濰柴動力股份有限公司
WEICHAI POWER CO., LTD.

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

(Stock Code: 2338)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

- Revenue amounted to approximately RMB112,490 million, an increase of approximately 6.0%.
- Net profit attributable to the shareholders of the parent amounted to approximately RMB5,903 million, an increase of approximately 51.4%.
- Basic earnings per share was approximately RMB0.68, an increase of approximately 51.4%.

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

The board of directors (the "Board") of Weichai Power Co., Ltd. (the "Company") is pleased to announce the reviewed consolidated financial statements of the Company and its subsidiaries (the "Group") prepared in accordance with the China Accounting Standards for Business Enterprises for the six months ended 30 June 2024 (the "Period"), together with comparative figures for the corresponding period of 2023 as follows:

CONSOLIDATED INCOME STATEMENT

1 January to 30 June 2024
(Expressed in Renminbi Yuan)

	Notes	**Incurred during this period** **(Unaudited)**	Incurred in the previous period (Restated) (Unaudited)
Revenue	*7*	**112,489,707,254.78**	106,135,266,883.70
Less: Cost of sales	*7*	**88,023,910,362.36**	86,182,846,497.73
Taxes and surcharges	*8*	**373,192,847.42**	332,607,945.88
Distribution and selling expenses		**6,127,279,014.03**	5,525,815,998.86
General and administrative expenses		**5,094,705,510.10**	4,624,238,500.38
Research & development expenses		**4,301,552,536.66**	3,721,051,210.11
Finance expenses		**31,047,656.87**	20,989,322.75
Incl: Interest expenses		**1,875,413,726.54**	1,330,091,722.10
Interest income		**1,915,446,764.07**	1,156,307,939.25
Add: Other income		**630,423,486.34**	128,459,146.18
Investment income		**277,924,614.75**	191,459,493.08
Incl: investment income/(loss) from associates and joint ventures		**45,170,196.56**	(20,383,006.79)
Profit on change of fair value		**105,689,167.07**	32,360,522.89
Impairment loss of credit		**(374,721,796.62)**	(304,646,325.05)
Impairment loss of assets		**(372,163,114.72)**	(249,812,747.87)
Gain on disposal of assets		**149,406,620.87**	64,090,657.14
Operating profit		**8,954,578,305.03**	5,589,628,154.36
Add: Non-operating income		**144,186,866.82**	214,778,666.25
Less: Non-operating expenses		**182,562,846.75**	57,097,620.98
Total profit		**8,916,202,325.10**	5,747,309,199.63
Less: Income tax expenses	*9*	**1,542,426,578.84**	961,900,716.75
Net profit		**7,373,775,746.26**	4,785,408,482.88
(I) Breakdown by continuity of operations			
1. Net profit from continuing operations		**7,373,775,746.26**	4,785,408,482.88
(II) Breakdown by attributable interests			
1. Net profit attributable to shareholders of the parent		**5,903,455,392.46**	3,899,023,175.98
2. Minority interests		**1,470,320,353.80**	886,385,306.90

	Notes	Incurred during this period (Unaudited)	Incurred in the previous period (Restated) (Unaudited)
Net other comprehensive income after tax		**1,172,173,793.26**	2,108,829,890.20
Net other comprehensive income attributable to shareholders of the parent after tax	*11*	**1,198,837,222.74**	1,277,193,115.99
(I) Those other comprehensive income not to be reclassified into profit or loss			
1. Changes arising from re-measuring of defined benefit plan		**155,574,111.50**	(65,072,944.67)
2. Other comprehensive income not to be reclassified into profit or loss using the equity method		**3,281,591.20**	(4,708,656.85)
3. Change in fair value of investment in other equity instruments		**1,271,178,029.32**	864,621,416.85
(II) Those other comprehensive income to be reclassified into profit or loss			
1. Other comprehensive income to be reclassified into profit or loss using the equity method		**(2,899,652.20)**	4,034,951.90
2. Cashflow hedging reserve		**(43,307,414.30)**	(239,828.58)
3. Exchange differences on foreign currency translation		**(184,989,442.78)**	478,558,177.34
Net other comprehensive income attributable to minority interests after tax		**(26,663,429.48)**	831,636,774.21
Total comprehensive income		**8,545,949,539.52**	6,894,238,373.08
Total comprehensive income attributable to the shareholders of the parent		**7,102,292,615.20**	5,176,216,291.97
Total comprehensive income attributable to minority interests		**1,443,656,924.32**	1,718,022,081.11
Earnings per share	*10*		
(I) Basic earnings per share		**0.68**	0.45
(II) Diluted earnings per share		**0.68**	0.45

CONSOLIDATED BALANCE SHEET

30 June 2024
(Expressed in Renminbi Yuan)

Assets	*Notes*	**30 June 2024**	31 December 2023
			(Restated)
		(Unaudited)	(Audited)
Current assets			
Cash and bank		**75,322,591,460.58**	92,856,868,996.26
Incl.: Amount deposited in financial institution		**32,307,729,280.13**	29,075,692,104.66
Financial assets held for trading		**11,764,632,999.39**	11,422,432,984.46
Notes receivable	*3*	**10,934,295,409.91**	8,703,136,628.22
Accounts receivable	*4*	**31,252,470,463.29**	23,753,999,010.24
Receivable financing		**9,139,688,632.40**	8,137,773,556.08
Prepayments		**1,294,123,844.39**	1,691,269,021.84
Other receivables		**1,079,785,105.75**	1,131,338,229.24
Inventories		**36,545,877,387.75**	37,930,386,262.83
Contract assets		**3,085,186,512.09**	3,329,313,149.51
Assets held for sale		**–**	434,197,222.40
Non-current assets due within one year		**5,102,063,940.60**	4,813,822,873.60
Other current assets		**3,798,359,318.73**	3,720,763,423.75
Total current assets		**189,319,075,074.88**	197,925,301,358.43
Non-current assets			
Long-term receivables		**14,539,012,496.52**	13,507,352,761.73
Long-term equity investments		**5,060,139,726.23**	5,174,555,550.85
Investment in other equity instruments		**5,497,519,046.00**	4,012,101,895.24
Other non-current financial assets		**531,816,690.87**	534,636,729.78
Investment property		**668,523,703.93**	688,336,286.01
Fixed assets		**45,334,568,620.68**	44,075,967,147.89
Construction in progress		**6,172,617,537.36**	7,450,821,759.81
Right-of-use assets		**5,094,669,725.46**	5,068,430,369.55
Intangible assets		**22,424,288,630.11**	23,071,268,440.40
Development expenditure		**23,052,679.21**	23,458,541.71
Goodwill		**24,610,791,345.97**	24,858,318,250.05
Long-term prepaid expenses		**315,892,901.95**	271,071,017.19
Deferred tax assets		**5,823,219,090.25**	6,310,925,213.73
Other non-current assets		**18,181,307,920.06**	1,274,667,702.54
Total non-current assets		**154,277,420,114.60**	136,321,911,666.48
Total assets		**343,596,495,189.48**	334,247,213,024.91

Liabilities and shareholders' equity	*Notes*	**30 June 2024**	31 December 2023
			(Restated)
		(Unaudited)	(Audited)
Current liabilities			
Short-term loans		**1,977,413,151.03**	1,881,777,838.31
Financial liabilities held for trading		**166,994,413.20**	166,701,491.20
Notes payable	*5*	**29,923,484,330.79**	27,626,796,287.83
Accounts payable	*6*	**64,862,442,180.45**	60,126,789,151.17
Contract liabilities		**13,504,141,153.24**	15,234,524,336.16
Payroll payable		**6,485,074,170.02**	7,429,266,514.31
Taxes payable		**2,355,291,247.07**	2,741,249,334.45
Other payables		**7,930,073,285.14**	7,907,770,820.46
Liabilities classified as held for sale		**–**	354,866,457.60
Non-current liabilities due within one year		**15,597,878,939.06**	14,902,351,872.32
Other current liabilities		**8,112,026,873.37**	7,678,246,087.85
Total current liabilities		**150,914,819,743.37**	146,050,340,191.66
Non-current liabilities			
Long-term borrowings		**17,367,547,429.38**	18,072,612,918.47
Bonds payable		**7,263,598,068.00**	8,837,411,046.40
Lease liabilities		**4,413,979,101.45**	4,336,712,719.42
Long-term payables		**10,538,199,217.97**	10,094,478,082.40
Long-term payroll payable		**7,613,478,350.66**	7,967,650,734.34
Accruals and provisions		**799,973,979.83**	849,946,058.79
Deferred income		**4,770,655,098.27**	4,665,797,036.04
Deferred tax liabilities		**3,957,096,783.90**	4,269,384,233.64
Other non-current liabilities		**17,572,251,402.65**	16,417,145,118.29
Total non-current liabilities		**74,296,779,432.11**	75,511,137,947.79
Total liabilities		**225,211,599,175.48**	221,561,478,139.45
Shareholders' equity			
Share capital		**8,726,556,821.00**	8,726,556,821.00
Capital reserve		**11,117,684,871.86**	11,012,818,725.86
Less: Treasury shares		**597,240,738.39**	597,240,738.39
Other comprehensive income	*11*	**2,371,673,395.64**	1,172,836,172.90
Special reserve		**279,122,279.22**	285,820,279.24
Surplus reserve		**3,550,538,788.75**	3,550,538,788.75
Retained earnings		**58,533,079,697.78**	55,183,869,765.05
Total equity attributable to the shareholders of the parent		**83,981,415,115.86**	79,335,199,814.41
Minority interests		**34,403,480,898.14**	33,350,535,071.05
Total shareholders' equity		**118,384,896,014.00**	112,685,734,885.46
Total liabilities and shareholders' equity		**343,596,495,189.48**	334,247,213,024.91

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

30 June 2024

1. SIGNIFICANT ACCOUNTING POLICIES

a. Preparation Basis of the Financial Statements

Preparation basis

These interim financial statements have been prepared in accordance with Accounting Standards for Business Enterprises – No. 32 Interim Financial Reporting issued by the Ministry of Finance.

