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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

RESULTS

The Board is pleased to announce the unaudited interim results of the Group for the six months ended 30 June 2024 together with the comparative figures for the corresponding period last year as follows:

Consolidated Statement of Profit or Loss
For the six months ended 30 June 2024 - unaudited
(All amounts in RMB thousands unless otherwise stated)

		Six months ended 30 June	
	Notes	**2024**	**2023 (restated)**
Revenue	4	**48,823,239**	41,370,963
Cost of sales		**(41,664,507)**	(34,848,008)
Gross profit		**7,158,732**	6,522,955
Other income and gains		**681,215**	295,748
Selling and distribution expenses		**(1,524,577)**	(1,459,853)
Administrative expenses		**(2,348,630)**	(2,096,053)
Reversal of impairment losses/ (impairment losses) on financial assets, net		**71,176**	(103,302)
Other expenses		**(11,753)**	(126,116)

Consolidated Statement of Profit or Loss (continued)

For the six months ended 30 June 2024 - unaudited

(All amounts in RMB thousands unless otherwise stated)

	Notes	**Six months ended 30 June**	
		2024	**2023**
			(restated)
Profit from operation		**4,026,163**	3,033,379
Finance income		**153,966**	114,494
Finance costs		**(67,453)**	(25,001)
Finance income, net		**86,513**	89,493
Share of profits less losses of associates		**47,627**	36,455
Profit before tax	5	**4,160,303**	3,159,327
Income tax	6	**(561,763)**	(563,026)
Profit for the period		**3,598,540**	2,596,301
Attributable to:			
Equity shareholders of the Company		**3,294,302**	2,357,562
Non-controlling interests		**304,238**	238,739
Profit for the period		**3,598,540**	2,596,301
Earnings per share	7		
Basic and diluted		**1.20**	0.85

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024 - unaudited

(All amounts in RMB thousands unless otherwise stated)

	Six months ended 30 June	
	2024	**2023**
		(restated)
Profit for the period	**3,598,540**	2,596,301
Other comprehensive income (after tax):		
Items that will not be reclassified to profit or loss:		
Remeasurements of termination and post-employment benefit obligations	**(12,989)**	(3,831)
Items that are or may be reclassified subsequently to profit or loss:		
Changes in fair value of financial assets at fair value through other comprehensive income ("FVOCI")	**2,592**	(7,060)
Exchange differences on translation of foreign operations	**3,962**	(2,194)
Share of other comprehensive income of associates	**(566)**	1,885
	5,988	(7,369)
Other comprehensive loss for the period, net of tax	**(7,001)**	(11,200)
Total comprehensive income for the period	**3,591,539**	2,585,101
Attributable to:		
Equity shareholders of the Company	**3,289,568**	2,347,041
Non-controlling interests	**301,971**	238,060
Total comprehensive income for the period	**3,591,539**	2,585,101

Consolidated Statement of Financial Position
As at 30 June 2024 - unaudited
(All amounts in RMB thousands unless otherwise stated)

	Notes	At 30 June 2024	At 31 December 2023
Non-current assets			
Property, plant and equipment		**15,648,305**	15,823,031
Investment properties		**1,076,976**	1,060,721
Right-of-use assets		**2,282,783**	2,260,256
Goodwill		**68,933**	68,933
Intangible assets		**137,214**	152,072
Investments in associates		**1,495,009**	2,017,567
Equity investments designated at FVOCI		**31,925**	31,925
Trade and financing receivables	9	**6,260,058**	5,032,516
Prepayments, other receivables and other assets		**9,038,064**	6,113,115
Deferred tax assets		**2,244,897**	2,158,585
Total non-current assets		**38,284,164**	34,718,721
Current assets			
Inventories		**13,194,382**	13,338,401
Trade, financing and bills receivables	9	**24,684,051**	17,078,156
Prepayments, other receivables and other assets		**19,056,421**	17,018,790
Financial assets at FVOCI	10	**6,939,136**	8,924,104
Financial assets at fair value through profit or loss ("FVPL")		**9,577,582**	10,521,843
Cash and cash equivalents and restricted cash		**21,004,038**	20,185,473
Total current assets		**94,455,610**	87,066,767
Current liabilities			
Trade and bills payables	11	**52,164,775**	46,624,080
Other payables and accruals		**21,794,783**	19,062,656
Borrowings		**7,370,973**	4,907,134
Lease liabilities		**301**	1,709
Tax payable		**331,282**	216,189
Provisions		**1,627,670**	1,718,293
Total current liabilities		**83,289,784**	72,530,061
Net current assets		**11,165,826**	14,536,706
Total assets less current liabilities		**49,449,990**	49,255,427

	Notes	At 30 June 2024	At 31 December 2023
Non-current liabilities			
Borrowings		**223,633**	141,533
Lease liabilities		**1,331**	1,195
Deferred tax liabilities		**105,272**	98,900
Termination and post-employment benefit obligations		**398,698**	410,374
Deferred income		**625,252**	642,894
Total non-current liabilities		**1,354,186**	1,294,896
Net assets		**48,095,804**	47,960,531
Equity			
Share capital		**16,717,024**	16,717,024
Reserves		**23,674,559**	23,555,137
Total equity attributable to equity shareholders of the Company		**40,391,583**	40,272,161
Non-controlling interests		**7,704,221**	7,688,370
Total equity		**48,095,804**	47,960,531

Notes to the unaudited interim results

(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 assemblies, parts and components including engines, cabins, axles, steel frames and gearboxes, and the provision of financial services.

2. Basis of preparation

The interim financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34, *Interim Financial Reporting*.

The interim financial information is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the year ended 31 December 2023.

The financial information relating to the year ended 31 December 2023 that is included in the interim financial information as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered those financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance. The Company's auditors have reported on those financial statements for the year ended 31 December 2023. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

3. Accounting policies

The accounting policies adopted in the preparation of the interim financial information are consistent with those applied in the preparation of the Company's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following new and amended Hong Kong Financial Reporting Standards ("**HKFRSs**") for the first time for the current period's financial information.

3.1 Amended standards adopted by the Group

The Group has applied the following amendments HKFRSs issued by the HKICPA to this interim financial information for the current accounting period:

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

None of these developments have had a material effect on these financial information. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. Operating segment information

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

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

(ii) Light duty trucks and others – Manufacture and sale of light duty trucks, buses, 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, dividend payable and other corporate liabilities.

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

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

The segment results for the six months ended 30 June 2024 are as follows:

	Heavy duty trucks	Light duty trucks and others	Engines	Finance	Elimination	Total
External revenue						
Sales of goods	41,720,851	5,791,754	260,455	—	—	47,773,060
Rendering of services	317,237	9,813	34,882	—	—	361,932
Provision of financing services	—	—	—	688,247	—	688,247
Total external revenue	42,038,088	5,801,567	295,337	688,247	—	48,823,239
Inter-segment revenue	475,093	971,805	6,747,592	63,200	(8,257,690)	—
Total segment revenue	42,513,181	6,773,372	7,042,929	751,447	(8,257,690)	48,823,239
Operating profit/(loss) before unallocated expenses	2,540,482	(126,365)	1,249,236	348,871	39,589	4,051,813
Unallocated expenses						(25,650)
Operating profit						4,026,163
Finance income, net						86,513
Share of profits of associates						47,627
Profit before tax						4,160,303

The segment results for the six months ended 30 June 2023 are as follows:

	(restated)					
	Heavy duty trucks	Light duty trucks and others	Engines	Finance	Elimination	Total
External revenue						
Sales of goods	35,823,073	4,434,808	313,649	—	—	40,571,530
Rendering of services	184,882	—	10,350	—	—	195,232
Provision of financing services	—	—	—	604,201	—	604,201
Total external revenue	36,007,955	4,434,808	323,999	604,201	—	41,370,963
Inter-segment revenue	562,257	666,301	6,864,179	113,684	(8,206,421)	—
Total segment revenue	36,570,212	5,101,109	7,188,178	717,885	(8,206,421)	41,370,963
Operating profit/(loss) before unallocated expenses	2,399,800	(211,213)	607,717	381,663	(133,304)	3,044,663
Unallocated expenses						(11,284)
Operating profit						3,033,379
Finance income, net						89,493
Share of profits of associates						36,455
Profit before tax						3,159,327

The segment assets and liabilities as at 30 June 2024 are as follows:

	Heavy duty trucks	Light duty trucks and others	Engines	Finance	Unallocated	Total
Segment assets	**91,647,804**	**14,550,761**	**28,137,450**	**59,543,796**	**2,539,730**	**196,419,541**
Elimination						**(63,679,767)**
Total assets						**132,739,774**
Segment liabilities	**64,902,386**	**14,822,792**	**10,651,431**	**49,144,873**	**3,308,176**	**142,829,658**
Elimination						**(58,185,688)**
Total liabilities						**84,643,970**

Reconciled to entity assets and liabilities as at 30 June 2024 as follows:

	Assets	Liabilities
Segment assets/liabilities after elimination	**130,200,044**	**81,335,794**
Unallocated:		
Deferred tax assets/liabilities	**2,244,897**	**105,272**
Prepaid income tax/income tax payable	**175,386**	**331,282**
Dividend payable	**—**	**2,671,217**
Other assets/liabilities	**119,447**	**200,405**
	2,539,730	**3,308,176**
Total	**132,739,774**	**84,643,970**

The segment assets and liabilities as at 31 December 2023 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

Reconciled to entity assets and liabilities as at 31 December 2023 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/income 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

