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中国重汽
SINOTRUK

SINOTRUK (HONG KONG) LIMITED
中國重汽(香港)有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 03808)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

RESULTS

The Board is pleased to announce the consolidated financial results of Sinotruk (Hong Kong) Limited for the year ended 31 December 2023 together with the comparative figures for the Previous Period as follows:

Consolidated statement of profit or loss
For the year ended 31 December 2023
(All amounts in RMB thousands unless otherwise stated)

	Notes	2023	2022 (restated)
Revenue	4	**85,498,035**	59,405,299
Cost of sales		**(71,262,502)**	(49,398,724)
Gross profit		**14,235,533**	10,006,575
Other income and gains		**816,951**	1,294,910
Selling and distribution expenses		**(4,001,904)**	(2,874,018)
Administrative expenses		**(4,669,217)**	(4,870,446)
Reversal of impairment losses/ (impairment losses) on financial assets, net		**170,652**	(418,648)
Other expenses		**(64,914)**	(351,030)
Operating profit		**6,487,101**	2,787,343
Finance income		**313,874**	140,442
Finance costs		**(29,413)**	(9,592)
Finance income, net		**284,461**	130,850
Share of profits and losses of associates		**111,119**	(23,066)
Profit before tax	5	**6,882,681**	2,895,127
Income tax expense	6	**(1,055,830)**	(957,565)
Profit for the year		**5,826,851**	1,937,562

Consolidated statement of profit or loss(continued)

For the year ended 31 December 2023

(All amounts in RMB thousands unless otherwise stated)

	Notes	2023	2022 (restated)
Attributable to:			
Equity shareholders of the Company		**5,318,107**	1,672,662
Non-controlling interests		**508,744**	264,900
		5,826,851	1,937,562
Earnings per share	7		
(expressed in RMB per share)			
Basic and diluted		**1.93**	0.61

Consolidated statement of comprehensive income

For the year ended 31 December 2023

(All amounts in RMB thousands unless otherwise stated)

	2023	2022 (restated)
Profit for the year	**5,826,851**	1,937,562
Other comprehensive (loss)/income (after tax)		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Changes in fair value of financial assets at fair value through other comprehensive income ("FVOCI")	**(15,397)**	(15,107)
Exchange differences on translation of foreign operations	**(2,884)**	845
Share of other comprehensive income of associates	**563**	2,337
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(17,718)**	(11,925)
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Remeasurements of termination and post-employment benefit obligations	**(30,493)**	5,157
Revaluation gains arising from transfer of property, plant and equipment and land use rights to investment properties	**16,333**	—
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	**(14,160)**	5,157
Other comprehensive loss for the year, net of tax	**(31,878)**	(6,768)
Total comprehensive income for the year	**5,794,973**	1,930,794
Attributable to:		
Equity shareholders of the Company	**5,285,271**	1,666,709
Non-controlling interests	**509,702**	264,085
	5,794,973	1,930,794

Consolidated statement of financial position

As at 31 December 2023

(All amounts in RMB thousands unless otherwise stated)

	Notes	2023	2022 (restated)
Non-current assets			
Property, plant and equipment		**15,823,031**	15,504,161
Investment properties		**1,060,721**	840,134
Right-of-use assets		**2,260,256**	2,315,368
Goodwill		**68,933**	68,933
Intangible assets		**152,072**	232,366
Investments in associates		**2,017,567**	1,928,616
Equity investments designated at FVOCI		**31,925**	31,925
Trade and financing receivables	9	**5,032,516**	2,274,760
Prepayments, other receivables and other assets		**6,113,115**	192,798
Deferred tax assets		**2,158,585**	2,302,340
Total non-current assets		**34,718,721**	25,691,401
Current assets			
Inventories		**13,338,401**	13,502,057
Trade, financing and bills receivables	9	**17,078,156**	16,229,544
Prepayments, other receivables and other assets		**17,018,790**	18,480,345
Financial assets at FVOCI	10	**8,924,104**	7,367,333
Financial assets at fair value through profit or loss (“FVPL”)		**10,521,843**	4,500,202
Cash and cash equivalents and restricted cash		**20,185,473**	19,871,392
Total current assets		**87,066,767**	79,950,873
Current liabilities			
Trade and bills payables	11	**46,624,080**	33,271,076
Other payables and accruals		**19,062,656**	22,232,422
Borrowings		**4,907,134**	3,889,799
Lease liabilities		**1,709**	4,411
Tax payable		**216,189**	480,291
Provisions		**1,718,293**	1,536,767
Total current liabilities		**72,530,061**	61,414,766
Net current assets		**14,536,706**	18,536,107
Total assets less current liabilities		**49,255,427**	44,227,508

Consolidated statement of financial position (continued)

As at 31 December 2023

(All amounts in RMB thousands unless otherwise stated)

	Notes	2023	2022 (restated)
Non-current liabilities			
Borrowings		**141,533**	—
Lease liabilities		**1,195**	143
Deferred tax liabilities		**98,900**	109,755
Termination and post-employment benefit obligations		**410,374**	525,467
Deferred income		**642,894**	560,157
Total non-current liabilities		**1,294,896**	1,195,522
Net assets		**47,960,531**	43,031,986
Equity			
Equity attributable to equity shareholders of the Company			
Share capital		**16,717,024**	16,717,024
Other reserves		**3,603,118**	3,164,288
Retained earnings		**19,952,019**	16,053,241
		40,272,161	35,934,553
Non-controlling interests		**7,688,370**	7,097,433
Total equity		**47,960,531**	43,031,986

Notes to the consolidated financial information

(All amounts in RMB thousands unless otherwise stated)

1 General information

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

The Group is principally engaged in the research, development and manufacturing of heavy duty trucks, medium-heavy duty trucks, light duty trucks, etc. and related key parts and components including engines, cabins, axles, steel frames and gearbox, and the provision of financial services.

Section 436 of the Companies Ordinance

The financial information relating to the years ended 31 December 2023 and 2022 included in this preliminary announcement of 2023 annual results does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with Section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by Section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2023 in due course.

The Company's auditor has reported on the financial statements of the Group for the years ended 31 December 2023 and 2022. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under Sections 406(2), 407(2) or (3) of the Companies Ordinance.

2 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss which have been measured at fair value.

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

On 27 September 2023, the Group completed further capital contribution to Intelligent Technology and then Intelligent Technology became a subsidiary of the Company. Intelligent Technology becoming a subsidiary of the Company was considered to be a business combination under common control as the Group and Intelligent Technology are under common control of SHIG both before and after the capital contribution. Accordingly, the results, assets and liabilities of Intelligent Technology should have been accounted for at historical amounts in the consolidated financial statements of the Company as if Intelligent Technology had always been part of the Group. Hence, comparative figures for the Previous Period have been restated.

3. Accounting policies

3.1 New and amended standards adopted by the Group

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

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 1, *Presentation of financial statements* and HKFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform – Pillar Two model rules*

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

Notes to the consolidated financial information (continued)

(All amounts in RMB thousands unless otherwise stated)

3. Accounting policies (continued)

3.2 Issued but not yet effective Hong Kong financial reporting standards

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

	Effective for accounting periods beginning on or after
Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current ("2020 amendments")*	1 January 2024
Amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants ("2022 amendments")*	1 January 2024
Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*	1 January 2024
Amendments to HKAS 7, *Statement of cash flows and HKFRS 7, Financial Instruments: Disclosures: Supplier finance arrangements*	1 January 2024
Amendments to HKAS 21, *The effects of changes in foreign exchange rates: Lack of exchangeability*	1 January 2025

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

4. Operating segment information

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

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

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

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

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

(a) Segment results, assets and liabilities

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

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

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

Notes to the consolidated financial information (continued)

(All amounts in RMB thousands unless otherwise stated)

4. Operating segment information (continued)

(b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

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

	Heavy duty trucks	Light duty trucks and others	Engines	Finance	Elimination	Total
External revenue						
Sales of goods	74,255,696	8,809,918	587,679	—	—	83,653,293
Rendering of services	575,242	17,757	31,953	—	—	624,952
Provision of financing services	—	—	—	1,219,790	—	1,219,790
Total external revenue	74,830,938	8,827,675	619,632	1,219,790	—	85,498,035
Inter-segment revenue	457,168	1,485,979	13,934,607	167,644	(16,045,398)	—
Total segment revenue	75,288,106	10,313,654	14,554,239	1,387,434	(16,045,398)	85,498,035
Operating profit/(loss) before unallocated expenses	4,351,977	(623,466)	2,070,110	771,212	(60,391)	6,509,442
Unallocated expenses						(22,341)
Operating profit						6,487,101
Finance income, net						284,461
Share of profits and losses of associates						111,119
Profit before tax						6,882,681
Income tax expense						(1,055,830)
Profit for the year						5,826,851

Notes to the consolidated financial information (continued)

(All amounts in RMB thousands unless otherwise stated)

4. Operating segment information (continued)

(b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities (continued)

The segment results for the year ended 31 December 2022 are as follows:

	(restated)					
	Heavy duty trucks	Light duty trucks and others	Engines	Finance	Elimination	Total
External revenue						
Sales of goods	49,277,493	7,569,819	721,540	—	—	57,568,852
Rendering of services	502,330	20,534	32,171	—	—	555,035
Provision of financing services	—	—	—	1,281,412	—	1,281,412
Total external revenue	49,779,823	7,590,353	753,711	1,281,412	—	59,405,299
Inter-segment revenue	519,758	951,317	10,670,633	433,438	(12,575,146)	—
Total segment revenue	50,299,581	8,541,670	11,424,344	1,714,850	(12,575,146)	59,405,299
Operating profit/(loss) before unallocated expenses	2,598,875	(672,708)	59,372	685,304	151,817	2,822,660
Unallocated expenses						(35,317)
Operating profit						2,787,343
Finance income, net						130,850
Share of profits and losses of associates						(23,066)
Profit before tax						2,895,127
Income tax expense						(957,565)
Profit for the year						1,937,562

(All amounts in RMB thousands unless otherwise stated)

4. Operating segment information (continued)

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

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

Other segment items included in profit or loss for the year ended 31 December 2022 are as follows:

	(restated)					
	Heavy duty trucks	Light duty trucks and others	Engines	Finance	Unallocated	Total
Depreciation of property, plant and equipment	501,885	220,119	628,592	1,629	9	1,352,234
Depreciation of right-of-use assets	33,597	21,730	8,983	2	—	64,312
Amortisation of intangible assets	24,850	13,529	33,862	812	—	73,053

Notes to the consolidated financial information (continued)

(All amounts in RMB thousands unless otherwise stated)

4. Operating segment information (continued)

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

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

A reconciliation for entity assets and liabilities is as follows:

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

(All amounts in RMB thousands unless otherwise stated)

4. Operating segment information (continued)

The segment assets and liabilities as at 31 December 2022 and addition to non-current assets of the segments for the year then ended are as follows:

	(restated)					
	Heavy duty trucks	Light duty trucks and others	Engines	Finance	Unallocated	Total
Segment assets	67,236,440	10,059,783	23,435,479	50,320,322	2,506,134	153,558,158
Elimination						(47,915,884)
Total assets						105,642,274
Segment liabilities	42,451,429	10,558,759	10,225,358	40,263,559	599,584	104,098,689
Elimination						(41,488,401)
Total liabilities						62,610,288
Addition to non-current assets	1,878,616	346,720	1,217,404	7,356	12	3,450,108

A reconciliation for entity assets and liabilities is as follows:

	(restated)	
	Assets	**Liabilities**
Segment assets/liabilities after elimination	103,136,140	62,010,704
Unallocated:		
Deferred tax assets/liabilities	2,302,340	109,755
Prepaid income tax/tax payable	155,357	480,291
Other assets/liabilities	48,437	9,538
	2,506,134	599,584
Total	105,642,274	62,610,288

(All amounts in RMB thousands unless otherwise stated)

4. Operating segment information (continued)

Geographical information

(a) Revenue from external customers

	2023	2022 (restated)
Mainland China	**54,669,888**	38,243,826
Overseas	**30,828,147**	21,161,473
	85,498,035	59,405,299

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2023	2022 (restated)
Mainland China	**31,510,303**	22,412,197
Overseas	**1,049,833**	976,864
	32,560,136	23,389,061

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets.

(All amounts in RMB thousands unless otherwise stated)

4. Operating segment information (continued)

Geographical information (continued)

(c) Contract liabilities

The Group has recognised the following liabilities related to contracts with customers:

	2023	2022 (restated)
Heavy duty trucks	**4,662,850**	4,599,149
Light duty trucks and others	**550,788**	432,789
Engines	**17,754**	31,071
Finance	**428**	—
	5,231,820	5,063,009

Information about major customers

During the years ended 31 December 2023 and 2022, no revenue derived from a single customer accounted for 10% or more of the Group's total revenue.