In addition, the Group also disclosed relevant financial information in accordance with relevant disclosure requirements of Compilation Rules No. 15 for Information Disclosure by Companies Offering Securities to the Public – General Requirements for Financial Reporting (2023 Revision) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These interim financial statements include selected explanatory notes, which are provided for easy understanding of the Group's important events and transactions leading to its financial position and change of results of operations since the financial statements for the year 2023. These selected notes do not include all information and disclosures required under the Accounting Standards for Business Enterprises for a full set of financial statements. As such, these statements shall be read in conjunction with the financial statements of the Group for the year 2023.

Continuing operations

The interim financial statements are presented on a going concern basis.

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. A 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 not involving enterprises 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) forklift trucks production, warehousing technology and supply chain solution services ("Intelligent logistics");

(d) manufacturing and sale of agricultural equipment (complete machineries), agricultural machineries, agricultural vehicles and related parts ("Agricultural equipment").

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 bank, 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
Incurred during this period						
Segment revenue:						
Sale to external customers	24,904,188,894.04	32,775,983,600.40	10,617,814,287.84	44,191,720,472.50	–	112,489,707,254.78
Inter-segment sale	7,463,239,631.75	1,548,211,008.46	78,020,375.12	23,752,064.60	(9,113,223,079.93)	–
Total	32,367,428,525.79	34,324,194,608.86	10,695,834,662.96	44,215,472,537.10	(9,113,223,079.93)	112,489,707,254.78
Segment results	4,906,384,048.04	320,717,090.32	532,807,522.51	2,883,255,600.38	(41,152,081.17)	8,602,012,180.08
Adjustment:						
Interest income						1,915,446,764.07
Dividend income and unallocated income						527,800,648.64
Corporate and other unallocated expenses						(182,562,846.75)
Finance expenses						(1,946,494,420.94)
Profit before tax						8,916,202,325.10

Item	Engines	Automobiles and automobile components	Agricultural equipment	Intelligent logistics	Inter-segment sale elimination	Total
30 June 2024						
Segment assets	84,493,388,807.19	73,497,854,684.30	8,912,310,664.46	118,957,313,249.33	(40,746,803,507.47)	245,114,063,897.81
Adjustment:						
Corporate and other unallocated assets						98,482,431,291.67
Total assets						343,596,495,189.48
Segment liabilities	46,159,621,954.35	59,109,939,995.16	14,683,658,245.41	67,167,863,698.50	(9,956,125,451.07)	177,164,958,442.35
Adjustment:						
Corporate and other unallocated liabilities						48,046,640,733.13
Total liabilities						225,211,599,175.48
Incurred in this period						
Other segment information:						
Share of profit and loss from:						
Gain/(loss)from associates and joint ventures	55,192,777.02	(86,108,426.13)	126,724.07	75,959,121.60	–	45,170,196.56
Loss of impairment of inventories	(64,400,265.43)	(141,394,939.24)	(18,284,527.87)	(144,034,411.96)	–	(368,114,144.50)
Loss of credit impairment of receivables and lease receivable	(70,427,339.81)	(222,136,212.21)	(12,624,716.30)	(69,533,528.30)	–	(374,721,796.62)
Loss of impairment of assets	–	(2,546,594.92)	(815,652.06)	(686,723.24)	–	(4,048,970.22)
Depreciation and amortisation	(934,877,014.57)	(783,585,042.14)	(93,811,664.27)	(4,394,576,526.44)	–	(6,206,850,247.42)
Gain from disposal of fixed assets	127,163,404.12	872,768.60	571,592.95	20,798,855.20	–	149,406,620.87
Investment in associates and joint ventures	2,835,419,150.44	1,294,626,813.41	37,602,840.22	892,490,922.16	–	5,060,139,726.23
Capital expenditure	1,058,278,241.51	609,624,631.96	376,929,063.53	6,779,400,523.50	–	8,824,232,460.50

Item	Engines	Automobiles and automobile components	Agricultural equipment	Intelligent logistics	Inter-segment elimination	Total
Incurred in the previous period						
Segment revenue:						
Sale to external customers	23,362,556,951.67	32,113,420,188.24	8,461,447,670.98	42,197,842,072.81	–	106,135,266,883.70
Inter-segment sale	5,845,194,405.41	1,145,864,883.04	89,539,528.30	50,813,167.79	(7,131,411,984.54)	–
Total	29,207,751,357.08	33,259,285,071.28	8,550,987,199.28	42,248,655,240.60	(7,131,411,984.54)	106,135,266,883.70
Segment results	3,404,226,060.65	(15,867,247.81)	453,187,783.22	1,938,450,281.93	(393,199,416.85)	5,386,797,461.14
Adjustment:						
Interest income						1,156,307,939.25
Dividend income and unallocated income						438,598,682.22
Corporate and other unallocated expenses						(57,097,620.98)
Finance expenses						(1,177,297,262.00)
Profit before tax						5,747,309,199.63

Item	Engines	Automobiles and automobile components	Agricultural equipment	Intelligent logistics	Inter-segment sale elimination	Total
31 December 2023						
Segment assets	77,896,756,673.27	57,682,007,603.94	8,356,501,321.88	118,129,802,279.93	(42,512,470,691.60)	219,552,597,187.42
Adjustment:						
Corporate and other unallocated assets						114,694,615,837.49
Total assets						334,247,213,024.91
Segment liabilities	42,943,037,078.65	61,252,109,752.74	12,020,196,497.30	66,700,676,736.00	(11,060,691,381.29)	171,855,328,683.40
Adjustment:						
Corporate and other unallocated liabilities						49,706,149,456.05
Total liabilities						221,561,478,139.45
Incurred in the previous period						
Other segment information:						
Share of profit and loss from:						
(Loss)/gain from associates and joint ventures	(128,511,165.44)	68,821,800.78	(7,463,376.13)	46,769,734.00	–	(20,383,006.79)
Loss of impairment of inventories	(25,209,222.61)	(17,104,345.21)	(8,634,897.50)	(164,146,249.19)	–	(215,094,714.51)
(Loss)/gain of credit impairment of receivables and lease receivable	(52,242,107.72)	(196,539,991.23)	2,509,542.46	(58,373,768.56)	–	(304,646,325.05)
Loss of impairment of assets	–	–	(397,121.18)	(34,320,912.18)	–	(34,718,033.36)
Depreciation and amortisation	(843,745,460.74)	(676,532,309.05)	(177,182,330.69)	(4,149,106,913.23)	–	(5,846,567,013.71)
Gain from disposal of fixed assets	15,615,030.53	380,128.67	1,300,575.24	46,794,922.70	–	64,090,657.14
Investment in associates and joint ventures	3,269,149,435.40	1,254,650,021.34	20,191,081.02	900,319,797.89	–	5,444,310,335.65
Capital expenditure	1,449,125,319.67	985,474,056.94	153,242,380.68	5,937,464,487.66	–	8,525,306,244.95

Group information

Information about products and services

Revenue from external transactions

Item	**From 1 January 2024 to 30 June 2024**	From 1 January 2023 to 30 June 2023
Powertrain, complete vehicles and machineries and key components	**46,683,679,092.03**	44,340,289,228.87
Other components	**6,490,004,596.74**	5,900,525,027.11
Intelligent logistics	**44,191,720,472.50**	42,197,842,072.81
Agricultural equipment	**10,617,814,287.84**	8,461,447,670.98
Others	**4,506,488,805.67**	5,235,162,883.93
Total	**112,489,707,254.78**	106,135,266,883.70

Geographic information

Revenue from external transactions

Item	**From 1 January 2024 to 30 June 2024**	From 1 January 2023 to 30 June 2023
China	**53,637,199,484.30**	50,566,347,314.22
Other countries and regions	**58,852,507,770.48**	55,568,919,569.48
Total	**112,489,707,254.78**	106,135,266,883.70

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

Total non-current assets

Item	**30 June 2024**	31 December 2023
China	**49,953,829,168.29**	33,283,327,899.75
Other countries and regions	**77,932,023,622.67**	78,673,567,166.25
Total	**127,885,852,790.96**	111,956,895,066.00

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

3. NOTES RECEIVABLE

(1) Classification of notes receivable

Item	**30 June 2024**	31 December 2023
Bank acceptance bills	**10,761,658,085.74**	8,444,020,941.36
Commercial acceptance bills	**172,637,324.17**	259,115,686.86
Total	**10,934,295,409.91**	8,703,136,628.22

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

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

Item	**30 June 2024**	31 December 2023
Bank acceptance bills	**6,050,493,352.65**	5,260,389,158.46

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

	30 June 2024		31 December 2023	
	Derecognised	**Not derecognised**	Derecognised	Not derecognised
Bank acceptance bills	**84,122,255.45**	**33,705.00**	1,390,762,990.63	1,702,000.00
Commercial acceptance bills	**138,334,600.00**	**–**	350,000.00	450,000.00

As at 30 June 2024, the Group had not transferred any notes into accounts receivable due to issuers' failure in performance (31 December 2023: Nil).

As the Group considered that the 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 or material losses due to a default by the bank.