5. Profit before tax

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

	Six months ended 30 June	
	2024	**2023**
		(restated)
Cost of inventories sold	**37,831,992**	31,520,247
Employee benefit expenses	**2,901,696**	2,653,859
Warranty expenses, net	**200,216**	512,405
Depreciation and amortisation		
– Depreciation of property, plant and equipment	**816,439**	749,162
– Depreciation of right-of-use assets	**39,782**	34,541
– Amortisation of intangible assets	**19,986**	36,303
Write-down of inventories to net realisable value	**287,473**	386,420
Impairment losses/(reversal of impairment losses)		
– trade receivables	**(95,375)**	86,330
– financing receivables	**16,601**	22,487
– bills receivable	**(3,376)**	(13,915)
– financial assets included in prepayments, other receivables and other assets	**11,119**	13,127
– the off-balance sheet credit business	**(145)**	(4,727)
– property, plant and equipment	**11,125**	7,622
(Gains)/losses on disposal of property, plant and equipment	**(30,644)**	1,694
Foreign exchange differences, net	**(157,475)**	(179,939)
Government grants	**(126,926)**	(44,058)
Income on disposal of scraps	**(42,688)**	(17,909)

6. Income tax expense

	Six months ended 30 June	
	2024	**2023**
		(restated)
Current tax:		
– Mainland China	**669,071**	661,817
– Elsewhere	**1,877**	—
Total current tax	**670,948**	661,817
Deferred tax	**(109,185)**	(98,791)
Total tax charge	**561,763**	563,026

Taxation on profits has been calculated on the estimated assessable profits during the six months ended 30 June 2024 at the rates of taxation prevailing in the countries/districts in which the Group operates.

The Company and other companies operate in Hong Kong are subject to Hong Kong profits tax at the rate of 16.5% (2023: 16.5%) on their estimated assessable profits during the period. The Company is also determined as a Chinese-resident enterprise and, is subject to corporate income tax at a rate of 25% (2023: 25%) according to the Corporate Income Tax Law of the People's Republic of China (the "CIT Law").

The subsidiaries in the PRC are subject to corporate income tax at a rate of 25% (2023: 25%) according to the CIT Law while certain subsidiaries in the PRC are subject of corporate income tax at a rate of 15% (2023: 15%) according to the High New Tech Enterprises or the Western Development tax incentives of the CIT Law. Other oversea subsidiaries are subject to corporate income tax at applicable tax rates according to existing laws, interpretations and practices of the countries in which the subsidiaries operate.

7. Earnings per share

(a) Basic earnings per share

	Six months ended 30 June	
	2024	**2023**
		(restated)
Profit attributable to equity shareholders of the Company	**3,294,302**	2,357,562
Weighted average number of ordinary shares in issue (in thousand shares)	**2,750,561**	2,760,993
Basic earnings per share (RMB per share)	**1.20**	0.85

The movements in weighted average number of ordinary shares in issue are as follows:

	2024	**2023**
Ordinary shares at 1 January (in thousand shares)	**2,760,993**	2,760,993
Effect of shares purchased (in thousand shares)	**(10,432)**	—
Weighted average number of ordinary shares for the six months ended 30 June (in thousand shares)	**2,750,561**	2,760,993

(b) Diluted earnings per share

Diluted earnings per share equals basic earnings per share as the Company had no dilutive potential ordinary shares for the six months ended 30 June 2024 and 30 June 2023.

8. Dividends

The final dividend for the year ended 31 December 2023 was either HK$1.063 or RMB0.965 (2022 final dividend: either HK$0.33 or RMB0.29) per share of the Company with total amount of approximately RMB2,665,812,000 (2022 final dividend: approximately RMB812,222,000). The 2023 final dividend and the corresponding withholding dividend tax will be paid in the third quarter of 2024.

At a meeting held on 22 August 2024, the Board declared an interim dividend for the six months ended 30 June 2024 was either HK$0.72 or RMB0.66 (2023 interim dividend: Nil) per share of the Company with total amount of approximately RMB1,822,157,000 (2023 interim dividend: Nil). The 2024 interim dividend and the corresponding withholding dividend tax will be paid in the fourth quarter of 2024. The 2024 interim dividend has not been recognised as a liability at the end of the reporting period.

During the six months ended 30 June 2024, certain non-wholly owned subsidiaries of the Company have declared the dividends payable to non-controlling interests amounting to approximately RMB263,253,000 (six months ended 30 June 2023: approximately RMB46,718,000).

9. Trade, financing and bills receivables

	At 30 June 2024	At 31 December 2023
Trade receivables	**15,718,009**	10,107,093
Provision for impairment	**(913,109)**	(1,008,635)
Trade receivables, net (a)	**14,804,900**	9,098,458
Financing receivables	**16,443,416**	13,245,816
Provision for impairment	**(687,401)**	(707,340)
Financing receivables, net (b)	**15,756,015**	12,538,476
Bills receivable	**387,068**	480,988
Provision for impairment	**(3,874)**	(7,250)
Bills receivable, net (c)	**383,194**	473,738
	30,944,109	22,110,672
Current portion		
Trade receivables	**14,749,364**	9,034,015
Financing receivables	**9,551,493**	7,570,403
Bills receivable	**383,194**	473,738
	24,684,051	17,078,156
Non-current portion		
Trade receivables	**55,536**	64,443
Financing receivables	**6,204,522**	4,968,073
	6,260,058	5,032,516

(a) Trade receivables

The sales policy of the Group generally requires its customers to pay a certain amount of deposits when orders of trucks are made and to settle purchase price in cash, on credit or by acceptance bills. 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 30 June 2024, approximately RMB4,034,771,000 (2023 (restated): approximately RMB2,745,338,000) of the trade receivables are secured by letters of credit issued by certain overseas third parties. As at 30 June 2024, approximately RMB3,457,562,000 (31 December 2023 (restated): approximately RMB2,274,781,000) of the trade receivables were guaranteed by China Export and Credit Insurance Corporation.

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

	At 30 June 2024	**At 31 December 2023**
Less than 3 months	**9,383,093**	5,166,749
3 months to 6 months	**3,192,790**	1,727,168
6 months to 12 months	**1,673,837**	1,603,614
1 year to 2 years	**293,544**	268,718
2 years to 3 years	**74,802**	92,698
Over 3 years	**186,834**	239,511
	14,804,900	9,098,458

(b) Financing receivables

An ageing analysis of the financing receivables based on the maturity date at the end of the reporting period, net of provisions, is as follows:

	At 30 June 2024	At 31 December 2023
Less than 3 months	**2,723,623**	2,122,665
3 months to 6 months	**2,646,817**	2,237,868
6 months to 12 months	**4,181,053**	3,209,871
1 year to 2 years	**5,359,710**	3,829,274
2 years to 3 years	**844,812**	1,138,798
	15,756,015	12,538,476

(c) Bills receivable

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

	At 30 June 2024	At 31 December 2023
Bank acceptance bills	**201,746**	196,709
Commercial acceptance bills	**185,322**	284,279
Provision for impairment of commercial acceptance bills	**(3,874)**	(7,250)
	383,194	473,738

The ageing analysis of bills receivable based on transaction dates at the end of the reporting period, net of provisions, is as follows:

	At 30 June 2024	At 31 December 2023
Less than 3 months	**319,780**	184,803
3 months to 6 months	**57,523**	286,149
6 months to 12 months	**5,891**	2,786
	383,194	473,738

10. Financial assets at fair value through other comprehensive income

	At 30 June 2024	At 31 December 2023
Debt investments		
– bank acceptance bills	**6,939,136**	8,924,104

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 end of the reporting period is as follows:

	At 30 June 2024	At 31 December 2023
Less than 3 months	**3,684,436**	4,897,165
3 months to 6 months	**3,142,327**	4,003,737
6 months to 12 months	**112,373**	23,202
	6,939,136	8,924,104

11. Trade and bills payables

	At 30 June 2024	At 31 December 2023
Trade payables	**35,379,577**	31,703,351
Bills payable	**16,785,198**	14,920,729
	52,164,775	46,624,080

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

	At 30 June 2024	At 31 December 2023
Less than 3 months	**35,542,836**	30,129,969
3 months to 6 months	**14,504,038**	14,027,999
6 months to 12 months	**1,868,517**	2,270,559
1 year to 2 years	**134,710**	96,289
2 years to 3 years	**61,563**	67,100
Over 3 years	**53,111**	32,164
	52,164,775	46,624,080

12. Events after the reporting period

No significant subsequent event takes place after the reporting period.

13. Comparative figures

a. Presentation of warranty expenses

To cope with the changes of accounting practices in the PRC truck industries, the Company has recorded the warranty expenses in cost of sales in the consolidated statement of profit or loss. Accordingly, the warranty expenses for the six months ended 30 June 2023 at the amount of approximately RMB512,405,000 was reclassified from the selling and distribution expense to cost of sales.

b. The Group holds approximately 72.362% equity interest in Intelligent Technology after the completion of contribution of additional capital on 27 September 2023 ("Acquisition") and, thereafter, Intelligent Technology become a subsidiary of the Company. Prior to and following the Acquisition, the ultimate holding company of the Company and Intelligent Technology is SHIG. The is a business combination under common control. 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.

DIVIDENDS

The Board declares to distribute to Shareholders whose names appear on the register of members of the Company on Wednesday, 11 September 2024 an interim dividend of either HK$0.72 or RMB0.66 per Share (converted at the exchange rate of RMB0.91411 to HK$1 as published by the PBOC on Thursday, 22 August 2024) for the six months ended 30 June 2024 (the "2024 Interim Dividend") with a sum of approximately HK$1,988 million or RMB1,822 million. The 2024 Interim Dividend will be distributed on Friday, 22 November 2024.