Notes to the consolidated financial information (continued)
(All amounts in RMB thousands unless otherwise stated)

5. Profit before tax

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

	2023	2022 (restated)
Cost of inventories sold	**64,507,415**	41,613,858
Warranty expenses	**757,682**	178,687
Depreciation and amortisation		
Depreciation of property, plant and equipment	**1,408,229**	1,352,234
Depreciation of right-of-use assets	**98,735**	64,312
Amortisation of intangible assets	**65,529**	73,053
Research and development costs*	**2,450,110**	2,602,385
Auditor's remuneration:		
Financial audit services	**6,233**	6,289
Internal control audit services	**377**	468
Taxation professional services	**80**	83
Environmental, social and government report services	**—**	159
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages, salaries, allowances, social security and benefits	**4,194,053**	3,777,452
Defined contribution pension schemes**	**524,909**	583,733
Termination benefits	**65,572**	147,676
Post-employment benefits	**(31,774)**	22,616
Housing benefits	**381,620**	432,728
Other staff benefits	**356,627**	424,095
Lease payments not included in the measurement of lease liabilities	**41,414**	54,508
(Gains)/losses on disposal of property, plant and equipment	**(14,529)**	1,706
Fair value changes on financial assets at FVPL	**(33,958)**	(174,156)
Impairment loss/(reversal of impairment)		
Impairment of trade receivables	**4,221**	223,583
(Reversal of impairment)/impairment of financing receivables	**(99,573)**	63,193
Reversal of impairment loss of bills receivable	**(6,720)**	(6,168)
Impairment of other long-term deferred expenses	**150,041**	—
(Reversal of impairment)/impairment of financial assets included in prepayments, other receivables and other assets	**(69,666)**	133,313
Impairment of property, plant and equipment	**7,632**	1,365
Impairment of intangible assets	**30,134**	—
(Reversal of impairment)/impairment for the off-balance sheet credit business	**(4,582)**	4,727
Impairment of investments in an associate	**6,405**	124,532
Foreign exchange differences, net***	**(164,507)**	(496,543)

Notes to the consolidated financial information (continued)

(All amounts in RMB thousands unless otherwise stated)

5. Profit before tax (continued)

* The research and development costs of RMB2,450,110,000 (2022: RMB2,602,385,000) are included in "Administrative expenses" in the consolidated statement of profit or loss.

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

*** Foreign exchange differences, net are included in "Other income and gains", "Other expenses" in the consolidated statement of profit or loss.

6. Income tax expense

	2023	**2022 (restated)**
Current tax:		
– Hong Kong		
Charge for the year	**—**	112
– Mainland China		
Charge for the year	**970,848**	1,069,349
Overprovision in prior years	**(49,020)**	(40,527)
	921,828	1,028,934
– Other countries	**320**	1,486
Total current tax	**922,148**	1,030,420
Deferred tax	**133,682**	(72,855)
Total tax charge	**1,055,830**	957,565

6. Income tax expense (continued)

The Company and Sinotruk (Hong Kong) International Investment Limited are subject to Hong Kong profits tax at the rate of 16.5% (2022: 16.5%) on their estimated assessable profits during the period. The Company is also determined as a Chinese-resident enterprise and, is subject to corporate income tax at a rate of 25% (2022: 25%) according to the Corporate Income Tax Law of the People's Republic of China (the "CIT Law"). Sinotruk (Hong Kong) Capital Holding Limited is a qualifying entity under the two-tiered profits tax rates regime in Hong Kong. Its first HK$2 million assessable profits is taxed at a rate of 8.25% and the remaining at 16.5% (2022: first HK$2 million assessable profits taxed at a rate of 8.25% and the rest at 16.5%).

Sinotruk Ji'nan Power Co., Ltd., Sinotruk Hangzhou Engines Co., Ltd. and Sinotruk Datong Gear Co., Ltd. have been recognised as the High New Tech Enterprises in 2020 and have been applied the renewal of its High New Tech Certificate in 2023. Sinotruk Hubei Huawei Special Vehicles Co., Ltd. has been recognised as a High New Tech Enterprise in 2022. These companies are entitled to a reduced corporate income tax rate of 15% (2022:15%) according to the tax incentives of the CIT Law for the High New Tech Enterprises.

Sinotruk Liuzhou Yunli Special Vehicles Co., Ltd., Sinotruk Chengdu Wangpai Commercial Vehicles Co., Ltd., Sinotruk (Chongqing) Light Vehicle Co., Ltd. and Sinotruk Liuzhou Yunli Kodiak Machinery Co., Ltd. are subject to corporate income tax at a rate of 15% (2022:15%) according to the Western Development tax incentives of the CIT Law.

SINOTRUK RUS Limited Liability Company is subject to a corporate income tax at a rate of 20% (2022: 20%) according to the Tax Code of the Russian Federation.

Sinotruk South Africa (Pty) Ltd. is subject to corporate income tax at a rate of 28% (2022: 28%) according to the South Africa tax law.

Sinotruk Kazakhstan Limited Liability Partnership is subject to a corporate income tax at a rate of 20% (2022: 20%) according to the Kazakhstan tax law.

Sinotruk (Kenya) Limited is subject to a corporate income tax at a rate of 30% (2022: 30%) according to the Kenya tax law.

The remaining subsidiaries in the PRC are subject to corporate income tax at a rate of 25% (2022: 25%) according to the CIT Law.

Notes to the consolidated financial information (continued)

(All amounts in RMB thousands unless otherwise stated)

7. Earnings per share

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 2,760,993,339 (2022: 2,760,993,339) in issue during the year.

There are no dilutive potential ordinary shares during the year ended 31 December 2023 (2022: nil).

8. Dividend

	2023	**2022**
Final dividend declared for financial year 2022: HK$0.33 or RMB0.29 per share (2022: final dividend for financial year 2021: HK$0.68 or RMB0.55 per share)	**812,222**	1,555,910

Notes to the consolidated financial information (continued)

(All amounts in RMB thousands unless otherwise stated)

9. Trade, financing and bills receivables

	2023	2022 (restated)
Trade receivables	**10,107,093**	7,523,263
Provision for impairment	**(1,008,635)**	(1,183,822)
Trade receivables, net (a)	**9,098,458**	6,339,441
Financing receivables	**13,245,816**	12,516,860
Provision for impairment	**(707,340)**	(806,913)
Financing receivables, net (b)	**12,538,476**	11,709,947
Bills receivable	**480,988**	468,886
Provision for impairment	**(7,250)**	(13,970)
Bills receivable, net (c)	**473,738**	454,916
	22,110,672	18,504,304
Current portion		
Trade receivables	**9,034,015**	6,207,225
Financing receivables	**7,570,403**	9,567,403
Bills receivable	**473,738**	454,916
	17,078,156	16,229,544
Non-current portion		
Trade receivables	**64,443**	132,216
Financing receivables	**4,968,073**	2,142,544
	5,032,516	2,274,760

(All amounts in RMB thousands unless otherwise stated)

9. Trade, financing and bills receivables (continued)

(a) The sales policy of the Group generally requires its customers to pay a certain amount of deposits when orders of trucks are made and to settle purchase price in cash, on credit or by acceptance bills. A credit period from 3 to 12 months is granted to selected customers based on credit assessment. Trade receivables are non-interest-bearing.

As at 31 December 2023, approximately RMB2,745,338,000 (2022: approximately RMB2,261,309,000) of the trade receivables are secured by letters of credit issued by certain overseas third parties. As at 31 December 2023, approximately RMB2,274,781,000 (2022: approximately RMB2,321,850,000) of the trade receivables were guaranteed by China Export and Credit Insurance Corporation.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of the provision for impairment, is as follows:

	2023	**2022**
Less than 3 months	**5,166,749**	2,369,642
3 months to 6 months	**1,727,168**	1,622,969
6 months to 12 months	**1,603,614**	1,176,986
1 year to 2 years	**268,718**	649,735
2 years to 3 years	**92,698**	120,866
Over 3 years	**239,511**	399,243
	9,098,458	6,339,441

(All amounts in RMB thousands unless otherwise stated)

9. Trade, financing and bills receivables (continued)

(b) An ageing analysis of the financing receivables including discounted bills based on the maturity date at the respective dates of the statement of financial position, net of provisions, is as follows:

	2023	2022
Less than 3 months	**2,122,665**	3,343,562
3 months to 6 months	**2,237,868**	2,839,269
6 months to 12 months	**3,209,871**	3,384,572
1 year to 2 years	**3,829,274**	1,925,074
2 years to 3 years	**1,138,798**	217,470
	12,538,476	11,709,947

(c) Bills receivable are financial asset at amortised cost and held for the purpose of collection of contractual cash flows.

	2023	2022
Bank acceptance bills	**196,709**	60,714
Commercial acceptance bills	**284,279**	408,172
Provision for impairment of commercial acceptance bills	**(7,250)**	(13,970)
	473,738	454,916

(All amounts in RMB thousands unless otherwise stated)

9. Trade, financing and bills receivables (continued)

An ageing analysis of bills receivable based on transaction dates at the respective dates of the statement of financial position, net of provisions, is as follows:

	2023	**2022**
Less than 3 months	**184,803**	362,006
3 months to 6 months	**286,149**	92,910
6 months to 12 months	**2,786**	—
	473,738	454,916

10. Financial assets at fair value through other comprehensive income

	2023	**2022 (restated)**
Debt investments		
– bank acceptance bills	**8,924,104**	7,367,333

The Group receives acceptance bills from its customers to settle their debts and intends to use these acceptance bills either to pay off its trade and other payables or to hold until maturity.

The ageing analysis of these acceptance bills based on transaction dates at the respective dates of the statement of financial position is as follows:

	2023	**2022**
Less than 3 months	**4,897,165**	4,156,779
3 months to 6 months	**4,003,737**	3,118,757
6 months to 12 months	**23,202**	91,797
	8,924,104	7,367,333

Notes to the consolidated financial information (continued)

(All amounts in RMB thousands unless otherwise stated)

11. Trade and bills payables

	2023	2022 (restated)
Trade payables	**31,703,351**	23,229,252
Bills payable	**14,920,729**	10,041,824
	46,624,080	33,271,076

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2023	2022
Less than 3 months	**30,129,969**	20,245,960
3 months to 6 months	**14,027,999**	10,002,980
6 months to 12 months	**2,270,559**	2,879,175
1 year to 2 years	**96,289**	108,794
2 years to 3 years	**67,100**	11,941
Over 3 years	**32,164**	22,226
	46,624,080	33,271,076

12. Events after the reporting period

On 17 March 2024, the Company announced the formal adoption of a restricted share award scheme for the designated employees and directors as part of employee rewards. Under the scheme, the Company may grant up to 27,600,000 shares of the Company which are funded by existing shares of the Company. 30%, 30% and 40% of total shares to be granted are expected to be vested after 24 months, 36 months and 48 months from the date of grant, respectively and the shares will be vested only when the vesting conditions as imposed by the Board (or the Remuneration Committee) (including the predesigned operating revenue and sales profit margin as well as certain individual assessment results) are met. As at 25 March 2024, the date of the consolidated financial statements for the year ended 31 December 2023 of the Company being approved, there is no share granted under the scheme.

PROPOSED DIVIDENDS

The Board recommends to distribute to Shareholders whose names appear on the register of members of the Company on Friday, 5 July 2024 a final dividend of either HK$1.063 or RMB0.965 per Share (converted at the exchange rate of RMB0.90774 to HK$1 as published by the PBOC on Monday, 25 March 2024) for the year ended 31 December 2023 (the "2023 Final Dividend") with a sum of approximately HK$2,935 million or RMB2,664 million which is subject to the Shareholders' approval at the forthcoming 2024 AGM.

The Company has been determined as a Chinese-resident enterprise. Pursuant to the "Enterprise Income Tax Law of the PRC"《中華人民共和國企業所得稅法》and the "Detailed Rules for the Implementation of the Enterprise Income Tax Law of the PRC"《中華人民共和國企業所得稅法實施條例》, a Chinese-controlled offshore incorporated enterprise shall withhold and pay enterprise income tax for its non-PRC resident enterprise shareholders. As the withholding and payment obligation lies with the Company, the Company will withhold and pay enterprise income tax for its non-PRC resident enterprise shareholders to whom the Company pays the 2023 Final Dividend.

