東風汽車集團股份有限公司
DONGFENG MOTOR GROUP COMPANY LIMITED*

Stock Code: 489

2024
ANNUAL REPORT

* For identification purposes only

Contents

Corporate Profile and Summary of Business

I. CORPORATE INFORMATION

COMPANY NAME

Dongfeng Motor Group Company Limited

REGISTERED ADDRESS

Special No. 1 Dongfeng Road
Wuhan Economic and Technology
Development Zone
Wuhan, Hubei
PRC

PRINCIPAL PLACE OF BUSINESS IN THE PRC

Special No. 1 Dongfeng Road
Wuhan Economic and Technology
Development Zone
Wuhan, Hubei
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1922, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

AUDITOR

Ernst & Young
Certified Public Accountants and
Registered Public Interest Entity Auditor

II. STOCK PROFILE OF THE COMPANY

LISTING DATE

7 December 2005

PLACE OF LISTING

The Stock Exchange of Hong Kong Limited (the "Stock Exchange")

STOCK CODE

00489

TOTAL SHARE CAPITAL

RMB8,252,588,000 (as of 31 December 2024)

III. OTHER RELATED INFORMATION

COMPANY WEBSITE

www.dfmg.com.cn

JOINT COMPANY SECRETARIES

Liao Xianzhi
Yuen Wing Yan, Winnie (FCG, HKFCG(PE))

HONG KONG H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong SAR

IV. BUSINESS SUMMARY

Dongfeng Motor Group Company Limited ("Dongfeng Motor Group") was listed on the Hong Kong Stock Exchange on 7 December 2005. The main business of Dongfeng Motor Group encompasses passenger vehicle and commercial vehicle businesses, including whole vehicles, key assemblies, service and other related business, covering various market segments including premium, high-end, mid-end, and entry grade vehicles. Its domestic business operations are primarily concentrated in more than 20 cities across China, such as Wuhan, Shiyan, Xiangyang, Guangzhou, Liuzhou, Zhengzhou, Chengdu, Chongqing, and Dalian.

As one of the industry leaders in China's automotive market, Dongfeng Motor Group has a complete coverage in passenger vehicle segments, exerting a significant market influence and enjoying high brand awareness. Dongfeng Motor Group's passenger vehicle business is currently operated by Dongfeng Passenger Vehicle Company, VOYAH Automobile Technology Co., Ltd., Mengshi Automobile Technology Company, Dongfeng Liuzhou Motor Co., Ltd., Dongfeng Motor Co., Ltd., Dongfeng Honda Automobile Co., Ltd. and Dongfeng Peugeot Citroën Automobile Co., Ltd. etc. Within the commercial vehicle segment, Dongfeng Motor Group's operations are primarily concentrated in companies such as Dongfeng Commercial Vehicle Co., Ltd., Dongfeng Automobile Co., Ltd., Dongfeng Liuzhou Motor Co., Ltd., Dongfeng Specialty Vehicle Co., Ltd., Zhengzhou Nissan, and others.

Dongfeng Motor Group's automotive finance business has enjoyed significant growth momentum, with the entire business process being digitalized to better support the vehicle business. Currently, the auto finance operations of Dongfeng Motor Group primarily take place within Dongfeng Finance Co., Ltd., Dongfeng Motor Finance Co., Ltd., Chuangge Financial Leasing Co., Ltd., and Dongfeng Nissan Auto Finance Co., Ltd.

In recent years, Dongfeng Motor Group has accelerated the development of its new-energy vehicle business of "Five-Modernizations", which is principally operated by Dongfeng Passenger Vehicle Company, VOYAH Automobile Technology Co., Ltd., Mengshi Automobile Technology Company, Dongfeng Motor Co., Ltd., Dongfeng Commercial Vehicle Co., Ltd., Dongfeng Passenger Vehicle Company and Zhixin Technology Co., Ltd. etc.

Chairman’s Statement

Dear Shareholders,

On behalf of the Board of the Company, I extend sincere gratitude to our shareholders, customers, partners, and all colleagues for their long-standing support! The year 2024 marks a pivotal phase of accelerated transformation for China’s automotive industry and a critical year for the Company to seize opportunities and deepen its strategic evolution.

Over the past year, the global automotive sector continued to face complex challenges. The dual drivers of growth – new energy vehicles (NEVs) and overseas markets – have become increasingly prominent, reshaping the competitive landscape. Against this backdrop, The Company has steadfastly adhered to its strategy of “technology-driven innovation and open collaboration”, leveraging innovation to synergize the development of its proprietary brands, NEV business, and global expansion, thereby achieving steady improvements in operational quality.

In 2024, China’s automotive sales grew by 4.5% in a market where demand diversified and competition intensified. NEVs and overseas opportunities emerged as core growth drivers, surging by 35.5% and 19.3% year-on-year (YoY), respectively. NEV penetration reached 40.9%, while sales of proprietary passenger vehicles rose 23.1% YoY. Non-premium joint venture (JV) brands and internal combustion engine (ICE) vehicle sales continued to decline.

The Company proactively adapted to industry shifts by accelerating business optimization, structural adjustments, and technological innovation, driving transformative upgrades and high-quality growth. Despite intensifying competition and margin pressures, the Company achieved remarkable operational improvements: rapid growth of proprietary brands, NEVs, and overseas operations; robust technological innovation; and a successful turnaround from losses to profitability in business performance.

During the reporting period, the Company sold approximately 1.8959 million vehicles, marking a year-on-year decrease of 9.2%. Notably, domestic passenger vehicle sales demonstrated strong growth in both volume and profitability, with approximately 438,900 units sold–representing a 26.4% year-on-year increase–while gross margin improved by 8.4 percentage points compared to the same period last year. Commercial vehicle (CV) sales reached approximately 351,800 units, reflecting a 2.4% increase year-on-year. NEV sales totaled approximately 394,600 units, up 13.4% year-on-year, with NEV sales accounting for a higher proportion of total Group sales (an increase of 4.1 percentage points compared to the prior-year period). Meanwhile, JV operations were actively engaged in transformation and development, strengthening shareholder strategic synergy and accelerating product upgrading. However, impacted by the continued decline in market share in the non-premium JV market, JV sales registered 1.1052 million units. Overseas exports surged to approximately 195,200 units, a 15.5% year-on-year increase, propelling overall sales to a new record level.

During the reporting period, the Company achieved revenue of RMB106.2 billion, representing a year-on-year increase of 6.9%. Gross profit reached RMB13.6 billion, up 38.2% year-on-year, while net profit attributable to listed company shareholders amounted to RMB58 million, marking a significant year-on-year increase of RMB3.9 billion, successfully turning losses into profitability. The Company maintained a robust balance sheet structure with a debt-to-asset ratio of 52.4%. Operating cash flow increased by RMB8.2 billion year-on-year, and cash reserves[1] at the end of the period approached RMB100 billion.

In 2024, the Company achieved positive progress in all areas of work, with significant achievements in its transformation:

Transformation has accelerated across the board. NEV development accelerated with the launch of 7 new and 2 refreshed proprietary passenger vehicle models, alongside 7 CV models. Voyah's monthly sales exceeded 10,000 units for four consecutive months, with its "Dreamer" model leading the NEV MPV market. The Nammi brand achieved monthly sales of over 10,000 units for two consecutive months, while the eπ007 and eπ008 gained immediate market traction upon launch. The Fengshen L7 set a new benchmark with a combined range exceeding 2,000 km. Intelligentization efforts advanced rapidly, with the "Xiaoyao" intelligent cockpit ranking among industry leaders and full-scenario intelligent off-road cockpits entering mass production. L2+ autonomous driving adoption reached 77% for proprietary passenger vehicles, while L4 autonomous solutions commenced pilot operations in multiple cities. Internationally, the Company made significant strides. Exports reached approximately 195,000 units, a 15.5% year-on-year increase, setting a new record for the Company.

Structural optimization deepened. The Company further advanced the R&D Transition Initiative", driving integrated development and centralized procurement of basic vehicle platforms, powertrains, and common technologies, consolidating PV platforms to five while enhancing shared modular components. The "PV Transition Initiative" was intensified, with the establishment of a Proprietary PV Operations Committee to create a unified operational mechanism. This strengthened cross-functional synergies in product planning, procurement, and marketing, optimizing resource allocation efficiency and operational quality. The "CV Transition Initiative" was implemented through the formation of a CV Business Division, fostering collaboration in R&D, procurement, marketing, and branding. The initiative standardized platform definitions, planned three modular platforms, and established an initial full-value-chain operational system. JV business transformation accelerated through enhanced strategic alignment with partners, expediting the shift to NEVs. Key milestones included the launch of the Dongfeng Nissan N7, the Dongfeng Honda e:NS2 "Hunting Light", and collaborative production of the Nammi S32 in Dongfeng Peugeot Citroen Automobile Co., Ltd. The "Parts and Components Transition Initiative" was rolled out, marked by the creation of a Parts and Components Business Division to build integrated operations and vehicle-component synergy mechanisms. Auto finance business were strategically expanded with the establishment of a Finance Business Development Committee, refining the financial ecosystem. Financial penetration rose to 28%, with NEV-related financial services exceeding 40%.

[1] including: i) cash and bank deposits, ii) pledged bank balances and time deposits, iii) financial assets at fair value through profit or loss, and iv) financial assets at fair value through other comprehensive income –current.

Technological Innovation Intensified. The Company continued to intensify R&D investments in proprietary technologies, accelerating the construction of cutting-edge facilities such as the Global Innovation Center, Global Design Center, Software Research Institute. The Group prioritized major technological initiatives, making advances in critical technologies and industrialization. In energy efficiency and new energy, the Mach Super Hybrid Engine achieved a thermal efficiency of 47.06%, setting a new industry benchmark. Pilot production commenced for solid-state batteries with an energy density of 350 Wh/kg, while a 20–350 kW hydrogen fuel cell product portfolio was strategically deployed. The Group maintained its leadership in hydrogen fuel cell commercial vehicle demonstrations. In intelligentization, the next-generation "Tianyuan Architecture" was developed, with four proprietary chips undergoing testing. The DF30, China's first self-developed high-performance automotive-grade MCU chip, was unveiled, marking a milestone in domestic semiconductor autonomy. The Company ranked first in patent innovation among Chinese automakers for three consecutive years and secured 17 awards from the China Society of Automotive Engineers, the highest in the industry. These achievements underscore the Group's unwavering commitment to pioneering technologies that redefine mobility.

Advancing Sustainability Through Corporate Social Responsibility (CSR). The Company has ingrained CSR into its corporate DNA. We actively align with national strategies by advancing green manufacturing systems, strengthening supply chain resilience, and supporting rural revitalization and public welfare initiatives. Through employee career development platforms and refined incentive mechanisms, we harness the collective expertise and dedication of all Dongfeng members, fueling sustained momentum for high-quality growth.

In 2024, the Company achieved a landmark moment in China's automotive industry–the production of its 60 millionth vehicle, the all-new Voyah Dreamer. This premium NEV MPV, equipped with Huawei's Qiankun intelligent driving system and a HarmonyOS-powered smart cockpit, set a domestic sales record with an average price of RMB390,000, redefining benchmarks in intelligent electrification. As the flagship of the Company's transformation into a "technology-driven enterprise," Voyah blends the Group's automotive heritage with cutting-edge innovation, achieving breakthroughs in safety, battery-motor-control systems, and smart technologies. It epitomizes China's leap from "manufacturing" to "smart manufacturing."

2025 outlook: The global automotive industry will accelerate its shift toward intelligent and low-carbon transformations in 2025. Guided by China's 14th Five-Year Plan, the Company will deepen its commitment to innovation-driven growth and open collaboration, fast-tracking its evolution into a technology-driven, globally competitive enterprise. With strategic foresight and operational resilience, we are poised to contribute decisively to China's vision of becoming an automotive powerhouse.

Lastly, we extend our heartfelt gratitude to all stakeholders for your unwavering trust and partnership. Together, let us pioneer a future defined by innovation and shared success!

Chairman
Yang Qing

Wuhan, the PRC, 26 March 2025

Director Report

I. BUSINESS OVERVIEW

The Company is principally engaged in the businesses of research and development, manufacturing and sales of passenger vehicles, commercial vehicles, engines and other auto parts, automobile equipment manufacturing, import and export of automobile products, logistics services, financial services, insurance agency and used car trading.

1. Whole Vehicle

(1) Passenger Vehicle (PV)

The PV business of the Company is mainly operated in the proprietary business units such as M TECH, VOYAH Automobile, Dongfeng Aeolus and Dongfeng Liuzhou Automobile, and the joint venture business units such as Dongfeng Nissan and Dongfeng Honda. The main products include:

- Dongfeng M-HERO 917;
- Dongfeng VOYAH FREE, DREAM, PASSION, COURAGE;
- Dongfeng Aeolus L7, Yixuan; Dongfeng eπ 007, eπ 008; Dongfeng NAMMI 01;
- Dongfeng Forthing S7, T5, V9;
- Dongfeng Venucia V-online DDI, VX6;
- Dongfeng Nissan Altima, Sylphy, X-Trail, Qashqai; Dongfeng Infiniti QX50, QX60;
- Dongfeng Honda CIVIC, CR-V, XR-V, UR-V, INSPIRE, ELYSION and eNS2;
- Dongfeng Peugeot 408, 408X; Dongfeng Citroën C5 AIRCROSS, C5X.

(2) Commercial Vehicle (CV)

The CV business of the Company is mainly operated by Dongfeng Commercial Vehicle Co., Ltd., Dongfeng Motor Automobile Co., Ltd., Dongfeng Liuzhou Motor Co., Ltd., Dongfeng Special Commercial Vehicle Co., Ltd. and Zhengzhou Nissan Automobile. The main products include:

- Heavy-and medium-duty trucks: Dongfeng Kinland, Dongfeng Kingrun, Dongfeng Vasol and Chenglong;
- Light-duty trucks: Dongfeng Duolika, Dongfeng Captain, Dongfeng Tuyi, Dongfeng Xiaobawang and Dongfeng Furika;
- Pickup trucks: Rich;
- Buses: Dongfeng Tianyi and Dongfeng Yufeng.

2. New Energy Vehicle (NEV)

The Company actively responds to industry changes and promotes the "NEV Transition Initiative". During the reporting period, the main NEV PV products included: M-HERO 917; VOYAH FREE, DREAM, PASSION, COURAGE; Dongfeng Aeolus L7, SKY EV01, E70; Dongfeng eπ 007, eπ 008; Dongfeng NAMMI 01; Dongfeng Forthing S7, V9; Dongfeng Venucia V-online DDI, VX6; Dongfeng Honda CR-V e:PHEV, e:NS2 Hunting Light, INSPIRE e:PHEV. The main NEV CV included: Dongfeng KL, Dongfeng Kingrun KR, Dongfeng e-Star EV200, Dongfeng Captain EV180, Dongfeng Yufeng EM27, Chenglong H5, Chenglong L2EV.

3. Capacity

As at 31 December 2024, the Company's total automotive production capacity was approximately 3.76 million vehicles, including a PV production capacity of approximately 3.14 million units and a CV production capacity of approximately 0.62 million units.

4. Sales and Service Channels

As at 31 December 2024, the Company, together with its joint ventures and associated enterprises, had 6,440 sales outlets covering 32 provinces (autonomous regions and municipalities) across the country.

5. Financing Services

As at 31 December 2024, the financing service business of the Company was operated by the following companies: Dongfeng Auto Finance Co., Ltd., Dongfeng Motor Finance Co., Ltd., Chuangge Financial Leasing CO.,LTD., Dongfeng Nissan Auto Finance Co., Ltd..

6. Capital Expenditure

The Company's actual capital expenditure (on an equity method basis) for 2024 amounted to RMB17.77 billion representing an increase of RMB4.98 billion compared to the same period last year, up by 38.94%. The expenditures were primarily allocated to: 1) 2.2 billion for NEV platforms and technology R&D at the headquarters and R&D centers; 2) RMB6.4 billion for NEV initiatives in proprietary PV models from VOYAH, M-HERO, eπ, NAMMI, etc.; and 3) RMB3.0 billion for CV product development and production line upgrades.

7. Business Outlook

2025 marks the final year of the "14th Five-Year Plan". The overall automotive industry sales are expected to grow by 3.6%, with PV sales increasing by 3.4% and CV sales by 5%. NEV sales are projected to grow by 23%, while exports are expected to rise by 11%. The industry will exhibit the following characteristics: 1. Enhanced and expanded implementation of "Two New" (large equipment updating and consumer goods trade-in) policies will promote an increase in the proportion of new purchases and trade-ins exceeding 50%, accelerating vehicle replacement rates. 2. NEV penetration is expected to exceed 50%. Multiple technological routes will coexist, with hybrid models' sales share further increasing. Advanced intelligent technologies and autonomous driving will see broader applications. 3. Continued growth of domestic brands. Sales of domestically-branded PVs are expected to account for up to 70% of the market. 4. Exports will shift from trade-oriented to operation-oriented. However, due to geopolitical tensions and trade protectionism, the growth rate of overseas exports may slow down, potentially intensifying domestic competition. 5. Deep adjustment of competitive landscape. Corporate performance differentiation will become more pronounced. Industry consolidation will lead to a winner-takes-all effect and stronger polarization dynamics.

Looking ahead to 2025, the Company will advance the implementation of its strategic objectives under the framework of "Three Transitions and One Renewed Orientation": NEV Transition, Intelligentization Transition, Internationalization Transition, while better balancing corporate development with employee growth, propelling a renewed Dongfeng into the future. In the new year, the Company will deepen optimization of NEV operations to ensure a successful transformation, advance intelligent initiatives, accelerating related commercialization and industrialization, accelerate international expansion, actively leveraging resources to expand global market presence, and strengthen supply chain competitiveness through accelerated transformation of the parts and components business.

II. SIGNIFICANT EVENTS

Proposed final dividends

The Board did not propose to distribute a final dividend for the year ended 31 December 2024.

Material legal proceedings

For the year ended 31 December 2024, Dongfeng Motor Group was not involved in any material litigation or arbitration and no material litigation or claim was pending or threatened or made against Dongfeng Motor Group as far as Dongfeng Motor Group was aware.

Dividend distribution by the Company's jointly controlled entities (JCEs)

In 2024, the Company's JCEs, in total, declared and distributed aggregate dividends of approximately RMB1,443 million to the Company. Although the exact amounts of dividend distributions are not set each year, pursuant to each of the joint venture agreements, distributions are required to be paid out of the profit made by the relevant JCEs (after payments of income tax) in accordance with the relevant PRC law as determined at the meetings of the Board of Directors of each JCE as being appropriate dividend distributions on the circumstances of each JCE. When determining dividend distributions, the Board of Directors of each JCE will offset losses of previous years and deduct from the profit made by the relevant JCE the portion of profit to be allocated for applicable legal reserves as required under the PRC laws and regulations and company reserve (including but not limited to amounts allocated to cover the relevant JCE's working capital or to increase capital or expand production), employee bonus and welfare and company development. Pursuant to each of the joint venture agreements, distributions of profit will be made in proportion to the capital contributions paid by the relevant joint venture party and the Company respectively in accordance with the PRC laws.

None of the JCEs has any specific dividend policies other than those disclosed above. However, if both the Company and the joint venture partners agree, the JCEs can declare dividends when there are distributable profits. Since dividend distribution is the primary channel for return of investment to the Company and the relevant joint venture partner in respect of each JCE, in the past, the JCEs have fully paid out all profits for each year after offsetting losses of previous years, after deducting applicable legal reserves as required under the PRC laws and regulations and after allocations were made by each relevant JCE for company reserve (including but not limited to amounts allocated to cover working capital or to increase capital or expand production). In the future, it is the intention of the Company and the relevant joint venture partner to continue to declare dividends when there are distributable profits for the relevant JCE, subject to agreement between the Company and the relevant joint venture partner on the appropriate dividend distributions based on the circumstances of each JCE and pursuant to the provisions of the relevant joint venture agreement and the applicable PRC laws and regulations.

Financial summary

A summary of the Group's operating results, for the last five years ended 31 December 2024 and the assets and the liabilities of are set out on page 235 in this annual report.

Bank loans and other borrowings

Details of the bank loans and other borrowings of the Group are set out in note 32 to the audited financial statements.

Property, plant and equipment

Changes in property, plant and equipment of the Group for the year ended 31 December 2024 are set out in note 14 to the audited financial statements.

Designated deposits and overdue term deposits

As at 31 December 2024, the Group had no designated deposits and overdue term deposits in any financial or other authorities.

Reserves

Details of movements in reserves of the Company and the Group for the year ended 31 December 2024 are set out in note 47 to the audited financial statements and the consolidated statement of changes in equity on pages 104 to 105, respectively. Pursuant to Article 155 of the Articles of Association of the Company, if there are material discrepancies between the financial statements prepared in accordance with the accounting standards and regulations in the PRC and the financial statements prepared in accordance with International Financial Reporting Standards or the accounting standards in other place(s) where the Company is listed, the after-tax profit to be allocated for the relevant accounting period shall be the lower of the after-tax profits in these financial statements. The Board of Directors recommends appropriating 10% of the total profit as legal reserves in accordance with the law and the Articles of Association, and no discretionary reserves will be appropriated, subject to consideration and approval at the annual general meeting to be held on 21 June 2024.

Donations

The Group has made total donations of approximately RMB9 million for the year ended 31 December 2024.

Major customers and suppliers

During the year ended 31 December 2024, the revenue attributable to the five largest customers accounted for no more than 30% of the Group's revenue for the year.

Subsidiaries, JCEs and other companies in which the company has direct equity interests

As at 31 December 2024, details of the subsidiaries and JCEs as well as other companies in which the Company has direct equity interests are set out in notes 39, 19 and 20 to the audited financial statements for the year respectively.

Share capital

As at 31 December 2024, the aggregate share capital of the Company was RMB8,252,588,000, divided into 8,252,588,000 ordinary shares with a nominal value of RMB1 each, of which 5,760,388,000 were Domestic Shares representing approximately 69.80% of the aggregate number of shares in issue, and 2,492,200,000 were H Shares representing approximately 30.20% of the aggregate number of shares in issue.

Pre-emptive rights

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the PRC.

Purchase, sale or redemption of securities

Reference is made to the circular dated 30 May 2024 relating to the annual general meeting, domestic share class meeting and H share class meeting of the Company, the Directors believe that the reason to repurchase of the Company's H Shares is based on the full confidence in the future development of the Company, helps maintain the Company's investment value and the Company's reputation in the capital market, and is also in line with the Company's future development strategy. The Directors are of the view that the flexibility afforded by the H Share Repurchase Mandate would be beneficial to and in the best interest of the Company and its Shareholders. The relevant H Share Repurchase Mandate had been passed at annual general meeting, domestic share class meeting and H share class meeting held on 21 June 2024.

For the year ended 31 December 2024, the Company repurchased a total of 27,490,000 H shares on the Stock Exchange of Hong Kong Limited. As at 31 December 2024, the total number of H shares in issue of the Company was 2,492,200,000.

Details of the share repurchase are as follows:

		Purchase price per share (HKD)		
Month	**Number of the shares repurchased**	**Highest**	**Lowest**	**Total Consideration (before expenses) (HKD)**
April 2024	27,490,000	2.92	2.72	77,881,733

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2024.

Interests of Substantial Shareholders

As at 31 December 2024, the names and relevant number of shares of the persons who hold 5% or more (Classification of shareholding structure according to domestic shares and H shares) of the class shares in the issued capital of the Company (other than directors and supervisors), as recorded in the register to be kept by the Company pursuant to Section 336 of the Securities and Futures Ordinance are set out below:

* *Note:* (L) – Long position, (S) – Short Position, (P) – Lending Pool

Name	Class of Shares	Number of shares held	Percentage in the class of issued share capital %	Percentage in the total share capital %
Dongfeng Motor Corporation	Domestic Share	5,760,388,000(L)	100.00(L)	69.80
	H Share	332,670,000(L)	13.35(L)	4.03
Reynolds Margaret (Meg)	H Share	231,602,000(L)	9.29(L)	2.81
Ward Bryan	H Share	231,602,000(L)	9.29(L)	2.81
Westwood Global Investments, LLC	H Share	231,602,000(L)	9.29(L)	2.81

Director Report (Continued)

Directors, Supervisors and Senior Management of the Company

During the year, the directors, supervisors and senior management of the Company include:

Directors

Yang Qing	Executive Director and Chairman of the Board of Directors
Zhou Zhiping	Executive Director and President (Ceased to serve on 26 March 2025)
You Zheng	Executive Director and Vice President
Liu Yanhong	Non-Executive Director
Zong Qingsheng	Independent Non-Executive Director
Leung Wai Lap, Philip	Independent Non-Executive Director
Hu Yiguang	Independent Non-Executive Director

Senior Management

Feng Changjun	Vice President
Li Jun	Secretary to the Board
Liao Xianzhi	Joint Company Secretary

Brief biographies of each of the directors and senior management are set out on pages 53 to 56 and 58 to 60 of this annual report.

Supervisors

He Wei	Chairman of the Supervisory Committee
Bao Hongxiang	Independent Supervisor
Jin Jun	Employee Supervisor (Resigned on 26 August 2024)
Zhou Wei	Employee Supervisor (Appointed on 26 August 2024)

Brief biographies of each of the supervisors are set out on pages 56 to 57 of this annual report.

Directors' and Supervisors' Interests in the Share Capital of the Company

As of 31 December 2024, the directors, supervisors, and key executive officers of the Company, as well as their associates, held the following interests in the share capital or debt securities of the Company or any associated corporations (as defined in the Securities and Futures Ordinance): (a) interests that are required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests deemed or treated as owned under the relevant provisions of the Securities and Futures Ordinance and short positions); or (b) interests that are required to be registered in the register referred to in section 352 of the Securities and Futures Ordinance; or (c) interests that are required to be notified to the Company and the Stock Exchange under the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing of Securities on the Stock Exchange as follows:

Long positions in shares and underlying shares of associated corporations of the Company:

Name	Position	Class of share	Capacity in which shares were/are held	Number of shares bought/sold or involved	Percentage of issued shares in class	Percentage in the total share capital
					%	%
He Wei	Supervisor	H Share of the Company	Beneficial interest	100,000 (Long Position)	0.00	0.00
Zhou Wei	Employee Supervisor	H Share of the Company	Beneficial interest	90,000 (Long Position)	0.00	0.00

Confirmations of independence from independent non-executive directors

The Company has received the annual written confirmations of independence from all independent non-executive directors in 2024, namely Mr. Zong Qingsheng, Mr. Leung Wai Lap, Philip, and Mr. Hu Yiguang. They are independent in the view of the Company.