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	**30 June 2024**	31 December 2023
Within 1 year	**30,696,708,492.66**	23,115,434,963.62
1 to 2 years	**825,614,771.00**	608,881,383.49
2 to 3 years	**624,699,411.55**	981,449,749.27
Over 3 years	**2,622,732,780.27**	2,583,846,211.08
Sub-total	**34,769,755,455.48**	27,289,612,307.46
Less: Provision for bad debts	**3,517,284,992.19**	3,535,613,297.22
Total	**31,252,470,463.29**	23,753,999,010.24

(2) Disclosure of accounts receivable by category of provision for bad debts:

	30 June 2024				
	Gross carrying amount		**Provision for Bad debts**		**Carrying amount**
Category	**Amount**	**Proportion** *(%)*	**Amount**	**Percentage of provision** *(%)*	
Provision for bad debts on an individual basis	**4,613,877,311.65**	**13.27**	**2,441,055,104.28**	**52.91**	**2,172,822,207.37**
Provision for bad debts on a collective basis	**30,155,878,143.83**	**86.73**	**1,076,229,887.91**	**3.57**	**29,079,648,255.92**
– credit losses are provided for using impairment matrix based on aging analysis	**13,032,330,607.97**	**37.48**	**906,775,926.24**	**6.96**	**12,125,554,681.73**
– credit losses are provided for using overdue ages as credit risk characteristics	**13,812,529,470.70**	**39.73**	**135,385,540.15**	**0.98**	**13,677,143,930.55**
– Accounts receivable portfolio with good credit history	**3,311,018,065.16**	**9.52**	**34,068,421.52**	**1.03**	**3,276,949,643.64**
Total	**34,769,755,455.48**	**100.00**	**3,517,284,992.19**	**10.12**	**31,252,470,463.29**

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

(a) As at 30 June 2024, the Group's accounts receivable assessed for expected credit losses individually are presented as follows:

Customers	**Gross carrying amount**	**Provision for Bad debts**	**Percentage of provision**	**Reasons**
			(%)	
Customer 1	880,183,097.15	549,481,511.42	62.43	Bad repayment ability
Customer 2	394,423,397.20	135,398,233.27	34.33	Significant decrease in recovery rate
Customer 3	311,748,887.23	161,438,112.00	51.78	Bad repayment ability
Customer 4	214,223,741.41	183,408,527.53	85.62	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	71,591,994.40	12,528,599.02	17.50	Risk category
Customer 8	56,927,140.00	56,927,140.00	100.00	Bad repayment ability
Others	2,497,029,054.26	1,154,122,981.04	46.22	Bad repayment ability
Total	4,613,877,311.65	2,441,055,104.28	52.91	

(b) As at 30 June 2024, the Group's accounts receivable for which credit losses are provided for using impairment matrix based on aging analysis are presented as follows:

	30 June 2024		
Age	**Gross carrying amount**	**Lifetime expected credit loss**	**Expected credit loss rate** *(%)*
Within 1 year	**11,886,128,010.09**	**345,152,389.42**	**2.90**
1 to 2 years	**498,716,670.45**	**88,591,937.36**	**17.76**
2 to 3 years	**204,945,739.59**	**59,941,987.17**	**29.25**
3 to 4 years	**113,323,932.46**	**87,300,479.73**	**77.04**
4 to 5 years	**34,018,700.49**	**30,672,582.80**	**90.16**
Over 5 years	**295,197,554.89**	**295,116,549.76**	**99.97**
Total	**13,032,330,607.97**	**906,775,926.24**	**6.96**

(c) As at 30 June 2024, the Group's accounts receivable for which credit losses are provided for using overdue ages as credit risk characteristics are presented as follows:

	30 June 2024		
Overdue ages	**Gross carrying amount**	**Lifetime expected credit loss**	**Expected credit loss rate** *(%)*
Not yet overdue or overdue for less than 90 days	**12,957,179,232.14**	**82,970,299.19**	**0.64**
Overdue for more than 90 days but less than 180 days	**544,416,273.61**	**19,444,363.58**	**3.57**
Overdue for more than 180 days	**310,933,964.95**	**32,970,877.38**	**10.60**
Total	**13,812,529,470.70**	**135,385,540.15**	**0.98**

(d) As at 30 June 2024, provisions for credit losses for the Group's accounts receivable with good credit history are presented as follows:

	30 June 2024		
Item	**Gross carrying amount**	**Lifetime expected credit loss**	**Expected credit loss rate** *(%)*
Accounts receivable portfolio with good credit history	**3,311,018,065.16**	**34,068,421.52**	**1.03**

(3) Movements in provision for bad debts:

Provision for bad debts	Lifetime expected credit loss (without impairment of credit)	Lifetime expected credit loss (with impairment of credit)	Total
Balance as at 31 December 2023	**864,639,896.31**	**2,670,973,400.91**	**3,535,613,297.22**
– Transferred to receivables with impairment of credit	**(12,313,425.69)**	**12,313,425.69**	**–**
Provision for the period	**233,017,753.19**	**148,760,459.10**	**381,778,212.29**
Reversal during the period	**(5,021,351.65)**	**(25,573,234.04)**	**(30,594,585.69)**
Written-off during the period	**–**	**(353,777,822.39)**	**(353,777,822.39)**
Adjustment for exchange differences	**(4,092,984.25)**	**(11,641,124.99)**	**(15,734,109.24)**
Balance as at 30 June 2024	**1,076,229,887.91**	**2,441,055,104.28**	**3,517,284,992.19**

(4) As at 30 June 2024, the top five balances in respect of accounts receivable 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 bad debts
			(%)	
First place	**1,310,841,574.11**	**180,910,662.53**	**3.94**	**–**
Second place	**880,183,097.15**	**–**	**2.33**	**549,481,511.42**
Third place	**494,393,468.22**	**–**	**1.31**	**2,484,587.76**
Fourth place	**440,894,128.90**	**–**	**1.16**	**13,226,823.87**
Fifth place	**427,986,296.41**	**–**	**1.13**	**4,141,245.29**
Total	**3,554,298,564.79**	**180,910,662.53**	**9.87**	**569,334,168.34**

As at 30 June 2024, the gross carrying amount of the Group's restricted accounts receivable amounted to RMB125,812,259.09 (31 December 2023: RMB62,500,000.00).

5. NOTES PAYABLE

Item	**30 June 2024**	31 December 2023
Bank acceptance bills	**29,909,324,373.09**	27,586,268,520.14
Commercial acceptance bills	**14,159,957.70**	40,527,767.69
Total	**29,923,484,330.79**	27,626,796,287.83

As at 30 June 2024, the Group had no outstanding notes payable which were due (31 December 2023: Nil).

6. ACCOUNTS PAYABLE

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

Item	**30 June 2024**	31 December 2023
Within 1 year	**61,954,586,642.11**	58,809,419,645.54
Over 1 year	**2,907,855,538.34**	1,317,369,505.63
Total	**64,862,442,180.45**	60,126,789,151.17

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

As at 30 June 2024, significant payables aged over one year are presented as follows:

Item	**Gross carrying amount**	**Reasons for outstanding or transfer**
Supplier A	529,195,722.55	Settlement conditions have not been fulfilled
Supplier B	391,183,087.55	Not yet settled
Supplier C	93,353,753.45	Not yet settled
Total	1,013,732,563.55	

7. REVENUE AND COST OF SALES

(1) Revenue and cost of sales

Item	**From 1 January 2024 to 30 June 2024**		From 1 January 2023 to 30 June 2023	
	Revenue	**Cost**	Revenue	Cost (Restated)
Revenue from principal operations	**111,665,352,186.47**	**87,487,206,001.56**	104,410,247,157.44	84,561,234,488.64
Other revenue	**824,355,068.31**	**536,704,360.80**	1,725,019,726.26	1,621,612,009.09
Total	**112,489,707,254.78**	**88,023,910,362.36**	106,135,266,883.70	86,182,846,497.73

(2) Reporting segment

Item	Engines and automobiles and automobile components		Intelligent logistics		Agricultural equipment		Total	
	Revenue	Cost	Revenue	Cost	Revenue	Cost	Revenue	Cost
Classified by major regions of operation								
Including: Mainland China	41,329,707,944.57	32,143,899,542.41	2,644,450,617.58	1,921,320,979.48	9,663,040,922.15	8,434,775,778.80	53,637,199,484.30	42,499,996,300.69
Other countries and regions	16,350,464,549.87	14,294,765,915.15	41,547,269,854.92	30,394,914,332.75	954,773,365.69	834,233,813.77	58,852,507,770.48	45,523,914,061.67
Total	57,680,172,494.44	46,438,665,457.56	44,191,720,472.50	32,316,235,312.23	10,617,814,287.84	9,269,009,592.57	112,489,707,254.78	88,023,910,362.36
Classified by time for recognition of revenue								
Including: Transferred at a certain point of time	57,521,064,934.85	46,377,720,341.82	27,659,036,379.94	20,231,329,922.23	10,617,242,105.27	9,268,943,226.51	95,797,343,420.06	75,877,993,490.56
Provided over a certain period of time	58,936,757.63	7,231,572.75	11,993,253,311.19	8,766,715,118.52	-	-	12,052,190,068.82	8,773,946,691.27
Sub-total of revenue arising from the contracts with customers	57,580,001,692.48	46,384,951,914.57	39,652,289,691.13	28,998,045,040.75	10,617,242,105.27	9,268,943,226.51	107,849,533,488.88	84,651,940,181.83
Revenue under the Standard on Lease	100,170,801.96	53,713,542.99	4,539,430,781.37	3,318,190,271.48	572,182.57	66,366.06	4,640,173,765.90	3,371,970,180.53
Total	57,680,172,494.44	46,438,665,457.56	44,191,720,472.50	32,316,235,312.23	10,617,814,287.84	9,269,009,592.57	112,489,707,254.78	88,023,910,362.36

(3) 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 30 June 2024, 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.