A 2024 RMB Interim Dividend election form is enclosed herewith. Shareholders who wish to receive the 2024 Interim Dividend in RMB have to complete the form and return the same to the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 21 October 2024.

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

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

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

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement of the Shareholders to the 2024 Interim Dividend, the register of members of the Company will be closed from Friday, 6 September 2024 to Wednesday, 11 September 2024 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify to receive the 2024 Interim Dividend, 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 Thursday, 5 September 2024.

MANAGEMENT DISCUSSION AND ANALYSIS — REVIEW OF OPERATIONS

MARKET REVIEW

TRUCKS MARKET

In the first half of the year, confronted with new challenges brought about by factors such as the significant increase in uncertainty in the external environment and the ongoing domestic structural adjustments, the Chinese government adhered to the general principles of pursuing progress while ensuring stability, promoting stability through progress, and establishing the new before abolishing the old and effectively implemented the macro policies and regulations. As a result, the national economy was generally stable with steady progress, featuring steady increase of production, sustained recovery of demand, accelerating growth of new driving forces and new achievements of the high-quality development. China's GDP grew by 5.0% YoY in the first half of the year and in the second quarter 4.7% YoY. The total value added of industrial enterprises above the designated size grew by 6.0% YoY. The national investment in fixed assets (excluding investment in real estate development) grew by 8.5%, among which, the investment in infrastructure grew by 5.4% and that in manufacturing grew by 9.5%. China's economic performance was generally stable alongside quantitative growth and moreover qualitative improvement. The macroeconomic trend of steadily improving and long-term growth remained unchanged.

During the Period, as the national macroeconomy gradually recovered, the commercial vehicle industry generally showed a recovery trend. For the heavy duty truck industry, firstly, demand in the domestic heavy duty truck industry has grown steadily driven by a series of positive policies represented by the Action Plan for Promoting Large-Scale Equipment Renewal and Trade-in of Consumer Goods (《推動大規模設備更新和消費品以舊換新行動方案》); secondly, the demand for natural gas heavy duty trucks was strong as the oil and gas price gap maintained at a high level; thirdly, the sales volume and market penetration of new energy heavy duty trucks constantly increased, with the sales volume increased by 141.6% YoY and the market penetration reached approximately 9.4%; fourthly, the export demand for heavy duty trucks continued to grow, reaching a historical new record, driven by the stabilization of the global economy and the Belt and Road Initiative. According to statistics from CAAM, the sales of heavy duty trucks reached approximately 504,500 units in the first half of the year, representing an increase of 3.3% YoY. For the light duty truck industry, firstly, with the ongoing implementation of economic stabilization policies including the expansion of domestic demand, consumption has become the main contributor to economic growth, supporting the stable growth of the light duty truck industry; secondly, the sales volume of new energy light duty trucks increased by approximately 202.7% YoY and the market penetration reached approximately 13.7%. According to statistics from CAAM, the sales of light duty trucks reached approximately 970,900 units, representing an increase of 4.2% YoY.

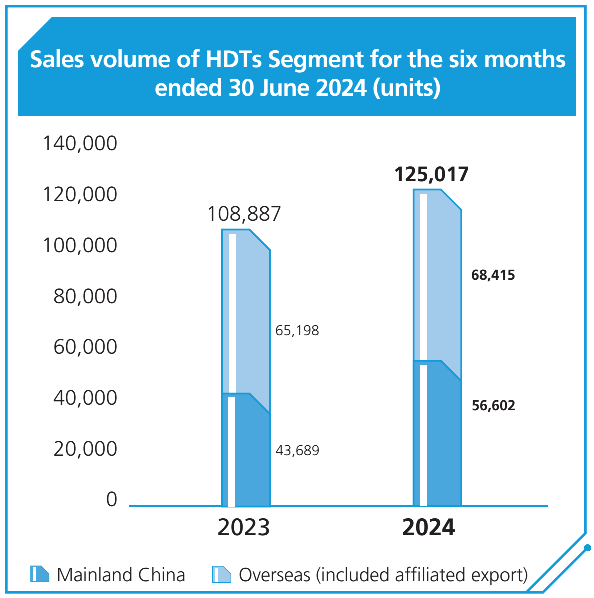
FINANCING MARKET

During the Period, the Chinese Government continued to implement the loan prime rate (LPR) mechanism. One-year LPR remained unchanged and the five-year LPR was lowered once. As at 30 June 2024, one-year LPR was 3.45% while five-year LPR was 3.95%.

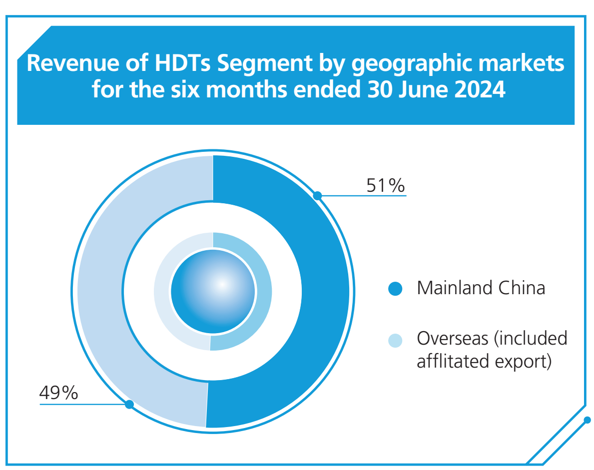
OPERATION REVIEW

HDTS SEGMENT

During the Period, the Group sold 125,017 HDTs, representing an increase of 14.8% YoY.



The total revenue from the HDTs Segment was RMB42,513 million, representing an increase of 16.3% YoY. The HDTs Segment's Operating Profit Margin was 6.0%, representing a decrease of 0.6 percentage points YoY, mainly due to changes in product structure and an increase in sales of products with lower gross profit.



DOMESTIC BUSINESS

During the Period, the Group sold 56,602 HDTs in the PRC, representing an increase of 29.6%.

The Group focused on enhancing the core competitiveness of products, continued to deepen the penetration of our business in segment markets, adjusted and optimized its product structure, boosted the growth in market areas of weakness, accelerated towards high-end, and continued to improve its ability to withstand market fluctuations.

In the market of tractor trucks, the Group seized the opportunity for incremental on gas vehicle replacement and achieved breakthroughs in the gas tractor truck market. In the first half of the year, sales of gas tractors increased by 278% YoY, and the market share increased by 11.75 percentage points YoY. Specifically, the market share in the 15L gas tractor market increased by 17.4 percentage points YoY, ranking first in the industry.

In the market of cargo trucks, the Group conducted in-depth study of application scenarios, focused on improving the shortcoming of products and expanded the increments of segment markets. In particular, the Group continued to explore the express delivery market and continuously strengthened the development of fleet customers, with its market share of large single-axle express delivery cargo trucks ranking first in the industry.

In the market of special vehicles, adhering to differentiated competition, the Group kept leading the industry in high-end special vehicle market including fire trucks, pumper trucks and oil field trucks, with its market share ranking first in the industry.

In the new energy market, the Group recorded a 309% YoY increase in sales of its new energy heavy duty trucks and increased its market share by 5.6 percentage points YoY, placing it in the top three in the industry. The Group continued to enhance the competitiveness of new energy products with stable and reliable products and excellent energy consumption performance. The cruising range of the newly launched 612kWh muck trucks exceeded 400 km in real road scenes, having greatly improved the market adaptability of new energy products.

The Group continued to optimize its dealers' network, improving standards of network development, access and retirement, and strengthening the core network construction, which significantly enhanced the comprehensive strength of dealership network. As at 30 June 2024, there were more than 500 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 80 truck refitting services enterprises offering refitting services.

(Data source: end-user retail data, the Group's internal data)

INTERNATIONAL BUSINESS

During the Period, the Group exported 68,415 HDTs (including affiliated export), representing an increase of 4.9% YoY.

The export revenue (including affiliated export) amounted to RMB20,884 million, representing an increase of 1.7% YoY. Reconciliation of overseas revenue to total HDTs export revenue (including affiliated export):

	For the six months ended 30 June 2024 RMB million	**For the six months ended 30 June 2023 RMB million**
Overseas revenue	**18,908**	14,817
Affiliated export revenue	**3,270**	6,656
Total affiliated export revenue	**22,178**	21,473
HDTs affiliated export revenue	**20,884**	20,532
Other affiliated export revenue	**1,294**	941
Total affiliated export revenue	**22,178**	21,473

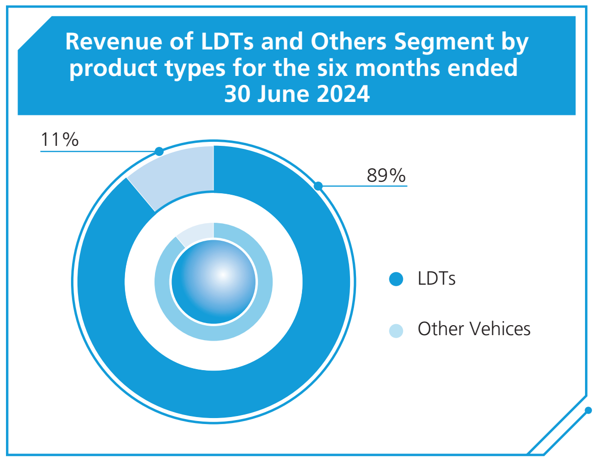
In the first half of the year, global economic growth showed a steady reinforcing trend, but with a weak rebound momentum and severe regional differentiation. Meanwhile, exports of Chinese brands have increased and demand from overseas markets has steadily increased, but the competition is more intense. The export of Group's heavy duty trucks hit a new record as export sales continued to increase, and the Group's export market share ranking first in the domestic heavy duty truck industry.