In respect of all the Shareholders whose names are not registered as natural persons (including HKSCC Nominees Limited, corporate nominees or trustees such as securities companies and banks, and other entities or organizations, which are all considered as non-PRC resident enterprise shareholders), the Company will distribute the 2023 Final Dividend after deducting an enterprise income tax of 10% or other appropriate rates.

Investors who invest in Shares through the Shanghai Stock Exchange or the Shenzhen Stock Exchange (the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect investors), whether natural persons or enterprises, are investors who hold the Shares through HKSCC Nominees Limited, and in accordance with the above requirements, the Company will pay to HKSCC Nominees Limited the amount of the 2023 Final Dividend after withholding for payment the 10% enterprise income tax.

The Company will not withhold and pay the income tax in respect of the 2023 Final Dividend payable to PRC resident enterprise shareholders, exempted entities or any natural person shareholders.

CLOSURE OF REGISTER OF MEMBERS

A notice convening the AGM and containing the book closure dates for determining the entitlement of the Shareholders to attend and vote at the AGM will be despatched to the shareholders in due course.

In order to determine the entitlement of the Shareholders to the proposed 2023 Final Dividend, the register of members of the Company will be closed from Thursday, 4 July 2024 to Friday, 5 July 2024 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify to receive the proposed 2023 Final Dividend to be approved at the AGM, holders of the Shares must lodge their Share certificates together with the relevant Share transfer documents with Computershare Hong Kong Investor Services Limited, the share registrar of the Company, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Wednesday, 3 July 2024.

MARKET REVIEW

TRUCKS MARKET

In 2023, the global major economies still faced high inflation. The international situation continuously fluctuated and the recovery of global economy further slowed down. Facing the intricate and complex domestic and international situation, the Chinese government adhered to the general principal of seeking progress while maintaining stability, further enhanced macro-control and boosted market confidence. Chinese economy withstood the downturn pressure and the trend of its recovery was characterized by wavy development and tortuous progress. In general, the economy running picked up and improved. In 2023, the China's GDP grew by 5.2% YoY; the national fixed asset investment (excluding rural households) grew by 3% YoY; the infrastructure investment grew by 5.9% YoY; and the manufacturing industry investment grew by 6.5% YoY. The basic trend of long-term improvement of China's economy remained unchanged, and the national economy maintained stable development.

During the Period, commercial vehicles industry stepped out of a downtrend period and presented a recovery tendency. For the heavy duty truck industry, domestic market hit the bottom before rebound, which was mainly driven by the logistic demand and replacement demand of aged trucks. The export of China's heavy duty trucks hit a new record with the continuous increase of overseas demand. According to CAAM, the annual sales of heavy duty trucks reached approximately 911,000 units, representing an increase of 35.6% YoY. For the light duty truck industry, benefitted from consumption recovery and demand for replacement, the annual sales of light duty trucks reached approximately 1,895,000 units, representing a decrease of 17.1% YoY.

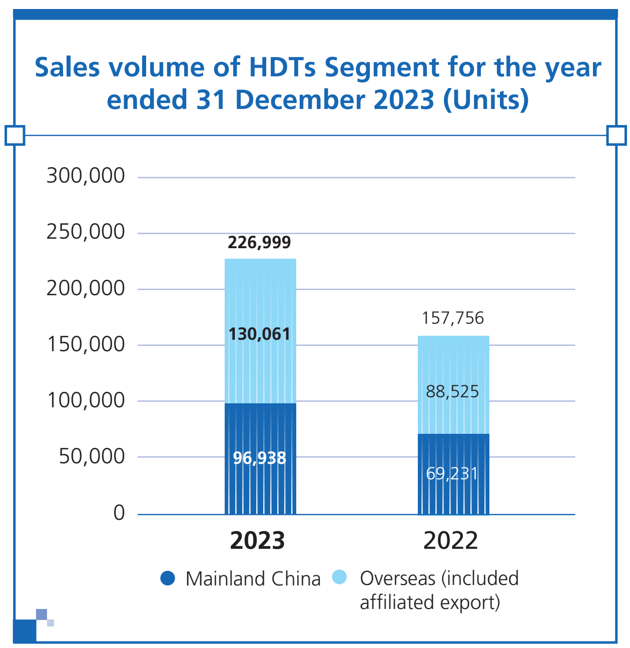
FINANCING MARKET

During the Period, the Chinese Government continued to implement the loan prime rate (LPR) mechanism. One-year LPR was lowered twice and the five-year LPR was lowered once. As at 31 December 2023, one-year LPR was 3.45% while LPR over five years was 4.20%.

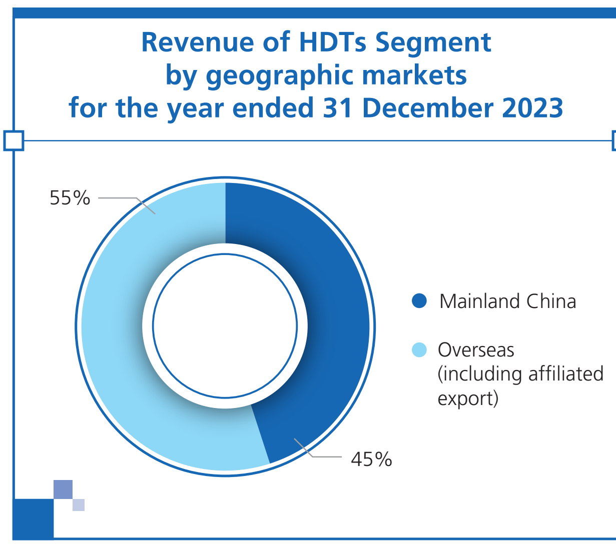
OPERATION REVIEW

HDTS SEGMENT

During the Period, the Group sold 226,999 HDTs, representing an increase of 43.9% YoY.



The total revenue from the HDTs Segment was RMB75,288 million, representing an increase of 49.7% YoY. The HDTs Segment's Operating Profit Margin was 5.8%, representing an increase of 0.6 percentage points YoY, mainly due to the significant increase in sales as a result of the recovery of demand of the domestic HDTs industry and the increase of demand in overseas markets.



DOMESTIC BUSINESS

The Group consistently enhanced to be driven by innovation and led by technology, insisted on market demand orientation, and dug into the potential of segment market demand, achieving new breakthrough in development of segment market in the PRC.

In the market of tractor trucks, the Group recorded a significant growth YoY in sales volume for its advantages such as high attendance rate, high reliability, low fuel/gas consumption and light weight. Among others, the market share of tractor trucks above 600 horsepower in the long-distance highway truck transportation market ranks first in the industry; the market share of 4 × 2 tractor trucks ranks first in the industry. In the market of natural gas trucks, the high-end products of SITRAK and medium and high-end products of HOWO MAX/TH7 exerted their portfolio advantages and recorded a fast increase in market share in the fourth quarter, with a growth rate ranking first in the industry.

In the market of cargo trucks, the Group kept improving its products' performance and the competitiveness of products was significantly increased. The market share increased by 2.23 percentage points YoY. In the segment markets such as express delivery and agricultural goods, we were recognized by more and more clients and established a fuel-saving, reliable and high-efficient product brand in the industry.

In the market of engineering vehicle, the Group seized opportunities in hotspots regional market and constantly optimized its products' performance. In particular, the market share of tipper trucks maintained leading status in the industry, and the market share of muck trucks ranked first in the industry. HOWO constantly enhanced its advantage of the first brand in muck trucks. SITRAK became the preferred one in high-end products of muck trucks.

In the market of special vehicles, the Group deeply studied each type of application scenario and constantly developed new products according to the market changes. In the high-end special vehicle areas including fire trucks, pumper trucks, television relay and oil field trucks, the market share kept leading in the industry. The market share of fire trucks and pumper trucks ranked first in the industry. The market share of refrigerated trucks increased by 6.5 percentage points YoY, ranking first in the industry.

In the new energy market, the Group increased research and development investment to facilitate launch of new platforms and products. Accumulatively, the Group developed over 110 brand-new products, realizing comprehensive coverage of heavy, medium and light trucks, and got great progress in reliability, economy and safety of products. The Group achieved sales breakthroughs in the segment markets including steel mill, muck and terminal and the competitiveness of products became the forefront in the industry. Among others, the sales volume of new energy heavy duty trucks increased by 180.7% YoY, the market share increased by 3 percentage points YoY, and the ranking rosed by three places.

The Group continued to optimize its dealers' network, strengthen the construction of core network, eliminate low-efficient network and further enhanced its marketing capabilities. As at 31 December 2023, there were more than 510 dealerships selling the Group's HDT products in the PRC, with more than 1,270 service centers offering high-quality aftersales services and more than 100 truck-refitting services enterprises offering refitting services.

(Data source: ultimate sales data, the Group's internal data)

INTERNATIONAL BUSINESS

During the Period, the Group exported 130,061 HDTs (including affiliated export), representing an increase of 46.9% YoY. The export revenue (including affiliated export) amounted to RMB41,133 million, representing an increase of 57.5% YoY.

Reconciliation of overseas revenue to total HDTs export revenue (including affiliated export):

	2023	**2022**
	RMB million	**RMB million**
Overseas revenue	**30,828**	21,161
Affiliated export revenue	**12,292**	6,676
Total affiliated export revenue	**43,120**	27,837
HDTs affiliated export revenue	**41,133**	26,114
Other affiliated export revenue	**1,987**	1,723
Total affiliated export revenue	**43,120**	27,837

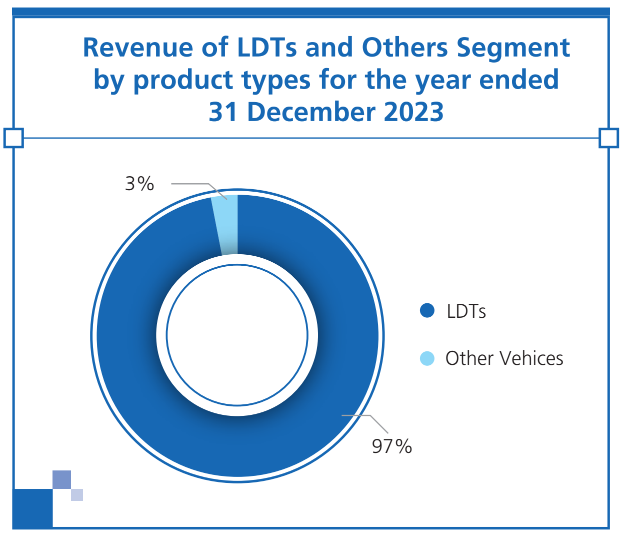
In 2023, affected by multiple factors including escalating geopolitical tension, great interest rate hike by the Federal Reserve and high inflation in major economies, the global inflation continued to remain at a high level. Under the shortage of foreign currency in developing countries and insufficient demand from developed countries, the recovery progress of global economy was not as expected. The Group integrated advantageous resources, actively sought overseas orders and hit a record high in export sales volume, having assured a favorable position among the PRC heavy duty truck brands in the overseas market with the most market share.

During the Period, the Group realized rapid growth in overseas sales amidst escalating competition of overseas market and continuous upgrade in market demand. Firstly, the Group accelerated expansion in high-end market and formulated corresponding strategies based on application scenarios and market demand, realizing a breakthrough of high-end products in markets where European and American brands had a traditional advantage such as Mexico, Saudi Arabia and Australia; secondly, the Group introduced new products with more competitiveness such as HOWO T7S, TX and MAX to traditional advantageous markets and kept improving spectrum and configuration of products; thirdly, the Group constantly increased the international influence of its brand by hosting various global partner conventions in Central Asia, the Middle East, Africa, Southeast Asia, etc. and inviting outstanding partners and major customers to attend, which greatly increased the brand influence and enterprise profile; and fourthly, the Group enhanced network marketing management and deployed lower tier but larger markets and strengthened service marketing by deepening marketing reform, which resulted in a sustained expansion of its top market share.

As at 31 December 2023, the Group had developed over 200 dealerships at all levels and 26 overseas cooperative KD plants in more than 110 countries and regions, forming an international marketing network largely covering developing countries and major emerging economies in Africa, the Middle East, Central and South America as well as Southeast Asia, as well as some mature markets including BRICS, Australia, Ireland, New Zealand, and Hong Kong and Taiwan.