Directors' and supervisors' service contracts

None of directors nor supervisors proposed to be re-elected at the forthcoming annual general meeting have entered into a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' and supervisors' interests in contracts

Except for service contract, none of the directors or supervisors of the Company has direct or indirect material interests in any important contract entered into by the Company or any of its subsidiaries and JCEs during the year ended 31 December 2024.

Remunerations of directors and supervisors

Details of the remunerations of the directors and supervisors of the Company are set out in note 8 to the audited financial statements.

Five highest-paid individuals

Information on the five highest-paid individuals of the Company is set out in note 9 to the audited financial statements.

Employees

As at 31 December 2024, Dongfeng Motor Group had a total of 109,330 full-time employees. The number of employees in various divisions and their percentage of the total number of employees are as follows:

Division	No. of Employees	Percentage of Total (%)
Manufacturing workers	59,641	54.55%
Engineering and technology	19,901	18.20%
Management	29,380	26.88%
Services	408	0.37%
Total	109,330	100.00%

The remuneration package of Dongfeng Motor Group's employees includes salary, bonuses and allowances. In accordance with the relevant national and local laws and regulations on labour and social welfare, each member of Dongfeng Motor Group is required to pay in respect of each of its relevant employees a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance, occupational injury insurance and maternity insurance.

Retirement benefits

Details of the retirement benefits provided by the Group are set out in note 2.4 Employee benefits to the audited financial statements for the year.

Management contracts

No contracts concerning the management or administration of the whole or any substantial part of the business of the Company were entered into with any person, firm or legal person during the year ended 31 December 2024.

Directors' and supervisors' interests in competing businesses

None of the directors of the Company or their associates own any interests in businesses which compete or are likely to compete with the businesses of the Group nor have other interest conflicts with the Group.

Compliance with non-competition agreement

The Company has received from Dongfeng Motor Corporation a written confirmation confirming that during the year ended 31 December 2024, it had complied with Non-competition Agreement signed with the Company.

Public float

As at the date of this report, on the basis of publicly available information and to the best knowledge of the Company and its directors, more than 25% of the Company's total issued share capital is held by the public (as defined in the Listing Rules of the Stock Exchange of Hong Kong).

IV. CONNECTED TRANSACTIONS

As of 2024, the continuing connected transactions between Dongfeng Motor Group and Dongfeng Motor Corporation and its associates (as defined under the Listing Rules) were as follows (together with the highest annual caps exempted subject to the Listing Rules):

(Unless otherwise specified, the following connected transaction amounts of Dongfeng Motor Group (including joint ventures) are prepared on a full consolidated basis (before adjustment on a proportionate consolidated basis))

1. Trademarks Licensing

Date:	29 October 2005
Parties:	(1) Dongfeng Motor Group (2) Dongfeng Motor Corporation
Objective:	Dongfeng Motor Corporation granted to Dongfeng Motor Group a non-exclusive right to use certain trademarks owned by and registered in the name of Dongfeng Motor Corporation in order to ensure the commercial activities of the Company, including sales of products, are in compliance with the applicable laws and regulations
Term:	Ten years from 7 December 2005 to 6 December 2015 (the agreement has been automatically renewed for another ten years upon its expiration of the ten-year term)
Pricing:	Nil

2. Social Insurance Funds

For the year ended 31 December 2024, Dongfeng Motor Group made payments to the following funds or schemes through the accounts of Dongfeng Motor Corporation according to the applicable laws and regulations in the PRC: (1) basic pension fund; (2) supplementary pension fund; (3) medical insurance; (4) unemployment insurance; and (5) housing provident fund (collectively called “Social Insurance Funds”).

3. Master Auto Parts Sales Agreement

On 4 January 2023, Dongfeng Motor Group and Dongfeng Motor Corporation entered into a master agreement (the "Master Auto Parts Sales Agreement") in relation to sales of auto parts and other products, the principal terms of which are set out below.

Date:	4 January 2023
Parties:	(1) Dongfeng Motor Group (2) Dongfeng Motor Corporation
Objective:	Pursuant to the Renewed Master Auto Parts Sales Agreement, the Company agreed to sell and procure its subsidiaries to sell auto parts, raw materials and other products (including, amongst others, fuel tank, exhaust pipes, mounting and other auto parts of commercial vehicles) to the DFM Group for producing products as required. During the term of the Renewed Master Auto Parts Sales Agreement, the parties and/or their respective subsidiaries may from time to time enter into definitive sale agreements setting out further particulars on the sale. The exact number of the auto parts and other products to be sold is based on the parties' production plans and/or the specific sale agreements.
Term:	Three years from 4 January 2023 to 31 December 2025 (both days inclusive)
Pricing:	The prices of the auto parts and other products charged by the Company will be determined in accordance with prevailing market prices that are comparable to the price offered to the Company by its other independent customers and are to be agreed between the parties.

The proposed annual caps for sales of auto parts to Dongfeng Motor Corporation and its subsidiaries for the year 2024 was approximately RMB1,500 million. In 2024, the annual amount for Dongfeng Motor Corporation and its subsidiaries' purchase of auto parts was approximately RMB190 million.

4. Master Auto Parts Procurement Agreement

On 4 January 2023, Dongfeng Motor Group and Dongfeng Motor Corporation entered into a master agreement (the "Master Auto Parts Procurement Agreement") regarding the procurement of auto parts and other products for the Group, the principal terms of which are set out below.

Date:	4 January 2023
Parties:	(1) Dongfeng Motor Group (2) Dongfeng Motor Corporation
Objective:	Pursuant to the Renewed Master Auto Parts Procurement Agreement, DFM agreed to provide and procure its subsidiaries to provide auto parts and other products (including, amongst others, event data recorders, electronic products and other customised auto parts) to the Group as required by the Group from time to time. During the term of the Renewed Master Auto Parts Procurement Agreement, the parties and/or their respective subsidiaries may from time to time enter into definitive procurement agreements setting out further particulars on the procurement. The exact number of the auto parts and other products to be purchased is based on the parties' production plans and/or the specific procurement agreements.
Term:	Three years from 4 January 2023 to 31 December 2025 (both days inclusive)
Pricing:	The purchase prices to be payable by Dongfeng Motor Group under the Master Auto Parts Procurement Agreement are determined with reference to the market price of comparable products which are available on an arm's length basis and on terms no less favourable than those provided by at least two independent suppliers for comparable products

The proposed annual caps for procurement of auto parts from Dongfeng Motor Corporation and its subsidiaries for the year 2024 was approximately RMB600 million. In 2024, the annual amount of procurement of auto parts from Dongfeng Motor Corporation and its subsidiaries was approximately RMB134 million.

5. Master Logistics Services Agreement

On 4 January 2023, Dongfeng Motor Group and Dongfeng Motor Corporation entered into a master agreement in relation to provision of logistics services (the “Master Logistics Services Agreement”), the principal terms of which are set out below.

Date:	4 January 2023
Parties:	(1) Dongfeng Motor Group (2) Dongfeng Motor Corporation
Objective:	Pursuant to the Master Logistics Services Agreement, Dongfeng Motor Corporation agreed to provide and procure its subsidiaries to provide logistics services to the Group. During the term of the Master Logistics Services Agreement, Dongfeng Motor Group may from time to time enter into individual agreement(s) or sales orders with Dongfeng Motor Corporation and its subsidiaries in relation to provision of logistics services to the Group
Term:	Three years from 4 January 2023 to 31 December 2025 (both days inclusive)
Pricing:	The price under the Master Logistics Services Agreement will be agreed within the range of the government-guided price (if any) prescribed or approved by state or local price control department and where there is no government-guided price, at market price

The proposed annual caps for the logistics services provided by Dongfeng Motor Corporation and its subsidiaries to Dongfeng Motor Group for the year 2024 is approximately RMB8,500 million. In 2024, the annual amount for Logistics Service provided by Dongfeng Motor Corporation and its subsidiaries to Dongfeng Motor Group was approximately RMB4,510 million.

6. Master Automobile Inspection Services Agreement

On 4 January 2023, Dongfeng Motor Group and Dongfeng Motor Corporation entered into the master technology consultancy and automobile inspection services agreement (the "Master Automobile Inspection Services Agreement"), the principal terms of which are set out below.

Date:	4 January 2023
Parties:	(1) Dongfeng Motor Group (2) Dongfeng Motor Corporation
Objective:	Pursuant to the Master Automobile Inspection Services Agreement, Dongfeng Motor Group agrees to engage Dongfeng Motor Corporation and its subsidiaries for provision of technology consultancy and vehicle inspection services. During the term of the Master Automobile Inspection Services Agreement, Dongfeng Motor Group may from time to time enter into definitive written agreement(s) with Dongfeng Motor Corporation and its subsidiaries in relation to the provision of technology consultancy and vehicle inspection services to the Group, subject to the terms and conditions of and in compliance with the Master Automobile Inspection Services Agreement
Term:	Three years from 4 January 2023 to 31 December 2025 (both days inclusive)
Pricing:	The price will be determined with reference to the market prices for comparable services which are available on an arm's length basis and on terms no less favourable than those provided by at least two independent service providers for services of the same type and comparable quality. In determining the market prices, the marketing department of the Company will collect the relevant market information, review and compare the quotations obtained from at least two independent service providers for identical or comparable services, and prepare fee quotes for review by the business department of the Company. The business department will take into consideration the average transaction price of the target services in the preceding year and the competition status when reviewing the fee quotes. The business department of the Company will further submit the fee quotes to the management of the Company for review and approval.

The annual caps of payment by Dongfeng Motor Group to Dongfeng Motor Corporation and its subsidiaries for the provision of vehicle inspection services by Dongfeng Motor Corporation and its subsidiaries are approximately RMB1,000 million for the year 2024. In 2024, the annual amount for vehicle inspection services provided by Dongfeng Motor Corporation and its subsidiaries to Dongfeng Motor Group was approximately RMB661 million.

7. Financial Services Master Agreement

On 4 January 2023, Dongfeng Motor Group and Dongfeng Motor Corporation entered into a financial services master agreement (the "Financial Services Master Agreement"), the principal terms of which are set out below.

Date:	4 January 2023
Parties:	(1) Dongfeng Motor Group (2) Dongfeng Motor Corporation
Objective:	Pursuant to the Financial Services Master Agreement, Dongfeng Motor Group agreed to provide and procure its subsidiaries to provide financial services to Dongfeng Motor Corporation and its subsidiaries. The parties may from time to time enter into individual financial services agreement in compliance with the principles set out in the Financial Services Master Agreement. Services to be provided by Dongfeng Motor Group to Dongfeng Motor Corporation and its subsidiaries include (i) treasury services, including budget management, settlement, fund allocation and depository; (ii) financing services, including lending, discount, acceptance and factoring; and (iii) financial services in relation to the automobile products of Dongfeng Motor Corporation, including consumer facilities, buyer facilities and leasing
Term:	Three years from 4 January 2023 to 31 December 2025 (both days inclusive)
Pricing:	Financial services to be provided under the Financial Services Master Agreement will be charged at (i) the government-prescribed prices approved by the state or local government; (ii) where there is no government prescribed price but where there is a government guidance price, the government-guidance prices; and (iii) where there is neither a government prescribed price nor a government-guidance price, the market prices; and/or (iv) at rates determined on an arm's length and reasonable basis and comply with the applicable policies and requirements stipulated by the relevant financial regulatory authorities from time to time and other applicable laws, rules and regulations of the PRC

The proposed annual cap for the outstanding loans (excluding entrust loans) to be provided by Dongfeng Motor Corporation and its subsidiaries to the Company of the year 2024 was RMB1,500 million. As of 31 December 2024, the outstanding loans (excluding entrust loans) to be provided by Dongfeng Motor Corporation and its subsidiaries to Dongfeng Motor Group were approximately RMB160 million.

8. Renewed DF Nissan Auto Finance Master Financial Services Agreement

On 4 January 2023, Dongfeng Motor Group entered into a renewed master financial services agreement (the "Renewed DF Nissan Auto Finance Master Financial Services Agreement") with DF Nissan Auto Finance for the provision of financial services to DF Nissan Auto Finance, the principal terms of which are set out below.

Date:	4 January 2023
Parties:	(1) Dongfeng Motor Group (2) Dongfeng Nissan Auto Finance Co., Ltd.
Objective:	Pursuant to the Renewed DF Nissan Auto Finance Master Financial Services Agreement, the Company agreed to purchase and DF Nissan Auto Finance agreed to provide financial services to the Company and its subsidiaries. The parties may from time to time enter into individual financial services agreement setting out the particulars of the services in compliance with the principles set out in the Renewed DF Nissan Auto Finance Master Financial Services Agreement. Services to be provided by DF Nissan Auto Finance and its subsidiaries to the Group include (i) accepting deposit placed by the Group; (ii) financial services in relation to the automobile products including consumer facilities and financial leasing.
Term:	Three years from 4 January 2023 to 31 December 2025 (both days inclusive)
Pricing:	Financial services to be provided under the Renewed DF Nissan Auto Finance Master Financial Services Agreement will be charged at (i) the government-prescribed prices approved by the state or local government; (ii) where there is no government-prescribed price but where there is a government-guidance price, the government-guidance prices; and (iii) where there is neither a government prescribed price nor a government-guidance price, the market prices; and/or (iv) rates determined with reference to rates set by the commercial banks on an arm's length and reasonable basis and in compliance with the applicable policies and requirements stipulated by the relevant financial regulatory authorities from time to time and other applicable laws, rules and regulations of the PRC.

The maximum balance of Deposits maintained by Dongfeng Motor Group with Dongfeng Nissan Auto Finance Co., Ltd. shall not exceed RMB3,000 million on any given day for the year 2024. As of 31 December 2024, the outstanding amount of the deposits placed by Dongfeng Motor Group with Dongfeng Nissan Auto Finance Co., Ltd. was RMB446 million.

9. Master Lease Agreement

(1) On 4 January 2023, Dongfeng Motor Group and Dongfeng Motor Corporation entered into a master lease agreement (the "Renewed Master Lease Agreement"), the principal terms of which are set out below.

Date:	4 January 2023
Parties:	(1) Dongfeng Motor Group (excluding Dongfeng Motor Co., Ltd.) (2) Dongfeng Motor Corporation
Subject matter:	Pursuant to the Renewed Master Lease Agreement, DFM agreed to lease and procure its subsidiaries to lease the land use rights of a piece of land located in Hubei Province, the ownership of the buildings thereon and related machinery, transportation and office equipment (the "Assets") to the Company and its subsidiaries and the Company agreed to lease the Assets from DFM and its subsidiaries to meet the Group's production and operational needs.
Lease term:	Three years from 4 January 2023 to 31 December 2025 (both days inclusive); and before the lease term expires, the parties may negotiate to extend or renew the lease.
Rental:	The rental amount is determined with reference to the market rental of the Assets as appraised by an independent valuer jointly engaged by the parties to the Renewed Master Lease Agreement based on the market rental of comparable assets which are available on an arm's length basis and on terms no less favourable than those provided by at least two independent providers for assets of comparable quality, and the transaction prices between the Group and independent third parties for leases of similar assets in similar locations (if any). During the term of the Renewed Master Lease Agreement, rental payments shall be made semi-annually and within 10 days after half of or the whole calendar year (i.e. 30 June or 31 December). If the Company or its subsidiaries fail to meet their payment obligations under the Master Lease Agreement, it will pay to DFM or its subsidiaries a fine on a daily basis at the rate of 5% until the outstanding payment has been made.
Sublet:	Without written consent from Dongfeng Motor Corporation or its subsidiaries, Dongfeng Motor Group shall not sublet the land or assign any rights or obligations under the Master Land Lease. And the land shall be used according to the purpose as set out in the Master Land Lease

The annual cap of the net value of right-of-use assets arose from leasing by Dongfeng Motor Group from Dongfeng Motor Corporation was approximately RMB1,500 million in 2024. As of 31 December 2024, the net value of right-of-use assets arose from leasing by Dongfeng Motor Group (excluding Dongfeng Motor Co., Ltd.) to Dongfeng Motor Corporation was approximately RMB1,054 million.

(2) Lease land between Dongfeng Motor Co., Ltd. and Dongfeng Motor Corporation

Date:	From 2003 to 2053
Parties:	(1) Dongfeng Motor Co., Ltd. (2) Dongfeng Motor Corporation
Lease Term:	50 years
Pricing:	Dongfeng Motor Co., Ltd. leases land parcels from Dongfeng Motor Corporation for ordinary production and operation
Pricing:	At fair market rate

The Company and the Stock Exchange have agreed that the abovementioned transactions will comply with the annual reporting requirements under Rule 14A.71 of the Listing Rules, and the Company will only disclose annual total amounts of transactions pursuant to waivers stated in the following paragraphs (i) and (iv). It was due to the fact that disclosure of consideration for each transaction of each joint venture may constitute a disclosure of commercial sensitive information of the joint ventures and is not in the interests of the Company nor the joint ventures.

In addition, with respect to transactions mentioned in the following paragraphs (ii) and (iii), disclosing total consideration and additional terms in compliance with Rule 14A.71(4) of the Listing Rules will constitute a disclosure of commercial sensitive information of the joint ventures and is not in the interests of the Company nor the joint ventures. In this regard, the Company has applied to the Stock Exchange for, and has been granted with, a waiver from strict compliance with the requirements under Rule 14A.71(4) of the Listing Rules during each of the transaction periods.

Annual caps of the abovementioned transactions determined in accordance with the requirements stipulated in Rule 14A.53(2) of the Listing Rules will not be in the interests of the Company and relevant joint ventures. In this regard, the Company has applied to the Stock Exchange for, and has been granted with, a waiver from strict compliance with the requirements under Rule 14A.53(2) of the Listing Rules during each of the transaction periods.

As of 31 December 2024, the total net value of right-of-use assets arising from leasing by Dongfeng Motor Co., Ltd. to Dongfeng Motor Corporation was approximately RMB426 million.

10. Mutual Supply between Dongfeng Motor Group and Dongfeng Hongtai Wuhan Holdings Group Limited

Date:	28 November 2006
Parties:	Dongfeng Motor Group Dongfeng Hongtai Holdings Group Limited
Term:	Agreement has been effective from 28 November 2006 and is a continuing contract terminable by agreement between the parties on the occurrence of certain events such as the bankruptcy or reorganisation of a party
Objective:	Dongfeng Motor Group sells whole vehicles and purchases auto parts such as seats for assembly through the whole vehicles selling network of Dongfeng Hongtai. Dongfeng Hongtai purchases related auto parts for assembly from Dongfeng Motor Group
Pricing:	The consideration shall be determined on the following basis: (a) at market price (b) on normal commercial terms

On 22 December 2008, Dongfeng Motor Group was informed by Dongfeng Motor Corporation that Dongfeng Motor Corporation acquired 91.25% interest in Dongfeng Hongtai. As of 31 December 2024, Dongfeng Motor Corporation still owned 100% interests in Dongfeng Hongtai. Dongfeng Motor Corporation, being a substantial shareholder of Dongfeng Motor Group. Dongfeng Hongtai, having become a non-wholly-owned subsidiary of Dongfeng Motor Corporation, has also become a connected person and the associate of a connected person of the Company within the meaning of the Listing Rules. As a result, the ongoing transactions contemplated under the Mutual Supply Agreement between Dongfeng Motor Group and Dongfeng Hongtai have become continuing connected transactions of the Company.

In 2024, the total amounts for mutual purchases of vehicle and auto parts between Dongfeng Motor Group and Dongfeng Hongtai were RMB1,978 million and RMB231 million, respectively.

11. Whole Vehicle Sales Agreement

Date:	4 January 2023
Parties:	Dongfeng Motor Group Dongfeng Nissan Financial Leasing Co., Ltd.
Term:	Three years from 4 January 2023 to 31 December 2025 (both days inclusive)
Objective:	Dongfeng Motor Group and its subsidiaries sell whole vehicles to Dongfeng Nissan Financial Leasing Co., Ltd. in accordance with the conditions and methods agreed in this agreement.
Pricing:	The prices of the whole vehicles are determined based on the market price, or/and on an arm's length and reasonable basis. DF Nissan Financial Leasing shall pay the price to the Company and its subsidiaries in the way agreed by both parties at the appointed time.

As of 31 December 2024, Nissan (China) Investment Co., Ltd. holds 50% equity of Dongfeng Motor Co., Ltd., which is a jointly controlled entity of Dongfeng Motor Group and is also regarded as a subsidiary of the Company. Dongfeng Nissan Financial Leasing Co., Ltd. is a subsidiary of Nissan (China) Investment Co., Ltd., and is the associate of the major shareholders of the subsidiary of Dongfeng Motor Group, and therefore constitutes a connected person at the subsidiary level of the Company in accordance with the Listing Rules. Therefore, the transactions involved in the Supply and Entrusted Loans Agreement between Dongfeng Motor Group and Dongfeng Nissan Financial Leasing is the continuing related party transactions of the Company.

In 2024, the annual caps for the sale of whole vehicles by Dongfeng Motor Group and its subsidiaries to Dongfeng Nissan Financial Leasing Co., Ltd. amounted to RMB1.5 billion. In 2024, Dongfeng Nissan Financial Leasing Co., Ltd. purchased whole vehicles from Dongfeng Motor Group and its subsidiaries with the amount of RMB0 billion.

12. The purchase of whole vehicles and chassis

On 4 January 2023, Dongfeng Motor Group and Dongfeng Motor Group Co., Ltd. entered into a master agreement in relation to the purchase of the Group's complete vehicles and chassis (the "Complete Vehicle and Chassis Purchase Master Agreement"), the principal terms of which are set out below.

Date:	4 January 2023
Parties:	(1) Dongfeng Motor Group (2) Dongfeng Motor Corporation
Objective:	Dongfeng Motor Group shall provide the Company and its subsidiaries with whole vehicles and chassis in accordance with the demand of the Group. The quantities of whole vehicles and chassis shall be determined based on the production plans of both parties and/or specific purchase agreements entered into by both parties.
Term:	Three years from 4 January 2023 to 31 December 2025 (both days inclusive)
Pricing:	The prices of the whole vehicles and chassis shall be determined based on the market price, and/or on an arm's length and reasonable basis. The Group shall pay the price to the Dongfeng Motor Group using the payment method agreed upon by both parties at the specific time. Under normal circumstances, the specific purchase agreement signed by the Group and the Dongfeng Motor Group shall specify the payment period (such as monthly payment or quarterly payment, etc.) in accordance with the principle of fairness and reasonableness and ordinary commercial practice. The terms of the specific purchase agreement shall not be inferior to those that the Company may receive from an independent third party.

In 2024, the annual caps for the Dongfeng Motor Group's purchase of whole vehicles and chassis from Dongfeng Motor Corporation amounted to RMB100 million. In 2024, Dongfeng Motor Group purchased whole vehicles and chassis from Dongfeng Motor Corporation with amount of RMB4.65 million.

13. Whole Vehicle and Chassis Master Sales Agreement

On 4 January 2023, Dongfeng Motor Group entered into the master agreement on the sales of whole vehicles and chassis (the "Whole Vehicle and Chassis Master Sales Agreement") with Dongfeng Motor Corporation. The principal terms are set out below.

Date: 4 January 2023

Parties: (1) Dongfeng Motor Group
(2) Dongfeng Motor Corporation

Objective: According to the Whole Vehicle and Chassis Master Sales Agreement, during the validity period of this agreement, Dongfeng Motor Group and its subsidiaries should provide Dongfeng Motor Corporation and its subsidiaries with whole vehicles and/or chassis in accordance with the conditions agreed in this agreement.

Term: From 4 January 2023 to 31 December 2025 (both days inclusive)

Pricing: The prices of the whole vehicles and/or chassis are determined based on the market price or/and on an arm's length and reasonable basis. The payment period (such as monthly payment or quarterly payment, etc.) shall be agreed on in the specific supply agreement in accordance with the principle of fairness and reasonableness and the ordinary commercial practice, and ensure that for Dongfeng Motor Group, the terms of the specific supply agreement shall not be inferior to those received from an independent third party.

In 2024, the proposed annual caps for the sales of whole vehicles and chassis to Dongfeng Motor Corporation and its subsidiaries amounted to approximately RMB1,500 million. In 2024, the amount paid by Dongfeng Motor Corporation and its subsidiaries for purchasing whole vehicles and chassis was approximately RMB0 million.

14. For the year ended 31 December 2024, the continuing connected transactions relating to the joint ventures include:

The following are additional continuing connected transactions of Dongfeng Motor Group as a result of the Stock Exchange's requirement that its existing and future joint ventures be regulated in a manner consistent with the regulation of subsidiaries of a listed group.

(i) Purchases of auto parts and production facilities by the Company's joint ventures (including subsidiaries, joint ventures and associates) from their joint venture partners (including their subsidiaries and associates)

As of 31 December 2024, each of Dongfeng Motor Co., Ltd., Dongfeng Peugeot Citroën Automobile Co., Ltd., Dongfeng Honda Automobile Co., Ltd, Dongfeng Honda Engine Co., Ltd. and Dongfeng Honda Auto Parts Co., Ltd. (including each of these companies' subsidiaries, joint ventures and associates) regularly purchased auto parts or production facilities from the joint venture partners of the Company in the manner described below and such purchases will continue for the duration of the joint venture term.