During the Period, the Group overcame difficulties and seized market opportunities under the rapidly changing overseas markets. First, by focusing on dominant markets and consolidating market position, we continued to expand our market share through deepening marketing reform, deploying sinking networks and strengthening service marketing in traditional dominant markets such as Vietnam, the Philippines, Nigeria and Ethiopia. Second, by focusing on segment markets and accurately positioning customer needs, we continued to improve product adaptability and service level, with new breakthroughs in the cargo truck market in Southeast Asia and East Africa, as well as in the tipper truck market in Central Asia and Central and South America. Third, our sales in the high-end tractor truck market in Saudi Arabia, Australia and Mexico grown rapidly as the high-end market continues to gain strength. Fourth, our overseas support capability has been further enhanced by accelerating the development of information platforms, such as overseas warehouse management system, overseas dealer information management platform and end-user App.

As at 30 June 2024, the Group established 80 overseas representative offices and working offices in more than 110 countries and regions, developed over 220 dealerships in more than 90 countries, and established 27 overseas cooperative KD plants, forming an international marketing network largely covering developing countries and major emerging economies in Africa, the Middle East, Central and South America, Central Asia as well as Southeast Asia, as well as some mature markets including BRICS, Australia, Ireland, New Zealand, and Hong Kong and Taiwan.

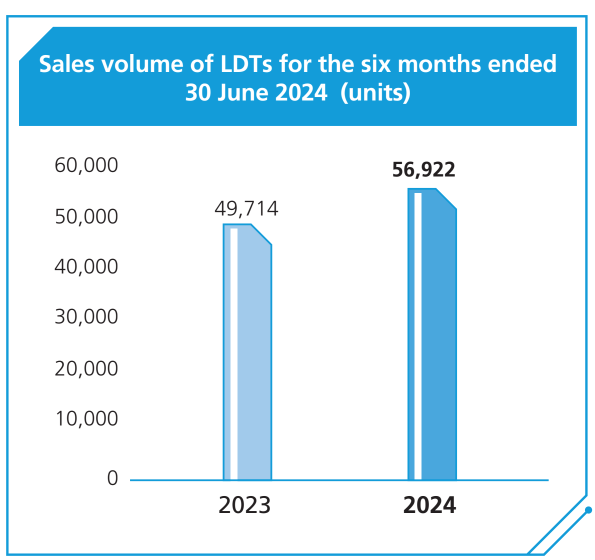
LIGHT DUTY TRUCKS AND OTHERS SEGMENT

The major product of the LDTs and Others Segment is LDTs which revenue was accounted for approximately 89.4% 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 RMB6,773 million, representing an increase of 32.8% YoY. The Operating Loss Margin of the LDTs and Others Segment was 1.9%, representing a decrease of 2.2 percentage points as compared to the Previous Period. The increase in sales volume and optimization of product structure resulted in the increase in the revenue and the improvement in the overall profitability.

During the Period, the Group sold 56,922 LDTs, representing an increase of 14.5% YoY.



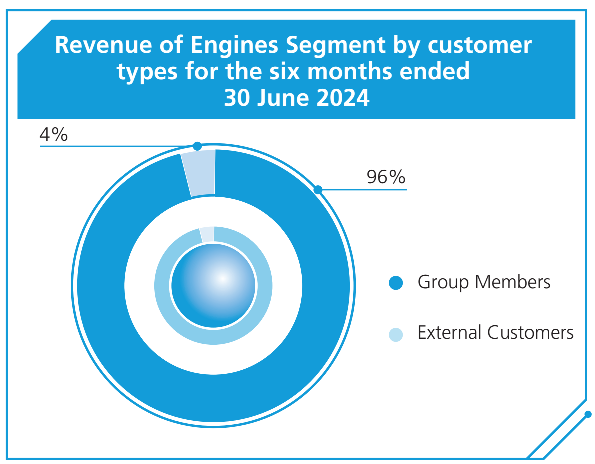
During the Period, the Group's light duty truck business continued to focus on segment markets such as the transport of agricultural goods, cold chain, mid-to-high-end inner city delivery and special vehicles, continuously enriching the power chain and product line to further enhance its market share. First, by increasing the launch of new products, we successively launched a variety of new models and new configuration products such as the new generation of Commander (統帥) Pro, and we conducted forward-looking layout on differentiated products such as mountain versions and automatic gears. Second, by focusing on the mid-body and wide-body multi-horsepower models of General (悍將) and Commander (統帥), we accurately judged the power upgrade trend to increase market share of segment markets. Among these, General ranked first in the high-end segment markets industry, and Commander ranks second in terms of market share among the high-end brands. Third, by continuously optimizing the sales channels, standardizing and upgrading the existing distribution network and improving the operation quality of dealers, we strictly followed the survival of the fittest principle and continuously optimized the existing network system to further repel inefficient and ineffective networks and increase the average sales volume of individual store.

In new energy market, the Group has recorded an 186.1% YoY increase in the sales of its new energy light duty trucks, with market share increased by 0.1 percentage points YoY. The Group continued to enhance its product competitiveness and newly released the 132kWh light duty truck product, paired with an independently developed 5t electric drive axle and an innovative two-speed ratio of 25.339/11.802, leading the integrated energy consumption industry.

As at 30 June 2024, the Group had, in the PRC, a total of approximately 780 dealerships of LDTs, approximately 2,200 service centers offering after-sales services and approximately 310 truck refitting services enterprises offering refitting services.

ENGINES SEGMENT

During the Period, the Engines Segment recorded a total revenue of RMB7,043 million, representing a decrease of 2.0% YoY, of which external sales of engines accounted for 4.2%, representing a decrease of 0.3 percentage points YoY. During the Period, the Engines Segment sold 53,342 engines, representing a decrease of 28.0% YoY. The Operating Profit Margin of the Engines Segment was 17.7%, representing an increase of 9.2 percentage points YoY. Despite the decrease in sales volume of 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 and the strengthening of cost and expense controls resulted in the improvement of the Operating Profit Margin of the Engines Segment.

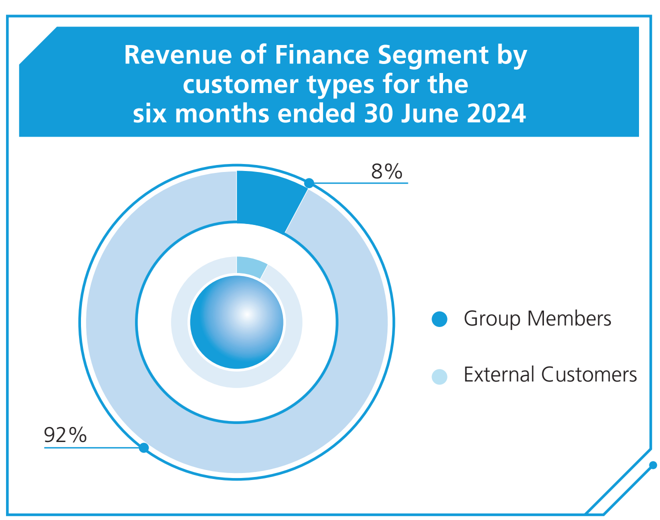


The Group continued to increase investment in technology research and development, promoted the development of engine technology and enhanced the market competitiveness of its products. Firstly, the Group has successfully developed the MC07(H) high thermal efficiency National VI engine with industry-leading engine fuel consumption, which will be gradually introduced into the market at a later stage; secondly, the Group comprehensively improved the performance of MC07(H) Euro V export model by reducing engine fuel consumption to meet the demand of overseas market; thirdly, the Group carried out technical cooperation with domestic famous universities to optimize and improve the MT07 natural gas engine's thermal efficiency and marketability; and fourthly, the Group continued to promote the research and development of integrated AMT gearbox, optimized 16-gear integrated AMT shift and lubrication system, and developed special function and logic optimization of integrated AMT software for special working conditions such as plateau and mountainous areas.

FINANCE SEGMENT

During the Period, firstly, the Group provided diversified Auto-finance Services for different customers, innovated and enriched its financial products to further enhance its financial support and sales capabilities; secondly, the Group has firmly established the business concept of risk prevention and control, continuously enhanced its risk control capabilities, and established a digital and intelligent risk control system in system implementation, business continuity, credit management, and operation management, so as to effectively identify, prevent and control financial risks; thirdly, the Group has accelerated the market-oriented transformation of its finance business, and innovated in carrying out the relevant business by integrating safety, liquidity and profitability within the scope of investment varieties permitted by the regulation.

During the Period, the revenue of the Finance Segment (including interest income and finance lease income) was RMB751 million, representing an increase of 4.6% YoY. Revenue from external customers amounted to RMB688 million, representing an increase of 13.9% YoY. The Operating Profit Margin of the Finance Segment was 46.5%, decreased by 6.7 percentage points YoY. The increase in income of the Finance Segment was mainly attributable to the increase in overall lending scale. The growth in the scale of the Auto-finance Services was more than the decrease in the scale of Commercial Lending Services which resulted in more income of interests. The decrease in the Operating Profit Margin was due to adjustments in business structure.