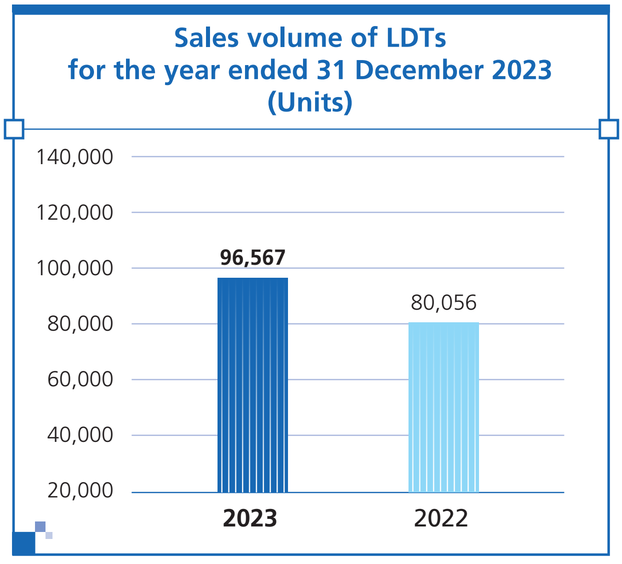
LIGHT DUTY TRUCKS AND OTHERS SEGMENT

The major product of the LDTs and Others Segment is LDT which revenue was accounted for approximately 97% of the total revenue during the Period of this segment while other products of the segment included buses, pickup trucks and other vehicles.



During the Period, the total revenue from the LDTs and Others Segment (including sales of LDTs and other vehicles and services provided to customers thereof) was RMB10,314 million, representing an increase of 20.7% YoY. The Operating Loss Margin of the LDTs and Others Segment was 6.0%, representing a decrease of 1.9 percentage points as compared to the Previous Period, which was due to the fact that the Group increased selling expenses and invested more in research and development to improve product competitiveness in view of the intense competition in PRC light truck market.

During the Period, the Group sold 96,567 LDTs, representing an increase of 20.6% YoY.



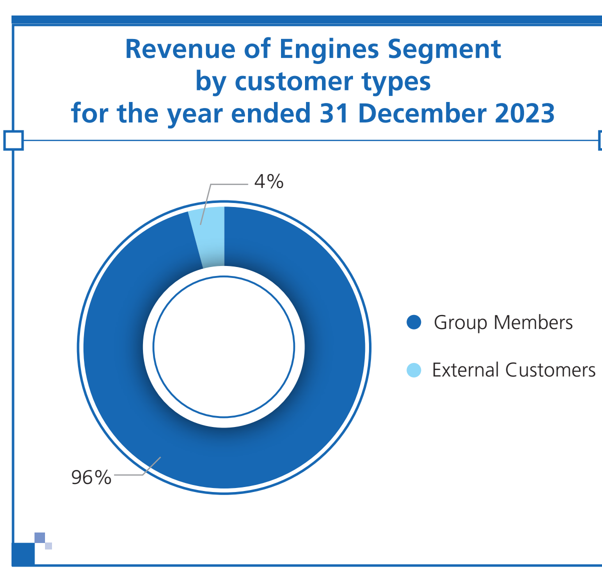
During the Period, the Group achieved breakthroughs in the light duty truck segment and consistently improved its market share in end customers by accelerating structure transformation and strengthening areas of weakness in the market. Firstly, the Group focused on key sub-markets such as the transport of agricultural goods, inner-city delivery and trade, and express delivery logistics to meet different customer needs. The product portfolio represented by HOWO Commander (統帥) and HOWO General (悍將) has recorded a larger share in high-end and mid-to-high-end markets. In particular, the market share of stake trucks increased by 8.5% YoY, and the market share of wreckers increased by 12.7% YoY. Moreover, the market shares of lifting, flatbed, hazardous chemicals transport and sanitation trucks all increased significantly; secondly, the Group continued to optimize the establishment of its marketing network. The channel marketing capability of the Group has been enhanced all-roundedly by further eliminating inefficient and ineffective channels and enhancing the development of high-quality channels; thirdly, the Group persisted in online transformation, especially making significant efforts in the operation of online stores, public accounts, and WeChat Channel. With enhancement of brand promotion through short videos, articles and live broadcasts, the Group has successfully boosted the brand awareness among consumers.

The Group has recorded an 8.5% YoY increase in the sales of its new energy light trucks, with a 4.9% share of the new energy market. In addition, the Group released the Blue Cube technology platform, which includes six core technologies: battery chassis integration for new energy vehicles, full range of electric drive axles, lightweight technology, integrated thermal management system, intelligent driving technology, and systems ensuring vehicle safety and reliability. The full range of new energy vehicles based on such technologies allowed the Group to lead the industry in new energy technology.

As at 31 December 2023, the Group had, in the PRC, a total of approximately 1,000 dealerships of LDTs, approximately 2,300 service centers offering after-sales services and approximately 100 modification enterprises offering refitting services.

ENGINES SEGMENT

During the Period, the Engines Segment recorded a total revenue of RMB14,554 million, representing an increase of 27.4% YoY, of which external sales of engines accounted for 4.3%, representing a decrease of 2.3 percentage points YoY. During the Period, the Engines Segment sold 127,650 engines, representing a decrease of 3.5% YoY. The Operating Profit Margin of the Engines Segment was 14.2%, representing an increase of 13.7 percentage points YoY. Despite the decrease in sales volume in engines, the increase in the revenue of other HDT key assemblies, parts and components such as gearboxes and various types of casting and forging components resulted in the improvement of the Operating Profit Margin of the Engines Segment.



The Group adhered to the general operation principle of "improving quality, increasing efficiency and reducing cost", and advocated the policy of independent research and development and university-industry cooperation. With the introduction of standard R&D process and further advances in product technology, the Group has enhanced the performance, quality and competitiveness of its existing engines.

During the Period, the good economy, strong power and high reliability of the MC series engines have further enhanced its market recognition. Firstly, the Group has successfully developed a hybrid vehicle range extender based on the existing engine, namely the "National VI MC07H hybrid special engine". Such engine could cost and pollute less by producing a higher maximum thermal efficiency; secondly, the Group developed the high-efficient National VI SCR 7L engine. The modular and lightweight design has effectively improved the quality of such engine and allowed it to lead the industry in fuel economy.

R&D STRENGTH

The Group has comprehensive R&D capabilities for the whole series of commercial vehicles. It has always maintained high standards and significant investment for R&D, and established a forward-looking R&D process guided by customer needs. The Group has created a R&D matrix led by complete vehicles, guided by customer needs, developing capabilities, and synergistically developing assemblies and componenets.

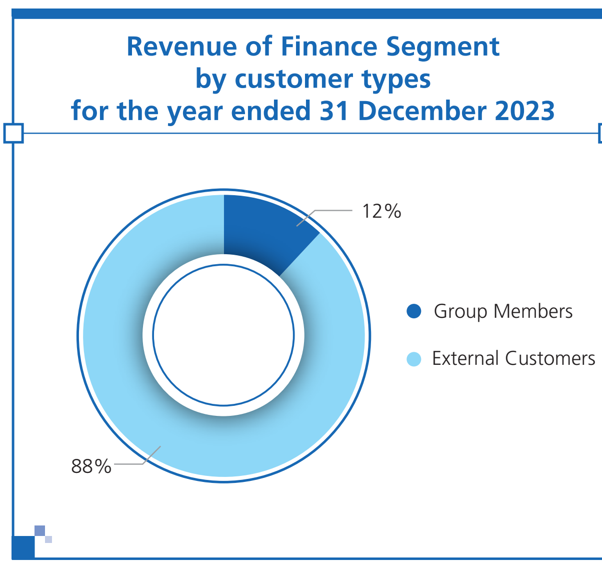
The Automotive Research Institute, New Energy Vehicle Research Institute and Product Testing and Inspection Center of the Group are the comprehensive scientific research bases for R&D and testing of new products and are among the first batch of nationally recognized enterprise technology centers and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

During the Period, the Group adhered to independent and standard R&D process and strengthened forward thinking. In response to changes in market demand, the Group actively optimized and upgraded products, and thus achieved new breakthroughs in key technologies. Firstly, in terms of fuel vehicles, the Group continued to optimize and adjust the products based on such core needs as fuel saving, reliability, comfort, intelligence and lightweight, and product competitiveness continued to improve; secondly, in terms of new energy, the performance of new energy products has been further improved by reducing energy consumption, upgrading motor, battery, and electronic control, and optimizing chassis layout.

FINANCE SEGMENT

During the Period, firstly, the Group continued to strengthen risk management and control, improved the establishment of digital and intelligent risk control system by increasing investment in information technology, and further enhanced risk identification capabilities; secondly, the Group provided diversified financial services for different customers. In particular, the Group developed customer specific plans based on vehicle model, channel, customer type and industry and then offered tailor-made financial products. The Group strived for financial services during the full vehicle life cycle including "purchase, use, maintenance and trading in" to fully support vehicle sales.

During the Period, the revenue of the Finance Segment (including interest income and finance lease income) was RMB1,387 million, representing a decrease of 19.1% YoY. Revenue from external customers amounted to RMB1,220 million, representing a decrease of 4.8% YoY. The Operating Profit Margin of the Finance Segment was 55.6%, increased by 15.7 percentage points YoY. The decrease in income of the Finance Segment was mainly attributable to the decrease in interest income resulted from the decrease in the scale of and interest rate charged by Commercial Lending Services and the decrease of interest rate charged by the Auto-finance Services while the increase in the Operating Profit Margin was attributable to the decrease in interest expense of the Finance Segment resulted from the decrease in borrowing interest rates due to the stimulation of the economy and promotion of financial investment in China.



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

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

Depending on the type of the money lending business provided, the Group generally charges an interest rate that ranges from 2% to 10%. As at 31 December 2023, the financing receivables and interest receivables were approximately RMB12,524 million and RMB15 million, respectively. The ageing analysis of the financing receivables based on the maturity date as at 31 December 2023 and 31 December 2022 is as follows:

RMB million	31 December 2023	31 December 2022
Less than 3 months	**2,122**	3,344
3 months to 6 months	**2,238**	2,839
6 months to 12 months	**3,210**	3,385
1 year to 2 years	**3,829**	1,925
2 years to 3 years	**1,139**	217
	12,538	11,710

During the Period, the reversal of impairment of financing receivables of RMB100 million (2022: impairment loss allowance made RMB63 million) was made and impairment losses of off-balance sheet credit business of RMB5 million was reversed (2022: impairment loss allowance made RMB5 million). During the Period, no financing receivables had been written-off (2022: RMB3.5 million). As at 31 December 2023, the total provision of impairment of financing receivables amounted to RMB707 million (31 December 2022: RMB807 million) and provision for impairment losses of off-balance sheet credit business amounted to RMB0.1 million (31 December 2022: RMB5 million). Further more details of the basis and details of impairment loss of the financing receivables, please refer to the section headed “Impairment and write-offs” below.

COMMERCIAL LENDING SERVICES

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

During the Period, the revenue from the Commercial Lending Services was RMB81 million, representing a decrease of RMB66 million or 44.9% YoY.

As at 31 December 2023, there were less than 30 borrowers (31 December 2022: around 100 borrowers) of the Commercial Lending Services business and their total net outstanding receivables and interest receivable were RMB595 million and RMB1 million (31 December 2022: RMB2,581 million and RMB4 million), respectively.

As at 31 December 2023, the largest borrower (being the CNHTC Group) and the top five borrowers under the Commercial Lending Services business constituted approximately 81.47% and 99.30% (31 December 2022: approximately 44.4% (being the CNHTC Group) and 62.5%), respectively of the net financing receivables of the Commercial Lending Services business.

AUTO-FINANCE SERVICES

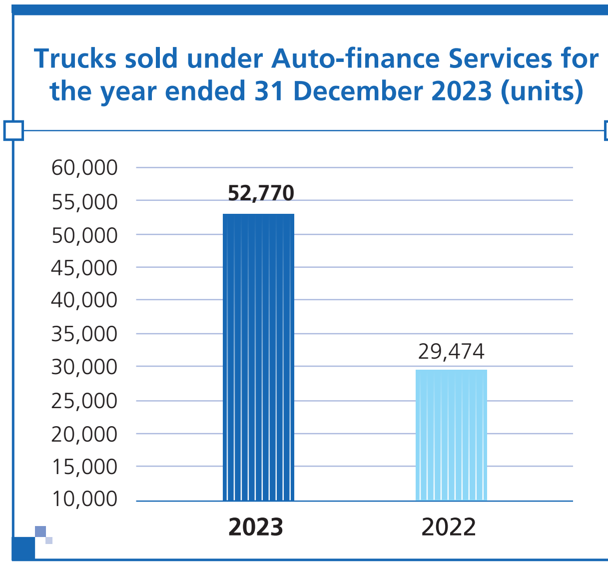
The borrowers of the Auto-finance Services comprise end-users or dealers of the Group's commercial vehicles who may be individuals and entities. Such borrowers were either existing customers of the Group or those referred from the CNHTC Group or the dealers of the Group's vehicles. The Auto-finance Services are further divided into auto-finance loans and finance leasing. All loans and leases are secured by commercial trucks being purchased with guarantee deposits, guaranteed by the borrowers (and, for those that are entities, by guarantees of their owner(s) as well), and in respect of certain borrowers, the relevant amounts are also guaranteed by the dealers. Moreover, for any loan or lease involving a large amount, further security such as properties and (additional) guarantee deposits may be required to be provided as collateral. The loans and finance leases granted under the Auto-finance Services are normally repayable within three years. As at 31 December 2023, the Finance Segment had established 24 business offices, with its business covering China, and having further improved its automotive consumer credit services.