Once the joint venture partners have agreed that a joint venture will commence the manufacturing of a new vehicle model, representatives of the joint venture will enter into negotiations with the foreign joint venture partner to determine an agreed price list for each component needed to manufacture that model. Pursuant to the contractual provisions of the applicable joint venture agreement, the negotiations between the relevant representatives of the joint venture and the relevant joint venture partners to determine the agreed price list will always be conducted either directly by the Company, as a joint venture partner, or by the relevant joint venture officers nominated by the Company to do so on behalf of the Company. The Company and its joint venture partners are independent from each other for this purpose; no joint venture partner is in a position to influence the Company to agree to terms which may not be in the joint ventures' and the Company's interest. Pursuant to the operating procedures of the Company, the representatives nominated by the Company have been delegated with the power to approve transactions within the ordinary course of business of a joint venture. However, transactions which are outside the ordinary course of business, material or complex must be reported to and approved by the relevant department of the Company. As such, such negotiations are carried out on arm's length commercial terms.

In respect of such transactions, it will be in the interest of the Company and the joint ventures if there is any alternative that can be obtained from local suppliers on better terms since the purchases of components or production equipment from the Company's joint venture partners involve additional freight costs and taxations.

In respect of such transactions, the joint venture will obtain quotes for equivalent components and production equipment that may be available from local PRC suppliers in order to determine whether viable alternatives can be obtained (1) with the highest quality; (2) in a timely manner; (3) at the most competitive prices. If related products are available, the joint venture will carry out a tender before selecting a supplier. During the process of the tender, the joint venture shall treat the partner and other third party suppliers equally.

As a result, the Company will not purchase any auto parts and production equipment from the joint venture partner if the Company can obtain better terms from other suppliers. After a certain period, fewer auto parts and production equipment will be purchased from the joint venture partner since many alternatives with competitive pricing and quality are available in the PRC. The process described above, known as “localisation”, is a stated priority of the joint ventures provided in the relevant joint venture contracts.

The joint ventures (including their subsidiaries, joint ventures and associates) may only purchase auto parts and production equipment from the joint venture partners (including their subsidiaries and associates) if it is unable to obtain auto parts of equivalent quality or of the required specifications at a more favourable price (or otherwise on more favourable terms) from a local supplier. The contracts regarding the purchases of auto parts and production equipment by the joint ventures (including their subsidiaries, joint ventures and associates) from the joint venture partners (including their subsidiaries and associates) must be pre-approved by the Company to ensure that the joint venture only enters into transactions on normal commercial terms or terms which are more favourable to the joint venture.

Therefore, purchases of auto parts and production facilities by the joint ventures (including their subsidiaries, joint ventures and associates) from their joint venture partners (including their subsidiary and associates) constitute continuing connected transactions and were made according to fair and reasonable terms. All of these parameters are set out in the joint venture contracts and will remain in place for the duration of the joint venture term.

In 2024, the total consideration for the joint ventures (including their subsidiaries, joint ventures and associates) in respect of purchases of auto parts and production facilities from the joint venture partners (including their subsidiaries and associates) was RMB23,449 million.

(ii) ***Sales of passenger vehicle engines and related auto parts from Dongfeng Honda Engine Co., Ltd. to GAC Honda Automobile Co., Ltd. pursuant to the arrangements among Dongfeng Motor Corporation, Honda Motor Co., Ltd. and Guangzhou Automobile Group Co., Ltd.***

The establishment of Dongfeng Honda Engine Co., Ltd. formed part of the arrangements between Dongfeng Motor Corporation, Honda Motor Co., Ltd. and Guangzhou Automobile Group Co., Ltd.. The primary reason for the formation of Dongfeng Honda Engine Co., Ltd. was to manufacture engines and other related auto parts for sale to GAC Honda Automobile Co., Ltd., Honda Motor Co., Ltd.'s another main automotive manufacturing joint venture in the PRC. Dongfeng Motor Corporation's interests in Dongfeng Honda Engine were subsequently transferred to the Company.

Pursuant to the arrangements among Dongfeng Motor Corporation, Honda Motor Co., Ltd. and Guangzhou Automobile Group Co., Ltd., GAC Honda Automobile Co., Ltd. would only purchase from Dongfeng Honda Engine Co., Ltd. engines and other related auto parts necessary for manufacturing of passenger vehicles for the duration of the joint venture term at such prices as would enable the respective investment returns on Dongfeng Honda Engine Co., Ltd. and on GAC Honda Automobile Co., Ltd. to be proportionate to the initial investment in these two companies (US$60,060,000 in the case of Dongfeng Honda Engine Co., Ltd. and US$139,940,000 in the case of GAC Honda Automobile Co., Ltd.). The equity interests of GAC Honda Automobile Co., Ltd. are equally held between Honda Motor Co., Ltd. and Guangzhou Automobile Group Co. Ltd.. As such, GAC Honda Automobile Co., Ltd. is a connected person of the Company under Rule 14A.07 of the Listing Rules and the sales of related auto parts from Dongfeng Honda Engine Co., Ltd. to GAC Honda Automobile Co., Ltd. constitute continuing connected transactions.

Pursuant to the contractual provisions of the relevant joint venture agreement, the negotiations for the sale of engines and other auto parts between Dongfeng Honda Engine Co., Ltd. and GAC Honda Automobile Co., Ltd. will always be conducted by the joint ventures' officers nominated by the Company on behalf of Dongfeng Honda Engine Co., Ltd.. The Company and its joint venture partner are independent from each other for this purpose, so that no joint venture partner is in a position to influence the Company to agree to terms which may not be in the joint ventures' (and therefore the Company's) interests. Pursuant to the operating procedures of the Company, the representatives nominated by the Company have been delegated with the power to approve transactions within the ordinary course of business of a joint venture. However, transactions which are outside the ordinary course of business, material or complex, must be reported to and approved by the relevant department of the Company. As such, negotiations carried out are on arm's length commercial terms.

In 2024, GAC Honda Automobile Co., Ltd. continued to purchase from Dongfeng Honda Engine Co., Ltd. engines and auto parts needed by it at a total consideration of RMB8,819 million.

(iii) ***Sales of auto parts by Dongfeng Honda Auto Parts Co., Ltd. to Honda Trading (China) Co., Ltd. and Honda Motor (China) Co., Ltd.***

Honda Trading (China) Co., Ltd. and Honda Motor (China) Co., Ltd., both of which are based in Hong Kong and engaged primarily in the import and export of Honda products, are subsidiaries of Honda Motor Co., Ltd.. The sales of auto parts by Dongfeng Honda Auto Parts Co., Ltd. to Honda Trading (China) Co., Ltd. constitute continuing connected transactions. One of the primary reasons for the formation of Dongfeng Honda Auto Parts Co., Ltd. was to manufacture auto parts for sales within the PRC and for export to the companies of Honda group overseas, with the corresponding benefits to such companies due to the economies of scale.

Consequently, Dongfeng Honda Auto Parts Co., Ltd. regularly sells auto parts to Honda Trading (China) Co., Ltd. and Honda Motor (China) Co., Ltd.. Such auto parts are then exported by Honda Trading (China) Co., Ltd. and Honda Motor (China) Co., Ltd. to Honda Motor Co., Ltd..

Dongfeng Honda Auto Parts Co., Ltd. continued to sell auto parts to Honda Trading (China) Co., Ltd. and Honda Motor (China) Co., Ltd. as at 31 December 2024.

All existing and future negotiations regarding the sales to Honda Trading (China) Co., Ltd. and Honda Motor (China) Co., Ltd. were conducted by a Company representative on behalf of Dongfeng Honda Auto Parts Co., Ltd.. Pursuant to the operating procedures of the Company, the representatives nominated by the Company have been delegated with the power to approve transactions within the ordinary course of business of a joint venture. However, transactions which are outside of the ordinary course of business, material or complex must be reported to and approved by the relevant department of the Company. Therefore, such sales were and will be negotiated on arm's length commercial terms and the consideration for sales of auto parts are based on normal market and commercial terms as agreed on a batch basis and without subject to a framework agreement.

(iv) Technology license and technical assistance between the joint ventures and their subsidiaries on the one hand and their joint venture partners (including their subsidiaries) on the other hand

The joint ventures make periodic payments of royalties to the foreign joint venture partners pursuant to the technology licence and technical assistance agreements entered into with the foreign joint venture partners of the Company in respect of existing vehicle models manufactured by the joint ventures. The terms of the agreements relating to technology licences and technical assistance are fixed with reference to the expected life cycle of vehicle models. Technology licence and technical assistance fees are negotiated on arm's length commercial terms. Technology licence and technical assistance between the joint ventures and their subsidiaries on the one hand and their joint venture partners on the other hand constitute a continuing connected transaction.

The terms of all technology licence and technical assistance between the joint ventures, their subsidiaries and their joint venture partners are either governed by an umbrella agreement or separately entered into prior to the introduction of a new vehicle model. For one of the joint ventures, the terms of all technology licence and technical assistance which have been entered into, and which in future will be entered into, between joint venture and its foreign joint venture partners are governed by an umbrella agreement, the agreed form of which was negotiated between the Company and the joint venture partner before the parties established the joint venture and agreed by the time the joint venture contract relating to the joint venture was signed. Therefore, the terms of the umbrella agreement were negotiated on an arm's length basis between independent third parties. The umbrella agreement contains detailed terms which govern the determination of consideration for each technology licence to be entered into between the Company and the joint venture partners. The umbrella agreement also provides provisions in relation to the consideration for the technology licensed, which is in the form of a royalty determined in accordance with a fixed formula.

The term of the agreements relating to technology licence and technical assistance are fixed with reference to the expected life cycle of vehicle models.

Pursuant to the contractual provisions of the applicable joint venture agreement, all negotiations relating to technology license and technical assistance between the joint ventures, their subsidiaries and their joint venture partners (including their subsidiaries) will only be either done directly by the Company as a joint venture partner, or by the relevant joint ventures' officers delegated by the Company to do so on behalf of the Company. Pursuant to the operating procedures of the Company, the representatives nominated by the Company have been delegated with the power to approve transactions in the ordinary course of business of a joint venture. However, transactions which are outside the ordinary course of business, material or complex must be reported to and approved by the relevant department of the Company. Therefore, such technology license and technical assistance between the joint ventures, their subsidiaries and their joint venture partners (including their subsidiaries) were negotiated on arm's length commercial terms.

Generally, the pricing principle for technology license and technical assistance between the joint ventures, their subsidiaries and their joint venture partners (including their subsidiaries) and their subsidiaries and associates is that the party providing the technology should be fairly reimbursed for its research and development costs incurred in respect of a particular vehicle model. Furthermore, such research and development costs should be spread evenly over the entire operations of the party providing the technology, and the PRC automotive joint venture should only bear its fair share of such costs.

In 2024, the total consideration for the joint ventures in respect of purchases of technology license and technical assistance stated above was RMB2,672 million.

In future joint operating periods, such technology license and technical assistance fees will continue to be paid to foreign joint venture partners in accordance with existing umbrella agreements and contracts signed from time to time.

I. OPERATION ENVIRONMENT

In 2024, China's Gross Domestic Product (GDP) grew by 5.0% year-on-year, placing it among the fastest growing economies globally. Its contribution to global economic growth remained around 30%. Overall, the economy showed steady progress with a transition from old to new growth drivers accelerating. Both domestic and external demand worked in tandem, further solidifying the foundation for high-quality development.

The automotive market in 2024 exhibited a stable and improving trend. Vehicle production and sales reached 31.282 million units and 31.436 million units respectively, representing year-on-year increases of 3.7% and 4.5%. This marked the 16th consecutive year that China maintained its position as the world's largest vehicle producer and seller.

The PV market performed particularly well, with sales reaching 27.563 million units, a year-on-year increase of 5.8%. Among these: SUVs saw a year-on-year increase of 11.5%. Basic sedan sales increased by 0.2% year-on-year. MPV sales decreased by 4.8% year-on-year. Cross-type PV saw a year-on-year increase of 3.5%.

Due to reduced investment and persistently low freight rates, the commercial vehicle market faced weak demand for fleet renewal, resulting in relatively sluggish performance. Commercial vehicle sales amounted to 3.873 million units, a year-on-year decrease of 3.9%. By vehicle type, bus sales increased by 3.9% year-on-year, and truck sales decreased by 5.0% year-on-year.

The NEV market continued to grow rapidly, with production and sales surpassing 10 million units. Annual production and sales reached 12.888 million units and 12.866 million units respectively, representing year-on-year increases of 34.4% and 35.5%. The NEV penetration rate reached 40.9%.

II. OPERATION ANALYSIS

In 2024, despite facing numerous challenges such as insufficient consumer confidence, intensifying industry competition, and escalating global trade protectionism, China's automotive market demonstrated a stable and improving trend. This was largely due to supportive national policies and promotional activities launched by manufacturers. Industry sales reached 31.4362 million units, representing a year-on-year increase of 4.5%. Specifically, production and sales of PV continued to grow, playing a crucial role in stabilizing the overall automotive consumption base; NEVs and exports became the primary growth engines for the industry; but performance of CV remained weak, with production and sales falling short of expectations, resulting in an overall decline. The Company has been fully committed to promoting transformation and high-quality development. In the face of increasingly fierce competition and narrowing profit margins within the automotive industry, operational efficiency and performance achieved significant improvement against the trend. Key highlights include: proprietary brands experienced rapid growth; NEVs saw substantial expansion; overseas business witnessed fast development; technological innovations were steadily advanced; and the Company successfully turned from loss to profit.

For the year of 2024, the Company achieved sales of approximately 1.8959 million units, representing a year-on-year decrease of about 9.2%. Sales revenue reached approximately RMB106.197 billion, with a year-on-year increase of about 6.9%. The gross margin was 12.8%, which is 2.9 percentage points higher than the same period last year, and the profit attributable to shareholders was approximately RMB58 million. Among these: sales volume of proprietary PV reached approximately 438,900 units, marking a year-on-year increase of 26.4%; profitability continued to improve, with the gross margin for the proprietary PV business reaching 12.9%, an increase of 8.4 percentage points; we actively promoted transformation and development of JV business, strengthening shareholder strategic collaboration, accelerating product upgrading, and optimizing sales network structures. Efforts were made to stabilize the fundamentals of ICE vehicles while accelerating the transition to NEV. For the year of 2024, JV business sales reached approximately 1.1052 million units.

The Company's CV sales outperformed the overall market trend, with sales reaching approximately 351,800 units for the period, representing a year-on-year increase of about 2.4%. The Company's CV business boasts full-product-chain core independent research and development capabilities. The "LOONG-GINE" powertrain brand for CV features industry-leading technical performance.

The Company's NEV business achieved rapid development, with sales reaching 394,600 units for the period, representing a year-on-year increase of 13.4%. The proportion of NEV sales within the Company's total sales exceeded 20%, an increase of 4.1 percentage points compared to the same period last year. This year, the Group has successively launched several new products, including the Nammi 01, eπ 007 and eπ 008, VOYAH FREE318, VOYAH COURAGE, the all-new VOYAH Dreamer, Fengshen L7, FORTHING V9, S7, and others.

III. FINANCIAL ANALYSIS

1. Revenue

The revenue of the Group for 2024 was approximately RMB106,197 million, an increase of about RMB6,814 million from approximately RMB99,383 million in the same period last year, representing a growth rate of about 6.9%. The change in revenue was mainly from VOYAH Automobile Technology Co., Ltd., Dongfeng Motor Group Co., Ltd. Passenger Vehicle Company, Dongfeng Liuzhou Motor Co., Ltd., and Dongfeng Commercial Vehicle Co., Ltd.

	2024 Revenue *RMB million*	2023 Revenue *RMB million* (Restated)
Passenger vehicle	**52,297**	42,542
Commercial vehicle	**47,220**	49,538
Financing service	**5,619**	6,219
Corporate and others	**1,956**	1,604
Elimination	**-895**	-520
Total	**106,197**	99,383

1.1 PV Business

In 2024, the Company's PV business achieved sales revenue of approximately RMB52,297 million, an increase of about RMB9,755 million from approximately RMB42,542 million in the same period last year, representing a growth rate of about 22.93%. The increase in PV business revenue primarily came from VOYAH Automobile Technology Co., Ltd. and Dongfeng Motor Group Co., Ltd. Passenger Vehicle Company.

1.2 CV Business

Due to weakened investment and persistently low freight rates, the end-market demand for vehicle replacement remains insufficient, resulting in a relatively weak performance in the CV market. For the current period, the Company's CV business achieved sales revenue of approximately RMB47,220 million, a decrease of about RMB2,318 million from approximately RMB49,538 million in the same period last year, representing a decline of about 4.68%. The reduction in CV business revenue primarily came from Dongfeng Commercial Vehicle Co., Ltd.

1.3 Auto Financing Service

In 2024, the Company achieved sales promotions of 485,000 vehicles through financing services, with a retail penetration rate of 27.8%. Among these, the NEV penetration rate was 44.2% (an increase of 17.7 percentage points). The Company's financial business will continue to focus on purchasing, using, and replacing vehicle scenarios, providing customers with customized financial services throughout their entire journey.

Due to a decrease in the average loan balance, financial business revenue decreased compared to the same period last year. In 2024, the Company's automotive finance business revenue was approximately RMB5,619 million, a decrease of about RMB600 million from approximately RMB6,219 million in the same period last year, representing a decline of about 9.65%.

Financing Service Business

The financing service business of the Group is primarily conducted through subsidiaries of the Company, Dongfeng Finance Co., Ltd. ("**Dongfeng Finance**") and Dongfeng Auto Finance Co., Ltd. ("**Dongfeng Auto Finance**"). Dongfeng Finance and Dongfeng Auto Finance hold financial business permits issued by regulatory authorities and support the sale of the Group's commercial vehicles and passenger vehicles.

Business models and loan portfolios

The Group's financial services target both external customers and the members of the Group and DMC.

Dongfeng Finance primarily provides three types of credit services: (1) Group members financing, mainly comprising loans, commercial draft discount, acceptance bills and entrusted loans to related parties of the Group; (2) distributor financing, mainly comprising loan business such as dealer inventory procurement, spare parts and maintenance equipment purchase, etc.; and (iii) end customers financing, mainly comprising consumer credit for individuals and entities purchasing vehicles and vehicle accessories.

Dongfeng Auto Finance primarily provides two types of credit services: (1) distributor financing, mainly comprising loan business such as dealer inventory procurement, spare parts and maintenance equipment purchase, etc.; (2) end customers financing, mainly comprising loans and financing leases for individuals and entities purchasing vehicles and vehicle accessories.

As at 31 December 2024, the balance of the credit assets of Dongfeng Finance was approximately RMB34.3 billion, approximately 68.21% of which was due from end customers (interest rate range: 2.7%-14.80%; average interest rate: 7.70%), approximately 31.48% of which was due from Group members (interest rate range: 1.6%-3.45%; average interest rate: 2.03%) and approximately 0.31% of which was due from distributors (interest rate range: 3.5%-6.00%; average interest rate: 4.56%). In terms of the number of customers, the number of end customers amounted to 432,260, the number of distributors amounted to 207 and the number of Group members amounted to 161. In terms of customer types, approximately 66.74% and 33.26% of the financing balance of the Dongfeng Finance was due from individual borrowers and corporate borrowers, respectively. The loans provided to the five largest borrowers, which were all Group members, accounted for approximately 27.59% of the loans.

As at 31 December 2024, the balance of the credit assets of Dongfeng Auto Finance was approximately RMB31.2 billion, 87.2% of which was due from end customers (interest rate range: 3.8%-13.99%; average interest rate: 6.92%), and 12.8% of which was due from distributors (interest rate range: 5%-6.78%; average interest rate: 5.74%). In terms of customer numbers, there were 266,297 end customers, and 1,097 distributor customers. Regarding customer types, approximately 82.9% and 17.1% of the financing balances come from individual borrowers and corporate borrowers, respectively.

To reduce the risk for the Group, in general, Dongfeng Finance and Dongfeng Auto Finance required vehicles as collaterals for its financing services to end customers and may require a guarantor depending on the end customer's qualifications. For financing services to vehicle distributors, Dongfeng Finance and Dongfeng Auto Finance required vehicle pledges and custody of the vehicles, vehicle qualification certificates and car keys. For the members of the Group, the Company determined the guarantee conditions according to different business types and customer qualifications. The major terms of loans granted include loan amount, interest rate, term of loan, maturity date and guarantee conditions.

As of 31 December 2024, the outstanding credit assets of Dongfeng Finance was approximately RMB32.1 billion, of which the balance of credit assets with maturity of less than one year (including one year) was approximately RMB15 billion; the balance of credit assets with maturity of more than one year to less than five years (including five years) was approximately RMB17.1 billion. The balance of overdue credit assets was approximately RMB2.2 billion, of which the balance overdue for less than 30 days was approximately RMB1.4 billion; the balance overdue for more than 30 days was approximately RMB800 million.

As of 31 December 2024, the outstanding credit assets of Dongfeng Auto Finance was approximately RMB30.2 billion, of which the balance of credit assets with maturity of less than one year (including one year) was approximately RMB5.7 billion; the balance of credit assets with maturity of more than one year to less than five years (including five years) was approximately RMB24.5 billion. The balance of overdue credit assets was approximately RMB1 billion, of which the balance overdue for less than 30 days was approximately RMB500 million; the balance overdue for more than 30 days was approximately RMB500 million.

Loan impairment policies

In accordance with relevant laws and regulations such as the “Administrative Measures for the Implementation of the Expected Credit Loss Law for Commercial Banks”, the Group has formulated the “Administrative Measures for the Implementation of the Expected Credit Loss Law” to effectively identify credit risks and make timely and sufficient provisions for credit risk losses. The Group builds an expected credit loss evaluation model to assess expected credit losses, and uses the default probability/default loss rate model method to evaluate expected credit losses. According to the IFRS requirements in respect of financial instruments, the provision for expected credit losses are divided into three stages. The first stage is the “normal credit period” stage, and only the expected credit losses in the next year need to be calculated. The second stage is the “significant increase in credit risk” stage, and the third stage is the “credit impairment” stage, during which stages the expected credit loss needs to be calculated throughout the life cycle. The Group has developed an impairment model to calculate expected credit losses in accordance with the requirements of the new financial instrument standards based on macroeconomic factors such as the cumulative year-on-year growth rate of GDP and the year-on-year growth rate of consumer price index. A regression model was established with the business climate index to regularly predict three macro scenarios, namely benchmark, optimistic and pessimistic, and applies the impairment model to calculate the expected credit loss under different scenarios. The Group has not yet established separate impairment policies specifically for material loans and therefore, applies the same policies as described above for the assessment of the impairment of all credit assets (including material loans, if any).

The Group dynamically evaluates the applicability of the expected credit loss method and the rationality of its evaluation results based on its own credit risk level and changes in the external socio-economic and financial environment, and makes timely optimization and adjustments. At least once a year, the Group evaluates the implementation of the expected credit loss method and continuously improves the implementation process based on the evaluation results.

The provisions for impairment of credit assets of Dongfeng Finance were approximately RMB1.5 billion as at 31 December 2024, and approximately RMB2.4 billion as at 31 December 2023. The provisions for impairment of credit assets of Dongfeng Auto Finance were approximately RMB700 million as at 31 December 2024, and approximately RMB300 million as at 31 December 2023. In overall, due to increased lending by banks and other financial institutions in the automotive finance sector and intensified market competition, the Group's automotive financing asset scale has decreased, resulting in a reversal of related asset impairment provisions. Consequently, the provisions for impairment of credit assets decreased as a whole.

Risk management and internal control systems

The Group is committed to adhering to a comprehensive set of credit risk management standards, guidelines, and procedures. It has established a risk and compliance management committee to review the credit policies and operational guidelines of each business line, and to set benchmark conditions and approval standards for the Group's financing services. The Group employs an intelligent approval model for individual customers, making loan decisions based on credit information and data from the People's Bank of China and independent third parties. It establishes a scoring model for corporate borrowers, assessing their recoverability based on factors such as on-site due diligence, financial capability, credit performance history, and guarantee capacity. The Group continually conducts quality checks to ensure the effectiveness of risk assessment procedures, regularly monitors risks, and optimizes the loan review model's effectiveness.

The Board is responsible for formulating strategies, making decisions, and preventing risks for the Group, and the audit and compliance committee of the Board (the "**Audit and Compliance Committee**") is responsible for deliberating matters relating to the Company's internal audit supervision system, comprehensive risk management system, and internal control system.

In order to ensure that the Board and the Audit and Compliance Committee perform effective risk management functions and internal control management responsibilities, at the system and planning level, the Company's "Comprehensive Risk Management Measures", "Internal Control Management Measures" and other internal polices of risk management and internal control management must be implemented after deliberation and approval by the Board. Furthermore, the Company has prepared the "Annual Comprehensive Risk Management Plan" (the "**Plan**"), which includes risk preference matrix (including risk limit indicators) for seven categories of risks and management matters such as capital, profit and service group level, risk supervision indicators, comprehensive risk management plan and control measures. Such Plan was evaluated and approved by the Board before implementation.

In terms of comprehensive risk management and control, the management regularly presents to the Board the "Comprehensive Risk Management Report" which has been reviewed by the Audit and Compliance Committee, and reports to the Board the Company's overall risk management situation, including the management of various types of risks and management matters and the implementation results, the next stage risk management measures and important risk management matters, for the Board's deliberation and decision-making. The Board is responsible for formulating and amending the management measures for lending services. The Audit and Compliance Committee carries out comprehensive checks and inspections of financial guarantees on a regular or occasional basis.

The recoverability of loans are continuously monitored by means of information technology, including (i) monitoring the commercial, administrative, judicial and credit information of corporate borrowers through the post-loan management platform; (ii) monitoring the operating efficiency of the end customers segment through the vehicle operation monitoring platform; and (iii) In terms of loan collection, the Group implements classified collection for overdue loans and has established detailed operational rules for overdue loan collection. This includes equipping specialized teams and resources, and employing various methods such as SMS, phone calls, letters, outsourced collection, disposal of mortgaged vehicles, and legal procedures to recover overdue loans.

The Group also has in place a collateral management system built in accordance with the "Commercial Banks' Collateral Management Guidelines" to guide the Group's collateral management. The Group monitors and evaluates the adequacy of collateral by regularly conducting residual value assessments of existing collaterals.

