandate. The total proceeds of the non-public issuance of A Shares amounted to RMB12,999,999,986.40. The status of the use of such proceeds as of 31 December 2023 is set out below:

*RMB million*

Name of investment project		Total amount of proceeds proposed to be applied to the relevant project	Total amount of proceeds applied as of 31 December 2023	Amount of unutilised proceeds ("Unutilised Proceeds") as of 31 December 2023	Application plan of Unutilised Proceeds <sup>(note 1)</sup>			
Name of project	Name of subproject				Year 2024	Year 2025	Year 2026	Year 2027
(1) Fuel Cell Industry Chain Development Project	(a) Hydrogen-fueled cell and key components industrialisation project	500.00	187.04	312.96	99.51	100.43	85.42	42.21
	(b) Solid oxide fuel cell and key components industrialisation project	500.00	66.14	433.86	103.04	150.00	120.46	46.38
	(c) Key components of fuel cell powertrain research and development and construction capabilities project	1,000.00	436.70	563.30	206.01	172.20	122.35	47.32
(2) Full Series of H Platform High-end Road-going Engines of China VI or above Emission Standards Project	(a) New million units digitalised power industry base stage I project	3,000.00	860.76	2,139.24	724.01	684.21	674.92	209.79
	(b) H platform engines intelligent manufacturing upgrade project	1,000.00	538.68	461.32	244.04	262.6	29.83	-
(3) Large Diameter High-end Engine Industrialisation Project	(a) Large diameter high-end engine laboratory project	1,075.00	499.52	575.48	209.35	194.84	150.76	72.89
	(b) High efficiency and high speed self-owned brand engine industrialisation project	685.00	507.19	177.81	193.07	-	-	-
	(c) Large diameter high-end engine development project	1,240.00	634.96	605.04	180.44	256.1	191.91	60.79
(4) Full Series hydraulic pressure powertrain and large-scale continuously variable transmission (CVT) powertrain industrialisation project		3,000.00	1,021.17	1,978.83	897.51	898.4	250.44	-

RMB million

Name of investment project		Total amount of proceeds proposed to be applied to the relevant project	Total amount of proceeds applied as of 31 December 2023	Amount of unutilised proceeds (“Unutilised Proceeds”) as of 31 December 2023	Application plan of Unutilised Proceeds <sup>(note 1)</sup>			
Name of project	Name of subproject				Year 2024	Year 2025	Year 2026	Year 2027
(5)	Replenishment of working capital	1,000.00	800.72	199.28	<i>Expected to be applied by the end of 2027</i>			
<b>Total</b>		<b>13,000.00</b>	<b>5,552.88</b>	<b>7,447.12</b> <sup>(note 2)</sup>				

*Notes:*

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

The Board confirms that there has not been any material change to the timeline for the application of the abovementioned proceeds for each project since 30 March 2023, but in view of the progress of the implementation of the relevant investment projects, for each project the actual amount of application for each of the years from 2024 to 2027 is expected to be adjusted slightly (but in any event by no more than 30%), and the Board further confirms that:

- the proceeds proposed to be applied to the projects numbered (1)(a), (1)(b), (1)(c), (2)(a), (3)(a) and (3)(c) above are expected to be fully utilised by the end of 2027;
- the proceeds proposed to be applied to the projects numbered (2)(b) and (4) above are expected to be fully utilised by the end of 2026; and
- the proceeds proposed to be applied to the project numbered (3)(b) above is expected to be fully utilised by the end of 2024.

- Taking into account the expenses for the non-public issuance of A Shares (including the sponsor and underwriting fees, accounting and capital verification fees etc) which amounted to RMB11.94 million, the total Unutilised Proceeds net of such expenses amounted to RMB7,435.18 million.

It is expected that the remaining proceeds, being approximately RMB8.04 billion in aggregate (including accumulated interest received from bank deposits and wealth management income net of bank handling fees), would continue to be used for the relevant investment projects as set out above any shortfall in the investment amounts for such projects will be made up by utilising the internal funds of the Company or through other financing methods. The Board considers that the proceeds from the issuance of A shares had been and will be applied in accordance with the specific uses and materially along the timeline of proposed use of proceeds as disclosed in the Circular (with adjusted timeline approved by the Board on 30 March 2022 and 30 March 2023).