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 30 June 2024, the financing receivables and interest receivables were approximately RMB15,724 million and RMB32 million, respectively. The ageing analysis of the financing receivables based on the maturity date as at 30 June 2024 and 31 December 2023 is as follows:

RMB million	**30 June 2024**	**31 December 2023**
Less than 3 months	**2,723**	2,122
3 months to 6 months	**2,647**	2,238
6 months to 12 months	**4,181**	3,210
1 year to 2 years	**5,360**	3,829
2 years to 3 years	**845**	1,139
	15,756	12,538

During the Period, the impairment of financing receivables of RMB17 million (2023: RMB23 million) was made and impairment losses of off-balance sheet credit business of RMB0.1 million was reversed (2023: reversal of impairment loss allowance of RMB5 million). During the Period, financing receivables (all from Auto finance Services) at the amount of RMB37 million had been written-off (2023: nil).

As at 30 June 2024, the total provision of impairment of financing receivables amounted to RMB687 million (31 December 2023: RMB707 million) and there was no provision for impairment losses of off-balance sheet credit business (31 December 2023: RMB0.1 million). 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 enable the Group to gain a reasonable interest income, but also ensure stability of its industrial chain and achieve a win-win cooperation among upstream and downstream entities along such industrial chain. Loans to dealers are unsecured while loans to suppliers are secured by the pledge of receivables from suppliers of the Group and the CNHTC Group. All loans granted are repayable within one year while discount of bills (issued by banks only) shall all be matured within one year. Commercial Lending Services are carried at the Group's headquarter in Ji'nan, PRC.

During the Period, the revenue from the Commercial Lending Services was RMB25 million, representing a decrease of RMB49 million or 66.2% YoY.

As at 30 June 2024, there were less than 30 borrowers (31 December 2023: less than 30 borrowers) of the Commercial Lending Services business and their total net outstanding receivables and interest receivable were RMB395 million and RMB0.4 million (31 December 2023: RMB595 million and RMB1 million), respectively.

As at 30 June 2024, the largest borrower (being the CNHTC Group) and the top five borrowers under the Commercial Lending Services business constituted approximately 96.17% and 98.69% (31 December 2023: approximately 81.47% (being the CNHTC Group) and 99.30%), respectively of the net financing receivables of the Commercial Lending Services business.

AUTO-FINANCE SERVICES

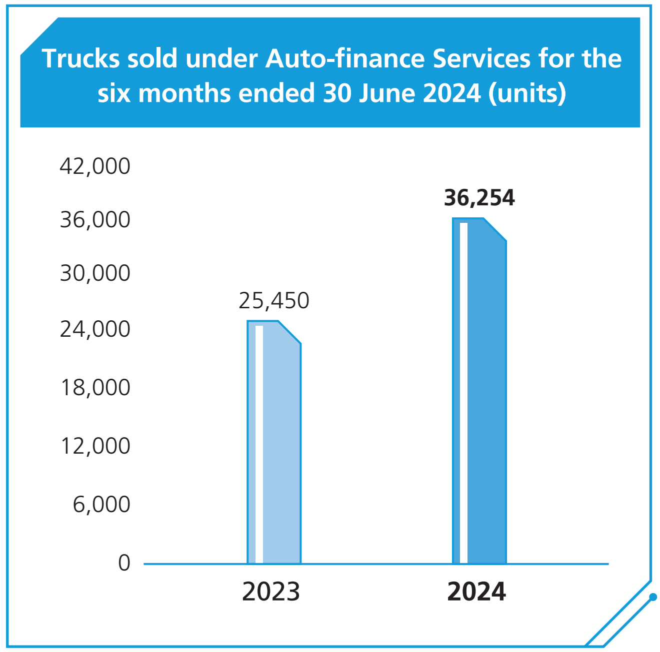
The borrowers of the Auto-finance Services comprise end-users or dealers of the Group's commercial vehicles who may be individuals and entities. Such borrowers were either existing customers of the Group or those referred from the CNHTC Group or the dealers of the Group's vehicles. The Auto-finance Services 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 30 June 2024, the Finance Segment had established 23 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 RMB272 million, representing an increase of RMB88 million or 47.8% YoY.

As at 30 June 2024, there were around 60,000 borrowers (31 December 2023: less than 50,000 borrowers) of Auto-finance Services and their total net outstanding receivables and interest receivable were approximately RMB15,329 million and RMB32 million (31 December 2023: approximately RMB11,929 million and RMB14 million), respectively. As at 30 June 2024, the net finance leases balance to the net loans and finance leases balance was approximately 23.8% (31 December 2023: approximately 13.8%).

As at 30 June 2024, the largest borrower and the top five borrowers of the Auto-finance Services who are all independent third parties constituted approximately 0.2% and 0.6% (31 December 2023: approximately 0.1% and 0.4%), respectively of the net financing receivables of the Auto-finance Services.

During the Period, the Group sold 36,254 vehicles through Auto-finance Services, representing an increase of 42.5% 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 post loan 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 report any material defaulted loans immediately upon occurrence. In addition, the Group carries out regular and/or specific inspections in respect of the financial status of the borrowers and the status of the collaterals.

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

Impairment and write-offs

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

Additional Controls in respect of Continuing Connected Transactions

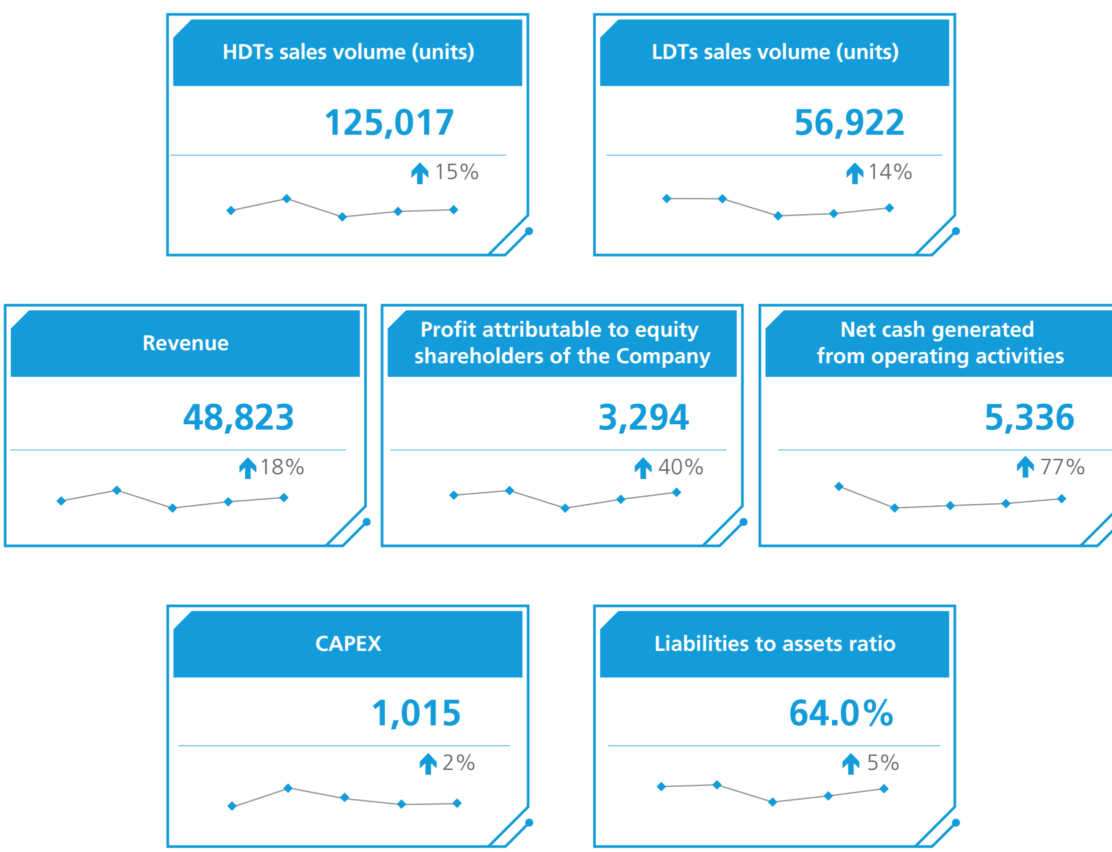
The provision of financing arrangements to CNHTC and its associates constitutes continuing connected transactions of the Group and such transactions are conducted in the manner as stipulated under the relevant financial services framework agreements. Additional internal control measures, including but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

MAJOR KEY PERFORMANCE INDICATORS ("KPI")

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

The following charts present the key KPIs for the six months ended 30 June of each of the following years.

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



Key performance indicators	2024	2023	2022	2021	2020
HDTs sales volume (units)	125,017	108,887	75,068	207,458	118,073
LDTs sales volume (units)	56,922	49,714	45,289	82,387	81,704
Revenue	48,823	41,371	29,028	65,169	42,798
Profit attributable to equity shareholders of the Company	3,294	2,358	1,283	3,623	2,941
Net cash generated from operating activities	5,336	3,020	1,562	249	13,474
CAPEX	1,015	993	1,164	1,463	892
Liabilities to assets ratio	64%	61%	58%	66%	65%

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 spares no effort to provide the customers with prompt and professional supports, and established a sound customer service and after-sales management process system. During the Period, the Group abides by the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, the Civil Code of the People's Republic of China, the Advertising Law of the People's Republic of China and other relevant laws and regulations, developed and issued the On-site Management Measures of Service Stations, the Customer Follow-up Management Process and revised the Complaint Acceptance Management Process and the After-sales Service Management Procedure, further clarifying and standardizing management in terms of service network, service scheduling, technical support, claims and service hotline, to provide objective, high-quality marketing, advertising, and sales services.