The Board fulfils its obligations in overseeing lending transactions to safeguard the Company's assets in the following manners:

(a) the Group has in place an effective risk management and internal control system to evaluate and manage credit risks which is regularly reviewed by the Board and the Audit and Compliance Committee;

(b) on the Company level, the Group has established a financial industry management committee comprising the department head and managers of the Company's finance department which is primarily responsible for signing off on decisions concerning the financing service business of the Group, reviewing complex loan projects, and signing other relevant legal documents; and

(c) when a transaction triggers the disclosure requirements under Chapters 14 and 14A of the Listing Rules, it will be presented to the Board for deliberations and approval.

By providing financing services, the Board believes that the Group is able to make its vehicles more affordable for its customers, which will potentially lead to increased sales volumes and enhance customer loyalty. In addition, in a competitive market, having an in-house financing option can differentiate the Company from other companies in the industry.

The Board believes that through the above delegation and division of work, the Company is able to ensure that there is solid commercial rationale for entering into lending transactions on terms that are fair and reasonable, and that the use of funds is in the interests of the Company and its shareholders.

2. Cost of Sales and Gross Profit

The total sales costs of the Company for 2024 were approximately RMB92,612 million, an increase of about RMB3,062 million from approximately RMB89,550 million in the same period last year, representing a growth rate of about 3.4%. The total gross profit was approximately RMB13,585 million, an increase of about RMB3,752 million from approximately RMB9,833 million in the same period last year, representing a growth rate of about 38.2%.

In 2024, despite intensifying competition and continuously declining profit levels in the automotive industry, the Company's operational efficiency and quality showed significant improvement against the trend. The gross profit margin for this period was 12.8%, which is 2.9 percentage points higher than the same period last year. The change in gross profit for this period was mainly due to a substantial increase in the gross profit of the Company's proprietary PV business and NEV (VOYAH and eπ series) compared to the same period last year.

3. Other Income

The total other income of the Company for 2024 was approximately RMB7,016 million, an increase of about RMB2,855 million from approximately RMB4,161 million in the same period last year.

The increase in other income was mainly due to: 1. Receipt of relevant government special subsidy during this period; and 2. An increase in interest income compared to the same period last year.

4. Selling and Distribution Expenses

The sales and distribution costs of the Company for 2024 were approximately RMB9,419 million, an increase of about RMB1,118 million from approximately RMB8,301 million in the same period last year.

The increase in sales and distribution costs was mainly due to: the continuous growth and expanding scale of the Company's PV business, leading to an increase in corresponding expenses; increased market promotion and advertising expenses for new model launches (such as VOYAH, eπ, M-hero, etc.) under the Group.

5. Administrative Expenses

The administrative expenses of the Company for 2024 were approximately RMB6,152 million, an increase of about RMB757 million from approximately RMB5,395 million in the same period last year.

The increase in management expenses was mainly due to the enhancement of the Company's NEV and export businesses, leading to increases in staff salaries, travel expenses, and other related costs.

6. Impairment Losses on Financial Assets

The impairment losses on financial assets of the Company for 2024 was approximately RMB631 million, a decrease of about RMB513 million from approximately RMB1,144 million in the same period last year.

The change in impairment losses on financial assets was mainly due to the Company's recovery of previously issued loans, resulting in the reversal of bad debt losses that were previously accrued.

7. Other Expenses

The net of other expenses of the Company for 2024 was approximately RMB5,832 million, an increase of about RMB231 million from approximately RMB5,601 million in the same period last year.

The main reason for the change in net of other expenses for this period was an increase in research and development (R&D) expenses.

The Company continues to focus on the development trends of automotive new energy, digitalization, and intelligence, with ongoing investments in key core technologies. R&D expenses have continued to increase, with this period's R&D expenses showing a year-on-year growth of 6.15%.

8. Finance Expenses

The finance expenses of the Company for 2024 were approximately RMB837 million, a decrease of about RMB275 million from approximately RMB1,112 million in the same period last year.

The main reasons for the decrease in finance expenses for this period were: 1. A reduction in interest expenses on payable bonds compared to the previous period; and 2. A decrease in foreign exchange losses due to changes in the exchange rate between the Euro and the Chinese Yuan (RMB).

9. Share of Profits and Losses of Joint Ventures

Affected by the annual decline in market share of the non-premium joint venture automotive market, the Company's share of profits and losses from joint ventures in 2024 was approximately RMB436 million, a decrease of about RMB78 million from approximately RMB514 million in the same period last year. The main reasons for this change were: 1. Dongfeng Motor Co., Ltd. reported a decrease of about RMB25 million compared to the same period last year; 2. Dongfeng Honda Automobile Co., Ltd. reported a decrease of about RMB308 million compared to the same period last year; and 3. Dongfeng Peugeot Citroen Automobile Co., Ltd. reported an increase of about RMB252 million compared to the same period last year.

10. Share of Profits and Losses of Associates

The share of profits and losses of associates of the Company for 2024 was approximately RMB671 million, a decrease of about RMB136 million from approximately RMB807 million in the same period last year. The main reason for this change was the variation in investment income from Dongfeng Nissan Auto Finance Co., Ltd.

11. Income Tax Expense

The income tax expense of the Company for 2024 was approximately RMB59 million, a decrease of about RMB406 million from approximately RMB465 million in the same period last year.

12. Profit Attributable to Equity Holders of the Company for the Year

The profit attributable to shareholders of the Company was approximately RMB58 million, an increase of about RMB3,945 million from approximately RMB-3,887 million of the corresponding period of last year. The net profit margin (a percentage of profit attributable to the equity holders of the Company to total revenue) was approximately 0.05%, an increase of about 3.96 percentage points from approximately -3.91% of the corresponding period of last year. The return on net assets (a percentage of profit attributable to equity holders of the Company to average net assets) was approximately 0.04%.

13. Total Assets

Total assets of the Company as at the end of 2024 were approximately RMB325,052 million, a decrease of about RMB11,378 million from approximately RMB336,430 million at the end of the previous year, representing a decline of 3.38%. The main reasons for this decrease were: 1. A decrease in prepayments, deposits, other receivables, and other non-current assets by RMB5,778 million; 2. A decrease in bills receivable and financial assets measured at fair value through other comprehensive income (current) by RMB7,619 million; 3. An increase in inventory by RMB939 million.

14. Total Liabilities

Total liabilities of the Company as at the end of 2024 were approximately RMB170,255 million, a decrease of about RMB5,459 million from approximately RMB175,714 million at the end of the previous year, representing a decline of 3.11%. The main reasons for this decrease were: 1. A reduction in interest-bearing borrowings by RMB8,319 million; 2. A decrease in deferred tax liabilities by RMB1,013 million; 3. An increase in amounts payable to joint ventures by RMB4,043 million.

15. Total Equity

Total equity of the Company as at the end of 2024 was RMB154,797 million, a decrease of RMB5,919 million from approximately RMB160,716 million at the end of the previous year, representing a decline of 3.68%. This includes: equity attributable to the equity holders of the Company was RMB149,290 million, a decrease of RMB4,593 million from RMB153,883 million at the end of the previous year; and non-controlling interests amounted to RMB5,507 million, a decrease of RMB1,326 million from RMB6,833 million at the end of the previous year.

16. Liquidity and Sources of Capital

Item	**Twelve months ended 31 December 2024** ***(RMB million)***	Twelve months ended 31 December 2023 *(RMB million)* (Restated)
Net cash inflow from operating activities	**17,399**	9,253
Net cash inflow from investing activities*	**-11,802**	3,961
Net cash inflow from financing activities	**-8,902**	-2,199
Net increase of cash and cash equivalents*	**-3,305**	11,015
Net cash inflow from operating and investing activities*	**5,597**	13,214

* The Company's certificates of deposit with original maturity of three months or more amounted to RMB28,870 million, resulting in a cash outflow from investing activities of RMB22,036 million in 2024. Considering that the Company's certificates of deposit with original maturity of three months or more can be easily converted to cash, and that only a portion of the interest will be lost in the event of an early withdrawal of the time deposits. In order to more appropriately reflect the Company's capital reserve capacity,adjustments have been made to the net cash flow from investing activities for the years 2023 and 2024. For 2023, the net cash flow was increased by RMB4.10 billion, and for 2024, it was increased by RMB22.036 billion.

Net outflow of cash and cash equivalents in 2024 was RMB3,305 million, which is a decrease of RMB14,302 million compared to 2023. This includes: net cash inflow from operating activities of RMB17,399 million; net cash outflow from investing activities of RMB11,802 million; and net cash outflow from financing activities of RMB8,902 million.

The net cash inflow from operating activities was RMB17,399 million. The amount mainly consisted of: 1. Pre-tax profit adjusted for non-cash items such as depreciation and impairments amounted to approximately RMB3,479 million; 2. An increase in trade payables, bills payable, contract liabilities, other payables, and accrued expenses , provisions and other long term liabilities contributed RMB1,000 million to cash flow; 3. An increase in amounts payable to joint ventures contributed RMB4,043 million to cash flow; 4. A decrease in loans granted and receivable finance lease payments by the financial company contributed RMB6,570 million to cash flow; 5. A decrease in trade receivables, bills receivable, financial assets at fair value through other comprehensive income (current), prepayments, deposits, and other receivables contributed RMB3,226 million to cash flow.

The net cash outflow from investing activities was RMB11,802 million. The amount mainly consisted of: 1. Expenditure on the acquisition and construction of property, plant, and equipment increased by RMB11,658 million; 2. Research and development expenditures amounted to RMB6,084 million; 3. Dividends received from joint ventures and associates amounted to RMB4,385 million.

The net cash outflow from financing activities was RMB8,902 million. The amount mainly consisted of: 1. Cash inflow from obtaining loans and issuing bonds amounted to RMB5,993 million; 2. Receipt of government infrastructure investment budget payments from DFM (Dongfeng Motor Corporation) amounted to RMB507 million; 3. Repayment of loans and bonds amounted to RMB14,342 million.

As a result of the aforementioned factors, as at 31 December 2024, the Company's cash and bank deposits (which include non-pledged time deposits with original maturity of three months or more when acquired amounting to RMB28.9 billion) were RMB75,853 million, a decrease of RMB3,502 million from RMB79,355 million at the end of the previous period.

17. Major Financial Figures Based on Proportionate Consolidation

Based on proportionate consolidation, the revenue of the Company in 2024 was approximately RMB178,430 million, a decrease of about RMB21,454 million from approximately RMB199,884 million of the corresponding period of last year, representing a decline of about 10.73%. The loss before income tax was approximately RMB736 million, a decrease of about RMB4,876 million from loss before income tax of approximately RMB5,612 million of the corresponding period of last year, representing a decline of about 86.89%. Total assets were approximately RMB361,785 million, a decrease of about RMB26,237 million from approximately RMB388,022 million as at the end of last year, representing a decline of about 6.76%.

Main Work Experience of Directors, Supervisors and Senior Managers of the Issuer

DIRECTORS

Yang Qing, Executive Director, Chairman and Secretary of the Party Committee

Mr. Yang Qing, born in 1966, is a senior engineer with a bachelor's degree in engineering. He is currently the executive director, chairman and the Secretary of the Party Committee of the Company. He has worked at the second steam piston bearing factory since 1988. He has served successively as the deputy section chief and deputy chief engineer of the inspection department, the director, branch secretary of the Party Committee, the duty officer of the department of the steel pipe ring of the piston bearing factory of Dongfeng Motor Corporation, the deputy general manager of Dongfeng Motor Piston Bearing Co., Ltd., the general manager of Dongfeng Auto Fasteners Co., Ltd., general manager of Dongfeng Axle Co., Ltd., executive deputy general manager of Dongfeng Dana Axle Co., Ltd., deputy general manager of Dongfeng Motor Co., Ltd. and Dongfeng Commercial Vehicle Co., Ltd., general manager of Dongfeng Automobile Co., Ltd., general manager of Dongfeng Commercial Vehicle Co., Ltd., deputy president of Dongfeng Motor Group Co., Ltd., general manager of Dongfeng Commercial Vehicle Co., Ltd. and president of Dongfeng Motor Group Co., Ltd.

Zhou Zhiping, Executive Director and President (Ceased to serve on 26 March 2025)

Mr. Zhou Zhiping, born in 1971, is a senior engineer at researcher-level, and holds a graduate degree and a doctoral degree in management. Mr. Zhou started his career life at the Fifth Design Institute of North Industries in August 1992, successively served as the deputy head of the Motorcycle Division of the Development and Planning Department, the head of Long-term Planning Division of the Development and Planning Department, the deputy director of the Development and Planning Department, the inspector and deputy director of the Capital Operation Department, the director of the Capital Operation Department of China South Industries Group Corporation (中國兵器裝備集團公司), the vice chairman of the board of directors and general manager of South Assets (南方資產), an employee director and the director of the Capital Operation Department of China South Industries Group Corporation, a director, the secretary of the CPC Party Committee and the chairman of the Labour Union of Chognqing Changan Automobile Co., Ltd. (重慶長安汽車股份有限公司), the chairman of the board of directors, the secretary of the CPC Party Committee and the president of China Changan Automobile Group (中國長安汽車集團有限公司), an employee director, the general counsel and the director of the Audit and Risk Management Department of China South Industries Group Corporation, a member of the standing committee of the CPC Party Committee, a deputy general manager and the executive vice president of the Hongqi Brand Operation Committee of CHINA FAW GROUP CO., LTD. (中國第一汽車集團有限公司).

Main Work Experience of Directors, Supervisors and Senior Managers of the Issuer (Continued)

You Zheng, Executive Director and Vice President

Mr. You Zheng, born in 1968, a professor senior economist, a professor senior engineer, holds a university degree and a master's degree in business administration, and is currently the executive director, vice president of the Company. Since 1990, he has been working in an automobile body factory, successively as the head of the manufacturing technology department of First Automobile Works Sedan Company and the director of the second factory of First Automobile Works Volkswagen Sedan Company. From April 2009 to July 2015, he served as deputy director of Planning Department of First Automobile Works. From July 2015 to May 2018, served as the director of product planning and project Department of China First Automobile Group Corporation and the assistant to the general manager of China First Automobile Co., Ltd.

Liu Yanhong, Non-Executive Director

Ms. Liu Yanhong, born in 1968, holds a university degree and a master's degree in business administration, and is currently a non-executive director of the Company. Since 1990, she has been working at the Shiyan Municipal Party School, successively serving as a teacher at the Shiyan Municipal Party School, deputy director of the Office, deputy director of the Party Office, director of the Party History and Party Building Research Office, and head of the Organization Section; vice chairman and Party group member of the Shiyan Women's Federation; deputy director and Party group member of the Shiyan Foreign Affairs and Overseas Chinese Affairs Office; standing committee member and head of the Organization Department of the Zhushan County Committee of Shiyan City; deputy director and Party group member of the Hubei Provincial Government Foreign Affairs and Overseas Chinese Affairs Office; standing committee member and head of the Organization Department of the Enshi Prefecture Committee; deputy minister of the Organization Department of the Hubei Provincial Party Committee, standing committee member of the Provincial Political Consultative Conference, deputy director of the Provincial Political Consultative Conference Members' Work Committee, and director of the Provincial Old Cadres Bureau; secretary of the Party Group and director of the Hubei Provincial Human Resources and Social Security Department, and secretary of the Party Group of the Provincial Civil Service Bureau; secretary of the Party Group and director of the Department of Human Resources and Social Security of Hubei Province.

Zong Qingsheng, Independent Non-Executive Director

Mr. Zong Qingsheng, born in 1959, currently serves as an independent non-executive director of the Company, and is a senior international business engineer. Mr. Zong graduated from Nanjing University in January 1982 with a Bachelor's degree in Chinese Language and Literature, and studied Business Administration at the HEC (Hautes Etudes Commerciales) Paris from August 2006 to October 2007 with a Master's degree. Mr. Zong has successively served as a cadre, chief officer and deputy director of the Ministry of Foreign Economic Relations of the People's Republic of China, personnel bureau and personnel education department of Ministry of Foreign Economic Trade of the People's Republic of China from February 1982 to May 1992; the director of the organization division and the director of the labour and salary division of the personnel education and labour department of the Ministry of Foreign Economic Cooperation of the People's Republic of China from May 1992 to July 1995; the director of the president's office of China National Metals and Minerals Import and Export Corporation (中國五金礦產進出口總公司) from August 1995 to March 1999; the general manager of Minmetals Investment & Development Co. Ltd. (五礦投資發展有限責任公司) from March 1999 to March 2002, the general manager, assistant to the president of the investment management department, general manager of the human resources department of China Minmetals Corporation (中國五礦集團公司), whose Chinese name was later renamed as "中國五礦集團有限公司" from March 2002 to November 2019, and secretary of the board of directors of China Minmetals Corporation from November 2016 to January 2020. Mr. Zong served as an external director of China Reform Holdings Corporation Ltd. from October 2020 to March 2024, an external director of China Chengtong Holdings Group Co., Ltd. (中國誠通控股集團有限公司) since June 2024 and has been an independent non-executive director of the Company since September 2020.

Mr. Leung Wai Lap, Philip, Independent Non-Executive Director

Mr. Leung Wai Lap, Philip, born in 1959, is currently an independent non-executive director of the Company. Mr. Leung is a member of the Hong Kong Institute of Certified Public Accountants. He graduated from the Hong Kong Polytechnic in 1982, joined Ernst & Young in the same year, became a partner in 1994, and retired from the firm in June 2020. From 1994 to 2019, Mr. Leung served a variety of management positions in Ernst & Young, including Managing Partner of Greater China Markets and Managing Partner of Eastern China Region. He currently serves as independent non-executive directors of Dingdong (Cayman) Limited, Zhejiang E-Commerce Bank Co., Ltd., Shanghai Chemical Industry Park Industrial Gases Co., Ltd and China World Trade Center Co., Ltd. Mr. Leung has extensive experience in corporate restructuring and initial public offerings.

Main Work Experience of Directors, Supervisors and Senior Managers of the Issuer (Continued)

Hu Yiguang, Independent Non-Executive Director

Mr. Hu Yiguang, born in 1971, currently serves as an independent non-executive director of the Company, he graduated from the school of Law of Renmin University of China and obtained a master's degree in civil law in June 1997. He is currently a senior partner and managing partner of Beijing Lifang & Partners Law Firm. He served as the legal adviser to the National Railway Administration (國家鐵路局), the Ministry of Human Resources and Social Security of the People's Republic of China, the former Ministry of Railways of the People's Republic of China, China Minsheng Bank Co., Ltd. (中國民生銀行股份有限公司), China Everbright Bank Co., Ltd. (中國光大銀行股份有限公司), China National Commercial Foreign Trade Corporation (中國商業對外貿易總公司) and other government departments as well as large-scale state-owned enterprises, providing them with daily and special legal services. Mr. Hu also serves as an independent director of China Three Gorges Renewables (Group) Co., Ltd. and an external director of Sinosteel Group Co., Ltd. and Genertec Group Kunming Machine Tool Co., Ltd (通用技術集團昆明機床股份有限公司).

SUPERVISORS

He Wei, Chairman of the Supervisory Committee

Mr. He Wei, born in 1963, he is currently Chairman of the Supervisory Committee of the Company. Mr. He took part in the work in 1982. He has successively served as the director and Deputy Secretary of the Youth League Committee of the Second Automobile Equipment Factory, the secretary of the Secretary Office, deputy-level secretary and general-level Secretary of the Party Committee Office of the Second Automobile Equipment Factory, the director, deputy secretary and secretary of the Youth League Committee of Dongfeng Motor Corporation, the secretary of the Party committee and Discipline Inspection Committee of Dongfeng Motor Fastener Co., Ltd., the general manager of Dongfeng Motor Fastener Co., Ltd., and the deputy general manager of Dongfeng Motor parts business department, deputy secretary of the Party committee, Secretary of the Discipline Inspection Commission, Chairman of the labor union, Secretary of the Party committee, deputy general manager, Secretary of the Discipline Inspection Commission, Chairman of the labor union of the parts business department of Dongfeng Motor Co., Ltd., director of Dongfeng Motor Office (Party Committee Office), director of Dongfeng Motor military products business platform, and director of Dongfeng Motor personnel (cadre) department.

Zhou Wei, Employee Supervisor (Appointed on 26 August 2024)

Mr. Zhou Wei, born in 1971, holds a university degree from the Central Party School and a master's degree in business administration, and is currently an employee supervisor of the Company. In 1990, he started his career at the Design and Research Institute of the Second Automobile Factory, successively serving as the deputy director of the Propaganda and Culture Department of the Dongfeng Motor Corporation Youth League Committee; director of the Propaganda and Education Department (Culture and Sports Department) of Dongfeng Motor Corporation's Heavy Truck Company Youth League Committee; business supervisor of the Party and Mass Work Department of the Parts Division of Dongfeng Motor Corporation; deputy secretary of the Youth League Committee and business director of the Party and Mass Work Department of the Parts Division of Dongfeng Motor Corporation; secretary of the Youth League Committee and business director of the Party and Mass Work Department of the Parts Division of Dongfeng Motor Corporation; director of the Party and Mass Work Department of Dongfeng Axle Co., Ltd. (東風車橋有限公司); head of the Human Resources Department of Dongfeng Axle Co., Ltd. (東風車橋有限公司); the Party Secretary, secretary of the Discipline Inspection Committee and chairman of the labour union of Xiangyang Factory of Dongfeng Dana Axle Co., Ltd. (東風德納車橋有限公司); deputy director of the Social Affairs Management Center of Dongfeng Motor Corporation (東風汽車集團有限公司); deputy Party Secretary, secretary of the Discipline Inspection Committee and chairman of the labour union of Equipment Company of Dongfeng Motor Co., Ltd. (東風汽車有限公司裝備公司); secretary of the Discipline Inspection Committee of Dongfeng Motor Parts (Group) Co., Ltd. (東風汽車零部件(集團)有限公司); deputy Party Secretary and chairman of the labour union of Dongfeng Peugeot Citroën Automobile Co., Ltd. (神龍汽車有限公司). He has served as a vice-chairman of the labour union, the deputy secretary of the Party Committee, and labour union chairman of the Headquarters of Dongfeng Motor Corporation (東風汽車集團有限公司) since March 2024.

Bao Hongxiang, Supervisor

Mr. Bao Hongxiang, born in 1959. He is currently the supervisor of the Company. He graduated from the Infrastructure Economics Department of Liaoning University of Finance and Economics with a bachelor's degree in economics, and then graduated from the Open University of Hong Kong with a master's degree in business administration. From 1984 to 1994, Mr. Bao served as a clerk, section member, chief section member and deputy director of the Adult Education Division of the Personnel and Education Department of the Ministry of Finance. From 1994 to 1999, he served as deputy director of the Comprehensive System Division, director and office director of the Administrative Retirement Division of the Social Security Department of the Ministry of Finance. From 1999 to 2000, he served as the assistant to the special inspector of the General Office of the State Council. From 2000 to 2018, he served as a full-time supervisor of the board of supervisors of key state-owned large-scale enterprises. From 2018 to January 2020, he served as director of the United Front Audit Bureau of the National Audit Office.

SENIOR MANAGEMENT

Feng Changjun, Vice President

Mr. Feng Changjun, born in 1978, professor senior accountant, holds a university degree and a master's degree in accounting, is currently the vice president of the Company. In 2001, he started his career at the finance and audit department of China South Industries Group Corporation, successively serving as deputy director of the budget office of the finance and audit department and deputy director of the budget office of the finance department of China South Industries Group Corporation; deputy financial officer, director and deputy general manager of Jinan Qingqi Motorcycle Co., Ltd.; deputy director and deputy general manager of the finance department of China South Industries Group Corporation; director, general manager and chairman of Chang'an Automobile Finance Co., Ltd. Since August 2020, Mr. Feng has been serving as the vice president of the Company.

Li Jun, Secretary to the Board

Mr. Li Jun, born in 1969, is a senior economist, holds a university degree and a bachelor's degree in economy, and is currently the secretary of the Board of the Company. He started his career at operation and planning department of Dongfeng Motor Corporation, successively serving as Deputy Director of the Management Department and the Director of the General Affairs Department of the Passenger Car Company of Dongfeng Motor Co., Ltd., the Director of the General Manager's Office, the Deputy Head of the Operation and Management Department and the Director of the General Manager's Office of Dongfeng Nissan Passenger Vehicle Company of Dongfeng Motor Co., Ltd.; the General Manager of Shenzhen DFS Industrial Group Co., Ltd.; Executive Vice President and Deputy Party Secretary, Executive Vice President and Party Secretary of Dongfeng Peugeot Citroën Automobile Co., Ltd.; Deputy Director of the Office of the Company (Party Committee Board).

Liao Xianzhi, Joint Company Secretary

Mr. Liao Xianzhi, born in 1973, holds a university degree and a master's degree in business administration, and currently is the Joint Secretary of Company, the Authorized Representative, the Securities Affairs Representative and Authorized Person of the Electronic Submission System. In 1997, he started his career at the No. 1 Casting Plant of Dongfeng Motor Corporation, successively serving as the chief of the Comprehensive Budget Section in the Budget Management Department of the Financial Accounting Headquarters of Dongfeng Motor Co., Ltd.; deputy director of Budget Management Department of the Financial Accounting Headquarters of Dongfeng Motor Co., Ltd.; deputy director of Finance Department of Dongfeng Honda Automobile Co., Ltd.; deputy general manager of Financial Control Department of Dongfeng Motor Corporation. Since August 2021, he has been serving as the general manager of Financial Control Department of Dongfeng Motor Corporation.