## OTHER INFORMATION

### Directors' and Supervisors' Interests in Shares and Underlying Shares

As at 31 December 2023, the interests and short position (if any) of the directors, the chief executives and the supervisors in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), were as follows:

Name of director	Capacity	Number of "A" shares held	Number of "H" shares held	Percentage of the issued share capital of the Company
Tan Xuguang	Beneficial owner	58,842,596 (Note 1)	–	0.67%
Zhang Quan	Beneficial owner	13,684,324 (Note 1)	–	0.16%
Wang Decheng	Beneficial owner	800,000	–	0.01%
Sun Shaojun	Beneficial owner	13,684,324 (Note 1)	–	0.16%
Yuan Hongming	Beneficial owner	1,000,440	–	0.011%
	Interest held by spouse	<u>444</u>	–	<u>0.000005%</u>
		<u>1,000,884</u>		<u>0.011%</u>

#### Notes:

1. These shares were derived from the previous domestic shares of the Company. The domestic shares were ordinary shares issued by the Company, with a Renminbi denominated par value of RMB1.00 each, which were subscribed for and paid up in Renminbi or credited as fully paid up. These shares became A shares of the Company upon the A share listing of the Company on the Shenzhen Stock Exchange.
2. All the shareholding interests listed in the above table are "long" position.
3. The percentages disclosed in the above table were calculated based on the total number of issued shares of the Company as at 31 December 2023, i.e. 8,726,556,821 shares (comprised of 6,783,516,821 A shares and 1,943,040,000 H shares).

## Interests in the shares of associated corporations of the Company

Name of director	Name of associated corporation	Nature of interest	Class and number of securities interested or deemed to be interested	Approximate percentage interest in the entire issued share capital of associated corporation
Richard Robinson Smith	KION Group AG (“KION”)	Beneficial owner	50,000 ordinary shares	0.04%

Save as disclosed above, as at 31 December 2023, none of the Directors, the chief executives nor the supervisors had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company pursuant to the Model Code.

## Details of Changes in Share Capital and Substantial Shareholders’ Shareholdings

### (I) Changes in share capital

#### 1. Changes in share capital (as at 31 December 2023)

	Before the movement		Increase/decrease in the movement (+,-)					After the movement	
	No. of shares	Percentage	New shares issued	Bonus Issue	Transfer of surplus to capital	Others	Sub-total	No. of shares	Percentage
I. Restricted circulating shares	1,735,186,683	19.88%	-	-	-	76,697,952	76,697,952	1,811,884,635	20.76%
1. State-owned legal person shares	1,642,531,008	18.82%	-	-	-	-	-	1,642,531,008	18.82%
2. Shares held by other domestic entities	92,655,675	1.06%	-	-	-	76,527,952	76,527,952	169,183,627	1.94%
Incl.: Shares held by domestic natural persons	92,655,675	1.06%	-	-	-	76,527,952	76,527,952	169,183,627	1.94%
3. Shares held by other foreign entities	0	0.00%	-	-	-	170,000	170,000	170,000	0.00%
Incl.: Shares held by foreign natural persons	0	0.00%	-	-	-	170,000	170,000	170,000	0.00%
II. Non-restricted circulating shares	6,991,370,138	80.12%	-	-	-	-76,697,952	-76,697,952	6,914,672,186	79.24%
1. RMB ordinary shares	5,048,330,138	57.85%	-	-	-	-76,697,952	-76,697,952	4,971,632,186	56.97%
2. Overseas listed foreign shares	1,943,040,000	22.27%	-	-	-	-	-	1,943,040,000	22.27%
III. Total number of shares	8,726,556,821	100.00%	-	-	-	-	-	8,726,556,821	100.00%

## (II) Shareholdings of the Substantial Shareholders (as at 31 December 2023)

**Total number of Shareholders** The number of shareholders is 281,219 among which 280,985 are shareholders of “A” shares and 234 are shareholders of “H” shares.