8. TAXES AND SURCHARGES

Item	**From 1 January 2024 to 30 June 2024**	From 1 January 2023 to 30 June 2023
City maintenance and construction tax	**71,754,856.02**	42,799,408.07
Educational surtax	**52,547,184.05**	32,137,754.74
Property tax	**138,688,338.14**	131,753,726.16
Stamp duty	**63,225,497.87**	59,241,362.54
Others	**46,976,971.34**	66,675,694.37
Total	**373,192,847.42**	332,607,945.88

9. INCOME TAX EXPENSES

Item	**From 1 January 2024 to 30 June 2024**	From 1 January 2023 to 30 June 2023
Current tax expenses	**1,713,614,653.58**	1,042,565,346.53
Tax filing differences	**(28,960,453.81)**	22,731,885.85
Deferred tax expenses	**(142,227,620.93)**	(103,396,515.63)
Total	**1,542,426,578.84**	961,900,716.75

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

Item	**From 1 January 2024 to 30 June 2024**	From 1 January 2023 to 30 June 2023
Total profit	**8,916,202,325.10**	5,747,309,199.63
Tax at statutory tax rate *(Note 1)*	**2,229,050,581.28**	1,436,827,299.91
Effect of different tax rates applicable to the Company and some subsidiaries *(Note 2)*	**(617,436,335.83)**	(424,528,357.72)
Adjustments to current tax of previous periods	**(28,960,453.81)**	22,731,885.85
Profits and losses attributable to associates and joint ventures	**16,237,620.31**	18,731,823.54
Income not subject to tax	**(10,763,625.77)**	(25,783,842.15)
Expenses not deductible for tax	**149,046,923.72**	121,132,568.97
Effect of tax incentives on eligible expenditures	**(354,749,072.86)**	(376,854,595.37)
Effect of utilisation of deductible losses and deductible temporary difference of unrecognised deferred tax assets from prior years	**(52,845,442.92)**	(46,817,023.12)
Effect of unrecognised deductible losses and deductible temporary difference	**212,846,384.72**	236,460,956.84
Tax expense at the Group's effective tax rate	**1,542,426,578.84**	961,900,716.75

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 Period.

10. EARNINGS PER SHARE (EPS)

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

The calculation of basic EPS is detailed as follows:

Item	**From 1 January 2024 to 30 June 2024**	From 1 January 2023 to 30 June 2023
Earnings		
Net profit of the current period attributable to ordinary shareholders of the Company	**5,903,455,392.46**	3,899,023,175.98
Shares		
Weighted average number of the ordinary shares outstanding of the Company	**8,639,291,296.00**	8,639,291,296.00
Basic EPS (RMB/share)	**0.68**	0.45

The Group holds no potential shares that are significantly dilutive.

11. OTHER COMPREHENSIVE INCOME

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

		Incurred during this period						
Item	31 December 2023	Incurred before the income tax for the current period	Less: Amount recognised in other comprehensive income in previous period and recognised in profit or loss in current period	Less: Income tax expenses	Attributable to parent company after tax	Attributable to minority interests after tax	Less: Amount recognised in other comprehensive income in previous period and recognised in retained earnings in current period	**30 June 2024**
I. Those other comprehensive income not to be reclassified into profit or loss	1,640,658,027.92	1,903,819,144.19	–	339,086,525.87	1,430,033,732.02	134,698,886.30	–	**3,070,691,759.94**
Changes arising from re-measuring of defined benefit plan	567,250,195.76	411,416,422.13	–	114,113,394.13	155,574,111.50	141,728,916.50	–	**722,824,307.26**
Other comprehensive income not to be reclassified into profit or loss using the equity method	(114,558,570.15)	(3,748,439.00)	–	–	3,281,591.20	(7,030,030.20)	–	**(111,276,978.95)**
Change in fair value of investment in other equity instruments	1,187,966,402.31	1,496,151,161.06	–	224,973,131.74	1,271,178,029.32	–	–	**2,459,144,431.63**
II. Other comprehensive income to be reclassified into profit or loss	(467,821,855.02)	(401,653,722.97)	(814,702.31)	(8,280,195.60)	(231,196,509.28)	(161,362,315.78)	–	**(699,018,364.30)**
Other comprehensive income to be reclassified into profit or loss using the equity method	(9,576,955.52)	(2,899,652.20)	–	–	(2,899,652.20)	–	–	**(12,476,607.72)**
Cashflow hedging reserve	67,493,377.75	(63,307,450.46)	(814,702.31)	(8,280,195.60)	(43,307,414.30)	(10,905,138.25)	–	**24,185,963.45**
Exchange differences on foreign currency translation	(525,738,277.25)	(335,446,620.31)	–	–	(184,989,442.78)	(150,457,177.53)	–	**(710,727,720.03)**
Total of other comprehensive income	1,172,836,172.90	1,502,165,421.22	(814,702.31)	330,806,330.27	1,198,837,222.74	(26,663,429.48)	–	**2,371,673,395.64**

The Group transferred cashflow hedging reserve to inventory with an initial recognition amount of RMB22,059,631.80 in the current period.

12. DIVIDENDS

On 22 August 2024, the Company passed a board resolution to distribute to all shareholders a cash dividend of RMB3.72 (including tax) for every 10 shares held, without any capitalisation of reserve, temporarily 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 30 June 2024. Please refer to the further announcement to be issued by the Company for details on the closure of registers of members in determining the shareholders who are eligible for the interim dividend for 2024.

The interim dividend distribution for 2024 has been pre-authorised at the annual general meeting held on 10 May 2024, and will be implemented after the Board has considered and approved the dividend distribution plan.

13. CHANGES IN THE MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(1) Description of and reasons for changes in accounting policies

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The impacts of the above changes in the accounting policy on each item of the Group's consolidated balance sheet as at 30 June 2024 are summarised as follows:

	Increase/(decrease) in the amount of line items after adopting the changes in the accounting policy	
	The Group	**The Company**
Liabilities:		
Short-term loans	(198,744,498.00)	–
Long-term borrowings	198,744,498.00	–

The impacts of the above changes in the accounting policy on each item of the Group's consolidated income statement and income statement of the Company for the period from 1 January 2024 to 30 June 2024 are summarised as follows:

	Increase/(decrease) in the amount of line items after adopting the changes in the accounting policy	
	The Group	**The Company**
Cost of sales	787,338,893.95	319,050,243.61
Distribution and selling expenses	(787,338,893.95)	(319,050,243.61)

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

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

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

The impacts of the above changes in the accounting policy on each item of the consolidated income statement and income statement of the Company for the period from 1 January 2023 to 30 June 2023 are summarised as follows:

		The Group	
	Before adjustment	**Adjusted amount**	**After adjustment**
Cost of sales	85,503,651,579.37	679,194,918.36	86,182,846,497.73
Distribution and selling expenses	6,205,010,917.22	(679,194,918.36)	5,525,815,998.86

		The Company	
	Before adjustment	**Adjusted amount**	**After adjustment**
Cost of sales	15,293,142,475.01	248,541,225.94	15,541,683,700.95
Distribution and selling expenses	570,297,342.72	(248,541,225.94)	321,756,116.78

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 six months ended 30 June 2024 (the "Period" or the "reporting period") 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 complete vehicles and machineries as the leading business, and with powertrain as the core technology support. Over the years, the Company has been dedicated to the dual-wheel drive of product management and capital operation and striving to develop competitive products in terms of three key aspects: quality, technology and cost efficiency, thereby developing a new pattern of synergetic development among business segments including power system, commercial vehicles, agricultural equipment and intelligent logistics.

1. Commercial Vehicles, Construction Machinery and Agricultural Equipment Industries

In the first half of 2024, the global economic growth has been slowing down and the external environment has been complicated and severe with uncertainties. However, the fundamentals of stable economic operation and long-term improvement remained unchanged. In the first half of the year, the gross domestic product in China reached RMB61.7 trillion, representing a year-on-year increase of 5.0%. The operation was generally stable while making progress steadily and the growth in new momentum accelerated, which made new progresses in high-quality development.

Looking back at the first half of the year, China's transportation equipment manufacturing industry showed a development trend of overall stability and continuous improvement. The investment of fixed assets in the transportation sector remained high, while demand in the logistics and transportation industry continued to increase, and the road transport industry continued to rebound. During the Period, the heavy-duty truck industry achieved a sales volume of 504,000 units, representing a slight year-on-year increase of 3.3%. The performance of the domestic construction machinery market was still unsatisfactory due to multiple factors. The bottoming trend continued throughout the first half of the year. The construction machinery industry achieved sales of approximately 377,000 units (including approximately 181,000 diesel forklifts) in the first half of the year, representing a year-on-year decrease of approximately 6%. During the Period, benefiting from the growth of agricultural machinery industry in general driven by the increased demand for renewal and upgrade, the sales volume of the agricultural equipment industry amounted to approximately 235,000 units, representing a year-on-year increase of approximately 6%.

2. *Industrial Trucks and Supply Chain Solutions*

According to the outlook report published by the International Monetary Fund (IMF) in July 2024, the global economic growth is expected to be stable in 2024 after three years of declining growth rates and despite ongoing geopolitical tensions and a slowdown in worldwide disinflation. Global inflation has fallen so far this year, but more slowly than anticipated. The order numbers of the global industrial truck market in the first half of 2024 were comparable with those in the corresponding period last year.