The Group is committed to building long-term and stable partnerships with suppliers. We have promoted the full lifecycle management on suppliers and worked together with our suppliers to progress together, thus promoting the sustainable development of supply chain through win-win cooperation.

The Group has established a multi-dimensional supplier management system. We revised the *Supplier Management Procedures*, the *Procurement Control Procedures for Samples and Specimens*, the *Management Measures for Performance Evaluation and Grading of Auxiliary Product Suppliers*, and the *Management Measures for Rectification of Quality Problems in Product Procurement*, to classify and grade suppliers. We divide suppliers into service suppliers and material suppliers according to service categories, and propose detailed management measures based on service categories. We apply intelligent management tools on supplier management, and conduct unified management of suppliers in each business line in selection, audit, and exit.

We consistently regard outstanding talent as the primary competitive advantage for corporate development. We prioritize safeguarding the legal rights and interests of employees, standardizing recruitment and hiring procedures, and enhancing employment management systems. We also prohibit all forms of discrimination or harassment. Through these efforts, we cultivate a diverse, equitable, and inclusive workplace for our employees.

The Group is dedicated to establishing a comprehensive talent development system to offer employees diverse career development opportunities. We place great importance on the personal growth and career advancement of our employees. By implementing systematic training programs and building smooth promotion channels, we enable all employees to enhance their professional skills and overall capabilities.

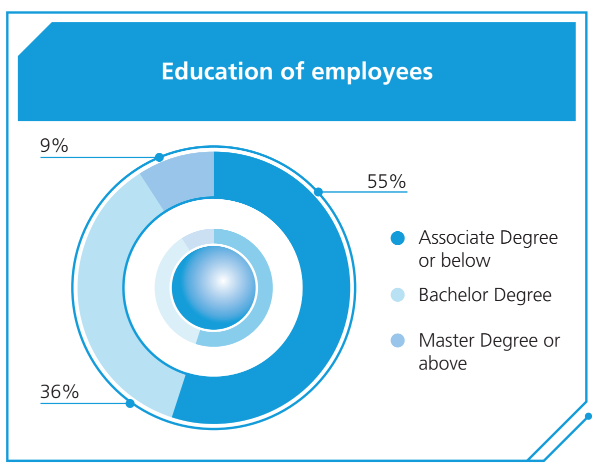
To comprehensively enhance employees' professional capabilities, the Group organizes systematic professional training for all employees. The training includes skillful operations, marketing management, and general knowledge. We develop training plans and skills training for relevant job-specific knowledge based on the business characteristics and job responsibilities of different job positions. We provide employees with a series of online and offline educational and training activities to promote their overall development.

The Group's remuneration policies were determined with reference to the performance, qualification and working experience of individual employees, as well as the results of the Group and the market conditions. The benefits provided by the Group to its employees include discretionary bonus, meal subsidies, medical insurance, work injury insurance, unemployment insurance, etc. Employees (including executive Directors) may receive bonuses and monetary rewards based on their performance and ratings in annual performance appraisals as well as participating in the employees' share reward scheme. During the Period, the Company has adopted the share award scheme. For details of the share award scheme, please refer to the announcements of the Company dated 23 January 2024, 17 March 2024 and 6 June 2024, respectively.

During the Period, the expenses of the Group（including salaries, retirement benefits, other welfares, post-employment benefits and employees' share award scheme expenses）to all employees including Directors amounted to RMB2,902 million, representing an increase of 9.3% YoY.

As at 30 June 2024, the Group employed a total of 27,069 employees, broken down by function and education as follows:

	Number of employees	**%**
Management team	272	1.00
Technical and engineering staff	3,366	12.43
Research and development staff	2,949	10.89
Production staff	15,422	56.98
Operation and sales staff	2,300	8.50
Administrative staff	2,760	10.20
Total	27,069	100.00



The Group places great emphasis on creating social value and actively engages in public welfare and charity endeavors. As part of our efforts to fulfill corporate social responsibility, we carry out a wide range of public welfare and volunteer activities to contribute to the construction of a socialist harmonious society. The Group actively responds to the national call for rural revitalization and rural prosperity. We also fulfill our social responsibility and mission through concrete actions.

ENVIRONMENTAL POLICY, PERFORMANCE AND COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

Upholding the vision of building a green home, we take proactive measures to address the risks and opportunities presented by climate change in response to the national call for "carbon peaking and carbon neutrality". We integrate the concept of sustainable development into our daily operations, prioritize environmental protection, and promote low-carbon operations. This commitment reflects our dedication to advancing towards a greener future.

We pay close attention to the trends of global climate change. The Group regularly identifies and analyzes the impact of climate change on its business development, and formulates various action plans to enhance our ability to respond to climate change risks and seize development opportunities. We have set the goal of "building green, eco-friendly factories" and established dedicated management bodies for safety, environmental protection, and energy management. While advancing the construction of green factories, we incorporate measures aimed to enhance our capacity to address climate change.

We strictly abide 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. We have established a sound environmental management system within the Group to refine management systems, emission standards, and operational procedures. In accordance with the ISO 14001 Environmental Management System (EMS), we issue environmental management guidance to all production and operation sites and supervise all subsidiaries to conduct annual external audits of the management system.

We ensure the stable operation and continuous improvement of our environmental management systems through sufficient investment. The Group has established a Safety Production Committee with the chairman of the Board as the top leader. The committee is responsible for overseeing safety environmental affairs and guiding all subsidiaries of Sinotruk to achieve annual safety environmental targets. We incorporate safety environmental objectives into the personal performance assessment criteria of relevant management personnel. We also clarify specific responsibilities of safety environmental protection for each post to ensure effective implementation.

The Group standardizes the prevention, control, supervision, and treatment of pollutants such as wastewater, waste gas, solid waste, and noise during the production process. We strive to minimize the negative impact of our production and operations on the environment. During the Period, the Group achieved a 100% compliance rate for wastewater discharge and waste gas emissions, and 100% of the hazardous wastes were disposed of in compliance with the regulations. No major environmental complaints or penalties were received.

The Group consistently prioritizes low carbon emissions control, energy conservation, and consumption reduction as primary objectives during production and operations. We actively explore methods to enhance the efficiency of energy and resource usage. Drawing on external advanced energy management systems and aligning with our business characteristics and daily operations, we regularly update our goals of energy and water conservation and implement low-carbon operations according to the plan.

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 cover the entire process including R&D, procurement, manufacturing, after-sales; secondly, we carry out in-depth quality evaluation work such as system maturity, process audits, special audits, while identifying risks within the quality system, and organizing each of the units to analyze and assess the risks. 61 quality system documents were newly produced and revised, involving 7 business areas of procurement, strategy, R&D, quality, market, technology and value; thirdly, we have compiled and issued a standardization plan for quality record to promote and implement standard quality records. Project execution group and 8 project acceptance groups were established to comprehensively ascertain the standardized scope of quality records around four processes of stamping, welding, coating and loading, and various aspects such as steel frames, equipment installation, process and quality, physical and chemical measurement, and quality management.

In terms of quality control, our target is to achieve zero defect and we have established a consistency monitoring mechanism for standardized manufacturing process. In the first half of the year, we inspected 28 complete vehicles and 29 assemblies; conducted 280 special audits on the three attributes in the key processes of complete vehicles, cleanliness, heat hazards, torque and other aspects; organized and approved the test and verification of roads and conducted 27 reliability tests. For issues identified in each process, we have developed rectification measures and solved 98.27% issues.

In terms of quality improvement, according to the three principles of high after-sales claim cost, high number of claims and high failure rate, a total of 95 kinds of key product improvements were sorted out, 49 items of product improvements were established, 10 items of key maintenance faults were established, and 17 items of system research projects were approved. The claim amount of the Group's improvement projects decreased by 17% in the first half of the year as compared to the corresponding period of 2023, and the failure rate decreased by 32%.

2. *HEALTH, SAFETY AND ENVIRONMENTAL RISKS*

The Group always adheres to the safety production concept of "put the people and life in the first place", and principles of "safety first, prevention oriented, comprehensive management". We strengthened the implementation of accountability of production safety for all personnel of the Group, took various measures to enhance employees' emergency knowledge, safety awareness and ability to escape from danger, so as to effectively prevent and firmly minimize the occurrence of all kinds of production safety accidents, thus guaranteeing the high quality development.

MITIGATION MEASURES:

The Group always adheres to strengthening the inspection of safety and environment, and daily inspection is accompanied by special inspection. In the first half of the year, the Group conducted 1,575 special inspections, with a total of 12,397 issues were identified, and 100% of which have been rectified.

The Group pays special attention to the prevention and treatment of occupational diseases, and regularly organizes occupational hazard workers to carry out pre-post, in-service and off-post occupational health examinations. The Group controls different kinds of occupational hazards from their sources through realizing the "Three Simultaneities" of facilities for the prevention and control of occupational diseases in new, renovation and expansion projects, improving production techniques, and replacing highly toxic substances with low-toxic or non-toxic substances. The Group regularly conducts annual occupational disease hazard factor detection and status evaluation, grasps the types and degrees of occupational disease hazard factors in the workplace, and takes targeted prevention and control measures to protect workers' occupational health.

The Group is always committed to enhancing employees' emergence rescue ability. In the first half of the year, the Group conducted a total of 968 emergency preparedness drills with 16,425 participants through various means, such as table-top drills, functional drills and professional drills, which effectively trained the team and improved the emergency combat ability.