During the Period, the revenue from the Auto-finance Services was RMB403 million, representing a decrease of RMB203 million or 33.5% YoY.

As at 31 December 2023, there were less than 50,000 borrowers (31 December 2022: less than 70,000 borrowers) of Auto-finance Services and their total net outstanding receivables and interest receivable were approximately RMB11,929 million and RMB14 million (31 December 2022: approximately RMB9,112 million and RMB13 million), respectively. As at 31 December 2023, the net finance leases balance to the net loans and finance leases balance was approximately 13.8% (31 December 2022: approximately 10.2%).

As at 31 December 2023, the largest borrower and the top five borrowers of the Auto-finance Services who are all independent third parties constituted approximately 0.1% and 0.4% (31 December 2022: approximately 0.2% and 0.7%), respectively of the net financing receivables of the Auto-finance Services.

During the Period, the Group sold 52,770 vehicles through Auto-finance Services, representing an increase of 79.0% YoY.



RISK MANAGEMENT POLICY AND KEY INTERNAL CONTROL MEASURES

Credit approval process and credit risk assessment policy

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

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

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

Ongoing monitoring of loan collection and recovery

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

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

Impairment and write-offs

The Finance Segment considers the provision for impairment based on the borrowers' repayment situations, current and forecast economic conditions and laws and regulations which are consistent with market practices. In compliance with the requirements set out in the Guidance on Provisioning for Bank Loan Losses (《銀行貸款損失準備計提指引》) promulgated by the PBOC, in assessing the relevant risks of loss in respect of the financing receivables and off-balance sheet credit business, the Finance Segment shall, on at least a quarterly basis, assess and classify the relevant outstanding balances into five categories depending on the credit risk. Depending on the relevant category, allowances for impairment in respect of the outstanding financing receivables will be made by the Finance Segment in accordance with the Group's internal policy, based on a provision rate ranging from 5% to 100%. Further details of the financing receivables are set out in the sections headed "REVERSAL OF NET IMPAIRMENT LOSSES OF FINANCIAL ASSETS" and "RECEIVABLES" • "FROM FINANCING ACTIVITIES".

Additional Controls in respect of Continuing Connected Transactions

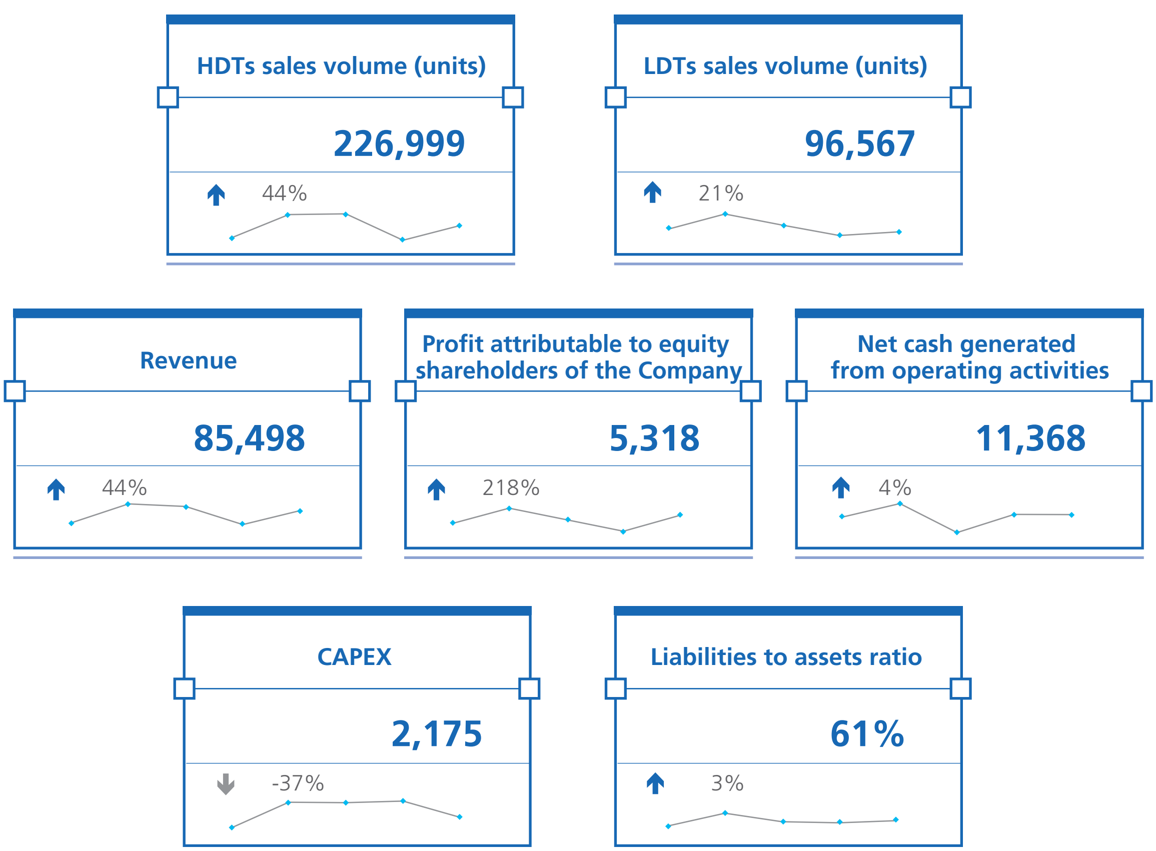
The provision of Commercial Lending Services to CNHTC and its associates constitutes continuing connected transactions of the Group and such transactions are conducted in the manner as stipulated under the relevant financial services framework agreements. Additional internal control measures, including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

MAJOR KEY PERFORMANCE INDICATORS ("KPI")

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

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

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



Key performance indicators	2023	2022	2021	2020	2019
HDTs sales volume (units)	226,999	157,756	281,825	278,415	169,433
LDTs sales volume (units)	96,567	80,056	129,068	181,013	109,280
Revenue	85,498	59,405	93,357	98,198	62,613
Profit attributable to owners of the Company	5,318	1,673	4,322	6,851	3,474
Net cash generated from operating activities	11,368	10,900	(3,211)	19,492	8,979
CAPEX	2,175	3,450	3,326	3,359	1,363
Liabilities to assets ratio	61%	59%	60%	68%	56%

Note: The Group entered into business combination under common control with Intelligent Technology in 2023. 2022 figures have been adjusted with those of Intelligent Technology but 2019 to 2021 figures have not been adjusted.

KEY RELATIONSHIPS WITH CUSTOMERS, SUPPLIERS, EMPLOYEES AND OTHERS

The Group highly values the opinions and suggestions from various stakeholders. To this end, the Group has established a multi-channel communication mechanism, and proactively listens to the feedback from the government, regulators, shareholders, investors, customers, employees, the society, its partners and the environment. Through identifying and understanding the expectations and concerns of these stakeholders, we incorporate their feedback into the Group's strategic decisions and strive to create sustainable value for the Group.

The Group is committed to providing excellent services to its customers, and implementing the core value of "customer satisfaction is our top priority". We effectively protect privacy and data security, thus building a responsible brand image, and establishing a long-term relationship of trust with our customers.

The Group strives to provide timely and professional support to its customers and has established a comprehensive customer service and after-sales management process system. In 2023, the Group formulated and issued a number of customer service systems, such as the *On-site Management Measures for Service Stations* (《服務站現場管理辦法》) and *Customer Callback Management Process* (《客戶回訪管理流程》), and amended a number of systems, such as the *Complaint Acceptance Management Process* (《投訴受理管理流程》) and the *After-sales Services Management Process* (《售後服務管理程序》), to further clarify and standardize the management of the service network, service dispatch, technical support, claims recovery and service hotline, etc.

The Group highly values users' feedback and regards customer satisfaction as an important reference for strengthening customer service management. In order to better satisfy our customers' needs, we have put in place a customer complaint handling mechanism, feedback mechanism and rapid response mechanism. We have established specialized reporting channels, such as a 24-hour 400 manual hotline for complaints, recording complaints, and online complaints via "Smart Sinotruk" App, and formulate standardized handling procedures to ensure that customers' complaints are handled in a timely, fair and professional manner. At the same time, we have also established a process mechanism for handling major customer complaints to ensure that we can respond quickly and resolve issues in a timely manner upon receipt of customer feedback. Upon receipt of complaint information, customer services will transfer it to the responsible units according to the content of the complaint, and provide targeted solutions as soon as possible, the handling progress will be updated and reported in a real-time manner, and the first person handling the case will follow it up to ensure that we provide excellent service and meet customers' expectations. In 2023, the Group received 372 quality-related complaints, with a complaint handling rate of 100%.

The Group strictly abides by relevant laws and regulations, such as the *Cybersecurity Law of the PRC* (《中華人民共和國網路安全法》), the *Regulations of the PRC for Safety Protection of Computer Information Systems* (《中華人民共和國計算器信息系統安全保護條例》), and the *Measures for Security Protection Administration of the International Networking of Computer Information Networks* (《計算器信息網路國際聯網安全保護管理辦法》). We formulated internal management regulations such as the *Management Procedures for Information Security* (《信息安全管理流程》), the *Administrative Measures for Protecting the Confidentiality of Information Systems, Information Equipment and Storage Equipment* (《信息系統、信息設備和存儲設備保密管理制度》), and the *Management Procedures for Trade Secrets Protection* (《商業秘密保護管理流程》), which covers 12 key areas such as security organization, security assets and account management, and 62 systems and procedures such as information security management measures, information security organization management processes and privileged account management processes. The system includes all production units and subsidiaries, suppliers and contractors, and standardizes the Group's information security management requirements to ensure customer privacy and data security. In 2023, the Group established a process and digitization leadership team to further strengthen the privacy and data security management system. At the same time, in accordance with the *Information Security Organization Management Process* (《信息安全性群組織管理流程》), we have established information security committees or organizations with equivalent functions in all tier-two units, set up network and information security administrators, strengthened security capacity building, and established a synergy mechanism to effectively implement the responsibility of network security. In 2023, there were no information security or privacy breaches in the Group.

The Group is committed to building long-term and stable relationships with its suppliers. We are deeply committed to promoting total full life cycle management of suppliers, working together with our supplier partners to make progress and promoting the sustainable development of the supply chain through win-win cooperation. The Group gives high priority to developing together with suppliers. We established a stable partnership by strengthening the communication with suppliers, and through diverse training courses and supplier meetings, we helped suppliers improve their capabilities to ensure a stable supply chain, effectively improve product quality and reduce potential risks. In 2023, the Group organized a total of 10 supplier trainings on quality awareness and quality management and control, with a total of 317 suppliers and 474 participants.

The Group is well aware that our employees are a constant driving force to achieve corporate development. We fully protect employees' rights and benefits, assisting employees in their personal growth and development. We created a diversified and equal corporate atmosphere to attract diversified and excellent talents in order to achieve mutual development of both the corporate and employees. At the same time, the Group continues to devote itself to social welfare, actively fulfilling its social responsibility as a state-owned corporation for creating a better world with goodwill. We have always regarded quality talents as the core competitiveness of corporate development. We are committed to protecting the legal rights and benefits of our employees, regulating the recruitment and hiring process, improving the employment management system in order to eliminate any form of discrimination or harassment, and creating a diverse, equal and inclusive work atmosphere for our employees.

The Group is committed to building a comprehensive talent development system, which aims to provide employees with rich and diverse career paths. We highly value the personal growth and career development of our employees. Through the development of systematic training programs and clear promotion paths, we helped our employees enhance their professional skills and comprehensive capabilities.