According to the data from Interact Analysis, a market research institute, the global market for supply chain solutions was subdued in terms of revenue during the reporting period. Only the Americas market recorded a slight growth, driven by the rebounded demand in the U.S.. In the EMEA and APAC regions, however, economic uncertainties stemming from high rates of inflation, geopolitical tensions, and China's real estate crisis caused customer investment in warehouse automation to slow down.

II. The Group's Business

During the reporting period, in the face of complicated development conditions, the Company made planning and scientific layout in advance to seize opportunities and expand markets and achieved a profit growth far exceeding the growth in revenue and sales volume and the best level in terms of sales profit margin in the corresponding period of the past five years, sustaining a high-quality development. In the first half of the year, the Company's revenue increased by 6.0% as compared with that in the corresponding period of 2023 to approximately RMB112,490 million. Net profit attributable to the shareholders of the Company amounted to approximately RMB5,903 million, representing an increase of approximately 51.4% as compared with that in the corresponding period of 2023. Basic earnings per share was RMB0.68, representing an increase of approximately 51.4% as compared with that in the corresponding period of 2023. 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. Power System Business

Insisting on technological independence and empowerment, our scientific and technological innovation capability has reached a new level. We released the world's first diesel engine with base engine brake thermal efficiency of 53.09%, which set a new world record for four times in a row and marked the Chinese internal combustion engine industry reaching the world's top level. We held the 2024 Scientific and Technological Innovation Awards Conference (2024年度科技創新獎勵大會) to reward scientific and technological innovation achievements and outstanding scientific and technological talents, which ignited the first engine of high-quality development. We put into operation the Weichai Power Future Technology Test Laboratory, the world's largest multi-source power comprehensive laboratory, to strengthen the strategic layout of future-oriented high-end industries and R&D resources. **Accelerating the transformation of scientific and technological achievements, our powertrain products are empowered with remarkable advantages.** We launched the new generation of 13L/15L/17L natural gas engines, and enhanced the power performance, reliability, affordability and comfort of products to a new level. We fully enhanced the power and performance of the M33 and M55 full series power generation products and won wide recognition. We made breakthroughs in key technologies of CVT hydraulic unit, control system and integrated design, and formed a significant differentiated advantage in hydraulic powertrains for construction machinery.

During the reporting period, the market shares of the Company in various segment markets increased steadily which maintained our leading position in various product markets. Sales volume of engines amounted to 400,000 units, representing a year-on-year increase of 9.8%, among which the domestic market share of natural gas heavy-duty engines reached 63.1% and the domestic market share of 6x4 tractor engines with 500hp or above reached 44.6%, firmly occupying the first place in the the major segment markets of the industry. Sales volume of gear boxes amounted to 477,000 units, representing a year-on-year increase of 12.1%. Sales volume of axles amounted to 428,000 units, representing a year-on-year increase of 18.7%. The domestic revenue of high-end hydraulic products achieving RMB530 million, representing a year-on-year growth of 6.6%.

During the Period, the engine business contributed sales revenue of approximately RMB24,904 million to the Group, representing a year-on-year increase of approximately 6.6%.

2. *Commercial Vehicle Business*

The Company adhered to the strategy of leading with complete vehicles and machineries, continuously enhanced the market competitiveness of its products, and accelerated collaborative upgrading of the industrial chain. Shaanxi Heavy-duty Motor Company Limited, our subsidiary, has stepped up its efforts to explore the market and undertook integrated promotion, and recorded a sales volume of complete vehicles of 63,000 units in the first half of the year, representing a year-on-year increase of 3.6%, which achieved improvements in both scales of production and sales and operational efficiency. **Seizing the market opportunity of "oil to gas conversion", we achieved new breakthroughs in overseas markets.** In the first half of the year, we recorded a sales volume of gas vehicles of over 17,000 units, representing a year-on-year increase of 134.3%. Facing the demand of the end market, we ranked first in a row in segment markets such as oilfield vehicles and road construction vehicles. By actively responding to the national "Belt and Road Initiative" to tap the market potential of countries within the initiative, the export volume amounted to 30,000 units, representing a market share of 20%, and the overall export sales volume reached the highest level in the same period of the previous years. **Adhering to the innovation-driven strategy, we established a high-end intelligent brand in the industry.** The 6000 series of high-end heavy-duty trucks successfully created a benchmark for trunk logistics, with a year-on-year increase of 23.1% in sales volume in the first half of the year. The image of the Company as the industry's first brand of fuel-saving, gas-saving and money-saving has been continuously consolidated. We have been leading in the new energy commercial vehicle industry with a sales volume of 2,840 units of new energy vehicles in the first half of the year, doubling the growth year-on-year. We completed the product layout in key areas and pilot demonstration areas of the whole hydrogen energy industry chain and our sales of hydrogen-fueled electric heavy-duty trucks was in the forefront of the industry.

During the Period, the automobile and auto parts business contributed sales revenue of approximately RMB32,776 million to the Group, representing a year-on-year increase of approximately 2.1%.

3. *Agricultural Equipment Business*

The Company actively responded to the national rural revitalisation strategy, promoted the continuous upgrade of agricultural machinery and equipment and led the industrial chain of agricultural machinery and equipment in China to accelerate towards high-end. Weichai Lovol Intelligent Agricultural Technology Co., Ltd., our subsidiary, has been focusing on the construction of three core capabilities of "intelligent agricultural machinery, precise agriculture and digital agricultural services", so as to activate the development momentum with technological innovation and build the top brand of agricultural machinery in China. **With steady increase in market share of our principal business, we maintained a high-quality and high-speed development trend.** In the first half of the year, the sales revenue recorded a year-on-year increase of 28%, which was a historical new record. The overall sales volume of agricultural machinery products recorded a year-on-year increase of 17%, ranking first in the industry in terms of scale, in which the overseas export sales volume recorded a year-on-year increase of 68%. Through measures such as optimising product mix, increasing channel development in disadvantaged areas and increasing service input, the sales volume of tractors, wheeled machines and crawlers achieved a year-on-year growth, which was significantly higher than the average growth rate in the industry, and the market share of our principal business continued to expand. **With the high-end transformation and upgrade ahead, our competitive advantage of the product market was prominent.** High-horsepower tractors have been newly upgraded, and two-speed power shift tractors with horsepower of over 100 have been fully commercialised, empowering our CVT powertrain and high-end power shift products with obvious market competitive advantages. With a significant optimisation in the product sales structure, tractors with horsepower above 100 accounted for 42.3% of the total sales of agricultural equipment, representing a year-on-year increase of 8.3 percentage points, while tractors with horsepower above 200 accounted for 12.7% of the total sales of agricultural equipment, representing a year-on-year increase of 2.8 percentage points. The 18kg/s large-feed harvesting machinery realised a major technological breakthrough which filled the domestic gap, and the product performance reached the standard of imported products. During the Period, the agricultural equipment business contributed sales revenue of approximately RMB10,618 million to the Group, representing a year-on-year increase of approximately 25.5%.

4. Intelligent Logistics Business

The Company has the world's leading intelligent logistics business segment. KION Group AG ("KION"), our overseas controlling subsidiary based in Germany, is a globally leading supplier in the area of intelligent logistics, and is dedicated to providing intelligent logistics solutions for factories, warehouses, distribution centers, etc. around the world. In the first half of 2024, KION overcame the impact of the inflation and supply chain issues and achieved a record-high revenue as compared with the same period in history of EUR5.74 billion, representing a year-on-year increase of 2.1%. The EBIT after adjustment amounted to EUR450 million, representing a year-on-year increase of 28.3% and a significant improvement in profitability. Among which its forklift business (represented by Linde and STIHL) realised a revenue of EUR4.31 billion and the supply chain solution business (represented by the Dematic Group) realised a revenue of EUR1.45 billion. We increased investment in research and development with high standards, and the intensity of investment in research and development exceeded 3%. KION Jinan Laiwu Smart Factory developed and launched the KGCB series new forklifts, which achieved global sales and successfully established itself as a high-end brand image in the forklift industry. In terms of sustainable development, the MSCI ESG rating of KION Group has been upgraded to AAA, ranking among the top 10% in the global industry, and it has been selected into the "Sustainability Yearbook" by S&P Global twice in a row, having its economic, social and environmental values being highly recognised by the industry. During the Period, the intelligent logistics business contributed sales revenue of approximately RMB44,192 million to the Group, representing a year-on-year increase of approximately 4.7%.

5. New Business Format, New Energy and New Technology

The Company firmly implemented the "Dual Carbon" strategy, accelerated the development of the "Three New" businesses, and promoted green and low-carbon development. **The quality and efficiency of our new energy business has been improved to create differentiated competitive advantages of "Three Electric" products.** We developed heavy-duty truck and light-duty truck power battery products with long driving range and realised mass application, the power battery of which had obvious advantages over competing products in terms of charge and discharge temperature rise and energy density, etc. Our independently-developed and-designed 220-platform high-speed flat wire motor with obvious advantages in terms of efficiency and power had been put into mass production for light-duty trucks, mine trucks and heavy-duty trucks. We planned and developed extended range products for mine trucks, loaders, bulldozers and tractors, so as to promote the full series layout of non-road hybrid products. **Our fuel cell core technology led the hydrogen energy sector with excellent product competitiveness among the industry.** We developed high-power fuel cells for high-speed trunk logistics scenarios, and the system power was increased to 300kW. We accelerated the commercialisation of solid oxide fuel cells with highest power generation efficiency exceeding 60%, combined heat and power efficiency exceeding 90% and accumulated operation exceeding 50,000 hours, providing green and low-carbon solutions for distributed energy and microgrids.