The Group always strengthens the fire protection capacity. In the first half of the year, the Group completed the construction of network and installed 1,092 special cameras, realizing full coverage of monitoring to the key areas of every unit in Ji'nan region. Data transmission is realized through smart park network line and will transmit to the Group's monitoring system.

3. *FOREIGN EXCHANGE RISKS*

Various management and control means were used and various preventive measures were taken in advance by the Group. Through the use of the following mitigation measures, the Group have effectively prevented and controlled the impact of exchange rate fluctuation risks on the Group's operating efficiency.

MITIGATION MEASURES:

The Group strengthened the study on the exchange rate fluctuations and set up foreign exchange management working group to pay constant attention to the change of market exchange rates. We made comprehensive judgement on the potential exchange risk and decisions by fully use of the external research results of banks and investment banks cooperating with both home and abroad, and considering the Group's internal status of foreign currency assets. We established a daily communication mechanism with the cooperative banks to closely track the market dynamics and form a regular exchange rate analysis report, including exchange rate trends and analyzing the prognosis.

The Group prioritized and recommended to adopt cross-border Renminbi as settlement currency for foreign operations. We predicted the monthly amount of collection of receivables and locked the forward exchange rate of certain portion of receivables from export sales in a certain upcoming period based on the export sales and collection schedule to avoid exchange risks to the greatest extent. The Group conducted exchange settlements at favorable time according to business and capital needs and changes in market exchange rates. The Group purchased bank forward exchange rate financial products through market inquiry to lock in foreign exchange rate in a certain stage to avoid risks from exchange rate fluctuations.

BUSINESS STRATEGIES AND PROSPECTS

Looking ahead to the second half of the year, with the rising expectation of interest rate cuts in major economies around the world, favorable factors for economic growth will continue to increase, and the global economy will continue to show a recovery trend; as for domestic economy, the Chinese government will adhere to the general principle of seeking progress while maintaining stability, and focus on the primary task of high-quality development by implementing scientific and precise macro-policies, actively expanding domestic demand, developing new productive forces in line with local conditions and speeding up the cultivation and development of new dynamic energy, and firmly achieving the economic and social development goals for the year.

From the perspective of the commercial vehicle industry, with the overall improvement of the main macroeconomic indicators and the implementation of various consumption-boosting measures, the domestic market demand will recover continuously. The implementation of the policies of Action Program for Promoting Large-Scale Equipment Replacement and Consumer Goods Replacement (《推動大規模設備更新和消費品以舊換新行動方案》) and Several Measures on Strengthening Support for Large-Scale Equipment Replacement and Consumer Goods Replacement (《關於加力支持大規模設備更新和消費品以舊換新的若干措施》), the high demand for replacement due to large ownership, the rising penetration rate of new-energy commercial vehicles, and overseas demand being still flourish will generate stable growth for the commercial vehicle industry. In general, demand in the HDTs and LDTs industry will demonstrate a growing trend.

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

1. Focus on key domestic markets and accelerate the introduction of new products. Firstly, the Group focusing on the top area, accelerates the promotion of new 13L and 15L gas vehicles to further enhance the domestic market share; secondly, the Group continues to retire low-efficient networks and introduce high-quality networks, increases the cultivation of high-quality dealers, and enhances the competitiveness of sales channels.

2. Expand the traditional export advantageous markets and accelerate the breakthrough of high-end markets. Firstly, in Southeast Asia, Africa and other advantageous markets, the Group has implemented the "one country, one policy" business policy to accurately match different demands; secondly, in high-end regional markets, the Group has benchmarked against international brands, improved the construction of networks, services, parts and other systems, and transformed from the traditional trade model to the full-value marketing model; thirdly, the Group has accelerated the progress of establishment of its overseas subsidiaries and construction of parts centers so as to improve the response time to market demand through these front-loading of resources.

3. Focus on mainstream models and enhance the core competitiveness of new energy products. Firstly, for medium and long-distance scenarios, the Group will develop a new generation of ultra-low driving resistance vehicles, vehicle-battery chassis integration and platform electric drive axles; secondly, for different application scenarios, the Group will grasp the opportunities of local new energy policies, deeply meet the needs of the scenarios, and form differentiated competitive advantages to create the best cost-effective products.

FINANCIAL REVIEW

REVENUE, GROSS PROFIT AND GROSS PROFIT MARGIN

The Group's revenue for the Period was RMB48,823 million, representing an increase of RMB7,452 million or 18.0% YoY. The increase in the revenue was due to a significant recovery in the demand of HDTs benefited from the steady improvement of the domestic macro-economy and the continued development of the overseas heavy duty truck market. The Group seized market opportunities, achieved growth in product sales, continued to strengthen cost control, and steadily improved profitability.

The Group's gross profit for the Period was RMB7,159 million, representing an increase of RMB636 million or 9.8% 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 14.7%, representing a decrease of 1.1 percentage points YoY. The gross profit margin decreased due to the decrease of the contribution margin of the HDTs Segment. (The reclassification of the warranty expenses from the selling and distribution expenses to cost of sales resulted in the decrease in gross profit margin by 1.2 percentage point for the Previous Period. For more details of the reclassification, please refer to note 13 in the section headed "Notes to the unaudited interim results" above.)

OTHER INCOME AND GAINS

The other income and gains for the Period was RMB681 million, representing an increase of RMB385 million or 130.1% YoY. The increase was mainly due to the increase in government grant, income on disposal of scraps and income from wealth management products.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses for the Period was RMB1,525 million, representing an increase of RMB65 million or 4.5% YoY and such increase was due the increase in sales. During the Period, the ratio of selling and distribution expenses to Products Revenue was 3.2%, representing a decrease of 0.4 percentage points YoY. (The reclassification of warranty expenses to cost of sales resulted in the decrease in the ratio of selling and distribution expenses to Products Revenue in the Previous Period by 1.3 percentage point. For more details, please refer to the section "REVENUE, GROSS PROFIT AND GROSS PROFIT MARGIN" above.)

ADMINISTRATIVE EXPENSES

Administrative expenses for the Period was RMB2,349 million, representing an increase of RMB253 million or 12.1% YoY. During the Period, administrative expenses to revenue ratio was 4.8%, representing a decrease of 0.3 percentage points YoY. Under the proper cost controls, the rate of the increase in the administrative expenses is less than that of the revenue. Among them, research and development expenses accounted for 50.6% of the administrative expenses, representing a decrease by 3.6 percentage points YoY.

REVERSAL OF NET IMPAIRMENT LOSSES OF FINANCIAL ASSETS

The reversal of net impairment losses of financial assets for the Period was RMB71 million while the net impairment losses for the Previous Period was RMB108 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 RMB82 million was reversed. Net impairment loss allowance of financial assets in other receivables at RMB11 million was made. 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, the remaining impairment loss of off-balance sheet credit business at RMB0.1 million was further reversed during the Period (2023: reversal of impairment loss allowance at RMB5 million).

OTHER EXPENSES

The other expenses for the Period was RMB12 million, representing a decrease of RMB114 million or 90.5% YoY. The decrease was mainly due to no more 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.

FINANCE INCOME - NET

Net finance income for the Period was RMB87 million, representing a decrease of RMB2 million or 2.2% YoY. The decrease in net finance income was resulted by the increase in interest costs from the borrowings.

SHARE OF PROFITS OF ASSOCIATES

Share of profits of associates for the Period was RMB48 million, representing an increase of RMB12 million or 33.3% 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 RMB562 million which was similar to that of the Previous Period. The effective tax rate (income tax expense divided by profit before income tax expense) for the Period was 13.5%, representing a decrease of 4.3 percentage points YoY due to enjoyment of additional tax benefits from research and development expenses and utilisation of unrecognised tax losses of prior years.

PROFIT FOR THE PERIOD AND EARNINGS PER SHARE

Profit for the Period was RMB3,599 million, representing an increase of RMB1,003 million or 38.6% YoY. Net profit ratio (profit for the Period divided by revenue) was 7.4%, representing an increase of 1.1 percentage points or 17.5% YoY.

Profit attributable to equity shareholders of the Company for the Period was RMB3,294 million, representing an increase of RMB936 million or 39.7% YoY. The basic earnings per share attributable to equity shareholders of the Company for the Period was RMB1.20, representing an increase of RMB0.35 or 41.2% YoY.

RECEIVABLES

FROM TRADE ACTIVITIES

As at 30 June 2024, the Aggregate Trade Balance amounted to RMB22,127 million, representing an increase of RMB3,631 million or 19.6% when compared to the balance as at 31 December 2023. The increase in the Aggregate Trade Balances was due to the substantial increase in sales during the Period.

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

The trade receivables turnover (average Aggregate Trade Balances divided by Products Revenue multiplied by 182 days (2023: 181 days)) for the Period was 76.8 days (2023: 72.9 days), representing an increase of 3.9 days.

As at 30 June 2024, the Aggregate Trade Balances aged not more than twelve months amounted to RMB21,572 million or 97.5% 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 RMB98 million.

FROM FINANCING ACTIVITIES

As at 30 June 2024, the net financing receivables was RMB15,756 million, representing an increase of RMB3,217 million or 25.7% when compared to the balance as at 31 December 2023.

As at 30 June 2024, the net financing receivables aged not more than twelve months amounted to RMB9,551 million or 60.6% of the net financing receivables.

During the Period, the Group made impairment loss allowance for financing receivables at the amount of RMB17 million. Further details of the financing receivables and discounting bills are set out in the section headed "FINANCE SEGMENT".

TRADE PAYABLES

As at 30 June 2024, the trade and bills payables amounted to RMB52,165 million, representing an increase of RMB5,541 million or 11.9% when compared to the balance as at 31 December 2023.