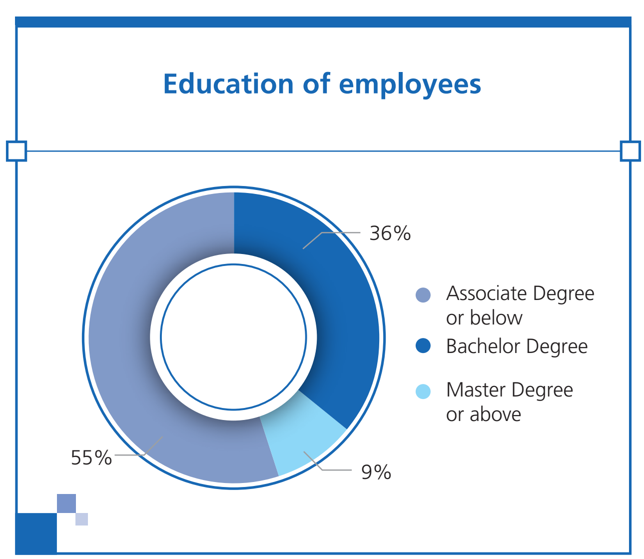
Employees are the driving force for the development of an enterprise, and the realization of employee well-being is the core of building a harmonious enterprise. Upholding the people-oriented concept, the Group practices democratic management; we care for the physical and mental health of employees and try to create a warm working and living environment for employees to continuously improve their sense of identity, belonging and happiness; with the guarantee of good hardware facilities, we have carried out cultural and sports activities and festive celebrations to help them balance work and life; for the employees in difficulty, we provide them with care and assistance by relief fund, and work together with them; we care for female employees, and fully protect their rights and benefits to support their development. The Group will continue to implement improvement measures to enhance employee satisfaction and work efficiency.

The Group's remuneration policies were determined with reference to the performance, qualification and working experience of individual employees, as well as the results of the Group and the market conditions. The benefits provided by the Group to its employees include discretionary bonus, meal subsidies, medical insurance, work injury insurance, unemployment insurance, etc. Employees (including executive Directors) may receive bonuses and monetary rewards based on their performance and ratings in annual performance appraisals.

During the Period, the expenses of the Group (including salaries, retirement benefits, other welfares and post-employment benefits) to all employees including Directors amounted to RMB5,491 million, representing an increase of 1.9% YoY. The Group did not have any share scheme in place as at 31 December 2023 but adopted a share scheme solely funded by existing Shares of the Company in March 2024.

As at 30 December 2023, the Group employed a total of 27,413 employees, broken down by function and education as follows:

	Number of employees	**%**
Management team	**276**	**1.01**
Technical and engineering staff	**3,234**	**11.80**
Research and development staff	**3,201**	**11.68**
Production staff	**15,463**	**56.40**
Operation and sales staff	**2,272**	**8.29**
Administrative staff	**2,967**	**10.82**
Total	**27,413**	**100.00**



ENVIRONMENTAL POLICY, PERFORMANCE AND COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

With the beautiful vision of building a green home, the Group actively responds to the national call for "carbon peaking and carbon neutrality", and actively responds to the risks and opportunities brought about by climate change. We have put the concept of sustainable development into practice in our daily operations, implemented environmental protection, actively practiced low-carbon operations, and are determined to move towards a green future.

The Group closely tracks the trend of global climate change, regularly identifies and analyzes the impacts of climate change on its business development, and formulates action plans to enhance its ability to cope with the risks of climate change for grasping the development opportunities. We have set the goal of "establish a green eco-friendly factory", and established a dedicated management organization for safety, environmental protection and energy management, in order to incorporate capacity enhancement measures to cope with climate change in the process of promoting the construction of green factories.

In accordance with the information disclosure framework of the *International Financial Reporting Standard on Sustainable Disclosure 2 (IFRS S2) - Climate-related Disclosures*, we have categorized the risks brought by climate change to the Group's operation process and implemented countermeasures one by one, so as to enhance the Group's ability to cope with various types of transition risks and physical risks, and to steadily and orderly promote the overall realization of the Group's low-carbon transition.

The Group strictly abides by the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Environmental Impact Assessment* and other laws and regulations and the industry-related emission standards, and established a sound environmental management system for the Group and improved its management system, emission standards and operation regulations. In accordance with the ISO 14001 Environmental Management System (EMS), we issued environmental management guidance to all production and operation sites, and monitored all subsidiaries to complete the annual external audits of the management system. In 2023, all subsidiaries of the Group engaged in production passed the annual supervisory audits of ISO 14001 EMS certification, with 100% coverage and the coverage of external audits also reached 100%.

We have invested sufficiently to ensure the stable operation and gradual improvement of our environmental management system. The Group has established a Safety Production Committee with the Chairman of the Board as the highest level of leadership to coordinate the management of environmental matters and lead all subsidiaries of the Group engaged in production to achieve their annual environmental targets. We have incorporated environmental objectives into the individual performance appraisal standards for our responsible management staff, and clearly defined the specific responsibilities of each position in environmental protection to ensure that environmental protection work is carried out effectively and efficiently.

The Group standardizes the prevention, control and management of pollutants such as wastewater, waste gas, solid waste, and noise in production, and strives to reduce the environmental pressure brought about by production operations. In 2023, a compliance rate of 100% was achieved by the Group for wastewater and waste gas emissions, and 100% of the hazardous wastes were disposed in compliance with the regulations. No major environmental complaints or penalties were received.

The Group takes low carbon and emission control, energy conservation and consumption reduction as the main task in its manufacturing and construction and operation. We proactively search methods to improve the efficiency of energy resources and optimize the efficiency of energy and resource use. With reference to external advanced energy management systems, and taking into account our own business characteristics and daily operations, we regularly upgrade our energy and water saving targets, and carry out low-carbon operational practices in accordance with our plans.

COMPLIANCE MATTERS

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

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

PRINCIPAL RISKS AND SOLUTIONS

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

1. QUALITY RISKS

The Group continued to strengthen quality process control through quality planning, quality control, quality improvement, with a view to strictly controlling quality risks.

MITIGATION MEASURES:

In terms of quality planning, firstly, we have established and improved a group-level quality index system and evaluation system which covers the entire process including R&D, procurement, manufacturing, after-sales; secondly, we carry out quality evaluation work such as in-depth system maturity, process audits, special audits, while identifying quality risks in the quality system, and organizing each of the units to analyze and assess the quality risks and formulate preventive measures; thirdly, we constantly improve the documentation on quality system, to ensure the conformity, adequacy and effectiveness of the quality system. In 2023, we have issued a total of 100 documents on quality system, including 1 revision of the quality manual, revision of 27 procedures, amendments to 52 administrative measures, and 20 new administrative measures, covering 11 business areas of research and development, technology, procurement, planning, value, testing, quality, market, logistic, customer service and manufacturing.

In terms of quality control, we conduct product inspection and consistency review in a problem-oriented manner, inspecting 66 complete vehicles in the year, with a 93.4% problem rectification closure rate; inspecting 35 assemblies, with a 95.19% problem rectification closure rate, and decreasing the average value of PPM value of complete vehicle inspection by 15.35%, with a significant enhancement of the quality of physical objects. Daily and special audits were carried out for the assembly process and the quality of the actual vehicle, with a 92.13% problem closure rate.

In terms of quality improvement, guided by "zero-kilometer" and after-sales issues, we have identified 27 annual research projects, 85 group-level improvement projects and 204 second-tier company-level improvement projects, of which the claim amount of the group-level projects decreased by 31% compared to 2022; The failure rate of 64 improvement projects was reduced by more than 30%.

2. HEALTH, SAFETY AND ENVIRONMENTAL RISKS:

The Group always adheres to the principles of "safety first, prevention oriented, comprehensive management" and "prevention first combined with fire protection", implements the management concept of "centralized supervision, and management and accountability", with the theme of "full participation, implementing responsibilities, comprehensive management and handsome reward and severe punishment" and the main line of preventing and resolving various types of safety risks throughout the year, comprehensively promotes the implementation of accountability of production safety for all personnel of the Group and continuously improves the safety and environmental management system. It also constantly enhances the safety and environmental management level, resolutely curb all kinds of safety accidents to ensure the safety production work has been running smoothly as a whole.

MITIGATION MEASURES:

The Group always adheres to strengthening the inspection of safety and environment and eliminating hidden dangers in safety and environment. The Group conducted a total of 725 on-site inspections throughout 2023, of which including 412 special inspections, mainly special inspections on hazardous waste and hazardous chemical products, environmental protection, material hidden dangers. In the event of discovering issues during inspections, notices for hidden dangers rectification were delivered in a timely manner, and all hidden dangers have been rectified. In 2023, the Group provided incentives a total of RMB423,900 for units with excellent execution of safety and environmental protection work, and assessed those that did not carry out work in accordance with the Group's requirements.

Taking production lines and facilities that discharge pollution as the environmental risks management and control unit, the Group accurately identified the environmental risks of pollution sources (being exhaust gas, waste water and solid waste) and has renewed and updated the list of environmental risk spots. For environmental risk spots of each level in the list, sorting governance, single-point breakthrough and dynamic monitoring have been implemented to realize the environmental management covering the whole process of pollution production and discharge and accomplish the general goal of the prevention and control of environmental risks.

In order to ensure safety in fire protection, in 2023, we conducted a total of 1,085 emergency preparedness drills with 29,916 participants. Through the drills, the staffs' capability to handle fire emergency situation was enhanced. Safety and environmental protection monitoring and control platform was built in the Group and the second-tier company respectively to realize the dual supervision of fire safety. At present, the monitoring and control platform has set up 297 video monitoring points, 2,299 fire equipment and facilities points.

3. FOREIGN EXCHANGE RISKS:

Various management and control means were used and various preventive measures were taken in advance by the Group to avoid or reduce the potential risks such as exchange losses in unstable exchange rates. Through the use of the following mitigation measures, we have effectively prevented and controlled the impact of exchange rate fluctuation risks on the Group's operating efficiency.

MITIGATION MEASURES:

The Group prioritized and recommended to adopt cross-border Renminbi as settlement currency for foreign operations and to agree on Renminbi prices or adopt stipulated Renminbi exchange rate during business negotiation so as to avoid exchange risks to the maximum extent. The Group took the initiative to adopt forfaiting to handle forward letters of credit, accelerating the collection of trade receivables. The Group purchased bank forward exchange rate financial products to lock in foreign exchange rate in a certain stage to insulate funds from exchange rate fluctuations.

The foreign exchange management working group was set up to pay constant attention to the market exchange rate, establish a daily communication mechanism with the cooperative banks, closely track the market dynamics, and form a regular weekly exchange rate analysis report, which including exchange rate trends and analyzing the prognosis. Research on exchange rate fluctuations was strengthened, the Group conduct exchange settlements at favorable time according to business and capital needs and changes in market exchange rates.

BUSINESS STRATEGIES AND PROSPECTS

Looking ahead in 2024, from an international perspective, geopolitical tension, high interest rates, high inflation and swelling debts will continue to exist, and the world economy will still be at the downside of the growth cycle. As for domestic economy, 2024 is a crucial year for the implementation of the 14th Five-Year Plan. The Chinese government will uphold the general principle of "making progress while maintaining stability, promoting stability by making progress, and building the new before breaking the old" in the work of all sectors, enhance counter-cyclical and cross-cyclical adjustments, solidify and strengthen the positive trend of economic rebound, improve social expectation and continuously drive the economy to achieve effective improvement in quality and reasonable growth in quantity.

From the perspective of the commercial vehicle industry, as the economy gradually returns to normal and various national policies have been implemented to stabilise the economy growth, the consumers' confidence will be further enhanced and it is expected that the market will recover continuously in the future. Firstly, the daily logistic needs brought by the China's economic volume will provide strong base support for the commercial vehicle industry; secondly, natural renewal needs of the huge amount of commercial vehicle in use and the gradually implementation of the national IV restrictions will enable the industry to realise replacement increments; thirdly, the opportunity of structural increments for gas vehicles comes after the oil and gas price gap will still exist and the demand for gas vehicles will keeping increasing; fourthly, the technologies of new energy commercial vehicles will gradually mature, thus the cost for a complete vehicle will decline, scenarios covered will be further enlarged and demand will be further enhanced; fifthly, overseas demand will still flourish, the emerging markets and the growth of economy in developing countries will generate stable growth in demand for commercial vehicles. In general, demand in the commercial vehicle industry will demonstrate a growing trend.

The Group insists on "customer satisfaction is our purpose" as our core value, and aims to achieve our strategic vision as a world-class enterprise in terms of all series of commercial vehicles. In 2024, the Group will strive to perform well in the following four areas:

1. Continue exploring overseas market and promote brand internationalization. The Group will accelerate the upgrading and adjustment of overseas product structures, make up the shortages of products in segment markets, spare no efforts in exploring the high-end markets dominated with European and American brands, and enhance service capability and brand construction through localization operation, thus establishing a high-end image of overseas brands.