III. Financial Review

1. The Group's Results of Operations

a. Revenue

In the first half of 2024, the Group's revenue amounted to approximately RMB112,490 million, representing an increase of approximately RMB6,355 million or approximately 6% from approximately RMB106,135 million in the corresponding period in 2023. The transportation equipment manufacturing industry showed a development trend of overall stability and continuous improvement. The investment of fixed assets in the transportation sector remained high, while demand in the logistics and transportation industry continued to increase, promoting a continuous increase in the sales volume and sales amount of heavy-duty trucks, engines and transmissions. Furthermore, demand in overseas markets continued to grow and the Group actively strengthened its international market presence during the Period, resulting in an increase in overseas revenue. Revenue from principal operations amounted to approximately RMB111,665 million, representing an increase of approximately RMB7,255 million or approximately 6.9% from approximately RMB104,410 million in the corresponding period last year.

b. Gross Operating Margin

During the Period, the Group's gross operating margin was approximately 21.7%, representing a rebound of 3.0 percentage points as compared with that of the corresponding period last year. 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 was mainly benefited from the increase of selling price and the stabilisation of cost of materials, which drove the increase in the gross profit margin of the overseas segment.

c. Distribution and Selling Expenses

The distribution and selling expenses increased by approximately RMB601 million or 10.9% from approximately RMB5,526 million in the corresponding period of 2023 to approximately RMB6,127 million during the Period. The increase of distribution and selling expenses was primarily attributable to an increase in staff costs, marketing expenses and travel expenses as affected by the significant increase in turnover. During the Period, the proportion of distribution and selling expenses to revenue was approximately 5.4%, which was basically the same as the corresponding period last year.

d. *General and Administrative Expenses*

General and administrative expenses increased by approximately RMB471 million or 10.2% from approximately RMB4,624 million in the corresponding period of 2023 to approximately RMB5,095 million during the Period. 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. During the Period, the proportion of general and administrative expenses to revenue was approximately 4.5%, which was around the same as approximately 4.4% for the corresponding period last year.

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

During the Period, the Group's EBIT was approximately RMB10,792 million, representing an increase of approximately RMB3,715 million or 52.5% from approximately RMB7,077 million in the corresponding period last year. The increase in EBIT was primarily attributable to the increase in sales and significant economies of scale and the Group's effective control of expenses, which led to an increase in the EBIT margin of the Group from approximately 6.7% in the corresponding period of 2023 to approximately 9.6% during the Period.

f. *Finance Expenses*

During the Period, finance expenses increased by RMB10 million as compared with that of the corresponding period last year, representing a year-on-year increase of approximately 47.9%. The overseas business segment was affected by the fluctuation of the Euro exchange rate, resulting in an increase in foreign exchange losses as compared with last year. Furthermore, the amount and interest rates of both lease payables and operating financing funds increased, resulting in a significant increase in interest expenses.

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 indicators of impairment within the scope of the consolidated financial statements as at 30 June 2024 and made corresponding impairment provisions for assets with indicators of impairment. According to the test results, provision made for the impairment by the Company during the Period amounted to approximately RMB747 million, of which the provision for credit losses amounted to approximately RMB375 million, provision for decline in value of inventories amounted to approximately RMB368 million and provision for impairment of fixed assets, right-of-use and contract assets amounted to approximately RMB4 million.

h. Income Tax Expenses

The Group's income tax expenses increased by approximately 60.4% from approximately RMB962 million in the corresponding period in 2023 to approximately RMB1,542 million during the Period, which was mainly attributable to a significant increase in total profit. The Group's average effective tax rate increased from approximately 16.7% in the corresponding period last year to approximately 17.3% during the Period, representing a relatively stable tax-bearing ratio.

i. Net Profit and Net Profit Margin

The Group's net profit for the Period was approximately RMB7,374 million, representing an increase of approximately RMB2,589 million or 54.1% from approximately RMB4,785 million in the corresponding period last year. Net profit margin for the Period was approximately 6.6%, which increased by 2.1 percentage points from approximately 4.5% in the corresponding period last year.

j. Liquidity and Cash Flow

During the Period, net cash inflows generated from the Group's operating activities amounted to approximately RMB12,802 million, representing a year-on-year decrease of approximately RMB90 million. A portion of such proceeds was applied to repayment of debts, payment of investment monies and payment of the acquisition of property, plant and equipment for the expansion of the Group's business.

As of 30 June 2024, the Group's cash and cash equivalents (net of interest-bearing debts) amounted to net cash of RMB27,104 million (as of 31 December 2023: RMB36,368 million). Based on the above calculations, the Group is in a net cash position.

As at 30 June 2024, the Group's gearing ratio (interest-bearing debts/(interest-bearing debts + shareholders' equity)) was approximately 22.4% (as at 31 December 2023: approximately 23.8%).

2. *Financial Position*

a. Assets and Liabilities

As at 30 June 2024, the Group had total assets of approximately RMB343,596 million, of which approximately RMB189,319 million were current assets. As at 30 June 2024, the Group had cash and bank of approximately RMB75,323 million (as at 31 December 2023: approximately RMB92,857 million). As at the same date, the Group's total liabilities amounted to approximately RMB225,212 million, of which approximately RMB150,915 million were current liabilities. The current ratio was approximately 1.25x (as at 31 December 2023: 1.35x).

b. Capital Structure

As at 30 June 2024, the Group had total equity of approximately RMB118,385 million, of which approximately RMB83,981 million was attributable to equity holders of the Company and the remaining balance was minority interests.

The borrowings of the Group as at 30 June 2024 amounted to approximately RMB34,250 million, which included bonds of approximately RMB8,624 million, short-term commercial paper of approximately RMB801 million and bank borrowings of approximately RMB24,825 million.

The bank borrowings included fixed interest rate bank borrowings of approximately RMB2,414 million and floating interest rate bank borrowings of approximately RMB22,411 million. The bonds payable included fixed interest rate bonds payable of approximately RMB4,313 million and floating interest rate bonds payable of approximately RMB4,311 million.

Bank borrowings repayable within a period not exceeding one year or on demand were approximately RMB7,458 million, bank borrowings repayable within a period of more than one year but not exceeding two years were approximately RMB8,648 million, bank borrowings repayable within a period of more than two years but not exceeding five years were approximately RMB8,651 million, and bank borrowings repayable within a period of more than 5 years were approximately RMB68 million; bonds payable within a period not exceeding one year were approximately RMB1,361 million, bonds payable within a period of more than one year but not exceeding two years were approximately RMB4,187 million, bonds payable within a period of more than two years but not exceeding five years were approximately RMB2,759 million, and bonds payable within a period of more than 5 years were approximately RMB317 million. Other than Euro-denominated borrowings and USD-denominated borrowings equivalent to approximately RMB15,032 million and approximately RMB349 million respectively, other bank borrowings were 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 the value to shareholders. The Group's overall strategy remains unchanged from prior years.

c. *Pledge of Assets*

As at 30 June 2024, bank deposits, notes receivable, receivable financing and other non-current assets of approximately RMB22,730 million (as at 31 December 2023: approximately RMB27,635 million) were pledged to banks to secure the Group's notes payable, letters of guarantee, acceptance bills and letters 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 receivable amounting to approximately RMB10,337 million (as at 31 December 2023: approximately RMB9,587 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, etc.

d. *Contingencies*

As at 30 June 2024, the Group provided certain distributors and agents bank guarantee amounting to approximately RMB433 million (as at 31 December 2023: approximately RMB286 million) to secure their obtaining and use of banking facilities.

As at 30 June 2024, the Group provided buy-back guarantee liability in respect of potential failure of the leasees under finance leases to settle instalment payments plus interest with a risk exposure of buy-back guarantee liability amounted to approximately RMB3,941 million (as at 31 December 2023: approximately RMB2,802 million).

e. *Commitments*

As at 30 June 2024, the Group had capital commitments of approximately RMB6,731 million (as at 31 December 2023: approximately RMB13,000 million), principally for the capital expenditure in respect of acquisition of property, plant and equipment. The capital expenditure will be financed by internal resources.

As at 30 June 2024, the Group had no external investment commitments (as at 31 December 2023: nil).

f. *Intangible assets*

As at 30 June 2024, the Group's total intangible assets amounted to approximately RMB22,424 million, of which land use rights amounted to approximately RMB2,880 million, trademark rights amounted to approximately RMB8,036 million, customer relationship amounted to approximately RMB3,555 million, technology know-how amounted to approximately RMB1,269 million, and license and software etc. amounted to approximately RMB6,684 million. Intangible assets arising from in-house research and development as at the end of the Period accounted for 25.47% 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 multi-currency exchange rate risk of forecast sale, forecast purchase and firm commitment. The total cash flow of the hedged item amounted to RMB4,491,525,423.74 (EUR586,230,917.91), of which the amount due within 1 year was RMB3,721,336,386.20 (EUR485,706,355.80), 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 hedge ineffectiveness within the Period. During the Period, the loss on fair value changes of the hedging instrument included in the other comprehensive income amounted to RMB51,545,588.51 (EUR6,580,000.00) and loss transferred to profit or loss for the Period amounted to RMB814,702.31 (EUR104,000.00).

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 2023 to 2024. There was no material hedge ineffectiveness within the Period. During the Period, the loss on fair value changes of the hedging instrument included in the other comprehensive income amounted to RMB33,821,493.75 (EUR4,370,002.38). There was no amount transferred into profit or loss for the Period.