### *Shareholdings of the top ten shareholders*

Name of shareholder	Type of shareholder	Percentage of shares held	Total number of shares held as at the end of the reporting period	Number of restricted shares held	Pledged, marked or frozen
HKSCC Nominees Limited	Foreign shareholder	22.22%	1,938,829,965	–	–
Weichai Group Holdings Limited	State-owned legal person	16.30%	1,422,550,620	1,345,905,600	–
Hong Kong Securities Clearing Company Limited	Overseas legal person	6.70%	584,632,741	–	–
Weifang Investment Group Company Limited	State-owned legal person	3.40%	296,625,408	296,625,408	–
China Securities Finance Corporation Limited	Domestic non-state-owned legal person	1.87%	163,608,906	–	–
IVM Technical Consultants Wien Gesellschaft m.b.H.	Overseas legal person	1.31%	113,938,700	–	–
Shandong Enterprise Trust Operation Company Limited	Domestic non-state-owned legal person	0.74%	64,879,893	–	–
Tan Xuguang	Domestic natural person	0.67%	58,842,596	44,131,947	–
National Social Security Fund 114	Funds and wealth management products etc.	0.64%	55,682,257	–	–
National Manufacturing Transformation and Upgrade Fund Co., Ltd.* (國家製造業轉型升級基金股份有限公司)	State-owned legal person	0.49%	42,682,926	–	–

*Shareholdings of the top ten non-restricted shareholders*

<b>Name of shareholder</b>	<b>Number of the non-restricted shares held as at the end of the reporting period</b>	<b>Types of shares</b>
HKSCC Nominees Limited	1,938,829,965	Overseas listed foreign shares
Hong Kong Securities Clearing Company Limited	584,632,741	RMB ordinary shares
China Securities Finance Corporation Limited	163,608,906	RMB ordinary shares
IVM Technical Consultants Wien Gesellschaft m.b.H.	113,938,700	RMB ordinary shares
Weichai Group Holdings Limited	76,645,020	RMB ordinary shares
Shandong Enterprise Trust Operation Company Limited	64,879,893	RMB ordinary shares
National Social Security Fund 114	55,682,257	RMB ordinary shares
National Manufacturing Transformation and Upgrade Fund Co., Ltd.	42,682,926	RMB ordinary shares
Industrial and Commercial Bank of China Limited – Huatai Bairui CSI 300 Trading Index Securities Investment Open-ended Fund	40,532,186	RMB ordinary shares
Huaxia Fund-Agricultural Bank of China-Huaxia Zhongzheng Financial Asset Management Plan	33,002,800	RMB ordinary shares

*Notes:*

1. Among the aforesaid shareholders, Mr. Tan Xuguang is the chairman of Weichai Group Holdings Limited. It is not certain whether there is any connected relationship among other top ten shareholders and the other top ten non-restricted shareholders, or whether there is any acting in concert relationship among them.
2. As at the end of the reporting period, the Company's securities account designated for repurchased shares holds 8,995,525 shares of the Company, representing 0.1% of the total share capital of the Company.



## Substantial Shareholders

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO (including interests filed with the Hong Kong Stock Exchange) shows that as at 31 December 2023, the following persons (other than directors, chief executives and supervisors) had the following interests and short positions (if any) in the shares and underlying shares of the Company:

Name	Capacity	Long/ Short position	Number of A shares	Percentage of share capital comprising only A shares	Number of H shares	Percentage of share capital comprising only H shares	Percentage of total issued share capital
Weichai Group Holdings Limited	Beneficial owner	Long	1,422,550,620	20.97%	–	–	16.30%
Shandong Heavy Industry Group Co., Ltd. (Note 1)	Interest of corporation controlled by you	Long	1,422,550,620	20.97%	–	–	16.30%
Brandes Investment Partners, LP (Note 3)	Investment manager	Long	–	–	78,578,612	16.18%	3.60%
Lazard Emerging Markets Equity Portfolio (Note 4)	Investment manager	Long	–	–	23,707,500	5.86%	1.30%
Barclays PLC (Note 3)	Person having a security interest in shares	Long	–	–	525,552	0.11%	0.02%
	Interest of corporation controlled by you	Long	–	–	25,453,050	5.24%	1.17%
					<u>25,978,602</u>	<u>5.35%</u>	<u>1.19%</u>
	Interest of corporation controlled by you	Short	–	–	24,102,475	4.96%	1.10%
Morgan Stanley (Note 2)	Interest of corporation controlled by you	Long	–	–	49,335,508	5.08%	1.13%
	Interest of corporation controlled by you	Short	–	–	42,078,545	4.33%	0.96%
Lazard Asset Management LLC	Investment manager	Long	–	–	156,532,231	8.06%	1.79%
Pzena Investment Management, LLC	Investment manager	Long	–	–	134,626,000	6.93%	1.54%
	Beneficial owner	Long	–	–	<u>689,000</u>	<u>0.03%</u>	<u>0.01%</u>
					<u>135,315,000</u>	<u>6.96%</u>	<u>1.55%</u>

Name	Capacity	Long/ Short position	Number of A shares	Percentage of share capital comprising only A shares	Number of H shares	Percentage of share capital comprising only H shares	Percentage of total issued share capital
Citigroup Inc.	Interest of corporation controlled by you	Long	-	-	4,212,066	0.22%	0.05%
	Approved lending agent	Long	-	-	126,978,467	6.53%	1.46%
					<u>131,190,533</u>	<u>6.75%</u>	<u>1.50%</u>
	Interest of corporation controlled by you	Short	-	-	3,830,707	0.19%	0.04%
JPMorgan Chase & Co.	Interest of corporation controlled by you	Long	-	-	16,923,662	0.87%	0.19%
	Investment manager	Long	-	-	33,398,040	1.72%	0.38%
	Person having a security interest in shares	Long	-	-	2,969,351	0.15%	0.03%
	Approved lending agent	Long	-	-	61,010,046	3.14%	0.70%
					<u>114,301,099</u>	<u>5.88%</u>	<u>1.31%</u>
Interest of corporation controlled by you	Short	-	-	10,200,363	0.52%	0.12%	
Brown Brothers Harriman & Co.	Approved lending agent	Long	-	-	97,242,422	5.00%	1.11%

*Notes:*

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

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 December 2023.

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

1. At the staff delegation meeting convened on 26 May 2023, Mr. Zhao Yongchang was elected as an employee representative supervisor, for a term from 26 May 2023 to the conclusion of the annual general meeting of the Company for the year ended 31 December 2023. The application for resignation as an employee representative supervisor of Mr. Ma Changhai took effect on the same day.
2. At the Board meeting convened on 5 June 2023, Mr. Zhang Quan was appointed as the vice chairman of the Board, for a term from 5 June 2023 to the conclusion of the annual general meeting of the Company for the year ended 31 December 2023. Mr. Wang Decheng was appointed as the executive CEO of the Company, Mr. Zhi Baojing and Mr. Jin Zhao were appointed as the executive presidents of the Company, Mr. Yuan Hongming resigned as the executive president of the Company due to changes in work arrangement and Mr. Wang Jian resigned as the vice president of the Company due to changes in work arrangement.
3. Mr. Yan Jianbo resigned as an executive Director, executive president and a member of relevant Board committee, and Mr. Jiang Kui and Mr. Gordon Riske resigned as non-executive Directors of the Company due to changes in work arrangements. Such resignation took effect from 5 June 2023.
4. At the annual general meeting convened on 28 June 2023, Mr. Ma Changhai, Mr. Wang Decheng and Mr. Ma Xuyao were appointed as executive Directors of the Company; Mr. Richard Robinson Smith was appointed as non-executive Director of the Company and Mr. Chi Deqiang, Mr. Zhao Fuquan and Mr. Xu Bing were appointed as independent non-executive Directors of the Company, each for a term from 28 June 2023 to the conclusion of the annual general meeting of the Company for the year ended 31 December 2023. Mr. Xu Xinyu, Mr. Wen Daocai and Ms. Zhao Huifang resigned as (as the case maybe) an executive Director, independent non-executive Directors and members of relevant Board committees of the Company due to changes in work arrangements. Such resignation took effect on the same day.
5. On 28 June 2023, Mr. Li Hongwu retired as independent non-executive Director and member of the relevant Board committees of the Company due to the expiration of his term of office.
6. At the Board meeting convened on 28 June 2023, the Board considered and approved the appointment of Mr. Wang Decheng and Mr. Ma Xuyao as members of the strategic development and investment committee of the Company, the appointment of Mr. Chi Deqiang, Mr. Zhao Fuquan and Mr. Xu Bing as members of the audit committee of the Company, the appointment of Ms. Jiang Yan as the chairman of the remuneration committee of the Company and Mr. Zhao Fuquan as a member of the remuneration committee of the Company, and the appointment of Mr. Chi Deqiang as the chairman of the nomination committee of the Company and Mr. Ma Changhai and Mr. Xu Bing as members of the nomination committee of the Company.