Yuen Wing Yan, Winnie, Joint Company Secretary

Ms. Yuen Wing Yan, Winnie, has been appointed as a joint company secretary of the Company since 31 December 2019 and is responsible for the company secretary services of the Group. Ms. Yuen is currently a director of the corporate services division of Tricor Services Limited ("Tricor"), which is a global professional provider of integrated business, corporate and investor services. Ms. Yuen has over 25 years of experience in corporate services and has provided professional corporate services for listed companies in Hong Kong and multi-national companies, private companies and offshore companies. Ms. Yuen graduated from Lingnan College (currently known as Lingnan University). Ms. Yuen is a Chartered Secretary and a fellow of both of The Hong Kong Chartered Governance Institute (the "HKCGI") formerly known as the Hong Kong Institute of Chartered Secretaries (the "HKICS") and the Institute of Chartered Secretaries in the United Kingdom. And Ms. Yuen holds a Practitioner Recognition Certificate issued by the Hong Kong Institute of Chartered Secretaries.

Main Work Experience of Directors, Supervisors and Senior Managers of the Issuer (Continued)

HEADS OF DEPARTMENTS

The head of Office of the Company (Party committee of the Board) is Mr. Li Jun

The head of the Strategic Planning and Technology Development Department of the Company is Mr. Yang Yanding

The head of the Operation Management Department of the Company is Mr. Zhang Jun

The head of the Human Resource Department of the Company is Mr. Zheng Hongyi

The head of the International Business Department of the Company is Mr. Ma Lei

The head of the Compliance Audit Department of the Company is Mr. Zhou Changling

The head of the Legal and Compliance Department of the Company is Mr. Chen Feng

The head of the Corporate Culture Department of the Company is Mr. Wu Jinou

The deputy secretary of the Discipline Inspection Commission and deputy head of the Commissioner of Discipline Inspection Office of the Company is Mr. Chen Tao

The head of the Communist Party Committee Inspection Leading Group Office of the Company is Mr. Li Xiangchun

The head of the Staff Relation Department of the Company is Mr. Zhou Wei

The head of the Governance Department (Deepening Reform Promotion Office) of the Company is Mr. Guo Tao

The secretary for the Communist Youth League of the Company is Mr. Ge Zhe

Report of the Supervisory Committee

Dear shareholders,

In 2024, the Supervisory Committee has carried out its supervisory and other duties in accordance with the Company's Articles of Association to ensure the sound, stable and sustainable development of the Company as well as to safeguard the legal interests of all shareholders. It has performed effective supervision, through the inspection of relevant documents and information of the Company, financial reports, and attending meetings of the Board of Directors and the shareholders' general meetings, on the operation status, financial positions, connected transactions and internal control of the Company. The Supervisory Committee expressed the following independent opinion of such matters of the Company during the reporting period:

I. PERFORMANCE OF THE SUPERVISORY COMMITTEE

In 2024, the Supervisory Committee held two meetings, both of which were held in the form of on-site meetings. The number of attended supervisors formed quorums of the meetings as stipulated by the Company Law.

In 2024, the Supervisory Committee has reviewed and approved: the 2023 report of the Supervisory Committee of the Company; the 2023 financial report of the Company, which was audited by PricewaterhouseCoopers Zhong Tian LLP and the 2023 auditor's report of the Company, which was audited by PricewaterhouseCoopers and reviewed and approved by the Audit and Risk Management Committee; the 2023 annual report and preliminary results announcement of the Company; the 2023 profit distribution and payment of dividend proposal of the Company; the 2024 supervisor remuneration scheme of the Company; the 2024 interim report and results announcement of the Company; the 2024 interim dividend distribution proposal of the Company.

II. THE INDEPENDENT OPINION OF THE SUPERVISORY COMMITTEE ON THE LAWFUL OPERATION OF THE COMPANY

During the reporting period, the Supervisory Committee has supervised the convening procedures and resolutions of shareholders' general meetings and meetings of the Board of Directors, the implementation of the resolutions of the shareholders' general meetings by the Board of Directors, the legality and compliance of rules and regulations by the senior management during their performance of duty, and the performance of all control systems of the Company in accordance with relevant laws and regulations of the PRC and listing rules of Stock Exchange and normative documents of the Company for governing legally.

After the supervision on the directors and senior management of the Company, the Supervisory Committee is of the view that the Board of Directors was in compliance with the Company Law, the Securities Law, the Listing Rules of the Stock Exchange of Hong Kong, the Articles of Association of the Company and other relevant laws, rules and regulations and all Directors diligently performed their duties in 2024. The Supervisory Committee also considers that through scientific and democratic decision making of the Board of Directors, the internal management and internal control system of the Company have been further improved and a better internal control mechanism was established. The major decision of the Company was reasonable and procedures of decision-making were in compliance with laws and valid. The Directors and the senior management of the Company complied with the laws, regulations, the Article of Association of the Company and the resolutions passed at the Shareholders' General Meeting and Board Meeting during their performance of duty. They were devoted to performing their duties diligently and precisely and performed their duties cautiously and aggressively.

III. THE INDEPENDENT OPINION OF THE SUPERVISORY COMMITTEE OF THE FINANCIAL POSITION OF THE COMPANY

The members of the Supervisory Committee have attended all meetings of the Board during the reporting period, examined the financial system, financial position and internal audit of the Company and reviewed the 2023 annual financial report and 2024 interim financial report of the Company. The Supervisory Committee considers that the financial statements of the Company were prepared in accordance with the Listing Rules, Company Ordinance and International Accounting Principles and Standards. The financial system of the Company was sound and the management measures and internal control system were effective and could ensure the smooth operation and production of the Company. The Supervisory Committee also considers that the 2024 annual financial report gives a full, true and fair view of the operating results and financial position of the Company for the year and that the unqualified opinion in the financial report issued by PricewaterhouseCoopers, the auditors of the Company, are objective and fair.

The Supervisory Committee is of the opinion that the connected transactions between the Company and its connected persons have been conducted at fair market price and on transaction terms, and is not aware of any circumstances prejudicial to the interests of the Company and the shareholders.

In 2024, the global automotive industry underwent profound transformation amid a complex and challenging market environment. The Company made coordinated efforts to stabilize growth, optimize structure, enhance operations, strengthen innovation, promote reform, improve efficiency, and mitigate risks, achieving significant progress on the path of transformation and upgrading. Over the past year, the Company has experienced a development journey that was both challenging and profoundly meaningful, and the Supervisory Committee fully affirms and recognizes these achievements. In 2025, the Supervisory Committee will strictly follow the relevant provisions, such as the Company Law, Securities Law and the Articles of Association of the Company and carry out supervision on the performance and conduct of the Board of Directors and senior management in accordance with laws. The Supervisory Committee will also supervise the Company to refine the corporate governance structure based on the requirements of modern enterprise system, in order to enhance the corporate governance level. In addition, the Supervisory Committee will carry out supervision and perform their duties diligently and attend meetings of the Board of Directors according to the law, so as to ensure the decision-making procedures of material matters of the Company to be in compliance with laws and protect the interests of our shareholders. Besides, the Supervisory Committee will continue to enhance its supervision and inspection on the Company through supervising on the financial situation of the Company and maintaining the communication with the internal audit department and external audit institution, etc., facilitate the Company to enhance its internal control to prevent operational risk, and further protect the interests of the Company and our shareholders, in order to consolidate its solid foundation for steady and sustainable development.

By Order of the Supervisory Committee
He Wei
Chairman of the Supervisory Committee

Wuhan, the PRC
26 March 2025

Corporate Governance Report

I. OVERVIEW OF CORPORATE GOVERNANCE

The Company has been in compliance with the Company Law of the People's Republic of China (the "Company Law"), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), Corporate Governance Code of Appendix C1 of the Listing Rules, in order to improve its corporate value and bring good return to shareholders. Under the principles of integrity, transparency, openness and efficiency for corporate governance, the Company is dedicated to maintaining a high level of corporate governance so as to ensure its sustainable development in the long run.

The Board of Directors has reviewed the corporate governance practices of the Company and adopted a number of improved practices, details of which are set out in this report. During the financial year ended 31 December 2024, the Company has fully complied with all the code provisions ("Code Provisions"), except for Code Provisions B.2.2 and C.2.1 of the Corporate Governance Code (the "Code") as set out in Appendix C1 of the Listing Rules.

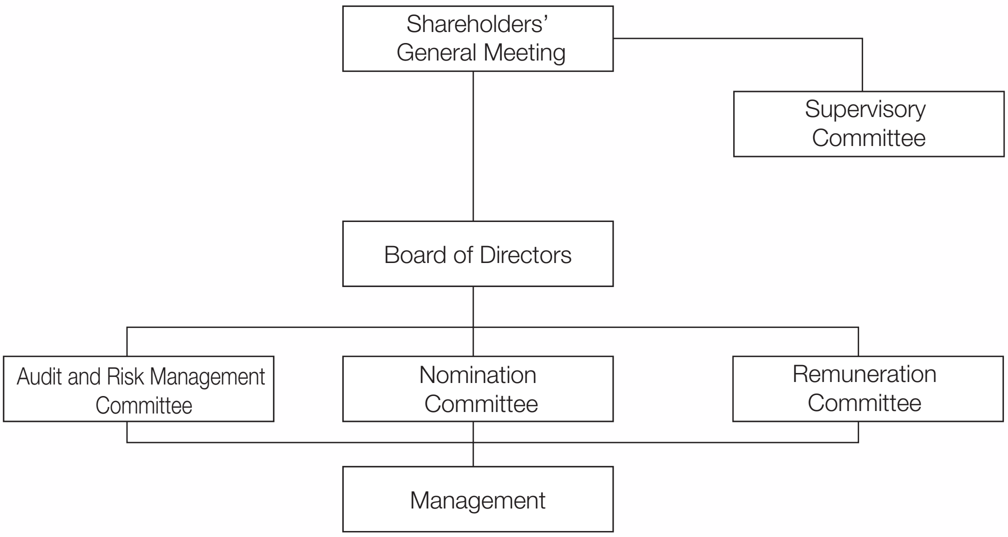
The current Board of Directors was elected on 25 September 2020. According to Code Provision B.2.2 of the Code, each director should be subject to retirement by rotation at least once every three years, which means the term of the current Board should expire on 24 September 2023, and the directors should retire by rotation. However, due to the collective nature of the Board, various factors need to be considered to ensure the smooth continuation of the Company's senior management. As a result, the Company was unable to complete the Board renewal process on schedule. The Board renewal process is currently underway and will be presented for discussion at the shareholders' meeting in due course.

According to Code Provision C.2.1 under the Code, the roles of chairman of the board of directors and chief executive officer should be separate and should not be performed by the same individual. The Chairman and President of the Company should be acted by different persons with a clear division of duties. Mr. Yang Qing has served as the President of the Company since 13 May 2021 and was appointed as the Chairman of the Board of Directors of the Company on 2 November 2023. At that time, due to the temporary vacancy of the President position, Mr. Yang Qing assumed the role concurrently until a suitable candidate could be found. Subsequently, Mr. Zhou Zhiping was appointed as the President of the Company on 21 June 2024, and Mr. Yang Qing continued to serve as the Chairman of the Company.

II. STRUCTURE OF CORPORATE GOVERNANCE

1. General Structure of Corporate Governance

The highest authority of the Company is the shareholders' general meeting. The Board of Directors and the Supervisory Committee are under the supervision of the shareholders' general meeting. The Board of Directors has its Audit and Risk Management Committee (the "Audit Committee"), Nomination Committee and Remuneration Committee. As authorised by the Articles of Association, the Board of Directors is responsible for major business decision and the supervision on daily operation and management of the senior management. The Supervisory Committee is mainly responsible for the supervision on the performance of the Board of Directors and senior management. The Board of Directors and the Supervisory Committee are independently accountable to the shareholders' general meeting.



2. Shareholders and Shareholders' General Meeting

(1) Shareholders

As at 31 December 2024, Dongfeng Motor Corporation, the controlling shareholder of the Company, held approximately 73.83% equity interest in the Company both directly and indirectly. The remaining approximately 26.17% equity interest in the Company was held by public shareholders.

Information of other shareholders and persons who are entitled to exercise 5% or more (class of shares classified into domestic shares and H shares) of the voting power at shareholders' general meeting during the reporting period is set out on page 15 in this annual report.

Dongfeng Motor Corporation, the controlling shareholder of the Company, has exercised its rights and fulfilled its obligations in accordance with laws, and has never, directly or indirectly, interfered with the Company's operations beyond the authorisation of the shareholders' general meetings. The Board of Directors, Supervisory Committee and internal organisations of the Company can operate independently.

(2) Rights of Shareholders

The Company treats all shareholders equally and ensures that shareholders can fully exercise their rights to protect their legal interests. The Company has convened shareholders' general meetings strictly in accordance with laws and regulations. The governance structure of the Company ensures that all shareholders, particularly minority shareholders, enjoy equal rights and bear corresponding obligations.

In addition to the rights provided in the Articles of Association of the Company, pursuant to the Rules of Procedures of Shareholders' General Meeting, our shareholders shall also enjoy the following rights:

1) Two or more shareholders holding in aggregate more than 10% (inclusive) of the shares carrying voting rights at the proposed meeting may sign one or several written requests in the same form requesting the Board of Directors to convene an extraordinary general meeting or a class shareholders' meeting, specifying the matters to be considered at the meeting;

2) Where the Board of Directors fails to issue notice to convene the meeting within 30 days upon the receipt of the written request, the requisitionists may convene a meeting within 4 months from the date of the receipt of the requisitionists by the Board of Directors. The meeting shall be convened by the requisitionists in accordance with the same procedures, as nearly as possible, as that to be followed by the Board of Directors for convening meetings;

3) Where the shareholders decide to convene shareholders' general meeting on their own, they should inform the Board of Directors in writing, and the Board of Directors and the secretary to the Board of Directors shall be cooperative for the purpose of the meeting;

4) When the Company convenes an annual general meeting, shareholder(s) holding more than 5% (inclusive) of the total number of shares of the Company carrying voting rights shall be entitled to propose new motions in writing and explanations to the Board of Directors;

5) Shareholders may raise enquiries about the Company at shareholders' general meeting and, except for trade secrets of the Company which may not be disclosed at the meeting, the chairman of the meeting shall instruct the directors, supervisors or other attendees to answer such enquiries;

6) A shareholder or shareholders present in person or by proxy holding shares, severally or jointly, of more than 10% (inclusive) conferring the right to attend and vote at shareholders' general meeting may demand a poll.

(3) Communication with Shareholders/Investor Relations

The Company strengthens its communication with investors through active investor relationship management. Investors will be informed of the results and operation of the Company promptly and will also be invited to have meetings with investment analysts, to attend press meeting and non-deal roadshows, to visit the Company and to attend reverse roadshows. Through these arrangements, shareholders, investors and general public are introduced of the operation of the Company and have the chances to raise their questions for answers. Meanwhile, the Company submits monthly return on movements in its shareholdings in accordance with the regulatory requirement of the Stock Exchange; In addition, due to the issuance of super & short-term commercial paper the Company regularly discloses quarterly reports within the duration in accordance with the regulatory requirements of National Association of Financial Market Institutional Investors.

Shareholders may also inquire about any information of the Company within the scope of their rights. The H share registrar of the Company is Computershare Hong Kong Investor Services Limited, the address and contact details are as follows:

Correspondence address: Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong

Telephone No.: (+852) 2862 8628

The Company provides information about the Group to shareholders and investors and answers shareholders' questions mainly through the publication of notices, announcements and circulars on the websites of the Company and the Stock Exchange, the dispatch of interim reports, annual reports and circulars to shareholders, as well as results presentations, investor surveys, routine mailings and telephone enquiries. The Company holds general meetings in compliance with the Listing Rules to ensure communication and interaction with shareholders.

The Board reviews the investor relations policy annually and makes any changes it considers necessary to ensure that the policy is effective and that the legitimate interests of shareholders and investors are adequately protected. The Board has reviewed the implementation and effectiveness of the Company's investor relations policy. Having considered the implementation of diversified communication channels, the Board is satisfied that an effective investor relations policy has been properly implemented for the year ended 31 December 2024.

(4) Shareholders' General Meetings

The Company attaches great importance to the communication between our directors and shareholders. The Chairman of the Board of Directors, convenors of all committees, representative of auditors and management representatives shall attend all annual general meetings and give detailed answers and explanations to shareholders' questions.

During the reporting year, the Company convened one annual general meeting, one domestic share class meeting, one H share class meeting and one extraordinary general meeting. The date, time and venue of the general meetings and the poll results in respect of the resolutions proposed at the general meetings are as follows.

The 2023 annual general meeting was held at Special No. 1 Dongfeng Road, Wuhan Economic and Technology Development Zone, Wuhan, Hubei, the People's Republic of China, at 9:00 a.m. on Friday, 21 June 2024. The matters considered at the meeting and the percentages of voters for and against the relevant resolutions are as follows:

Resolutions		For	%	Against	%
I.	As more than half (1/2) of the votes from the shareholders who attended and voted at the annual general meeting were cast in favour of the following resolutions, the resolutions were duly passed as ordinary resolutions:				
1.	1. To consider and approve the report of the Board of Directors (the "Board") of the Company for the year ended 31 December 2023.	6,609,092,763	99.701372	19,795,723	0.298628
2.	To consider and approve the report of the Supervisory Committee of the Company for the year ended 31 December 2023.	6,618,263,763	99.839721	10,624,723	0.160279
3.	To consider and approve the independent auditor's report and audited financial statements of the Company for the year ended 31 December 2023.	6,618,263,763	99.839721	10,624,723	0.160279
4.	To consider and approve the profit distribution proposal of the Company for the year ended 31 December 2023.	6,626,516,486	99.964217	2,372,000	0.035783
5.	To consider and approve the authorisation to the Board to deal with all issues in relation to the Company's distribution of interim dividend for the year 2024 at its absolute discretion (including, but not limited to determining whether to distribute interim dividend for the year 2024).	6,627,920,486	99.970015	1,988,000	0.029985
6.	To consider and approve the appointments of Ernst & Young as the international auditor of the Company for the year 2024, and Ernst & Young Hua Ming LLP as the domestic auditor of the Company for the year 2024 to hold office until the conclusion of annual general meeting for the year 2024, and to authorize the Board to determine their remunerations.	6,613,622,374	99.754324	16,288,112	0.245676

Resolutions		For	%	Against	%
7.	To consider and approve the remuneration of the directors and the supervisors of the Company determined by the Board for the year 2024.	6,627,898,486	99.969834	2,000,000	0.030166
II. As more than two-thirds (2/3) of the votes from the shareholders who attended and voted at the annual general meeting were cast in favour of the following resolution, the resolution was duly passed as a special resolution:					
8.	To consider and, if thought fit, to approve the general mandate for the Board, and the persons authorised by the Board to repurchase the Company's H shares.	6,626,834,486	99.947152	3,504,000	0.052848
III. As more than half (1/2) of the votes from the shareholders who attended and voted at the AGM were cast in favour of the following additional resolution, the resolution was duly passed as an ordinary resolution:					
9.	To consider and approve the appointment of Zhou Zhiping as an executive director.	6,617,554,486	99.808845	12,674,000	0.191155

The 2024 Domestic Share Class Meeting was held at Special No. 1 Dongfeng Road, Wuhan Economic and Technology Development Zone, Wuhan, Hubei, the People's Republic of China, at 9:30 a.m. on Friday, 21 June 2024. The matters considered at the meeting and the percentages of voters for and against the relevant resolution are as follows:

	Resolution	For	%	Against	%
As the number of votes cast in favour of the following resolution exceeded two-thirds of the voting rights of the shareholders attending at the 2024 Domestic Share Class Meeting and who were entitled to vote on the resolution, the following resolution was passed as a special resolution:					
1.	To consider and, if thought fit, to approve the general mandate for the Board of Directors, and the persons authorized by the Board of Directors to repurchase the Company's H shares.	5,760,388,000	100.000000	0	0.000000

The 2024 H Share Class Meeting was held at Special No. 1 Dongfeng Road, Wuhan Economic and Technology Development Zone, Wuhan, Hubei, the People's Republic of China, at 10:00 a.m. on Friday, 21 June 2024. The matters considered at the meeting and the percentages of voters for and against the relevant resolution is as follows:

	Resolution	For	%	Against	%
As the number of votes cast in favour of the following resolution exceeded two-thirds of the voting rights of the shareholders attending at the 2024 H Share Class Meeting and who were entitled to vote on the resolution, the following resolution was approved as a special resolution:					
1.	To consider and, if thought fit, to approve the general mandate for the board of Directors, and the persons authorized by the Board of Directors to repurchase the Company's H shares.	871,800,484	99.778651	1,934,000	0.221349

The 2024 Extraordinary General Meeting was held at Special No. 1 Dongfeng Road, Wuhan Economic and Technology Development Zone, Wuhan, Hubei, the People's Republic of China, at 9:00 a.m. on Friday, 20 December 2024. The matters considered at the meeting and the percentages of voters for and against the relevant resolutions are as follows:

	Resolution	For	%	Against	%
I.	As the number of votes cast in favour of the following resolution exceeded half of the voting rights of the shareholders attending at the 2024 Extraordinary General Meeting and who were entitled to vote on the resolution, the following resolution was approved as an ordinary resolution:				
1.	To consider and approve the appointment of Ms. Liu Yanhong as a Non-executive Director of the Company.	6,016,454,426	98.96	62,999,980	1.04

All resolutions submitted to shareholders at the 2023 annual general meeting, the 2024 domestic share class meeting, the 2024 H-share class meeting and the 2024 extraordinary general meeting were approved. Shareholders were not subject to any restrictions when voting on the resolutions at the 2023 annual general meeting, the 2024 domestic share class meeting, the 2024 H-share class meeting and the 2024 extraordinary general meeting.

Computershare Hong Kong Investor Services Limited, the Company's share registry, has entrusted Mr. Liu Yutong, a lawyer of Computershare Hong Kong Investor Services Limited, to be the scrutineer of votes counting at the 2023 annual general meeting, the 2024 domestic share class meeting and the 2024 H-share class meeting; and Lawyer Zhao Li to be the scrutineer of votes counting at the 2024 extraordinary general meeting. The voting results were not only announced at the meetings, but also published on the websites of the Company and HKEX on the day when the meetings were held.

(5) Shareholders' Calendar

The following table sets out the tentative key dates for shareholders for the financial year ending 31 December 2025. The dates are subject to changes in situation. Shareholders should refer to our announcements issued from time to time.

2025 Shareholders' Calendar

Date	**Events**
26 March	Announcement of final results for the year ended 31 December 2024
Late April	Upload of the 2024 annual report on the websites of the Company and the Hong Kong Stock Exchange
Late April	Dispatch of the 2024 annual report to shareholders
20 June	2024 Annual General Meeting
26 August	Announcement of interim results and interim dividends for the six months ending 30 June 2025, if any
Mid-October	Payment of interim dividends for the six months ending 30 June 2025, if any

3. Directors and Board of Directors

(1) Directors

1) Composition and Term of Office of Directors

Pursuant to the Articles of Association, directors shall be elected at shareholders' general meeting for a term of three years and shall be eligible for re-election upon expiry of their terms.

The current Board of Directors is the 5th Board of Directors since the Company was established, and members of the 4th Board of Directors were changed on 25 September 2020.

Currently, the 5th Board of Directors consists of six directors, including executive directors Mr. Yang Qing (who became the chairman on 2 November 2023) and Mr. You Zheng, non-executive director Ms. Liu Yanhong (who became a non-executive director on 20 December 2024), and independent non-executive directors Mr. Zong Qingsheng, Mr. Leung Wai Lap, Philip and Mr. Hu Yiguang. Mr. Zhou Zhiping was appointed as an executive director on 21 June 2024, and ceased to serve as executive director on 26 March 2025. The term of office of the 5th Board of Directors last till 24 September 2023. Before members of the new session are appointed, the above directors will still faithfully perform their duties as directors. In addition, all the independent non-executive directors are independent and not related to the Company or any of its major shareholders, with the term of office not exceeding nine years.

There are no financial, business, family or other material relationships among members of the Board of Directors of the Company. The Company has purchased liability insurance for all directors and senior management.

Members of the Board of Directors of the Company have different industry backgrounds, having expertise and extensive experience in areas of corporate management, financial accounting, laws and investment. The Board of Directors has formulated the Board Diversification Policy and reviews its composition at least once a year. Brief biographies of each of the directors are set out on pages 53 to 56 in this annual report.

2) *Chairman and President*

The Chairman and President of the Company are acted by different persons with a clear division of duties. In particular, the Chairman is responsible for supervising the daily operation of the Board of Directors, examining the execution of the Board resolutions and other duties, while the President is responsible for the daily operation management of the Company and implementing the resolutions of the Board of Directors under the Chairman's leadership. Details of the senior management of the Company are set out on pages 58 to 59 in this annual report.

3) *Independent non-executive directors*

Currently, the Company has three independent non-executive directors, representing more than one-third of the total members of the Board of Directors. The Company complied with the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors (accounting for at least one-third of the Board), at least one of whom possessing appropriate professional qualifications.

All the independent non-executive directors of the Company are familiar with the rights and obligations of directors and independent non-executive directors of listed companies. During the reporting period, the independent non-executive directors performed their duties in accordance with the Articles of Association of the Company and Rules of Procedures of the meeting of Board of Directors in a faithful and diligent manner, exercised the rights as independent non-executive directors in a discreet, careful and proper manner, attended board meetings and shareholders' general meetings in a proactive and responsible manner, and gave full play to their experience and strengths. They made extensive efforts to improve the Company's corporate governance and material decision-making, and expressed impartial and objective opinions to effectively safeguard the interests of shareholders. All of the three independent non-executive directors of the Company were members of the committees under the Board of Directors.

During the reporting period, the independent non-executive directors of the Company expressed their independent views on connected transactions during the reporting period and discharged their duties as independent non-executive directors seriously.

During the reporting period, the independent non-executive directors of the Company expressed no dissenting views to the resolutions of the Board of Directors and other matters other than such resolutions.

The Board of Directors confirmed the receipt from each of the independent non-executive directors a confirmation in respect of their independence pursuant to Rule 3.13 of the Listing Rules of the Hong Kong Stock Exchange. The Board considered the existing independent non-executive directors are independent persons as defined in Rule 3.13 of the Listing Rules of the Hong Kong Stock Exchange.

4) *Non-executive director*

Ms. Liu Yanhong, a non-executive director of the Company, was appointed on 20 December 2024.