On 31 December 2018, KION, a subsidiary of the Group, entered into interest rate swap contracts to conduct fair value hedging on the interest rate risk of fixed-rate medium-term notes issued with par value of EUR100,000,000.00. As at 30 June 2024, the aforesaid hedged items of the Group were presented as non-current liabilities due within one year in the financial statement with a book value of RMB595,168,517.70 (EUR77,681,000.00). During the Period, the adjustment of the fair value change of hedged items included in the carrying amount of the hedged item was RMB3,534,157.00 (EUR458,000.00). There was no material hedge ineffectiveness within the Period.

KION, a subsidiary of the Group, signed an amortised interest rate swap contract to hedge the interest rate risk of lease receivables at fair value. 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 2029. Overall, this fair value hedge exposes the lease receivable to a variable interest rate consistent with its relevant currency zone. Therefore, from an economic perspective, this variable rate is equivalent to the variable rate for refinancing the portfolio of hedged items. On 30 June 2024, the abovementioned hedged items of the Group were accounted for in the financial statements as long-term receivables and non-current assets due within one year, with a carrying amount of RMB19,631,129,531.40 (EUR2,562,242,000.00), and the accumulative adjustment of the fair value change of the hedged item included in the carrying amount of the hedged item amounted to RMB127,574,966.70 (EUR16,651,000.00). The change in fair value of the ineffective portion of the hedged item during the Period amounted to RMB37,043,554.56 (EUR4,861,000.00).

3. *Other Financial Information*

a. *Employees*

As at 30 June 2024, the Group had approximately 95,000 employees (including approximately 42,000 employees of KION). During the Period, the Group paid remuneration of approximately RMB18,389 million. The Group has established and refined 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 Period, training expenses of approximately RMB14 million in total were incurred.

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 a restricted share incentive scheme (the "Incentive Scheme") of A Shares 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 the eligible incentive participants include directors, senior management officers, middle management officers, and core technology (business) staff of the Group. The number of shares to be granted to each of the incentive participants is fixed at the time of the grant, which represents the maximum entitlement of each participant upon fulfillment of the unlocking conditions upon expiry of the unlocking period. For details of the Incentive Scheme, please refer to the Company's announcements dated 24 October 2023, 13 November 2023, 8 December 2023 and 20 December 2023, the Company's circular dated 27 October 2023 and the Company's annual report for the year ended 31 December 2023.

b. Major Investment, Acquisition and Disposal

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

c. Subsequent Events

On 22 August 2024, with the authorisation of the general meeting, the Board of the Company approved the distribution to all shareholders of a cash dividend of RMB3.72 (including tax) for every 10 shares held, without any capitalisation of reserve, based on the total number of shares eligible for profit distribution on the record date at the time of the implementation of distribution plan in the future.

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 30 June 2024 is set out below:

RMB million

Name of investment project		Total amount of proceeds proposed to be applied to the relevant project	Total amount of proceeds applied as of 30 June 2024	Amount of unutilised proceeds ("Unutilised Proceeds") as of 30 June 2024	Application plan of Unutilised Proceeds (Note 1)			
Name of project	**Name of subproject**				**1 July 2024 to 31 December 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	225.14	274.86	61.42	100.43	85.42	42.21
	(b) Solid oxide fuel cell and key components industrialisation project	500.00	106.67	393.33	62.52	150.00	120.46	46.38
	(c) Key components of fuel cell powertrain research and development and construction capabilities project	1,000.00	503.70	496.30	139.01	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	1,155.09	1,844.91	429.68	684.21	674.92	209.79
	(b) H platform engines intelligent manufacturing upgrade project	1,000.00	640.21	359.79	142.51	262.6	29.83	–

Name of investment project		Total amount of proceeds proposed to be applied to the relevant project	Total amount of proceeds applied as of 30 June 2024	Amount of unutilised proceeds ("Unutilised Proceeds") as of 30 June 2024	Application plan of Unutilised Proceeds (Note 1)			
Name of project	Name of subproject				1 July 2024 to 31 December 2024	Year 2025	Year 2026	Year 2027
(3) Large Diameter High-end Engine Industrialisation Project	(a) Large diameter high-end engine laboratory project	1,075.00	662.07	412.93	46.80	194.84	150.76	72.89
	(b) High efficiency and high speed self-owned brand engine industrialisation project	685.00	554.57	130.43	145.69	–	–	–
	(c) Large diameter high-end engine development project	1,240.00	793.77	446.23	21.62	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	1,247.78	1,752.22	670.89	898.4	250.44	–
(5) Replenishment of working capital		1,000.00	800.72	199.28	*Expected to be fully utilised by the end of 2027*			
	Total	**13,000.00**	**6,689.72**	**6,310.28** (Note 2)				

Notes:

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

   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.

2. Taking into account the expenses for the non-public issuance of A Shares (including the sponsor and underwriting fees, accounting and capital verification fees etc.) which amounted to RMB11.94 million, the total Unutilised Proceeds net of such expenses amounted to RMB6,298.34 million.

It is expected that the remaining proceeds, being approximately RMB7 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 and 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 timeline of proposed use of proceeds as disclosed in the Circular (with adjusted timeline approved by the Board on 30 March 2022 and 30 March 2023).

e. *Other Significant Events*

In 2023, a subsidiary of the Company, Weichai Lovol Intelligent Agricultural Technology Co., Ltd.* (濰柴雷沃智慧農業科技股份有限公司) ("Weichai Lovol") submitted an application relating to the possible spin-off and separate listing of its shares on the ChiNext Board of the Shenzhen Stock Exchange ("Possible Spin-off"). On 12 April 2024, the Company announced that pursuant to the authority granted by the shareholders at the general meeting held on 29 December 2022, the Company decided to temporarily terminate the Proposed Spin-off and would withdraw the relevant application for listing on the ChiNext Board. The Board considers that the temporary termination of the Possible Spin-off will not have any substantial impact on the Company, will not have material adverse impact on the operations, businesses and financial positions of the Company, and will not affect the future implementation of the strategic planning of the Company. For further details, please refer to the Company's announcement dated 12 April 2024.

IV. Outlook and Prospects

Looking into the second half of 2024, the global economy is expected to shift from the inflation-combating mode to a new equilibrium state in which inflation and growth are relatively balanced, with stronger-than-expected economic growth in both major emerging markets and developing economies. China's economy is expected to maintain stable with favourable policy support. The reform measures proposed by the Third Plenary Session of the 20th Central Committee of the Communist Party of China will further stimulate the cultivation of new productive forces and potential from transforming old energy into new energy and empower China's economy to accelerate its recovery. It is expected that the commercial vehicle industry will maintain a growth trend in the second half of the year. With the accelerated advancement of intelligentisation and electrification, new opportunities will be brought for the development of the Company's "Three New" businesses.

In the second half of the year, the Company will continue to deepen reform, enhance vitality, transform and upgrade, improve quality and efficiency, unswervingly achieve budget targets and maintain high-quality development.

Focusing on the mission and objectives for the whole year, we are determined to win the tough battle in the market. We will seize the opportunities in emerging markets, consolidate and expand the leading edge of natural gas engines, and achieve breakthroughs in strategic businesses such as generator sets for large-scale data centers. We will give full play to the differential competitive advantages of hydraulic powertrains and build the reputation of high-end products of construction machinery. We will make precise marketing and efforts for each segment market to comprehensively enhance the market share of our main business. **We will strengthen the drive of scientific and technological innovation to establish core competitive advantages of our products.** We will continue to increase R&D investment, strengthen technical research on key components and transformation of cutting-edge technological achievements, and focus on improving the risk resistance capability of the whole supply chain. We will systematically promote the optimisation of quality system, the control of all factors and the whole process, and improve the reliability and consistency of our products. With the advantages of the globally coordinated R&D platform, we will continue to carry out competitive product benchmarking and promote the substantial improvement of product quality. **We will focus on the development of "Three New" businesses and promote the introduction of new energy, new technologies and new business formats.** We will take advantage of the resources of the Group to accelerate the breakthrough in product reserve, core technology, business model and resource coordination in strategic businesses such as new energy, hydraulics and aftermarket. We will improve the performance parameters of "three electric" products and fuel cells to create the differentiated advantages of new energy products, so as to accelerate the transformation from homogeneous price competition to high-end technology competition. **We will improve the ability of enterprises to resist risks and promote the in-depth digital transformation.** We will firmly prioritise profit, reduce costs and increase efficiency, effectively alleviate the pressure of "two funds" and improve the quality and efficiency of asset operation. We will accelerate the digital transformation and upgrade, break down the barriers faced by all core systems, and realise full data communication among all business domains. We will deploy more efforts to speed up major equipment upgrading, major technological transformation and major project construction, promote structural transformation through projects and accelerate the release of new quality productivity.

OTHER INFORMATION

Directors' and Supervisors' Interests in Shares and Underlying Shares

As at 30 June 2024, the interests and short position (if any) of the directors, the chief executive 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 *(Note 4)*	Beneficial owner	58,842,596 *(Note 1)*	–	0.67%
Zhang Quan	Beneficial owner	13,684,324 *(Note 1)*	–	0.16%
Sun Shaojun	Beneficial owner	13,684,324 *(Note 1)*	–	0.16%
Yuan Hongming	Beneficial owner	1,000,440	–	0.011%
	Interest held by spouse	444	–	0.000005%
		1,000,884	–	0.011%

Notes:

1. These shares were derived from the previous domestic shares of the Company. The domestic shares were ordinary shares issued by the Company, with a Renminbi-denominated par value of RMB1.00 each, which were subscribed for and paid up in Renminbi or credited as fully paid up. These shares became "A" shares of the Company upon the "A" share listing of the Company on the Shenzhen Stock Exchange.