The trade payables turnover (average trade and bills payables balances divided by costs of Products Revenue multiplied by 182 days (2023: 181 days)) for the Period was 218.2 days (2023: 210.7 days), representing an increase of 7.5 days YoY.

CASH FLOWS

Net cash inflow generated from operating activities for the Period was RMB5,336 million, representing an increase of RMB2,316 million YoY which is mainly resulted from the increase in profit and the accelerated cash turnover through refined management during the Period.

Net cash outflow used in investing activities for the Period was RMB4,532 million, representing a decrease of RMB2,618 million YoY which is mainly due to the reduction in financial assets purchase net amounts by RMB4,710 million and the receipt of the proceeds from disposal of equity of associates at RMB561 million which was partly offset by the increase in time deposits at RMB2,380 million.

Net cash outflow used in financing activities for the Period was RMB429 million while that of the Previous Period was RMB210 million inflow, representing an increase of the cash outflow by RMB639 million YoY which is mainly due to the reduction of the proceeds from net borrowings by RMB88 million, the additional payment of dividends to non-controlling interests at RMB213 million and net payment for purchase of shares for share reward scheme at RMB325 million.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2024, the Group had cash and cash equivalents of RMB15,724 million, representing an increase of RMB472 million or 3.1% when compared to the balance as at 31 December 2023. The Group's total borrowings were about RMB7,595 million as at 30 June 2024, representing an increase of RMB2,546 million or 50.4% when compared with the balance as at 31 December 2023. Its gearing ratio (total borrowings divided by total assets) and debt-to-equity ratio (total borrowings divided by equity) as at 30 June 2024 were 5.7% and 15.8% respectively (31 December 2023: 4.1% and 10.5% respectively). As at 30 June 2024, current ratio (total current assets divided by total current liabilities) was 1.1 (31 December 2023: 1.2).

As at 30 June 2024, all borrowings were denominated in RMB (31 December 2023: all in RMB) and 96.5% borrowings were charged with reference to bank's preferential fixed rates (31 December 2023: 96.7%). The maturity profile of all borrowings was as follows:

	As at 30 June 2024 RMB million	**As at 31 December 2023 RMB million**
Within one year	**7,371**	4,907
After 1 year but within 2 years	**129**	53
After 2 years but within 5 years	**95**	89
	7,595	5,049

As at 30 June 2024, total consolidated equity of the Company was RMB48,096 million, representing an increase of RMB135 million or 0.3% when compared with the balance as at 31 December 2023.

As at 30 June 2024, the Company's market capitalization was RMB51,154 million (calculated based on the issued share capital of the Company: 2,760,993,339 Shares, closing price: HK$20.3 per Share and at the exchange rate of 1: 0.91268 between HK$ and RMB).

As at 30 June 2024, the unutilized credit facilities of the Group from the banks amounted to RMB52,801 million (31 December 2023: RMB40,243 million). The Finance Segment mandatorily placed deposits of RMB2,333 million (31 December 2023: RMB2,223 million) to the PBOC for its financial operations. In addition, an aggregate amount of RMB2,200 million (31 December 2023: RMB2,711 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 acquired or invested in those meet the Group's strategic development requirements at appropriate times.

INVESTMENTS IN SUBSIDIARIES

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

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

EQUITY INVESTMENTS FORMING PART OF THE GROUP'S OPERATIONS

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

a) *Investment in associates*

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

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

As at 30 June 2024, the amount of investment in associates was RMB1,495 million, representing 1.1% of the total assets of the Group. During the Period, the Group disposed of all equity interests in Chongyou Gaoke Fuel System Co., Ltd. at the consideration of RMB505 million. For more details of the disposal, please refer to the announcement of the Company dated 30 January 2024. Performance of these investments are disclosed in the section headed "SHARE OF PROFITS OF ASSOCIATES".

b) *Other long term equity investments*

As at 30 June 2024, 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 presented as financial assets at fair value through other comprehensive income.

OTHER SECURITIES INVESTMENTS

For the purposes of increasing profitability of short term funds and managing the liquidity of the Group, the Group invested in short-term equity investments which consisted of listed securities in Hong Kong and China. As at 30 June 2024, the Group had short term equity investment at RMB2 million, representing less than 0.1% of its total assets. Such equity investments are presented as equity investments in financial assets at fair value through profit or loss. Their fair values keep changing from time to time depending on factors including but are not limited to their operation results, economic situation and stock markets sentiments.

CAPITAL COMMITMENT

As at 30 June 2024, the Group committed capital expenditure in respect of property, plant and equipment as well as intangible assets amounting to RMB1,866 million which would be funded by internal resources and borrowing facilities.

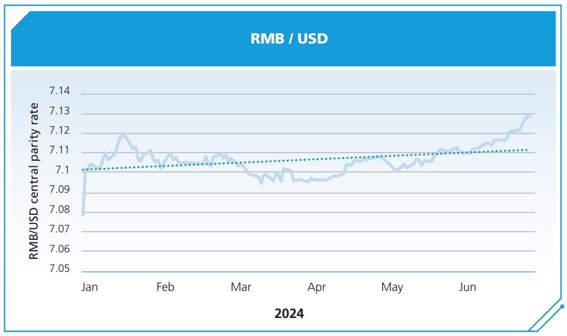
CHARGES ON GROUP ASSETS

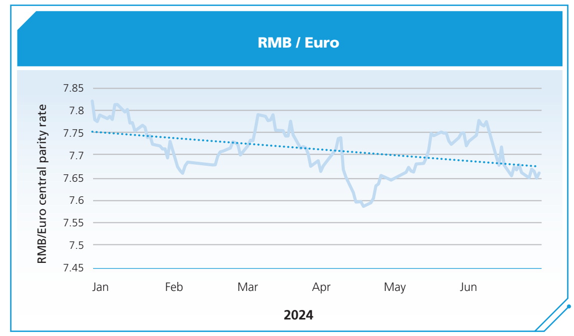
Save as disclosed in the section headed "LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE", as at 30 June 2024, there were motor vehicles with an aggregate carrying value of RMB334 million being pledged for borrowings at RMB313 million.

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 28 June 2024 was 7.1268, representing a depreciation of RMB by 0.62% when compared to the rate of 7.0827 as at 29 December 2023. RMB against USD central parity rates recorded a high of 7.1270 and a low of 7.0770 with volatility at 0.77% and showed a trend of depreciation during the Period.

The RMB/Euro central parity rate in the PRC as at 28 June 2024 was 7.6617, representing an appreciation of RMB by 2.51% when compared with the rate of 7.8592 as at 29 December 2023. RMB against Euro central parity rates recorded a high of 7.8218 and a low of 7.5873 with volatility at 5.35% and showed trend of appreciation during the Period.

As at 30 June 2024, most of the Group's monetary assets and liabilities were denominated in RMB while the major non-RMB denominated net monetary assets were in USD, Euro and HK$. During the Period, the Group recorded foreign exchange gains of RMB152 million in operating profit and gains of RMB6 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 30 June 2024 are:

	USD denominated net assets	**EURO denominated net assets**
5% appreciation/ depreciation in RMB	Loss/gain before tax of RMB373 million/ RMB330 million	Loss/gain before tax of RMB61 million/ RMB61 million

	HK$ denominated net liabiliities
5% appreciation/ depreciation in RMB	Gain/loss before tax of RMB58 million/ RMB58 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 30 June 2024, there was no material contingent liabilities.

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

DISCLAIMER ON NON-GAAP FINANCIAL MEASURES

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 to 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" effective during the Period (the "**CG Code**") to the Listing Rules as its own code of corporate governance.

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

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

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.

REVIEW OF INTERIM RESULTS

This unaudited interim financial information of the Group for the six months ended 30 June 2024 has been reviewed by the Audit Committee and by KPMG, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by Hong Kong Institute of Certified Public Accountants.

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

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

The trustee of the Company's restricted share award scheme adopted on 17 March 2024 held 27,320,000 Shares (representing approximately 0.99% of the total number of Shares in issue) as at 30 June 2024.

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 the Shareholders and potential investors, the Group 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 2024 AGM was successfully held on 28 June 2024 at the meeting centre of the Company, No. 688 Shunhua South Road, Licheng District, Ji'nan City, Shandong Province, PRC and Level 22, Nexxus Building, 41 Connaught Road Central, Hong Kong. Certain members of the Board and external auditors of Company attended the 2024 AGM in person or via video conferencing system and communicated with the Shareholders. Details of the voting and other particulars were disclosed in the Company's announcement dated 28 June 2024.

CONSTITUTIONAL DOCUMENTS

There has been no changes to the Articles during the Period. The current 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 current Articles of the Company is available on the websites of the Company and the Stock Exchange.

PUBLICATION OF THE 2024 INTERIM RESULTS AND THE INTERIM REPORT

The interim results announcement for the six months ended 30 June 2024 is published on the website of the Company (www.sinotruk.com) and the website of the Stock Exchange (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2024 will be despatched to the 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 organized 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
"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 six-month period ended 30 June 2024
"Previous Period"	the six-month period ended 30 June 2023
"Products Revenue"	the revenue of sales of goods and rendering of services by the HDTs Segment, the LDTs and Others Segment and the Engines Segment to external customers
"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
"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"	as compared to the Previous Period
"%"	per cent

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

Ji'nan, PRC, 22 August 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 Zhengtao, Mr. Liu Wei, Mr. Zhang Wei, Ms. Li Xia and Mr. Richard von Braunschweig; three non-executive directors of the Company including Mr. Cheng Guangxu, 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.