5) *Board independence mechanism*

The Company adopts a number of approaches and methods to ensure that the Board has access to independent advice and recommendations. For instance, pursuant to Code Provisions C.5.6 and C.5.9 of Appendix C1 of the Listing Rules, the Board and its members are provided with sufficient information and have separate and independent access to the Company's senior management to make informed decisions. In particular, all members of the Board have the right to obtain timely information about the Group (including but not limited to management accounts, results of operations and statistics, audit results and other industry and market related information and forecasts), to seek the assistance of the Company Secretary and professional advice, if any, at the Company's expense. In addition, the Company's Audit and Risk Management Committee is entitled to liaise and discuss annually with the Company's external auditors in discharging its duties and Board members are encouraged to seek the views of other members, employees, other stakeholders and investors (through investor relations channels) where appropriate to ensure that a full range of perspectives are taken into account in the decision-making process.

The Board reviews the implementation and effectiveness of the approach and methodology annually. The Board is satisfied that it has effective and adequate formal or informal channels, which ensure that independent advice and recommendations are reached at Board level.

6) Training and Continuous Professional Development

Directors shall participate in appropriate continuous professional development program to develop and refresh their knowledge and skills, in order to ensure that they understand the business and operation of the Company and are fully aware of their responsibilities and obligations under the Listing Rules and relevant statutory requirements.

During the reporting year, all directors regularly reviewed the investment monthly report, financial report, automobile market research report and other information to understand the industry development, current operation, financial condition and relevant information of the Company.

The records are as follows:

Directors	**Information Reviewed**
Executive directors	
Mr. Yang Qing	148th issue
Mr. Zhou Zhiping *(term of office is from 21 June 2024 to 26 March 2025)*	68th issue
Mr. You Zheng	148th issue
Non-executive director	
Ms. Liu Yanhong *(appointed on 20 December 2024)*	10th issue
Independent non-executive directors	
Mr. Zong Qingsheng	148th issue
Mr. Leung Wai Lap, Philip	148th issue
Mr. Hu Yiguang	148th issue

7) Securities Transactions by Directors

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix C3 to the Listing Rules to regulate the directors' securities transactions. During the reporting year, none of the directors had any other interest in the shares of the Company.

All directors have confirmed, following enquiry by the Company, that they fully complied with the Model Code during 2024.

8) *Remuneration of Directors*

The fifth session of the Remuneration Committee of the Company is responsible for giving suggestion on the remuneration of individual executive directors and senior management. Other than the independent non-executive directors of the Company who received remuneration of directors, all other directors did not receive any remuneration of directors from the Company. The executive directors receive remuneration in their capacities of employers of the Company; non-executive directors receive corresponding remuneration from the Company; the remuneration of the independent non-executive directors is determined with reference to the average market level and the actual condition of the Company.

During the reporting year, the Company paid remuneration of RMB100,000 (before tax) to the independent non-executive director of the fifth session of the Board of Directors, namely Mr. Zong Qingsheng; Mr. Hu Yiguang was paid remuneration of RMB176,368.44 (before tax); Mr. Leung Wai Lap, Philip was paid remuneration of RMB182,368.44 (before tax).

9) *Board Diversity Policy*

On 27 March 2019, the Company passed the Board diversity policy at the Board meeting. This Board diversity policy aims to set out the approach adopted for achieving the diversity of the Board of the Company. The Nomination Committee will review annually the structure, size and composition of the Board and advise on any changes proposed to be made to the Board to correspond with the Company's corporate strategy.

In reviewing and assessing the Board composition and nomination of directors, a number of factors has to be considered for Board diversity, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and industry and regional experience.

The Company aims at maintaining an appropriate balance of diversity perspectives of the Board that are relevant to the Company's business growth. The Nomination Committee will discuss and agree on the measurable objectives for achieving the Board diversity and make recommendations to the Board.

In compliance with Rule 13.92 of the Listing Rules, the Company appointed a new female director to the Board on 20 December 2024, enhancing gender diversity.

As at the date of this report, the number of female employees of the Group accounted for approximately 19.00% of the total number of employees. The Board considers that the Group's workforce is now progressively diversifying in terms of gender. The Group's recruitment strategy is to recruit the right people for the right positions and to achieve diversity among all staff, including senior management, in terms of gender, age, culture, and educational background, professional experience, skills and knowledge.

If necessary, the Board of Directors may adopt and/or revise diverse factors and measurable objectives at any time to meet the business needs of the Company and the succession plan for the Board of Directors.

(2) The Board

The Board is the decision-making body of the Company. The Board is responsible for the operation and management of properties of the Company as authorised by the general meeting. The Board is also responsible for performing the functions set out in the relevant code provision of the Corporate Governance Code. The Board is accountable to the shareholders in general meeting. The operators of the Company are responsible for the daily operation and management.

The Board is accountable to the shareholders' general meeting and exercises the following functions and powers:

- to be responsible for the convening of the shareholders' general meeting and to report on its work to the shareholders in general meetings;
- to implement the resolutions passed by the shareholders in general meetings；
- to determine the business plans and investment proposals of the Company；
- to formulate the preliminary and final annual financial budgets of the Company；
- to formulate the profit distribution proposal and loss recovery proposal of the Company；
- to formulate the debt and financial policies, proposals for the increase or reduction of the registered capital of the Company and for the issuance of debentures；
- to draw up the material acquisition or disposal proposals and plans for the merger, division or dissolution of the Company；
- to determine the establishment of the internal management structure of the Company；

- to appoint or remove the president of the Company, to appoint or remove the vice president and the finance director of the Company based on the nominations of the president, and to decide on their remuneration；
- to decide on the establishment of the branch organizations of the Company；
- to set up the basic management system of the Company, including the financial management and human resources management systems；
- to formulate proposals for any amendment of the Articles of Association；
- to submit the proposals for application of bankruptcy of the Company；
- to determine the external guarantees of the Company under the authorisation of general meetings；
- except for the matters that the Company Law and the Articles of Association require to be resolved by the shareholders in general meeting, to decide on other important and administrative matters of the Company and to execute other important agreements；
- to exercise such other authorities as conferred at general meetings and the Articles of Association.

The Board shall exercise the above powers by passing resolutions at Board Meetings. The directors could also seek independent professional advice when performing their duties.

1) *The Board Meeting*

The Board shall convene at least four meetings every year at an interval of approximately once a quarter. During the reporting year, the Board held 6 meetings, including four regular meetings and 2 extraordinary board meetings. The attendance of Directors in person was set out below (Directors failed to attend had appointed their proxies):

Directors	The Board	Audit and Risk Management Committee	Remuneration Committee	Nomination Committee	General Meeting
Executive directors					
Mr. Yang Qing	6/6(100%)		2/2(100%)	4/4(100%)	0/4(0%)
Mr. Zhou Zhiping *(Term of office is from 21 June 2024 to 26 March 2025)*	3/3(100%)				1/1(100%)
Mr. You Zheng	5/6(83.3%)				3/4(75%)
Non-executive director					
Ms. Liu Yanhong *(appointed on 20 December 2024)*	1/1(100%)				–
Independent non-executive directors					
Mr. Zong Qingsheng	6/6(100%)	4/4(100%)	2/2(100%)	4/4(100%)	4/4(100%)
Mr. Leung Wai Lap, Philip	6/6(100%)	4/4(100%)		4/4(100%)	4/4(100%)
Mr. Hu Yiguang	6/6(100%)	4/4(100%)	2/2(100%)		4/4(100%)

In addition, the Chairman of the Board of Directors has held meetings with non-executive directors (including independent non-executive directors) annually without attendance of executive directors.

2) *Committees under the Board*

The Company has established three committees under the Board, including Audit and Risk Management Committee, Remuneration Committee and Nomination Committee. The members of these committees are mainly Independent Non-executive Directors. Each of the committees carries out its duties in accordance with its term of reference. The full texts of the rules of procedures of the three committees were posted on the websites of the Company and the Hong Kong Stock Exchange.

Members of the Audit and Risk Management Committee

All of the members of the Audit and Risk Management Committee are independent non-executive directors, including Mr. Leung Wai Lap, Philip (chairman of the committee), Mr. Zong Qingsheng and Mr. Hu Yiguang.

Major duties

- to advise the Board of Directors on the appointment, re-appointment and dismissal of the external auditors, including the remuneration and terms of employment for the external auditors, and handle any issues related to the auditors' resignation or dismissal;

- to review the Company's financial reports, review the Company's accounting policies and changes, review other financial reports that need to be reviewed and approved by the Board of Directors, and present opinions to the Board of Directors. Members of the Committee should contact the Board of Directors and senior management, meet with the Company's external auditors at least twice a year, and pay attention to major or unusual matters reflected in financial reports and accounts, as well as relevant matters raised by the Company's finance personnel and audit personnel and external auditors. Before submitting the financial report to the Board of Directors, the Committee should review the following matters: any changes to accounting policies or practices, contents that require important judgments, major adjustments arising from audit, assumptions about ongoing operation and any qualified opinions, compliance with accounting standards, compliance with the Listing Rules and legal provisions on financial reporting;

- to examine and oversee whether the external auditors are independent and objective and whether the audit procedure is effective in accordance with applicable standards; discuss the nature and scope of audit and relevant reporting responsibilities with the auditors before the audit work begins;

- to act as the main representative between the Company and external auditors, and oversee the relationship between the two;

- to formulate policies on the provision of non-audit services by external auditors and implement the policies;

- to examine the Audit Statement Letter sent by the external auditors to the management, and the major questions raised by the external auditors to the management on accounting records, financial accounts or the monitoring system, as well as the management's response, so as to ensure that the Board of Directors responds to the relevant questions raised in the Audit Statement Letter sent by the external auditor to the management in a timely manner;

- to assess and determine the nature and degree of risks that the Company is willing to accept when pursuing its strategic objectives, and report and give suggestions to the Board of Directors;

- to examine the Company's financial monitoring, risk management and internal control systems, and discuss the risk management and internal control systems with the management, to ensure that the management has fulfilled its responsibilities and established effective systems. The discussion should cover whether the Company has enough resources and qualified and experienced employees in the areas of accounting and financial reporting, and whether the training courses for employees and relevant budgets are sufficient;

- to review the Company's annual report on risk management and internal control, and provide opinions to the Board of Directors;

- to take the initiative or be appointed by the Board of Directors to study the important investigation results related to risk management and internal control and the management's response to the investigation results;

- to coordinate the communication and work of internal and external auditors;

- to ensure sufficient resources provided to and appropriate standing for the internal auditing department within the Company, and review and monitor the efficiency of the internal auditing department;

- to review the following arrangements of the Company which the employees may, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit and Risk Management Committee shall ensure that proper arrangements are in place for a fair and independent investigation of such matters and for appropriate follow-up actions;

- to comply with any new requirements on the duties and authorities of the Audit and Risk Management Committee under the listing rules of the places where the Company is located and where the shares of the Company are listed;

- to report to the Board of Directors on matters related to the Corporate Governance Code in Appendix C1 of the Listing Rules;

- other duties as authorized by the Board.

The major works in 2024

The Audit and Risk Management Committee held four meetings in 2024 and the attendance of its members was set out in this report.

The major works of the Audit and Risk Management Committee in 2024 includes：

- to review the annual financial position report of the Company for 2023;

- to review and approve the appointment of the principal auditor for the fiscal year 2024;

- to review the Company's interim financial report for 2024;

- to review the revision to the Rules of Procedure for the Audit and Risk Management Committee of the Company.

Members of the Remuneration Committee

The members of the Remuneration Committee are mainly independent non-executive directors, including Mr. Zong Qingsheng (chairman of the committee), Mr. Yang Qing and Mr. Hu Yiguang.

Major duties

- to make recommendations to the Board of Directors on the overall remuneration policy and structure for directors and senior management, and on the establishment of formal and transparent procedures for formulating the remuneration policy;

- to formulate the remuneration proposal of Directors, Supervisors and senior management and medium and long-term incentive schemes and submit it to the Board for approval, and conduct performance appraisal for senior management;

- to make recommendations to the Board of Directors on the remuneration of some executive directors and senior managers, including non-monetary benefits, pension rights and compensation amounts (including compensation for loss of positions or termination of appointment);
- to review and approve the compensation (if any) payable to the Executive Directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and is also fair and reasonable and not excessive for the Company;
- to review and approve compensation arrangements (if any) relating to the dismissal or removal of the Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and compensation payment is reasonable and appropriate;
- to ensure that no Director or any of his/her associates are involved in determining his/her own remuneration. The remuneration of a non-executive director who is a member of the Remuneration Committee shall be determined by other committee members;
- to comply with any new requirements on the duties and authorities of the Remuneration Committee under the Listing Rules;
- to review and approve the remuneration proposals of the management in accordance with the corporate policies and objectives set by the Board of Directors;
- to consider the remuneration paid and the time and responsibilities required by similar companies and the employment conditions for other positions within the Group;
- to make recommendations to the Board of Directors on the remuneration of non-executive directors;
- to review and/or approve the matters related to the share scheme mentioned in Chapter 17 of the Listing Rules;
- other duties authorised by the Board.

The major works in 2024

The Remuneration Committee held two meetings in 2024 and the attendance of its members was set out in this report.

The major works of the Remuneration Committee in 2024 included：

- reviewing the Remuneration Scheme of the Directors of the Company in 2024.
- to review the revision to the Rules of Procedure for the Audit and Risk Management Committee of the Company.

Members of the Nomination Committee

The members of the Nomination Committee are mainly independent non-executive directors, including Mr. Zong Qingsheng (chairman of the committee), Mr. Yang Qing and Mr. Leung Wai Lap, Philip.

Major duties

- to advise the Board on the composition of the Board based on the operation, asset scale and equity structure of the Company;
- to advise the Board on the selection criteria and procedures of Directors;
- to identify and select qualified candidates to be nominated as Directors;
- to review the qualifications of Director candidates and make recommendations to the Board;
- to offer recommendations on the composition of other professional committees under the Board;

- to assess the independence of independent non-executive directors (if the Board of Directors plans to propose a resolution to select a person as an independent non-executive director at the shareholders' meeting, ensure that the circular letter and/or explanatory letter to shareholders passed by the shareholders' meeting set out (1) the process used to find the person, the reasons why the Board of Directors thinks that the person should be selected and the reasons why the person is independent; (2) if the designated independent non-executive director will be the director of the 7th (or more) listed company, the reasons why the Board of Directors thinks that the person can still devote enough time to fulfilling the responsibilities as a non-executive director; (3) the views, perspectives, expertise and experience that the person can bring to the Board of Directors; and (4) how the person can promote the diversity of Board members);

- If an independent non-executive director has been in office for more than nine years, the Board of Directors shall discuss whether it should continue the appointment, including the reasons why it thinks the director is still independent and should be re-elected;

- to give recommendations on candidates of president, vice president, secretary to the Board and person-in-charge of the finance department and other senior officers for appointment by the Board;

- to review the structure, size and composition of the Board (including skills, knowledge and experiences) at least once a year, to satisfy the diversification policy of the Board of Directors, and to make recommendations on any proposed changes to the Board to complement the Company's corporate strategy so as to facilitate the implementation of the strategy of the Company;

- to offer recommendations to the Board on the appointment, re-appointment or replacement of Directors and senior management;

- relevant requirements specified in the latest revision to the Listing Rules about the responsibilities and powers of the Nomination Committee, if any, shall apply;

- to report to the Board of Directors on matters related to the Corporate Governance Code in Appendix C1 of the Listing Rules.

- other duties as authorized by the Board.

The major works in 2024

The Nomination Committee held four meetings in 2024 and the attendance of its members was set out in this report.

The major works of the Nomination Committee in 2024 included:

- assessing the independence of the independent non-executive directors of the Company.

- to review the proposals on the adjustment of the Company's director and senior management members.

- to review the revision to the Company's Nomination Committee of the Board of Directors.

4. Supervisors and the Supervisory Committee

(I) Supervisors

According to the Articles of Association, Supervisors shall include Supervisors representing the shareholders and one Supervisor representing employees. Supervisors representing the shareholders shall be elected and removed by shareholders' general meetings, and the Supervisors representing employees shall be elected and removed by the employees in a democratic way.

The current Supervisory Committee is the fifth session of Supervisory Committee since the establishment of the Company and currently comprises three Supervisors, namely Mr. He Wei (the Chairman of the Supervisory Committee), Mr. Jin Jun (Employee Supervisor) and Mr. Bao Hongxiang (Independent Supervisor).

(II) Supervisory Committee

During the reporting year, the Supervisory Committee held two regular meetings. The attendance of supervisors in person was set out below (supervisors who failed to attend had appointed their proxies):

Supervisor	The Supervisory Committee	The regular meeting of the Board	Shareholders' General Meeting
Chairman of the Supervision Committee			
Mr. He Wei	2/2(100%)	6/6(100%)	4/4(100%)
Independent Supervisor			
Mr. Bao Hongxiang	2/2(100%)	6/6(100%)	4/4(100%)
Employee Supervisor			
Mr. Jin Jun *(Resigned on 26 August 2024)*	1/1(100%)	3/3(100%)	3/3(100%)
Mr. Zhou Wei *(Appointed on 26 August 2024)*	1/1(100%)	3/3(100%)	1/1(100%)

The Supervisory Committee has supervised on the convening procedures and resolutions of shareholders' general meetings of the Company and Board meetings and the implementation of resolutions of shareholders' general meetings by the Board. The Supervisory Committee did not hold a dissenting view regarding the reports and resolutions proposed to shareholders' general meeting by the Board. The Supervisory Committee is of the view that the Company has been strictly compliance with the Company Law, the Listing Rules, the Articles of Association and other relevant laws, rules and regulations and diligently implemented all resolutions of shareholders' general meetings during the reporting year. The Supervisory Committee is of the view that the Company continuously refined its internal management and internal control system and the internal management system was well-established.

The Supervisory Committee reviewed the annual and interim financial reports and relevant information of the Company. Upon the audit, the certified public accountant has issued unqualified auditors' reports on the 2023 annual financial report and 2024 interim financial report of the Company, confirmed that the consolidated financial statements give an objective, true and fair view of the financial position and the financial performance of the Company.

5. Accountability and Auditing

(I) Financial Reporting

The Directors are responsible for the preparation of the information and representations in the financial statements of the Company for the year. The Directors consider that the financial statements of the Company have been prepared in accordance with the Listing Rules, the Company Ordinance and international accounting standards and code. The Directors have applied appropriate accounting policies and have made prudent and reasonable judgments and estimates. The Directors, having made appropriate enquiries, are not aware of any material uncertain events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the auditor of the Company regarding their responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 97 to 98 of this annual report.

(II) Auditor and Remuneration

The Audit and Risk Management Committee is responsible for providing recommendation on the appointment and replacement of accounting firms and other intermediary institutions and their remuneration to the Board.

During the reporting year, the Company appointed Ernst & Young as the Company's international auditor in 2024 and Ernst & Young Hua Ming LLP as the Company's domestic auditor in 2024, both of which were engaged in interim report review and annual report audit until the end of the 2024 annual general meeting. Authorized by the general meeting, the Board of Directors determined that the combined remuneration of the presiding auditors is RMB7.473 million (including tax).

The Audit and Risk Management Committee has discussed and evaluated the professional qualification and the audit works of Ernst & Young and Ernst & Young Hua Ming LLP for 2024.

(III) Risk Management and Internal Control

The Board reviews the effectiveness of the risk management and internal control of the Group regularly, including financial control, operation control and compliance control, to ensure that the operation of the Company is in compliance with laws and its assets are protected and the financial information used in its operation and disclosed to the public is accurate and reliable.

In accordance with the Corporate Governance Code of the Stock Exchange, the Company has set up a comprehensive set of risk management and internal control systems, including systems for mechanisms and procedures, systems for organizations and bodies and the supervision and control system, and has optimized the standardized risk management and internal control and management system.

Under the philosophy of "central planning, division of responsibilities, prioritisation and comprehensive implementation", the Company has established a risk management and internal control system involving the Board, the Audit and Risk Management Committee and other relevant units and branches with clear division of duties.

The Audit and Risk Management Committee of the Board was established to supervise the financial reporting procedures, internal control and risk management of the Company.

The Audit and Risk Management Committee receives annual reports on the annual review of risk management and work on management and control, development and operation of internal control system as well as internal audit from the Company and provides guidance and supervision to the Company.

During the reporting year, the Company focused on the synergy of risk management with internal control and internal audit, located and rectified defects in the internal control and identified potential risks by reviewing the internal control process, so as to promote the risk control capabilities. Also, the Company bettered the risk management by performing an audit on its businesses, in turn optimising the internal control and eliminating the risks in an effective manner.

Under the authorisation of the Board and the Audit and Risk Management Committee, the Audit Department of the Company carried out self-evaluation on the validity of the structure and operation of internal control in respects of the comprehensiveness, significance, control, adaptability and cost effectiveness to ensure the operation of the Company is in compliance with laws, to prevent risks and to enhance the management of the Company. The Company further refined and improved risk prevention mechanism and internal control system so as to ensure the sound operation of the Company. The principal businesses and issues under the internal control assessment cover all the businesses and management issues of the five elements of internal control. Key emphasis has been placed on the high-risk areas, including safety management, quality management, fund management, procurement management, sales management, production management, logistics management, inventory management, contract management and other businesses. During the reporting period, the Company has established an internal control system for all businesses and issues which were included in the evaluation and the system was implemented effectively, meeting the objectives of internal control of the Company. The internal control of the Company did not have any material deficiencies. As such, reasonable assurance has been given to the fulfillment of the objectives of internal control of the Company.

With the foundation of the annual risk assessment and improvement in specific risk management and control, the focus of the risk management tasks of the Company has been laid on the principle of “integration, innovation and promotion” to endeavor to integrate risks with businesses, innovative approaches with means and promotional templates and results, to augment risk control mechanisms and systems and to enhance the management and control of major risks. The Company has placed great emphasis on the implementation of risk control and management while constantly elevating the effectiveness of risk management and control to ensure the progressive and accelerated development via risk management. During the reporting period, there were no material events in relation to risks of the Company.

The internal audit of the Company is mainly focused on the communication and coordination with external auditors. Being oriented towards issues and risks, the internal audit is also integrated into the internal control and holistic risk management of the Company, which has enhanced the functions of internal audit as “radar warning” and an “immune system”. The priority of the audit is placed on the prevention of operating and financial risks associated with the decision-making procedures of “three major issues and one substantial matter” (“三重一大”), the quality of accounting information and accountability of management during the tenure, which has enhanced the rectification of issues identified in the audit and promoted the continuous optimisation of internal control.

6. Company Secretaries

Mr. Liao Xianzhi is the joint company secretary of the Company, and the Company has also appointed Ms. Yuen Wing Yan, Winnie from Tricor Services Limited as the external joint company secretary of the Company; the main contact person in the Company is Mr. Liao Xianzhi.

Ms. Yuen Wing Yan, Winnie has complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of the relevant professional training during the year.

7. Other Stakeholders

The Company respects and protects the legal interests of its stakeholders. The interests of shareholders, employees, the community and other parties are also taken care of. The Company also pays attention to environment protection and charity aiming to maintain its sustainable and healthy growth in economy activities.

8. Strengthening of Corporate Governance

The Board will continuously review its current practices for improvement based on the changes and development of regulatory requirements, in order to strengthen its corporate governance. The Company encourages shareholders to provide advice and recommendation to enhance and improve the transparency of the Company.

To the shareholders of Dongfeng Motor Group Company Limited
(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of DONGFENG MOTOR GROUP COMPANY LIMITED (the "Company") and its subsidiaries (the "Group") set out on pages 99 to 234, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Warranty provisions	
As at 31 December 2024, the balance of warranty provisions for passenger vehicles and commercial vehicles sold as stated in the consolidated statement of financial position of the Group amounted to RMB2,809 million. Provisions for warranties granted by the Group for the passenger vehicles and commercial vehicles sold are recognised based on sales volume and estimated unit cost of repairs and replacements. Considering the magnitude of the balance of warranty provisions and the significant involvement of management's judgement and assumptions applied in estimating unit cost in respect of future warranty claims, warranty provisions were identified as a key audit matter. Details of the warranty provisions are disclosed in note 3 "SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES" and note 33 "PROVISIONS" to the consolidated financial statements.	We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the Group's accounting for warranty provisions. Our audit procedures performed on warranty provisions of the Group included, among others: • assessing management's warranty provision methodology using our knowledge of the Group, the experience in the passenger and commercial vehicles industry, and with reference to the terms of the warranty manuals and relevant documents; • comparing the volume of the respective vehicle models used in warranty provision calculation to the sales records; • comparing management's estimation of the warranty cost per unit with the historical actual claims incurred; • discussing with management and performing analysis on actual claims during the year and after year-end to identify any indicators of significant quality defect, significant changes of labour and parts costs, and significant changes of expected occurrence of repair or replacement that would significantly affect the estimates of the year-end warranty provisions; • testing the mathematical accuracy of calculations therein by re-performing the calculations; • assessing the adequacy of the disclosure of warranty provisions made in the consolidated financial statements.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter (Continued)	How our audit addressed the key audit matter (Continued)

Impairment assessment of property, plant and equipment, intangible assets and right-of-use assets

The Group recorded a total impairment provision of RMB22 million against property, plant and equipment ("PP&E"), intangible assets and right-of-use assets in the consolidated statement of profit or loss for the year ended 31 December 2024, and the total carrying amount of PP&E, intangible assets and right-of-use assets of the Group amounted to RMB47,570 million as at 31 December 2024.

Due to the fierce competition in the domestic automobile market, some subsidiaries of the Group incurring loss, impairment indicators existed for certain PP&E, intangible assets and right-of-use assets.

Management uses the value in use of the cash-generating units ("CGUs") to which the PP&E, intangible assets and right-of-use assets belong to determine the recoverable amount. Estimating the value in use requires the Group to estimate the future cash flows from the cash-generating units and to choose suitable discount rates to calculate the present value of those projected cash flows. The assumptions made by management in estimating the value in use may be affected by unexpected changes in future market or economic conditions. Accordingly, impairment assessment of PP&E and intangible assets and right-of-use assets was identified as a key audit matter.