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

3. Accelerate the promotion of new energy products and seize the increment opportunity. Firstly, the Group will focus on Beijing, Shenzhen, Chongqing, Chengdu and other cities where policies are firstly implemented and the application scenarios such as steel plant, power plant, cement factory, coal mine and logistics park, to speed up the bulk sales of products and occupy the market share. Secondly, the Group will continue to enrich the application scenarios, from short distance, closed scenarios to longer-distance and more diversified scenarios, to broaden the room for new energy products to enter.

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

FINANCIAL REVIEW

REVENUE, GROSS PROFIT AND GROSS PROFIT MARGIN

The Group's revenue for the Period was RMB85,498 million, representing an increase of RMB26,093 million or 43.9% YoY. The increase in the revenue was due to a significant recovery in HDTs demand benefited from the steady improvement of the domestic macroeconomic economy and the increasing demand in overseas markets. By seizing market opportunities and continuously adjusting its product structure and business structure, the Group has achieved substantial growth in product sales, continued to increase the proportion of high-end products, and significantly improved profitability.

The Group's gross profit for the Period was RMB14,236 million, representing an increase of RMB4,229 million or 42.3% YoY. The increase in gross profit was mainly due to the significant increase in sales in trucks and expansion of production scale. Gross profit margin (gross profit divided by revenue) for the Period was 16.7%, representing a decrease of 0.1 percentage points YoY. The gross profit margin decreased because due to the decrease of the contribution from the Finance Segment which have higher profit margin.

OTHER INCOME AND GAINS

The other income and gains for the Period was RMB817 million, representing a decrease of RMB478 million or 36.9% YoY. The decrease was mainly due to the decrease in foreign exchange gains and no gain on disposal of subsidiaries.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses for the Period was RMB4,002 million, representing an increase of RMB1,128 million or 39.2% YoY and such increase was due the increase in export sales. During the Period, the ratio of selling and distribution expenses to Products Revenue was 4.7%, representing a decrease of 0.1 percentage points YoY. Warranty expenses accounted for 0.9% of Products Revenue for the Period, representing an increase of 0.6 percentage points YoY. The increase was mainly due to the increase in sales, particularly, the export sales which bears higher warranty expenses.

ADMINISTRATIVE EXPENSES

Administrative expenses for the Period was RMB4,669 million, representing a decrease of RMB201 million or 4.1% YoY. During the Period, administrative expenses to revenue ratio was 5.5%, representing a decrease of 2.7 percentage points YoY. The administrative expenses maintained even the sales and production increase significantly. Among them, research and development expenses accounted for 52.5% of the administrative expenses, representing a decrease by 0.9 percentage points YoY.

REVERSAL OF NET IMPAIRMENT LOSSES OF FINANCIAL ASSETS

The reversal of net impairment losses of financial assets for the Period was RMB171 million while net impairment losses for the Previous Period was RMB419 million. When the Group assesses the impairment of trade, financing and bills receivables, the Group will use 12-month, whole life and simplified expected credit loss models and consider historical observed default rates, forecast economic conditions and public credit information of each debtor or borrower. Based on the assessment, net impairment loss allowance of impairment of trade, financing and bills receivables at RMB102 million was reversed. In addition, net impairment loss allowance of financial assets in other receivables at RMB70 million was reversed. Further details of the trade, financing and bills receivables are set out in the sections headed "FINANCE SEGMENT" and "RECEIVABLES FROM TRADE AND FINANCING ACTIVITIES". In addition, impairment loss of off-balance sheet credit business at RMB5 million was reversed during the Period (2022: impairment loss allowance at RMB5 million was made).

OTHER EXPENSES

The other expenses for the Period was RMB65 million, representing a decrease of RMB286 million or 81.5% YoY. The decrease was mainly due to the decrease in fair value loss on financial assets at fair value through profit or loss including forward foreign exchange contracts for the purpose of reducing foreign exchange fluctuations and the decrease in impairment of investments in associates.

FINANCE INCOME - NET

Net finance income for the Period was RMB284 million, representing an increase of RMB153 million or 116.8% YoY. The increase in finance income was mainly due to the strengthen the cooperation of funding arrangement with financial institutions and increase deposit interest rates, leading to growth in interest income.

SHARE OF PROFITS OF ASSOCIATES

Share of profits of associates for the Period was RMB111 million, compared with net losses at RMB23 million in the Previous Period, representing an increase of profits shared by RMB134 million YoY. The increase in share of profits of associates was mainly due to the share of profits from those engaged in sales of parts and components of trucks.

INCOME TAX EXPENSE

Income tax expense for the Period was RMB1,056 million, representing an increase of RMB98 million or 10.2% YoY. The increase was due to the increase in profit before tax. The effective tax rate (profit before income tax but excluding share of profits of associates) for the Period was 15.6%, representing a decrease of 17.2 percentage points YoY due to enjoyment of additional tax benefits from research and development expenses and utilisation of unrecognised tax losses of prior years.

PROFIT FOR THE PERIOD AND EARNINGS PER SHARE

Profit for the Period was RMB5,827 million, representing an increase of RMB3,889 million or 200.7% YoY. Net profit ratio (profit for the Period divided by revenue) was 6.8%, representing an increase of 3.5 percentage points or 106.1% YoY.

Profit attributable to equity shareholders of the Company for the Period was RMB5,318 million, representing an increase of RMB3,645 million or 217.9% YoY. The basic earnings per share attributable to equity shareholders of the Company for the Period was RMB1.93, representing an increase of RMB1.32 or 216.4% YoY.

RECEIVABLES

FROM TRADE ACTIVITIES

As at 31 December 2023, the Aggregate Trade Balance amounted to RMB18,496 million, representing an increase of RMB4,334 million or 30.6% when compared to the balance as at 31 December 2022. The increase in the Aggregate Trade Balances was due to the substantial increase in domestic sales and truck exports (with longer credit periods) during the Period, in particular, the total sales in the second half of 2023 exceeded the sales in the first half of the year.

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

The trade receivables turnover (average Aggregate Trade Balances divided by Products Revenue multiplied by 365 days (2022: 365 days)) for the Period was 70.7 days (2022: 80.8 days), representing a decrease of 10.1 days.

As at 31 December 2023, the Aggregate Trade Balances aged not more than twelve months amounted to RMB17,895 million or 96.8% of the Aggregate Trade Balances.

The Group reviewed the repayment progress of key customers or customers with higher risk of default in repayment on a monthly basis and assessed impairment loss by reference to their businesses, repayment information, etc. During the Period, the Group reversed impairment loss allowance for Aggregate Trade Balances at the amount of RMB2 million.

FROM FINANCING ACTIVITIES

As at 31 December 2023, the net financing receivables was RMB12,539 million, representing an increase of RMB829 million or 7.1% when compared to the balance as at 31 December 2022.

As at 31 December 2023, the net financing receivables aged not more than twelve months amounted to RMB7,570 million or 60.4% of the net financing receivables.

During the Period, the Group reversed impairment loss allowance for financing receivables at the amount of RMB100 million. Further details of the financing receivables and discounting bills are set out in the section headed "FINANCE SEGMENT".

TRADE PAYABLES

As at 31 December 2023, the trade and bills payables amounted to RMB46,624 million, representing an increase of RMB13,353 million or 40.1% when compared to the balance as at 31 December 2022.

The trade payables turnover (average trade and bills payables balances divided by costs of Products Revenue multiplied by 365 days (2022: 365 days)) for the Period was 206.8 days (2022: 262.2 days), representing a decrease of 55.4 days YoY.

CASH FLOWS

Net cash inflow generated from operating activities for the Period was RMB11,368 million. Despite substantial increase in sales and trade payables but offset by the increase in inventories, trade and financing receivables and payment of income tax, operating activities for the Period generated additional cash of RMB468 million when compared with those of the Previous Period.

Net cash outflow used in investing activities for the Period was RMB11,059 million. During the Period, the Group reduced net purchase of financial assets at RMB7,601 million, did not make any new investments in associates resulting RMB715 million saving and received proceeds from disposal of business at RMB593 million while such savings were partly offset by the increase in net purchase of property, plant and equipment at RMB990 million and net increase in lending to associates at RMB211 million. The cash outflow from investing activities decreased by RMB7,559 million YoY.

Net cash outflow generated from financing activities for the Period was RMB471 million. Compared with the Previous Period, the Group borrowed additional amount at RMB410 million, reduced the payment of dividends including those to non-controlling interests by totalling RMB870 million and the stop of the purchase of treasury stock by a subsidiary saved RMB75 million. Cash outflow from the financing activities decreased by RMB1,365 million YoY.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2023, the Group had cash and cash equivalents of RMB15,252 million, representing a decrease of RMB65 million or 0.4% when compared to the balance as at 31 December 2022. The Group's total borrowings were about RMB5,049 million as at 31 December 2023, representing an increase of RMB1,159 million or 29.8% when compared with the balance as at 31 December 2022. Its gearing ratio (total borrowings divided by total assets) and debt-to-equity ratio (total borrowings divided by equity) as at 31 December 2023 were 4.1% and 10.5% respectively (31 December 2022: 3.7% and 9.0% respectively). As at 31 December 2023, current ratio (total current assets divided by total current liabilities) was 1.2 (31 December 2022: 1.3).

As at 31 December 2023, all borrowings were denominated in RMB (31 December 2022: all in RMB) and 96.7% borrowings were charged with reference to bank's preferential fixed rates (31 December 2022: all at fixed rates). The maturity profile of all borrowings was as follows:

	As at 31 December 2023 RMB million	As at 31 December 2022 RMB million
Within one year	**4,907**	3,890
After 1 year but within 2 years	**53**	—
After 2 years but within 5 years	**89**	—
	5,049	3,890

As at 31 December 2023, total consolidated equity of the Company was RMB47,961 million, representing an increase of RMB4,929 million or 11.5% when compared with the balance as at 31 December 2022.

As at 31 December 2023, the Company's market capitalization was RMB38,332 million (calculated based on the issued share capital of the Company: 2,760,993,339 Shares, closing price: HK$15.32 per Share and at the exchange rate of 1:0.90622 between HK$ and RMB).

As at 31 December 2023, the unutilized credit facilities of the Group from the banks amounted to RMB40,243 million (31 December 2022: RMB37,552 million). The Finance Segment mandatorily placed deposits of RMB2,223 million (31 December 2022: RMB1,883 million) to the PBOC for its financial operations. In addition, an aggregate amount of RMB2,711 million (31 December 2022: RMB2,672 million) of restricted cash was pledged mainly for credit facilities.The Group meets its daily liquidity needs by matching operating cash flow patterns with funds on hand and enhances its liquidity by way of application for longer credit periods from suppliers, sufficient banking facilities and issuance of bills such as short-term commercial acceptance bills and bank acceptance bills.

INVESTMENTS

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

INVESTMENTS IN SUBSIDIARIES

On 27 September 2023, the Group completed the capital contribution at amount of RMB400 million to Intelligent Technology and, thereafter, Intelligent Technology became a 72.362% owned subsidiary. For the details of the capital contribution, please refer to the Company's announcement dated 20 September 2023.

EQUITY INVESTMENTS FORMING PART OF THE GROUP'S OPERATIONS

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

a) Investment in associates

As at 31 December 2023, the amount of investment in associates was RMB2,018 million, representing 1.7% of the total assets of the Group. Performance of these investments are disclosed in the section headed "SHARE OF PROFITS OF ASSOCIATES".

b) Other long term equity investments

As at 31 December 2023, the Group's unlisted equity investments for long term strategic investment purpose amounted to RMB32 million, representing less than 0.1% of the total assets of the Group. These investments were classified as financial assets at fair value through other comprehensive income.

OTHER SECURITIES INVESTMENTS

For the purposes of increasing profitability of short term funds and managing the liquidity of the Group, the Group invested in short-term equity investments which consisted of listed securities in Hong Kong and China. As at 31 December 2023, the Group had short term equity investment at RMB3 million, representing less than 0.1% of its total assets. Such equity investments are accounted for as equity investments in financial assets at fair value through profit or loss. Their fair values keep changing from time to time depending on factors including but are not limited to their operation results, economic situation and stock markets sentiments.

CAPITAL COMMITMENT

As at 31 December 2023, the Group committed capital expenditure in respect of property, plant and equipment as well as intangible assets amounting to RMB1,686 million which would be funded by internal resources and borrowing facilities.