7. On 13 October 2023, Mr. Wang Decheng was appointed as the Chief Executive Officer and general manager of the Company. Mr. Tan Xuguang ceased to serve concurrently as the Chief Executive Officer of the Company due to work requirements. Mr. Jiang Ningtao resigned as a vice president of the Company due to changes in work arrangements. Mr. Wang Jian and Mr. Feng Gang were appointed as deputy general managers of the Company.

## **EMOLUMENT POLICY**

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

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

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

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

## **DIVIDEND POLICY**

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

## **ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES**

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

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES OF THE COMPANY**

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

The Board approved the A shares repurchase plan on 19 May 2022 and such repurchase plan has ended on 11 October 2022. A total of 87,265,525 ordinary A shares were repurchased during 24 May 2022 to 11 October 2022, among which 78,270,000 of the repurchased A shares had been granted pursuant to the Company's restricted share incentive scheme of A shares. Please refer to the section headed "The restricted share incentive scheme of A shares" of this announcement for further details. As at of 31 December 2023, the total number of the Company's shares that has been repurchased but not granted and not cancelled was 8,995,525 A shares.

## **PRE-EMPTIVE RIGHTS**

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

## **INCOME TAX FOR H SHAREHOLDERS**

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

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

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

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

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

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

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

## MAJOR CUSTOMERS AND SUPPLIERS

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

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

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

## THE RESTRICTED SHARE INCENTIVE SCHEME OF A SHARES

### Principal Terms of the Incentive Scheme

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

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

<b>Unlocking arrangement</b>	<b>Unlocking periods</b>	<b>Unlocking proportion to equity interests granted</b>
The first unlocking period	Commencing from the first trading day upon the expiry of the 24-month period from the date of completion of registration of the Restricted Shares granted and ending on the last trading day falling within the period of 36 months from the date of completion of registration of the Restricted Shares granted	30%

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

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

**(i) Performance appraisal targets at the Company level**

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



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

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

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

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

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

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

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

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

The Incentive Scheme shall be valid from the date of the completion of registration of the grant of the Restricted Shares, to the unlocking of the lock-up restrictions attached to all of the granted Restricted Shares (excluding those subject to reduction restriction over directors and senior management) or the completion of the repurchase of the granted Restricted Shares by the Company, which period shall not exceed 60 months. Accordingly, based on the date of the completion of registration of the grant of the Restricted Shares which falls on 20 December 2023, the Incentive Scheme shall remain valid until no later than 20 December 2028. The remaining life of the Incentive Scheme is approximately 56 months.