Details of the impairment provision are disclosed in note 3 "SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES", note 6 "LOSS BEFORE INCOME TAX", note 14 "PROPERTY, PLANT AND EQUIPMENT", note 16 "LEASES" and note 17 "INTANGIBLE ASSETS" to the consolidated financial statements.

We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the Group's impairment assessment of property, plant and equipment, intangible assets and right-of-use assets.

Our audit procedures included, among others:

- Obtaining an understanding of how management monitors independent cash inflows and operational performance to evaluate the appropriateness of management's grouping of PP&E, intangible assets and right-of-use assets within the relevant CGUs;
- assessing the valuation methodology used by management to determine the value in use with the assistance of our valuation specialists by referencing to the industry practices;
- evaluating the significant assumptions relating to discount rates and long-term growth rates by benchmarking market data and comparable companies with the support of our valuation specialists;
- comparing the significant assumption relating to projected sales growth rates made by management to current industry and economic trends, the subsidiary managements approved budget and business plan, and other relevant factors;
- evaluating management's reliability of projected cash flows through review of actual outcomes against estimates made in prior periods;
- performing sensitivity analyses for discount rates applied and projected sales growth rates adopted to evaluate the changes in the value in use of the cash-generating unit that would result from changes in the assumptions;
- assessing the adequacy of the disclosures made in the financial statements regarding impairment assessment of PP&E, intangible assets and right-of-use assets.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors of the Company are assisted by the Audit and Risk Management Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Cheung Ng.

Ernst & Young
Certified Public Accountants

Hong Kong
26 March 2025

Consolidated Statement of Profit or Loss

Year ended 31 December 2024

	Notes	2024 RMB million	2023 RMB million (Restated)
Revenue	5	**106,197**	99,383
Cost of sales		**(92,612)**	(89,550)
Gross profit		**13,585**	9,833
Other income and gains	5	**7,016**	4,161
Selling and distribution expenses		**(9,419)**	(8,301)
Administrative expenses		**(6,152)**	(5,395)
Impairment losses on financial assets	10	**(631)**	(1,144)
Other expenses		**(5,832)**	(5,601)
Finance expenses	7	**(837)**	(1,112)
Share of profits and losses of:		**1,107**	1,321
Joint ventures	19	**436**	514
Associates	20	**671**	807
LOSS BEFORE INCOME TAX	6	**(1,163)**	(6,238)
Income tax expense	11	**(59)**	(465)
LOSS FOR THE YEAR		**(1,222)**	(6,703)
Attributable to:			
Owners of the parent		**58**	(3,887)
Non-controlling interests		**(1,280)**	(2,816)
		(1,222)	(6,703)
Earnings/(Loss) per share attributable to ordinary equity holders of the parent	13		
Basic and diluted for profit/(loss) for the year		**RMB0.70 cents**	RMB (45.66) cents

Consolidated Statement of Comprehensive Income

Year ended 31 December 2024

	Notes	2024 RMB million	2023 RMB million (Restated)
LOSS FOR THE YEAR		**(1,222)**	(6,703)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Changes in fair value of financial assets at fair value through other comprehensive income		**(3,862)**	5,888
Others		**(65)**	38
		(3,927)	5,926
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Currency translation differences		**(19)**	14
Income tax effect			
Item that will not be reclassified subsequently to profit or loss		**973**	(1,478)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(2,973)**	4,462
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(4,195)**	(2,241)
Attributable to:			
Owners of the parent		**(2,893)**	557
Non-controlling interests		**(1,302)**	(2,798)
		(4,195)	(2,241)

Consolidated Statement of Financial Position

31 December 2024

	Notes	31 December 2024 *RMB million*	31 December 2023 *RMB million* (Restated)
Non-current assets			
Property, plant and equipment	14	**28,588**	24,941
Investment properties	15	**4,228**	4,344
Right-of-use assets	16	**4,853**	4,796
Goodwill	18	**3,155**	3,155
Intangible assets	17	**14,129**	10,531
Investments in joint ventures	19	**36,011**	38,814
Investments in associates	20	**16,402**	16,611
Financial assets at fair value through other comprehensive income	27	**5,055**	8,998
Other non-current assets	21	**31,906**	37,450
Deferred tax assets	11	**5,572**	5,154
Total non-current assets		**149,899**	154,794
Current assets			
Inventories	22	**15,371**	14,432
Trade receivables	23	**12,412**	8,774
Bills receivable	24	**4,798**	7,304
Due from joint ventures	26	**1,309**	1,280
Prepayments, deposits and other receivables	25	**40,282**	40,516
Financial assets at fair value through other comprehensive income	27	**4,135**	9,248
Financial assets at fair value through profit or loss	29	**16,579**	16,568
Pledged bank balances and time deposits	28	**4,414**	4,159
Cash and bank deposits	28	**75,853**	79,355
Total current assets		**175,153**	181,636
TOTAL ASSETS		**325,052**	336,430

Consolidated Statement of Financial Position (Continued)

31 December 2024

	Notes	31 December 2024 RMB million	31 December 2023 RMB million
Current liabilities			
Trade payables	35	**26,595**	27,164
Bills payable	36	**30,005**	29,534
Other payables and accruals	37	**20,704**	18,505
Contract liabilities		**3,694**	4,318
Due to joint ventures	26	**24,556**	20,513
Interest-bearing bank and other borrowings	32	**36,056**	34,454
Lease liabilities	16	**321**	332
Income tax payable		**229**	1,509
Provisions	33	**847**	1,012
Total current liabilities		**143,007**	137,341
NET CURRENT ASSETS		**32,146**	44,295
TOTAL ASSETS LESS CURRENT LIABILITIES		**182,045**	199,089

	Notes	**31 December 2024** *RMB million*	31 December 2023 *RMB million*
Non-current liabilities			
Interest-bearing bank and other borrowings	32	**18,597**	28,518
Lease liabilities	16	**1,949**	1,836
Other long term liabilities		**2,206**	2,188
Government grants	34	**1,833**	2,198
Deferred tax liabilities	11	**678**	1,691
Provisions	33	**1,985**	1,942
Total non-current liabilities		**27,248**	38,373
Net assets		**154,797**	160,716
EQUITY			
Equity attributable to owners of the parent			
Issued capital	30	**8,253**	8,302
Reserves	31	**23,848**	27,897
Treasury shares	30	**–**	(78)
Retained profits		**117,189**	117,762
Total equity attributable to owners of the parent		**149,290**	153,883
Non-controlling interests		**5,507**	6,833
TOTAL EQUITY		**154,797**	160,716
TOTAL EQUITY AND LIABILITIES		**325,052**	336,430

Yang Qing
Director

You Zheng
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2024

	Attributable to owners of the company							
	Issued capital RMB million (note 30)	Capital reserves* RMB million (note 31)	Treasury shares RMB million (note 30)	Statutory reserves* RMB million (note 31)	Retained profits RMB million	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
At 31 December 2023	8,302	7,197	(78)	19,709	117,658	152,788	6,822	159,610
Business combination under common control	–	991	–	–	104	1,095	11	1,106
At 31 December 2023 and 1 January 2024 (as restated)	8,302	8,188	(78)	19,709	117,762	153,883	6,833	160,716
Total comprehensive income for the year	–	(2,951)	–	–	58	(2,893)	(1,302)	(4,195)
Shares repurchased	–	–	(71)	–	–	(71)	–	(71)
Shares cancellation	(49)	(100)	149	–	–	–	–	–
Interim 2024 dividend declared	–	–	–	–	(413)	(413)	–	(413)
Dividends paid to non-controlling equity holders	–	–	–	–	–	–	(37)	(37)
Capital contribution from non-controlling equity holders	–	–	–	–	–	–	47	47
Business combination under common control	–	(1,096)	–	–	(26)	(1,122)	–	(1,122)
Transactions with non-controlling equity holders	–	(70)	–	–	(61)	(131)	(48)	(179)
Share-based payment	–	52	–	–	–	52	14	66
Transfer to reserves	–	–	–	190	(190)	–	–	–
Transfer from capital reserve upon on disposal of equity investments at fair value through other comprehensive income	–	(59)	–	–	59	–	–	–
Others	–	(15)	–	–	–	(15)	–	(15)
At 31 December 2024	8,253	3,949	–	19,899	117,189	149,290	5,507	154,797

Consolidated Statement of Changes in Equity (Continued)

Year ended 31 December 2024

	Attributable to owners of the company							
	Issued capital *RMB million* *(Restated)*	Capital reserves* *RMB million* *(Restated)*	Treasury shares *RMB million* *(Restated)*	Statutory reserves* *RMB million* *(Restated)*	Retained profits *RMB million* *(Restated)*	Total *RMB million*	Non-controlling interests *RMB million*	Total equity *RMB million*
At 31 December 2022	8,616	5,359	(93)	19,723	122,247	155,852	9,684	165,536
Restatement for business combination under common control	–	982	–	–	203	1,185	21	1,206
At 31 December 2022 and 1 January 2023 (as restated)	8,616	6,341	(93)	19,723	122,450	157,037	9,705	166,742
Total comprehensive income for the year	–	4,444	–	–	(3,887)	557	(2,798)	(2,241)
Shares repurchased	–	–	(963)	–	–	(963)	–	(963)
Shares cancellation	(314)	(664)	978	–	–	–	–	–
Final 2022 dividend declared	–	–	–	–	(2,768)	(2,768)	–	(2,768)
Dividends paid to non-controlling equity holders	–	–	–	–	–	–	(50)	(50)
Transactions with non-controlling equity holders	–	3	–	(14)	–	(11)	(32)	(43)
Share-based payment	–	31	–	–	–	31	8	39
Transfer from capital reserve upon on disposal of equity investments at fair value through other comprehensive income	–	(1,967)	–	–	1,967	–	–	–
At 31 December 2023(as restated)	8,302	8,188	(78)	19,709	117,762	153,883	6,833	160,716

* These reserve accounts comprise the consolidated reserves of RMB23,848 million as at 31 December 2024 (31 December 2023: RMB27,897 million) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

31 December 2024

	Notes	2024 RMB million	2023 RMB million (Restated)
Cash flows from operating activities			
Loss before tax:		**(1,163)**	(6,238)
Adjustments for:			
Finance expenses	7	**837**	1,112
Share of profits and losses of joint ventures and associates		**(1,107)**	(1,321)
Interest income	5	**(1,002)**	(746)
Gain on disposal of items of property, plant and equipment and intangible assets, investment property and other long-term assets		**(376)**	(178)
Gain on disposal of long-term investments		**–**	(129)
Loss on changes in fair value of financial assets at fair value through profit or loss		**11**	4
Dividends from financial assets at fair value through other comprehensive income	5	**(601)**	(1,013)
Gain on disposal of financial assets at fair value through profit or loss and other financial assets		**(335)**	(342)
Depreciation of property, plant and equipment	6	**4,268**	3,273
Depreciation of investment properties	6	**161**	99
Depreciation of right-of-use assets	6	**409**	439
Impairment of items of property, plant and equipment	6	**18**	198
Impairment of intangible assets	6	**4**	120
Amortisation of intangible assets	6	**1,983**	1,472
Write-down of inventories to net realisable value	6	**276**	426
Impairment losses on financial assets	6	**631**	1,144
Impairment losses on long-term investments		**13**	–
Gain on acquisition of a subsidiary		**(25)**	–
Amortisation of government grants	34	**(523)**	(377)

	Notes	2024 RMB million	2023 RMB million (Restated)
Increase in inventories		**(833)**	(1,715)
(Increase)/decrease in trade receivables		**(3,522)**	7,297
Decrease/(increase) in bills receivable		**2,572**	(1,993)
Decrease/(increase) in financial assets at fair value through other comprehensive income		**5,191**	(2,471)
Increase in prepayments, deposits and other receivables		**(1,015)**	(4,073)
(Decrease)/increase in trade payables		**(637)**	5,628
Increase in bills payable		**471**	6,375
(Decrease)/increase in contract liabilities		**(624)**	508
Increase/(decrease) in other payables and accruals		**2,423**	(293)
(Increase)/decrease in amounts due from joint ventures		**(305)**	4,646
Decrease in loans and receivables from financing services		**6,570**	11,109
Increase in cash deposits in the Group's financing business		**2,505**	4,019
Decrease in a mandatory reserve		**236**	383
Increase/(decrease) in amounts due to joint ventures		**4,043**	(15,521)
Decrease in other long-term liabilities		**(470)**	(206)
(Decrease)/increase in provisions		**(163)**	224
Cash generated from operations		**19,921**	11,860
Interest paid		**(583)**	(854)
Income tax paid		**(1,939)**	(1,753)
Net cash flows from operating activities		**17,399**	9,253

Consolidated Statement of Cash Flows (Continued)

31 December 2024

	Notes	2024 RMB million	2023 RMB million (Restated)
Cash flows from investing activities			
Purchases of items of property, plant and equipment and other long-term assets		**(11,658)**	(9,805)
Purchases of intangible assets		**(6,084)**	(2,981)
Purchases of investment properties		**(23)**	–
Investments in joint ventures and associates		**(5)**	(190)
Proceeds from disposal of items of property, plant and equipment, intangible assets and investment property		**695**	862
Proceeds from sale of financial assets at fair value through other comprehensive income		**64**	7,271
Proceeds from sale of subsidiaries and associates		**–**	79
Dividends from joint ventures and associates		**4,385**	7,700
Dividends from financial assets at fair value through other comprehensive income		**601**	1,013
Government grants received		**158**	76
Interest received		**1,002**	746
Placement of pledged bank balances and time deposits and financial assets at fair value through profit or loss		**–**	39
Increase in non-pledged time deposits with original maturity of three months or more when acquired		**(22,036)**	(4,100)
Gain on disposal of financial assets at fair value through profit or loss and other financial assets		**335**	342
Acquisition of a subsidiary		**(1,122)**	–
Other payments related to other investing activities		**(150)**	(1,191)
Net cash flows used in investing activities		**(33,838)**	(139)

Consolidated Statement of Cash Flows (Continued)

31 December 2024

	Notes	2024 RMB million	2023 RMB million (Restated)
Cash flows from financing activities			
Proceeds from borrowings and bonds		**5,993**	29,403
Repayment of borrowings		**(14,342)**	(27,496)
Capital contribution from non-controlling shareholders		**47**	–
Repurchase of shares		**(71)**	(963)
Dividends paid to non-controlling shareholders		**(47)**	(50)
Dividends paid to shareholders of the Company		**(413)**	(2,560)
Repayment of lease liabilities		**(576)**	(425)
Other proceeds related to financing activities		**507**	(108)
Net cash flows used in financing activities		**(8,902)**	(2,199)
Net (decrease)/increase in cash and cash equivalents		**(25,341)**	6,915
Cash and cash equivalents at beginning of year		**72,453**	65,442
Effect of foreign exchange rate changes, net		**(129)**	96
Cash and cash equivalents at end of year	28	**46,983**	72,453

Consolidated Statement of Cash Flows (Continued)

31 December 2024

	Notes	2024 RMB million	2023 RMB million (Restated)
Analysis of balances of cash and cash equivalents			
Cash and bank balances		**44,924**	58,970
Time deposits		**35,343**	24,544
		80,267	83,514
Less: Pledged bank balances as stated and time deposits for securing general banking facilities		**(4,414)**	(4,159)
Cash and bank deposits in the consolidated statement of financial position		**75,853**	79,355
Less: Non-pledged time deposits with original maturity of over three months when acquired		**(28,870)**	(6,902)
Cash and cash equivalents as stated in the statement of cash flows		**46,983**	72,453

1. CORPORATE AND GROUP INFORMATION

Dongfeng Motor Group Company Limited (the "Company") is a joint stock limited liability company incorporated in the People's Republic of China (the "PRC"). The registered office of the Company is located at Special No. 1 Dongfeng Road, Wuhan Economic and Technology Development Zone, Wuhan, Hubei, the PRC.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in the manufacture and sale of automobiles, engines and other auto parts and rendering of financing services.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Dongfeng Motor Corporation ("DFM"), a state-owned enterprise established in the PRC.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of establishment and business	Registered and paid up capital	Percentage of equity attributable to the Company		Principal activities
		RMB million	Direct	Indirect	
Dongfeng Special Commercial Vehicle Co., Ltd.	PRC	343	75.08	–	Manufacture and sale of automobiles and auto parts
China Dongfeng Motor Industry Import and Export Co., Ltd.	PRC	200	96.29	–	Import and export of automobiles and auto parts
Dongfeng Motor Finance Co., Ltd. ("DFF")	PRC	9,000	100.00	–	Rendering of financing services
Dongfeng Liuzhou Motor Co., Ltd. ("Dongfeng Liuqi")	PRC	1,225	75.00	–	Manufacture and sale of automobiles and auto parts
Dongfeng Commercial Vehicles Co., Ltd. ("DFCV")	PRC	9,200	55.00	–	Manufacture and sale of automobiles and auto parts
Dongfeng Peugeot Citroën Automobile Sales Co., Ltd. ("DPCS")*	PRC	100	50.00	–	Marketing and sale of automobiles
Dongfeng Motor Investment (Wuhan) Co., Ltd.	PRC	10	100.00	–	Provision of investment and advisory services
Dongfeng Nengdi (Hangzhou) Motor Co., Ltd.	PRC	360	59.72	40.28	Manufacture and sale of auto parts
Dongfeng Zhuolian Automobile Service Co., Ltd.	PRC	991	100.00	–	Marketing and sale of automobiles and auto parts

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Name	Place of establishment and business	Registered and paid up capital	Percentage of equity attributable to the Company		Principal activities
		RMB million	Direct	Indirect	
Dongfeng Automobile Trade Co., Ltd.	PRC	220	100.00	–	Marketing and sale of automobiles
Dongfeng Changxing Technology Co., Ltd.	PRC	3,457	100.00	–	Rendering of automobile leasing services
Zhixin Technology Co., Ltd.	PRC	3,864	100.00	–	Manufacture and sale of auto parts
Dongfeng Motor (Wuhan) Co., Ltd.	PRC	4,706	100.00	–	Manufacture and sale of automobiles and auto parts
Dongfeng USharing Technology Co., Ltd.	PRC	100	70.00	–	Manufacture and sale of automobiles and auto parts
VOYAH Automobile Technology Company Ltd.	PRC	3,085	78.88	–	Manufacture and sale of automobiles and auto parts
DongFeng Automobile Co., Ltd.	PRC	2,000	55.00	–	Manufacture and sale of automobiles and auto parts
Nandou Liuxing System Integration Co., Ltd.	PRC	100	93.73	–	Manufacture and sale of auto part
Dongfeng Auto Finance Co., Ltd.	PRC	5,000	100.00	–	Rendering of financing services
Dongfeng Automotive Nanometer Technology Co., Ltd.	PRC	2,600	100.00	–	Sale of automobiles and auto parts
Mengshi Automobile Sales Service Co., Ltd.	PRC	100	100.00	–	Sale of automobiles and auto parts
Dongfeng Car Nanometer Technology (Xiangyang) Co., Ltd.	PRC	500	100.00	–	Manufacture and sale of automobiles and auto parts

* In September 2014, the Company and Peugeot Citroën Automobile Company jointly established of DPCS with registered capital of RMB100 million. The decisions on the main business activities of DPCS are made by the Board of Directors. The Board of Directors consists of 6 directors, 3 of whom are appointed by the Company and the Chairman of DPCS is appointed by the Company. According to the Articles of Association of DPCS, resolutions of the Board of Directors shall be adopted by simple majority voting (i.e., more than half of the total number of votes cast in favour of a resolution). If a resolution cannot be passed due to deadlock in the voting of the Board of Directors (i.e., an equal number of votes cast in favour of and against a resolution), the Chairman of DPCS has the final decision right. The Company substantially owns the voting rights of DPCS and has consolidated DPCS in the consolidated financial statements.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRS") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial assets and liabilities measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest million except when otherwise indicated.

Basis of consolidation

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

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

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

(b) rights arising from other contractual arrangements; and

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

2. ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

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

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current (the "2020 Amendments")
Amendments to IAS 1	Non-current Liabilities with Covenants (the "2022 Amendments")
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The nature and the impact of the revised IFRSs are described below:

(a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

2. ACCOUNTING POLICIES (CONTINUED)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised IFRSs, if applicable, when they become effective.

IFRS 18	Presentation and Disclosure in Financial Statements[3]
IFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or and IAS 28 Joint Venture[4]
Amendments to IAS 21	Lack of Exchangeability[1]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[2]

1 Effective for annual periods beginning on or after 1 January 2025

2 Effective for annual periods beginning on or after 1 January 2026

3 Effective for annual/reporting periods beginning on or after 1 January 2027

4 No mandatory effective date yet determined but available for adoption

2. ACCOUNTING POLICIES (CONTINUED)

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Further information about those IFRSs that are expected to be applicable to the Group is described below.

IFRS 18 replaces IAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as IAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 Statement of Cash Flows, IAS 33 Earnings per Share and IAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other IFRSs. IFRS 18 and the consequential amendments to other IFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRSs. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 Consolidated Financial Statements, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRSs. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19. Some of the Company's subsidiaries are considering the application of IFRS 19 in their specified financial statements.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Amendments to IFRS 9 and IFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the HKCPA. However, the amendments are available for adoption now.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Annual Improvements to IFRS Accounting Standards – Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying Guidance on implementing IFRS 7), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 7 Financial Instruments: Disclosures: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the Guidance on implementing IFRS 7 for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the Guidance on implementing IFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 9 Financial Instruments: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 10 Consolidated Financial Statements: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IAS 7 Statement of Cash Flows: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. If the Group holds less than 20% of the equity voting rights of the investee but can clearly demonstrate it has significant influence over the investee, the Group accounts such investees as associates. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

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

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

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Business combinations other than common control

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

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

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

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Business combinations other than common control (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units ("CGU"), that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the CGU to which the goodwill relates. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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

Business combinations under common control

Business combinations of entities under common control are accounted for using the pooling of interests method.

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The assets and liabilities of the combining entities or businesses are combined using the carrying book values from the controlling party's perspective. No amount is recognised in consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the consideration at the time of common control combination, to the extent of the continuation of the controlling party's interest.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Business combinations under common control (continued)

The consolidated statement of comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination. Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is accounted for by using merger accounting are recognised as expenses in the period in which they are incurred.

Fair value measurement

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

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

Level 1	–	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

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

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

Related parties

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

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

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

(ii) has significant influence over the Group; or

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

Or

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Related parties (continued)

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

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

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

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

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

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; (If the Group is itself such a plan) and the sponsoring employers of the post-employment benefit plan;

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

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

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

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

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

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2.50% to 20.00%
Equipment	3.33% to 33.33%

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

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

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. The Group applies the cost model for recognition of investment properties. Investment properties are measured initially at cost, including related transaction costs. After initial recognition, investment properties are stated at historical cost less accumulated depreciation and impairment losses. Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their costs to their residual values of 0% over their estimated useful lives. The principal annual rates used for this purpose are as follows:

Buildings	2.5% to 10%
Land use rights	2%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Intangible assets (other than goodwill)

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill) (continued)

Patents and licences

Purchased patents and licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 5 to 10 years.

Research and development costs

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

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

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five to seven years, commencing from the date when the products are put into commercial production.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indication of impairment arises during the year.

Customer relationships

Customer relationships are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10-17 years.

Trademarks

Purchased trademarks are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 5 to 10 years.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Leasehold land and land use rights	13 to 50 years
Buildings	3 to 20 years
Equipment and vehicles	3 to 5 years

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

(b) Lease liabilities

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

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

The Group's lease liabilities are included in interest-bearing bank and other borrowings.

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

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessor

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

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

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

Investments and other financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

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

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

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

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

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

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

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach

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

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

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

The Group assesses on a forward-looking basis the expected credit losses and the impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach (continued)

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

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

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

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

Simplified approach

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group's financial liabilities include trade and other payables, an amount due to the ultimate holding company, derivative financial instruments and interest-bearing bank and other borrowings.

Subsequent measurement

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

Financial liabilities at amortised cost (trade and other payables, and borrowings)

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads.

Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

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

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

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

The Group provides for warranties in relation to the sale of passenger vehicles and commercial vehicles for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns. The warranty-related cost is revised annually.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(a) Sale of industrial products

The Group manufactures and sells a range of passenger and commercial vehicles and related key parts and components, including engines, cabins, axles, steel frames and gearboxes in the market. Depending on the contractual arrangement with customers, sales are recognised when control of the products has transferred, being the time when the risks and rewards have been transferred, and the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Vehicles are often sold with volume rebates. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold and the expected value method is used for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognised.

(b) Rendering of services

Revenue from providing services is recognised in the accounting period in which the services are rendered.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

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

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

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Employee benefits

(a) Retirement benefits

The Group's contributions to various defined contribution pension schemes regulated by the relevant municipal and provincial governments in Mainland China and a supplemental pension scheme regulated by DFM are expensed as incurred.

The Group's employees in Mainland China are covered by various defined contribution pension schemes regulated by the relevant municipal and provincial governments in Mainland China pursuant to which the municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and retired employees.

In addition to the defined contribution pension schemes regulated by the relevant municipal and provincial governments in Mainland China, the Company and most of its subsidiaries and joint ventures located in the Hubei Province (collectively referred to as the "Hubei Entities") also participate in a supplemental pension scheme regulated by DFM (the "Scheme"), pursuant to which the Hubei Entities are required to make contributions based on certain percentages of the wages of the employees to the Scheme on a monthly basis, whereas DFM undertakes to assume the supplemental pension obligations and other pension benefits payable to the employees of the Hubei Entities. The Group has no further obligations for the supplemental pension obligations and other pension benefits beyond the contributions made. The contributions to the Scheme made by the Hubei Entities are expensed as incurred.