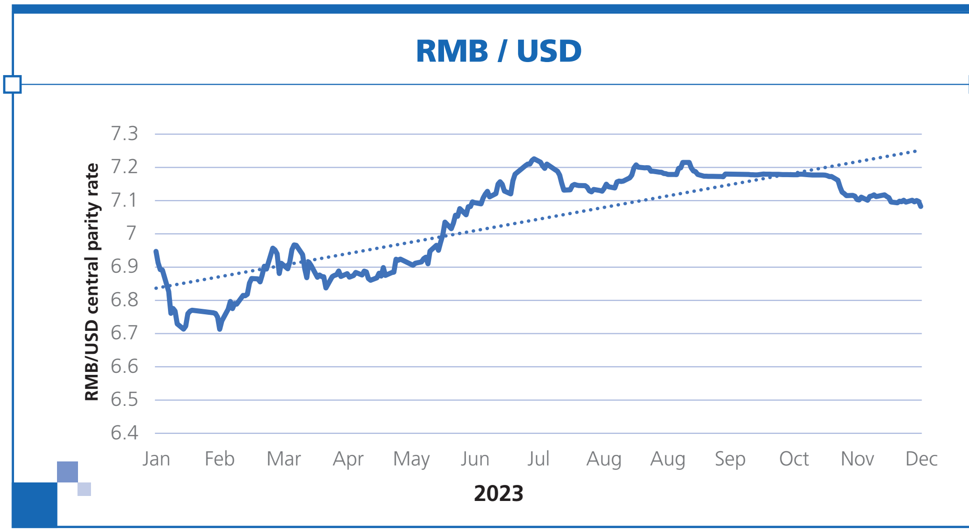
CHARGES ON GROUP ASSETS

Save as disclosed in the section headed "LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE", as at 31 December 2023, there were motor vehicles with an aggregate carrying value of RMB210 million being pledged for borrowings at RMB173 million.

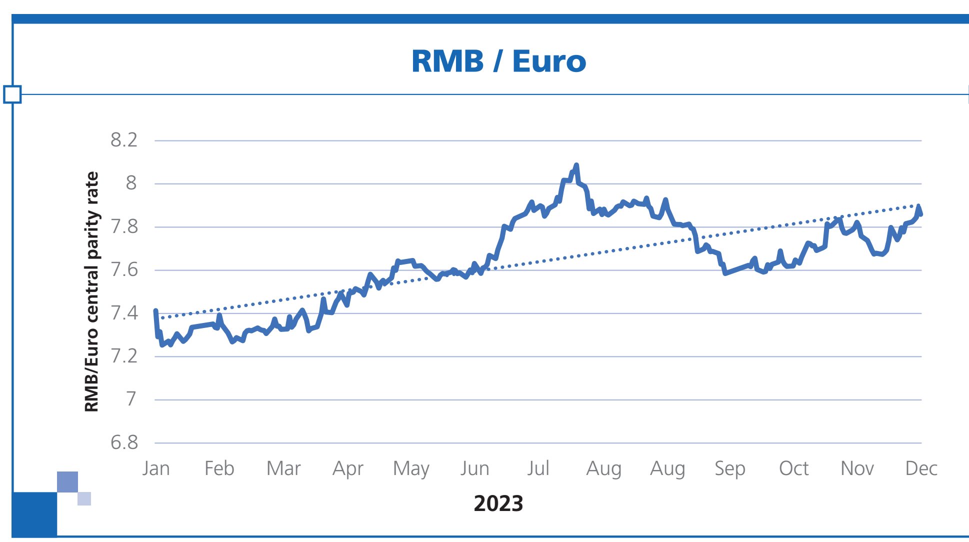
FINANCIAL MANAGEMENT AND POLICY

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

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



The RMB/USD central parity rate in the PRC as at 29 December 2023 was 7.0827, representing a depreciation of RMB by 1.70% when compared to the rate of 6.9646 as at 30 December 2022. RMB against USD central parity rates recorded a high of 7.2258 and a low rate of 6.7130 with volatility at 14.70% and showed a trend of depreciation during the Period but strengthened at the end of 2023.



The RMB/Euro central parity rate in the PRC as at 29 December 2023 was 7.8592, representing a depreciation of RMB by 5.88% when compared with the rate of 7.4229 as at 30 December 2022. RMB against Euro central parity rates recorded a high of 8.0879 and a low of 7.2535 with volatility at 21.18% and showed trend of depreciation during the Period.

As at 31 December 2023, most of the Group's monetary assets and liabilities were denominated in RMB while the major non-RMB denominated net monetary assets were in USD and Euro. During the Period, the Group recorded foreign exchange gains of RMB165 million in operating profit and losses of RMB103 million on forward foreign exchange contracts for the purpose of reducing foreign exchange fluctuations. The material potential foreign exchange impacts to monetary assets and liabilities of the Group as at 31 December 2023 are:

	USD denominated net assets	**EURO denominated net assets**
5% appreciation/ depreciation in RMB	Loss/gain before tax of RMB230 million/ RMB247 million	Loss/gain before tax of RMB29 million/ RMB29 million

GOING CONCERN

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

CONTINGENT LIABILITIES, LEGAL PROCEEDINGS AND POTENTIAL LITIGATION

As at 31 December 2023, there was no material contingent liabilities.

During the Period, the Group was not involved in any material litigation or arbitration.

DISCLAIMER ON NON-GAAP FINANCIAL MEASURES

Export revenue (including affiliated exports) is a non-GAAP financial measure and is used for assessing the Group's performance. Hence, it may not be comparable to similarly titled measures for other companies. Accordingly, such non-GAAP financial measure should not be considered as an alternative to operating income as an indicator of the operating performance of the Group or as an alternative to cash flows from operating activities as a measure of liquidity. The use of non-GAAP financial measure is provided solely to enhance the overall understanding of the Group's current financial performance. Additionally, since the Group has historically reported non-GAAP results to investors, it is considered the inclusion of non-GAAP financial measure provides consistency in the Group's financial reporting.

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

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

During the Period, the Company had been in compliance with the code provisions under the CG Code, save and except for the code provisions D.2.6 and F.1.1 of the CG Code.

In accordance with code provision D.2.6 of the CG Code, the Company has established a whistleblowing policy and system. From 29 March 2023, the Group further improves its whistleblowing reporting channel under which employees and those who deal with the Group (such as customers and suppliers) can raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matter related to the Group.

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

The Company has also amended its terms of reference of the Remuneration Committee on 30 March 2023 to provide for the Remuneration Committee's duty to review and/or approve matters relating to share schemes and implement any share scheme in accordance with the decision of the Board from time to time.

DIRECTORS' SECURITIES TRANSACTIONS

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

DIVIDEND POLICY

As at 31 December 2023, the Company did not have a dividend policy in place.

REVIEW OF FINANCIAL STATEMENTS

The Company's consolidated financial statements for the year ended 31 December 2023 have been reviewed by the Audit Committee.

SCOPE OF WORK OF KPMG

The financial figures in this announcement of the Group's results for the year ended 31 December 2023 have been agreed by the Group's external auditor, KPMG, to the amounts set out in the Company's draft consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and consequently no assurance has been expressed by KPMG on this announcement.

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

The Company has not redeemed any of its Shares, nor any of its subsidiaries have redeemed any of their respective listed securities during the Period. Neither the Company nor any of its subsidiaries has purchased or sold any Shares during the Period.

INVESTOR RELATIONS

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

The Board and senior management are well aware of their important tasks of acting on behalf of the interests of all the Shareholders and improving the Shareholders' returns. The Board considers that the AGM is an important opportunity for direct communication with the Shareholders. The 2023 AGM was successfully held on 28 June 2023 at the meeting centre of the Company, No. 688 Shunhua South Road, Licheng District, Ji'nan City, Shandong Province, PRC and Level 22, Nexxus Building, 41 Connaught Road Central, Hong Kong. Certain members of the Board and external auditors of Company attended the 2023 AGM in person or via video conferencing system and communicated with the Shareholders. Details of the voting particulars were disclosed in the Company's announcement dated 28 June 2023.

CONSTITUTIONAL DOCUMENTS

The new Articles of the Company was adopted by way of a special resolution passed by the Shareholders at the 2023 AGM held on 28 June 2023. Such amendments to the Articles were made in order to (i) allow greater flexibility for Company to hold general meetings in the physical, hybrid or full virtual form; (ii) reflect and align with the latest requirements under the Listing Rules; and (iii) make certain housekeeping amendments. The new Articles of the Company is available on the websites of the Company and the Stock Exchange.

PUBLICATION OF THE 2023 ANNUAL RESULTS AND THE ANNUAL REPORT

The annual results announcement for the year ended 31 December 2023 is published on the website of the Company (www.sinotruk.com) and the website of the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2023 will be despatched to Shareholders and published on the above websites in due course.

DEFINITIONS

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

"Aggregate Trade Balance"	the total balances of the net trade receivables, net bills receivable and acceptance bills which are classified as financial assets at fair value through other comprehensive income
"AGM"	the annual general meeting of the Company or any adjournment thereof
"Articles"	the articles of association of the Company, as amended, supplemented, modified or otherwise adopted from time to time

"Audit Committee"	the audit committee of the Company
"Auto-finance Services"	the provision of financing to the end-users and dealers of the Group's products for the purpose of purchasing the Group's vehicles
"Board"	the board of Directors
"CAAM"	China Association of Automobile Manufacturers
"Capital Operation Department"	the capital operation department of the Company
"China" or "PRC"	the People's Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
"CNHTC"	中國重型汽車集團有限公司(China National Heavy Duty Truck Group Company Limited), a state-owned enterprise organised under the laws of the PRC with limited liability, being the intermediate holding company of the Company
"CNHTC Group"	CNHTC and its subsidiaries other than the Group
"Commercial Lending Services"	the provision of loans to the borrowers, bill discounting services for bank bills presented by the borrowers and issue of bills (off-balance sheet credit business)
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)

"Company"or "Sinotruk"	Sinotruk (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange
"Director(s)"	the director(s) of the Company
"ED(s)"	the executive Director(s)
"Engines Segment"	the engines segment of the Group which engages in manufacture and sale of engines, gearboxes and related parts
"Euro"	the lawful currency of the European Union
"Finance Segment"	the finance segment of the Group which engages in provision of deposit taking, Commercial Lending Services and entrustment loans to the members of the Group and members of CNHTC Group as well as the provision of Auto-financing Services and supply chain financing services to the public
"GAAP"	Generally accepted accounting principles
"GDP"	gross domestic product
"Group" or "We"	the Company and its subsidiaries
"HDT(s)"	heavy duty truck(s) and medium-heavy duty truck(s)
"HDTs Segment"	the heavy duty trucks segment of the Group which engages in manufacture and sale of heavy duty trucks, medium-heavy duty trucks and related components
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Intelligent Technology"	濰柴智能科技有限公司 (Weichai Intelligent Technology Co., Ltd.), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
"LDT(s)"	light duty truck(s)
"LDTs and Others Segment"	the light duty trucks and others segment of the Group which engages in manufacture and sale of light duty trucks, buses, etc. and related components
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Operating Profit (Loss) Margin"	the ratio of operating profit (loss) to revenue of the segment of the Group
"PBOC"	the People's Bank of China
"Period"	the year ended 31 December 2023
"Previous Period"	the year ended 31 December 2022
"Products Revenue"	the revenue of sales of goods and rendering of services by the HDTs Segment, the LDTs and Others Segment and the Engines Segment to external customers
"Remuneration Committee"	the remuneration committee of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	the ordinary share(s) in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s) from time to time

"Shenzhen Stock Exchange"	Shenzhen Stock Exchange in the PRC
"SHIG"	山東重工集團有限公司 (Shandong Heavy Industry Group Co., Ltd.), a state-owned enterprise organized under the laws of the PRC with limited liability being the ultimate holding company of the Company and the controlling shareholder (as defined in the Listing Rules) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subsidiary"	a subsidiary for the time being of the Company within the meaning of the Companies Ordinance whether incorporated in Hong Kong or elsewhere and "Subsidiaries" shall be construed accordingly
"USD"	United States dollars, the lawful currency of the United States of America
"YoY"	year-over-year
"%"	per cent

By order of the Board
Sinotruk (Hong Kong) Limited
Wang Zhijian
Chairman of the Board

Ji'nan, the PRC, 25 March 2024

As at the date of this announcement, the board of the Company consists of seven executive directors of the Company including Mr. Wang Zhijian, Mr. Wang Chen, Mr. Liu Wei, Mr. Zhang Wei, Ms. Li Xia, Ms. Zhao Hong and Mr. Richard von Braunschweig; four non-executive Directors of the Company including Mr. Sun Shaojun, Mr. Alexander Albertus Gerhardus Vlaskamp, Mr. Karsten Oellers and Mr. Mats Lennart Harborn; and six independent non-executive Directors of the Company including Dr. Wang Dengfeng, Mr. Zhao Hang, Mr. Liang Qing, Mr. Lyu Shousheng, Mr. Zhang Zhong and Dr. Liu Xiaolun.