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

## Details of awards granted to participants during the Year

A summary of the movements of the Restricted Shares granted under the Incentive Scheme during the year ended 31 December 2023 is as follows:

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

*Notes:*

1. The Incentive Scheme was adopted on 13 November 2023. There was no ungranted or locked-up Restricted Shares at the beginning of the financial year ended 31 December 2023.
2. The Board approved the adjustments to the list of incentive participants under the Incentive Scheme, the number of Restricted Shares to be granted and the grant price pursuant to the Incentive Scheme on 8 December 2023. For further details, please refer to the Company's announcement dated 8 December 2023.
3. In respect of the grant under the Incentive Scheme which was made on 8 December 2023, the relevant registration with Shenzhen Branch of China Securities Depository and Clearing Corporation Limited of the grant of Restricted Shares to the relevant participants has been completed on 20 December 2023.
4. The five highest paid individuals of the Company during the financial year ended 31 December 2023 are not incentive participants under the Incentive Scheme.
5. The performance appraisal targets for all incentive participants to be satisfied for unlocking the Restricted Shares are provided above under the sub-section headed "Principal Terms of the Incentive Scheme".
6. The closing price of the A Shares immediately before the date on which the Restricted Shares were granted, i.e. the closing price of A Shares on 7 December 2023, was RMB13.99.
7. The fair value of the Restricted Shares at the date of the grant is, pursuant to the applicable accounting policy, represented by the closing price of A Shares as at the date of the grant, which was RMB13.92 per A share.

## **SUBSEQUENT EVENTS**

Please refer to the Company's separate announcements each dated 25 March 2024 in respect of (i) the proposed change of independent non-executive director subject to the approval of the shareholders at the forthcoming annual general meeting of the Company; and (ii) the proposed amendments to the articles of association and certain rules of procedures of the Company subject to the approval of the shareholders at the forthcoming annual general meeting of the Company, the class meeting of holders of A Shares and class meeting of holders of H Shares of the Company.

## **AUDIT COMMITTEE**

The audit committee of the Company (the "Audit Committee") comprises all independent non-executive directors of the Company. The chairman of the Audit Committee is Ms. Jiang Yan, an independent non-executive director. Ms. Jiang has appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), for the purpose of this appointment. Throughout the Year, the Audit Committee discharged its responsibilities, reviewed and discussed the financial results and internal control matters of the Company. In accordance with the requirements of Appendix D2 to the Listing Rules, the Audit Committee has reviewed the audited consolidated financial statements for the Year.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE IN APPENDIX C1 TO THE LISTING RULES**

During the Year, other than the roles of the Chairman and the Chief Executive Officer being performed by Mr. Tan Xuguang ("Mr. Tan") for a certain period (with further details provided below) and certain directors not being able to attend the annual general meeting or all extraordinary general meetings due to other important work-related affairs, the Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

During the Year, Mr. Tan served as both the Chairman and the Chief Executive Officer of the Company from 1 January 2023 until 13 October 2023. The Company considered that the combination of the roles of the Chairman and the Chief Executive Officer could promote the efficient formulation and implementation of the Company's strategies which would enable the Group to grasp business opportunities efficiently and promptly. The Company considered that through the supervision of its Board and its independent non-executive directors, there was adequate balance of power and authority in place. Mr. Tan made an application to cease to serve concurrently as the Chief Executive Officer due to work requirements, and such arrangement took effect on 13 October 2023. Mr. Tan continues to serve as the Chairman and an executive director of the Company (and as a member of the relevant Board committees). Please refer to the Company's announcement dated 13 October 2023 on the change of the Chief Executive Officer.

The Company has also adopted the revised terms of reference of the Remuneration Committee on 30 March 2023 in light of the relevant updates to the Listing Rules.

## **COMPLIANCE WITH THE MODEL CODE**

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

## **SUFFICIENCY OF PUBLIC FLOAT**

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

## **AUDITORS**

The Company appointed KPMG Huazhen LLP (畢馬威華振會計師事務所(特殊普通合夥)) as the Company's auditors on 28 June 2023 in place of Deloitte Touche Tohmatsu Certified Public Accountants LLP. KPMG Huazhen LLP will retire, and the Company will propose a resolution on the re-appointment of it as the Company's auditor for the year 2024 at the forthcoming annual general meeting.

## **APPROVAL OF THE FINANCIAL STATEMENTS**

The audited consolidated financial statements for the Year were approved by the Board on 25 March 2024.

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

The 2023 annual report of the Company will be despatched to the shareholders as well as made available on the Hong Kong Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.weichaipower.com](http://www.weichaipower.com) in due course.

**Tan Xuguang**  
Chairman

Hong Kong, 25 March 2024

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