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

3. The percentage shareholding is calculated on the basis of 8,726,556,821 issued shares of the Company as at 30 June 2024 (comprising 6,783,516,821 "A" shares and 1,943,040,000 "H" shares).

4. Mr. Tan Xuguang has tendered his resignation as the Chairman of the Board, the legal representative of the Company, an executive Director and the chairman of the strategic development and investment committee of the Company with effect from 12 August 2024. For further details, please refer to the announcement of the Company dated 12 August 2024.

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 30 June 2024, none of the Directors, the chief executive 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

Changes in share capital (as at 30 June 2024)

	Before the movement		Increase/decrease in the movement (+, –)					After the movement	
	No. of shares	Percentage	New shares issued	Bonus issue	Capitalisation of reserve	Others	Sub-total	No. of shares	Percentage
I. Restricted circulating shares	1,811,884,635	20.76%				2,469,427	2,469,427	1,814,354,062	20.79%
1. State-owned legal person shares	1,642,531,008	18.82%						1,642,531,008	18.82%
2. Shares held by other domestic entities	169,183,627	1.94%				2,469,427	2,469,427	171,653,054	1.97%
including: Shares held by domestic natural persons	169,183,627	1.94%				2,469,427	2,469,427	171,653,054	1.97%
3. Shares held by other foreign entities	170,000	0.00%						170,000	0.00%
including: Shares held by foreign natural persons	170,000	0.00%						170,000	0.00%
II. Non-restricted circulating shares	6,914,672,186	79.24%				–2,469,427	–2,469,427	6,912,202,759	79.21%
1. RMB ordinary shares	4,971,632,186	56.97%				–2,469,427	–2,469,427	4,969,162,759	56.94%
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 30 June 2024)

Total number of Shareholders The number of shareholders is 236,061 among which 235,838 are shareholders of "A" shares and 223 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	Number of restricted shares held	Number of shares pledged or frozen
HKSCC Nominees Limited	Foreign shareholder	22.22%	1,938,957,485		–
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	5.59%	487,586,501		–
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	1.30%	113,658,700		–
Shandong Enterprise Trust Operation Company Limited	Domestic non-state-owned legal person	0.75%	65,403,093		–
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Trading Open-ended ETF	Funds, wealth management products, etc	0.74%	64,236,286		–
National Social Security Fund 114 Portfolio	Funds, wealth management products, etc.	0.70%	61,482,188		–
Tan Xuguang	Domestic natural person	0.67%	58,842,596	44,131,947	–

Shareholdings of the top ten non-restricted shareholders

Name of shareholder	Number of the non-restricted shares held	Types of shares
HKSCC Nominees Limited	1,938,957,485	Overseas listed foreign shares
Hong Kong Securities Clearing Company Limited	487,586,501	RMB ordinary shares
China Securities Finance Corporation Limited	163,608,906	RMB ordinary shares
IVM Technical Consultants Wien Gesellschaft m.b.H.	113,658,700	RMB ordinary shares
Weichai Group Holdings Limited	76,645,020	RMB ordinary shares
Shandong Enterprise Trust Operation Company Limited	65,403,093	RMB ordinary shares
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Trading Open-ended ETF	64,236,286	RMB ordinary shares
National Social Security Fund 114 Portfolio	61,482,188	RMB ordinary shares
National Social Security Fund 101 Portfolio	43,303,978	RMB ordinary shares
National Manufacturing Transformation and Upgrade Fund Co., Ltd.	42,682,926	RMB ordinary shares

Notes:

1. Among the aforesaid shareholders, Mr. Tan Xuguang was the chairman of Weichai Group Holdings Limited at the end of the reporting period. It is not certain whether there is any connected relationship among the 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 30 June 2024, the following persons (other than the directors, chief executive and supervisors) had the following interests and the short positions (if any) in the shares and underlying shares of the Company:

Name	Capacity	Long/Short position	Number of A shares	Percentage of share capital comprising only A shares	Number of H shares	Percentage of share capital comprising only H shares	Percentage of total issued share capital
Weichai Group Holdings Limited	Beneficial owner	Long	1,422,550,620	20.97%	–	–	16.30%
Shandong Heavy Industry Group Co., Ltd. *(Note 1)*	Interest of corporation controlled by you	Long	1,422,550,620	20.97%	–	–	16.30%
Brandes Investment Partners, LP *(Note 3)*	Investment manager	Long	–	–	78,578,612	16.18%	3.60%
Lazard Emerging Markets Equity Portfolio *(Note 4)*	Investment manager	Long	–	–	23,707,500	5.86%	1.30%
Barclays PLC *(Note 3)*	Person having a security interest in shares	Long	–	–	525,552	0.11%	0.02%
	Interest of corporation controlled by you	Long	–	–	25,453,050	5.24%	1.17%
					25,978,602	5.35%	1.19%
	Interest of corporation controlled by you	Short	–	–	24,102,475	4.96%	1.10%
Morgan Stanley *(Note 2)*	Interest of corporation controlled by you	Long	–	–	49,335,508	5.08%	1.13%
	Interest of corporation controlled by you	Short	–	–	42,078,545	4.33%	0.96%
JPMorgan Chase & Co.	Interest of corporation controlled by you	Long	–	–	27,381,061.00	1.41%	0.31%
	Investment manager	Long	–	–	42,488,145.00	2.19%	0.49%
	Person having a security interest in shares	Long	–	–	3,862,954.00	0.20%	0.04%
	Approved lending agent	Long	–	–	59,655,129.00	3.07%	0.68%
			–	–	133,387,289.00	6.86%	1.53%

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
	Interest of corporation controlled by you	Short	–	–	18,549,604.00	0.95%	0.21%
Pzena Investment Management, LLC	Investment manager	Long	–	–	121,567,679.00	6.26%	1.39%
	Beneficial owner	Long	–	–	370,318.00	0.02%	0.00%
			–	–	121,937,997.00	6.28%	1.40%
Citigroup Inc.	Interest of corporation controlled by you	Long	–	–	2,818,231.00	0.15%	0.03%
	Approved lending agent	Long	–	–	98,479,212.00	5.07%	1.13%
			–	–	101,297,443.00	5.21%	1.16%
	Interest of corporation controlled by you	Short	–	–	2,401,895.00	0.12%	0.03%
BlackRock, Inc	Interest of corporation controlled by you	Long	–	–	98,759,921.00	5.08%	1.13%
	Interest of corporation controlled by you	Short	–	–	4,818,000.00	0.25%	0.06%

Notes:

1. Shandong Heavy Industry Group Co., Ltd., being a subsidiary of the 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 (and the relevant shareholding percentages) reported above 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 (and the relevant shareholding percentages) reported above by the relevant substantial shareholder does not take into consideration the Company's bonus share issuance on 21 July 2017 and 20 August 2015 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 (and the relevant shareholding percentages) reported above by the relevant substantial shareholder does not take into consideration the Company's bonus share issuance on 21 July 2017, 20 August 2015 and 17 August 2012 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 had not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2024.

EMOLUMENT POLICY

The Group is strictly in compliance with laws and regulations such as the Labour Law and the Labour Contract Law of the PRC, 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.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the Period was the Company and any of its subsidiaries a party to any arrangements to enable 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 Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

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

DIVIDENDS AND CAPITALISATION OF RESERVE

On 10 May 2024, the Company's 2023 profit distribution proposal was considered and approved at the Company's 2023 annual general meeting to distribute to the shareholders of 8,717,561,296 shares eligible for distribution (including 6,774,521,296 A shares and 1,943,040,000 H shares), based on the Company's existing total share capital of 8,726,556,821 shares and deducting 8,995,525 shares held by the Company through the securities account designated for share repurchase, a cash dividend of RMB2.93 (including tax) for every 10 shares held, without any capitalisation of reserve.

On 22 August 2024, pursuant to the shareholders' mandate, the Board of the Company intended to distribute to all shareholders a cash dividend of RMB3.72 (including tax) for every 10 shares held, without any capitalisation of reserve, temporarily 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 30 June 2024. Upon the implementation of the 2024 interim 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. Please refer to further announcement to be issued by the Company for details on the closure of registers of members in determining the shareholders who are eligible for the 2024 interim dividend.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises five independent non-executive Directors of the Company. The Chairman of the Audit Committee is Ms. Jiang Yan, an independent non-executive Director. Ms. Jiang has appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules for the purpose of this appointment. During the Period, 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 with the Company's auditors the reviewed consolidated financial statements for the Period.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE IN APPENDIX C1 OF THE LISTING RULES

Throughout the Period, other than certain directors of the Company not being able to attend the Company's annual general meeting or extraordinary general meeting(s) held during the Period due to other essential business engagements, the Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

COMPLIANCE WITH THE MODEL CODE

During the Period, the Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting 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 and the aforementioned code of conduct of the Company for the Period.

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.

APPROVAL OF THE FINANCIAL STATEMENTS

The reviewed consolidated financial statements for the Period were approved by the Board on 22 August 2024.

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

The 2024 interim report will be despatched to the shareholders as well as made available on the Hong Kong Stock Exchange's website at www.hkexnews.hk and the Company's website at www.weichaipower.com in due course.

Ma Changhai
Chairman

Hong Kong, 22 August 2024

As at the date of this announcement, the executive Directors of the Company are Mr. Ma Changhai, Mr. Zhang Quan, 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. Chi Deqiang, Mr. Zhao Fuquan, Mr. Xu Bing and Mr. Tao Huaan.