In accordance with the arrangement in place and for administrative reasons, the contributions to the Scheme are settled directly by each of the Hubei Entities based on the amounts of their respective contributions required to be borne.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Employee benefits (continued)

DFM has agreed with the Company that it shall continue to assume the supplemental pension obligations and other pension benefits payable to the employees of the Hubei Entities and the Hubei Entities shall continue to make contributions to the Scheme, on a monthly basis, based on certain percentages of the wages of their employees. DFM has also agreed to indemnify the Company against any losses that may arise if the employees of the Hubei Entities make claims against the Hubei Entities for their supplemental pension obligations and other pension benefits under the Scheme.

(b) Medical benefits

The Group's contributions to various defined contribution medical benefit plans organised by the relevant municipal and provincial governments in Mainland China and a supplemental medical benefit plan organised by DFM are expensed as incurred.

The Group contributes on a monthly basis to various defined contribution medical benefit plans organised by the relevant municipal and provincial governments in Mainland China. The municipal and provincial governments undertake to assume the medical benefit obligations of all existing and retired employees under these plans.

In addition, the Hubei Entities also participate in a supplemental medical benefit plan regulated by DFM pursuant to which the Hubei Entities are required to contribute certain percentages of the wages of their qualified employees to the plan on a monthly basis, and DFM undertakes to assume the supplemental medical benefit obligations payable to the qualified employees of the Hubei Entities. The Group has no further obligations for supplemental medical benefits beyond the contributions made. The contributions made by the Hubei Entities are expensed as incurred.

DFM has agreed with the Company that DFM shall continue to assume the supplemental medical benefit obligations payable to the qualified employees of the Hubei Entities and such entities shall continue to make monthly contributions to the supplemental medical benefit plan based on certain percentages of the wages of their qualified employees. DFM has also agreed to indemnify the Company against any losses which may arise if the employees of the Hubei Entities claim against the Hubei Entities for their supplemental medical benefits.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Employee benefits (continued)

(c) *Termination and early retirement benefits*

Termination and early retirement benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination and early retirement benefits when it is demonstrably committed either to terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy.

The Group implemented termination and early retirement plans for certain qualified employees, pursuant to which the Group has the obligations to pay early retirement benefits on a monthly basis to the relevant early retired employees until these employees reach their normal retirement age at which time they can draw their pension from the governmental regulated pension schemes and the DFM regulated supplemental pension scheme.

The early retirement benefit obligations estimated by the directors were fully accrued and recognised in the respective years' statement of profit or loss when the formal early retirement plan was demonstrably committed.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 PRIOR PERIOD RESTATEMENT

In March 2024, the Group acquired a subsidiary from DFM. Since the subsidiary and the Group are both under control of DFM before and after the acquisition, the acquisition is considered as a business combination under common control, which is mentioned in note 40.

Restated consolidated statement of profit or loss and comprehensive income

	For the year ended 31 December 2023 Consolidated statement of profit or loss and comprehensive income		
	As previously reported *RMB million*	**Retrospective adjustments** *RMB million*	**As restated** *RMB million*
(Loss)/profit for the year	(6,813)	110	(6,703)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	14	–	14
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	4,448	–	4,448
Total comprehensive income for the year	(2,351)	110	(2,241)
Attributable to:			
Owners of the parent	448	109	557
Non-controlling interests	(2,799)	1	(2,798)

2. ACCOUNTING POLICIES (CONTINUED)

2.5 PRIOR PERIOD RESTATEMENT (continued)

Restated consolidated statement of financial position

	31 December 2023 Statement of financial position		
	As previously reported	**Retrospective adjustments**	**As restated**
	RMB million	*RMB million*	*RMB million*
Total assets	330,678	5,752	336,430
Total liabilities	171,069	4,645	175,714
Equity attributable to owners of the parent	152,787	1,096	153,883
Non-controlling interests	6,822	11	6,833
Total equity	159,609	1,107	160,716

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Estimation Uncertainty

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

Warranty provisions

Provisions for warranties granted by the Group and its joint ventures ("JVs") for the passenger and commercial vehicles sold are recognised based on sales volume and past experience of the cost of repair and replacement. The key judgement adopted by management as part of the process includes determining the estimated unit cost of warranty provisions for passenger and commercial vehicles sold.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation Uncertainty (continued)

Deferred tax assets

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

Impairment assessment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(CONTINUED)*

Estimation Uncertainty *(continued)*

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about the risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward, looking estimates at the end of each reporting period.

Measurement of expected credit loss

The Group calculates expected credit losses through default risk exposure and expected credit loss rate, and determines the expected credit loss rate based on default probability and default loss rate. In determining the expected credit loss rate, the Group uses data such as internal historical credit loss experience, and adjusts historical data based on current conditions and forward-looking information. When considering forward-looking information, the indicators used by the Group include the risk of economic downturn, the expected increase in unemployment rate, external market environment, technological environment and changes in customer situations. The Group regularly monitors and reviews assumptions related to the calculation of expected credit losses. In 2024, there was no significant change in the above estimation techniques and key assumptions.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

If the management revises the gross profit rate adopted in the calculation of future cash flows of the cash-generating units and the revised gross profit rate is lower than the gross profit rate currently adopted, the Group may need to recognise an impairment loss of goodwill.

If the management revises the pre-tax discount rate adopted in discounting cash flows and the revised pre-tax discount rate is higher than the discount rate currently adopted, the Group may need to recognise an impairment loss of goodwill.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(CONTINUED)*

Estimation Uncertainty *(continued)*

Impairment of inventories

The Group's inventories are stated at the lower of cost and net realisable value. Write-down of inventories to net realisable value is made for those identified obsolete and slow-moving inventories and inventories with a carrying amount higher than the net realisable value. The assessment of the estimated net realisable value requires management's estimates which are influenced by assumptions concerning future sales and usage, and estimates in determining the appropriate level of inventory write-down against identified surplus or obsolete items. Where the actual outcome or expectation in future is different from the original estimate, such differences will have an impact on the carrying value of inventories and the write-down or reversal of write-down of inventories in the period in which such estimate has been changed.

Development costs

Development costs are capitalised in accordance with the accounting policy for research and development costs in note 2.4 to the financial statements. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) The commercial vehicles segment mainly manufactures and sells commercial vehicles and their related engines and other automotive parts;

(b) The passenger vehicles segment mainly manufactures and sells passenger vehicles and their related engines and other automotive parts;

(c) The financing services segment mainly provides financing services to external customers and companies within the Group. Revenue from financing services is mainly interest revenue from loans; and

(d) The corporate and others segment mainly manufactures and sells other automobile related products.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax from continuing operations. The adjusted profit/loss before tax from continuing operations is measured consistently with the Group's profit before tax from continuing operations except share of profits and losses of joint ventures and associates.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

As the chief operating decision maker of the Group considers that most of the Group's consolidated revenue and results are attributable to the market in Mainland China and the Group's consolidated assets are mainly located inside the PRC, no geographical information is presented.

During the year ended 31 December 2024, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2024

	Commercial vehicles *RMB million*	Passenger vehicles *RMB million*	Financing services *RMB million*	Corporate and others *RMB million*	Elimination *RMB million*	Total *RMB million*
Segment revenue ***(note 5)***						
Sales to external customers	47,117	52,118	5,439	1,523	–	106,197
Intersegment sales	103	179	180	433	(895)	–
Total segment revenue	47,220	52,297	5,619	1,956	(895)	106,197
Segment results	(2,344)	(1,636)	381	(762)	1,926	(2,435)
Interest income	425	290	–	2,397	(2,110)	1,002
Finance expenses	(172)	(211)	(7)	(676)	229	(837)
Share of profits and losses of:						
Joint ventures	528	(92)	–	–	–	436
Associates	(106)	258	425	94	–	671
(Loss)/profit before income tax	(1,669)	(1,391)	799	1,053	45	(1,163)
Segment assets	70,733	90,443	156,627	102,179	(94,930)	325,052
Segment liabilities	49,824	52,907	117,001	45,542	(95,019)	170,255

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2024 (continued)

	Commercial vehicles *RMB million*	Passenger vehicles *RMB million*	Financing services *RMB million*	Corporate and others *RMB million*	Elimination *RMB million*	Total *RMB million*
Other segment information						
Impairment losses of non-current assets	17	14	–	4	–	35
Impairment losses of financial assets	29	(179)	695	86	–	631
Depreciation and amortisation	2,060	4,215	132	414	–	6,821
Investments in joint ventures	2,459	33,552	–	–	–	36,011
Investments in associates	532	6,203	8,577	1,090	–	16,402
Capital expenditure*	3,444	9,616	979	3,726	–	17,765

* Capital expenditure consists of additions to property, plant and equipment, investment properties and intangible assets including assets from the acquisition of a subsidiary.

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2023

	Commercial vehicles (Restated) *RMB million*	Passenger vehicles (Restated) *RMB million*	Financing service (Restated) *RMB million*	Corporate and others (Restated) *RMB million*	Elimination (Restated) *RMB million*	Total (Restated) *RMB million*
Segment revenue *(note 5)*						
Sales to external customers	49,419	42,383	6,114	1,467	–	99,383
Intersegment sales	119	159	105	137	(520)	–
Total segment revenue	49,538	42,542	6,219	1,604	(520)	99,383
Segment results	(4,108)	(6,563)	2,093	(676)	2,061	(7,193)
Interest income	522	253	–	2,136	(2,165)	746
Finance expenses	(81)	(23)	(4)	(1,145)	141	(1,112)
Share of profits and losses of:						
Joint ventures	245	269	–	–	–	514
Associates	(29)	(32)	808	60	–	807
(Loss)/profit before income tax	(3,451)	(6,096)	2,897	375	37	(6,238)
Segment assets	74,621	85,977	151,063	100,920	(76,151)	336,430
Segment liabilities	52,056	47,546	110,590	42,047	(76,525)	175,714

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2023 (continued)

	Commercial vehicles (Restated) *RMB million*	Passenger vehicles (Restated) *RMB million*	Financing services (Restated) *RMB million*	Corporate and others (Restated) *RMB million*	Elimination (Restated) *RMB million*	Total (Restated) *RMB million*
Other segment information						
Impairment losses of non-current assets	191	104	–	23	–	318
Impairment losses of financial assets	244	(86)	1,031	(45)	–	1,144
Depreciation and amortisation	2,021	2,867	113	282	–	5,283
Investments in joint ventures	2,570	36,244	–	–	–	38,814
Investments in associates	544	2,480	10,626	2,961	–	16,611
Capital expenditure	2,733	8,144	316	1,593	–	12,786

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024	2023
	RMB million	*RMB million*
		(Restated)
Revenue from principal operations	**106,197**	99,383

a) Disaggregated revenue information

	2024	2023
	RMB million	*RMB million*
		(Restated)
Types of goods or services		
Commercial vehicles	**47,117**	49,419
Passenger vehicles	**52,118**	42,383
Financing services	**5,439**	6,114
Corporate and others	**1,523**	1,467
Total	**106,197**	99,383

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

a) Disaggregated revenue information (continued)

An analysis of other income and gains is as follows:

	2024 *RMB million*	2023 *RMB million* (Restated)
Government grants and subsidies	**3,266**	1,163
Interest income	**1,002**	746
Dividends from financial assets at fair value through other comprehensive income	**601**	1,013
Employee dispatch fees received from the joint ventures	**196**	211
Technology licensing fees	**114**	–
Others	**1,837**	1,028
Total other income and gains	**7,016**	4,161

6. LOSS BEFORE INCOME TAX

The Group's loss before income tax is arrived at:

	Notes	2024 RMB million	2023 RMB million (Restated)
Cost of inventories sold		**88,081**	80,816
Interest expense for financing services (included in cost of sales)		**523**	648
Depreciation of property, plant and equipment	14	**4,268**	3,273
Depreciation of right-of-use assets	16	**409**	439
Depreciation of investment properties	15	**161**	99
Amortisation of intangible assets	17	**1,983**	1,472
Research and development costs		**4,852**	4,571
Impairment of items of property, plant and equipment	14	**18**	198
Impairment of intangible assets	17	**4**	120
Lease expenses not included in the measurement of lease liabilities		**412**	288
Auditor's remuneration		**18**	18
Employee benefit expense (excluding directors' and supervisors' remuneration *(note 8)):*	8	**11,880**	10,553
Foreign exchange differences, net		**(24)**	(33)
Impairment losses on long-term investments		**13**	–
Impairment of financial assets, net	10	**631**	1,144
Write-down of inventories to net realisable value		**276**	426
Product warranty provision		**877**	650
Dividend income from financial assets at fair value through other comprehensive income		**601**	1,013
Interest income	5	**1,002**	746
Gain on disposal of items of property, plant and equipment and intangible assets, investment property and other long term assets		**(376)**	(178)
Royalty fee		**25**	26

7. FINANCE EXPENSES

An analysis of finance expenses is as follows:

	2024 RMB million	2023 RMB million (Restated)
Interest on bank loans and other loans	**583**	662
Interest on lease liabilities *(Note 16)*	**120**	113
Net exchange losses from financing activities	**134**	337
Total	**837**	1,112

8. DIRECTORS' AND SUPERVISORS' REMUNERATION

Directors' and supervisors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1) (a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Group	
	2024 RMB thousand	2023 RMB thousand (Restated)
Fees	**458**	450
Other emoluments:		
Salaries	**1,552**	1,379
Discretionary bonuses	**3,613**	3,477
Estimated money value of other benefits	**405**	303
Employer's contribution to a retirement benefit scheme	**492**	353
Subtotal	**6,062**	5,512
Total	**6,520**	5,962

8. DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2024 *RMB thousand*	2023 *RMB thousand* (Restated)
Leung Wai Lap, Philip	**182**	177
Zong Qingsheng	**100**	100
Hu Yiguang	**176**	173
Total	**458**	450

There were no other emoluments payable to the independent non-executive directors during the year (2023: Nil).

8. DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

(b) Executive directors, a non-executive director and supervisors

2024

	Fees	Salaries	Discretionary bonuses	Estimated money value of other benefits	Employer's contribution to a retirement benefit scheme	Total remuneration
	RMB thousand	*RMB thousand*	*RMB thousand*	*RMB thousand*	*RMB thousand*	*RMB thousand*
Executive directors:						
Yang Qing	–	245	537	71	78	931
Zhou Zhiping (appointed on 21 June 2024)	–	184	184	71	128	567
You Zheng	–	264	394	72	85	815
Subtotal	–	693	1,115	214	291	2,313
Non-executive director:						
Liu Yanhong (appointed on 4 December 2024)	–	134	110	37	33	314
Supervisors:						
He Wei (supervisor chairman)	–	179	1,249	29	32	1,489
Jin Jun	–	313	767	71	78	1,229
Zhou wei (appointed on 26 August 2024)	–	233	372	54	58	717
Subtotal	–	725	2,388	154	168	3,435
Total	–	1,552	3,613	405	492	6,062

8. DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

(b) Executive directors, a non-executive director and supervisors (continued)

2023

	Fees	Salaries	Discretionary bonuses	Estimated money value of other benefits	Employer's contribution to a retirement benefit scheme	Total remuneration
	RMB thousand	*RMB thousand*	*RMB thousand*	*RMB thousand*	*RMB thousand*	*RMB thousand*
Executive directors:						
Zhu Yanfeng (retired on 2 November 2023)	–	60	480	16	19	575
Yang Qing	–	240	655	68	77	1,040
You Zheng	–	259	499	67	84	909
Subtotal	–	559	1,634	151	180	2,524
Non-executive director:						
Huang Wei (resigned on 17 May 2023)	–	66	74	16	19	175
Supervisors:						
He Wei (supervisor chairman)	–	430	1,042	68	77	1,617
Jin Jun	–	324	727	68	77	1,196
Subtotal	–	754	1,769	136	154	2,813
Total	–	1,379	3,477	303	353	5,512

8. DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the year ended 31 December 2024.

No retirement benefits or termination benefits were paid to directors or supervisors during the year ended 31 December 2024. No considerations were provided to third parties for making available directors' services (2023: Same).

During the year, no loans, quasi-loans or other dealings were entered into by the Company in favour of directors or supervisors (2023: Same).

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year did not include directors (2023: no directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the five (2023: five) highest paid employees who are neither a director nor a supervisor of the Company are as follows:

	2024 ***RMB thousand***	2023 *RMB thousand* (Restated)
Salaries, allowances and benefits in kind	**4,318**	3,115
Bonuses	**7,156**	7,858
Pension scheme contributions	**353**	858
Total	**11,827**	11,831

9. FIVE HIGHEST PAID EMPLOYEES (CONTINUED)

The number of non-director and non-supervisor highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2024	2023 (Restated)
RMB2,000,001 to RMB2,500,000	**3**	4
RMB2,500,001 to RMB3,000,000	**2**	–
RMB3,000,001 to RMB3,500,000	**–**	1
Total	**5**	5

10. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	2024 *RMB million*	2023 *RMB million* (Restated)
Reversal of impairment losses of trade receivables	**(83)**	(106)
Impairment losses of other receivables	**9**	142
Impairment losses of loans and receivables from financing services	**772**	931
Others	**(67)**	177
Total	**631**	1,144

11. INCOME TAX EXPENSE AND DEFERRED INCOME TAX

	2024 RMB million	2023 RMB million (Restated)
Current income tax	517	1,481
Deferred income tax	(458)	(1,016)
Income tax expense for the year	59	465

Under the PRC Corporate Income Tax Law and the respective regulations, the corporate income tax for the Company and its subsidiaries is calculated at a statutory rate of 25% or a preferential rate of 15% where applicable, on their estimated assessable profits for the year based on the existing legislation, interpretations and practices in respect thereof.

No provision for Hong Kong profits tax (tax rate: 16.5%) has been made as the Group had no assessable profits arising in Hong Kong during the year.

Deferred tax assets are mainly recognised in respect of temporary differences relating to certain future deductible expenses for the purpose of corporate income tax.

According to IAS 12 Income Taxes, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets are realised or the liabilities are settled.

11. INCOME TAX EXPENSE AND DEFERRED INCOME TAX (CONTINUED)

A reconciliation of the income tax expense applicable to loss before income tax at the statutory corporate income tax rate in the PRC in which the Company and the majority of its subsidiaries are domiciled to the income tax expense at the Group's effective income tax rate, and a reconciliation of the applicable rate (i.e., the statutory corporate income tax rate) to the effective income tax rate, are as follows:

	2024	2023
	RMB million	*RMB million*
		(Restated)
Loss before income tax	**(1,163)**	(6,238)
Tax at the statutory tax rate of 25% (2023: 25%)	**(291)**	(1,559)
Lower tax rate(s) for specific provinces or enacted by local authority	**146**	503
Profits and losses attributable to joint ventures and associates	**(277)**	(330)
Expenses not deductible for tax	**12**	27
Tax losses not recognised	**1,219**	2,495
Additional deduction	**(747)**	(564)
Others	**(3)**	(107)
Tax charge at the Group's effective rate	**59**	465

The share of tax attributable to associates and joint ventures amounting to RMB168 million (2023: RMB202 million) and RMB109 million (2023: RMB128 million), respectively, is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss.

Pillar Two income taxes

The Group is within the scope of the Pillar Two model rules. The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes, and will account for the additional Pillar Two income taxes as current tax when incurred. Pillar Two legislation has been enacted or substantively enacted but not yet in effect as at 31 December 2024 in certain jurisdictions in which the Group operates.

The Group has assessed its potential exposure based on the information available regarding the financial performance of the Group in the current year. As such, it may not be entirely representative of future circumstances. Based on the assessment, the Group's effective tax rates in all jurisdictions in which it operates are above 15% and the directors of the Company are not currently aware of any circumstances under which they might change. Therefore, the Group does not expect potential exposure to Pillar Two "top-up" taxes. The Group continues to follow Pillar Two legislative developments, as more countries prepare to enact the Pillar Two model rules, to evaluate the potential future impact on its financial statements.

The subsidiaries incorporated in Hong Kong, Russia and Sweden are subject to corporate income tax at rates of 16.5% (2023: 16.5%), 20% (2023: 20%) and 20.6% (2023: 20.6%), respectively.

11. INCOME TAX EXPENSE AND DEFERRED INCOME TAX (CONTINUED)

The movements in deferred tax liabilities and assets during the year are as follows:

	Consolidated statement of financial position As at 31 December		Consolidated statement of profit or loss and statement of comprehensive income Year ended 31 December	
	2024	2023	**2024**	2023
	RMB million	*RMB million* (Restated)	***RMB million***	*RMB million* (Restated)
Deferred tax assets				
Assets impairment	**2,008**	1,931	**(77)**	(381)
Accrued expenses	**745**	681	**(64)**	(93)
Warranty provisions	**311**	217	**(94)**	65
Wages payable	**81**	90	**9**	36
Tax losses	**1,730**	1,477	**(253)**	9
Interest received in advance	**313**	467	**154**	(12)
Others	**384**	291	**(93)**	49
Gross deferred tax assets	**5,572**	5,154	**(418)**	(327)
Deferred tax liabilities				
Fair value adjustments arising from acquisition of subsidiaries	**(160)**	(197)	**(37)**	(21)
Government grants	**(33)**	(39)	**(6)**	(8)
Changes in the fair value of financial assets at fair value	**283**	(679)	**(962)**	833
Others	**(768)**	(776)	**(8)**	(15)
Gross deferred tax liabilities	**(678)**	(1,691)	**(1,013)**	789
Represented by:				
Deferred tax credited to the consolidated statement of profit or loss			**(458)**	(1,016)
Deferred tax credited to the consolidated statement of other comprehensive income			**(973)**	1,478
			(1,431)	462

12. DIVIDENDS

	2024 RMB million	2023 RMB million
Interim – RMB5 cents (2023: Nil) per ordinary share	**413**	–

Resolution for distribution of an interim dividend of RMB413 million (RMB0.05 per share) based on the interim net profit for 2024 attributable to shareholders was approved by the shareholders of the Company at the annual general meeting held on 29 August 2024 and was paid in October 2024 to shareholders.

13. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 8,260,078,000 (2023: 8,512,533,783) outstanding during the year, as adjusted to reflect the rights issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2024 and 2023.

The calculation of basic and diluted earnings per share are based on:

	2024 RMB million	2023 RMB million (Restated)
Earnings		
Profit/(loss) attributable to ordinary equity holders of the parent	**58**	(3,887)

	Number of shares	
	2024 million	2023 million (Restated)
Shares		
Weighted average number of ordinary shares outstanding during the year	**8,260**	8,513
Earnings/(loss) per share	**RMB0.70 Cent**	RMB (45.66) Cent

During this year, 49,664,000(2023：313,868,000)repurchased shares were cancelled by the Company.

14. PROPERTY, PLANT AND EQUIPMENT

31 December 2024

	Buildings *RMB million*	Equipment *RMB million*	Construction in progress *RMB million*	Total *RMB million*
At 1 January 2024:				
Cost (as restated)	10,535	35,690	3,787	50,012
Accumulated depreciation and impairment (as restated)	(3,729)	(21,337)	(5)	(25,071)
Net carrying amount (as restated)	6,806	14,353	3,782	24,941
At 1 January 2024, net of accumulated depreciation and impairment	6,806	14,353	3,782	24,941
Additions	70	2,150	6,657	8,877
Disposals	(157)	(547)	–	(704)
Reclassification	581	5,102	(5,683)	–
Transfer to intangible assets	–	–	(204)	(204)
Depreciation provided during the year	(310)	(3,958)	–	(4,268)
Impairment	–	(18)	–	(18)
Transfer to investment properties	(26)	–	(10)	(36)
At 31 December 2024, net of accumulated depreciation and impairment	6,964	17,082	4,542	28,588
At 31 December 2024:				
Cost	10,058	37,842	4,546	52,446
Accumulated depreciation and impairment	(3,094)	(20,760)	(4)	(23,858)
Net carrying amount	6,964	17,082	4,542	28,588

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

31 December 2023

	Buildings *RMB million* (Restated)	Equipment *RMB million* (Restated)	Construction in progress *RMB million* (Restated)	Total *RMB million* (Restated)
At 1 January 2023:				
Cost	10,093	30,398	3,039	43,530
Accumulated depreciation and impairment	(3,344)	(18,255)	(1)	(21,600)
Net carrying amount	6,749	12,143	3,038	21,930
At 1 January 2023, net of accumulated depreciation and impairment	6,749	12,143	3,038	21,930
Additions	770	5,461	803	7,034
Disposals	(185)	(169)	(55)	(409)
Depreciation provided during the year	(360)	(2,913)	–	(3,273)
Impairment	(25)	(169)	(4)	(198)
Transfer to investment properties	(143)	–	–	(143)
At 31 December 2023, net of accumulated depreciation and impairment	6,806	14,353	3,782	24,941
At 31 December 2023:				
Cost	10,535	35,690	3,787	50,012
Accumulated depreciation and impairment	(3,729)	(21,337)	(5)	(25,071)
Net carrying amount	6,806	14,353	3,782	24,941

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group determines whether there is any indication that an asset may be impaired at the balance sheet date. If there is an indication of impairment, the Group estimates its recoverable amount and performs an impairment test. The recoverable amount is the higher of the fair value of the cash-generating unit, net of disposal costs, and the present value of the cash-generating unit's estimated future cash flows.

The Group recognised an impairment provision for non-current assets of RMB22 million (2023: RMB318 million) during the year.

The Group's calculation of the present value of the projected future cash flows was 5 to 8 years, and the range of the pre-tax discount rate was 14% to 18%. Other key assumptions used by the appraiser included the projected sales volume of the products of the asset groups to which they belonged, the future unit price of the sales, the growth rate, the projected gross profit margins, and the expense ratios, etc. The Group determined these key assumptions based on the operating results of these asset groups in previous years, the level of the industry and the forecast of the market development.

Based on the recoverable amounts determined by the present value of the estimated future cash flows as described above, the Group made impairment provisions of RMB18 million (2023: RMB198 million) and RMB4 million (2023: RMB120 million) for PP&E and intangible assets, respectively, in respect of these asset groups during the year.

15. INVESTMENT PROPERTIES

31 December 2024

	Buildings *RMB million*	Land use rights *RMB million*	Total *RMB million*
Carrying amount at 1 January (as restated)	**2,854**	**1,490**	**4,344**
Additions	**14**	**7**	**21**
Disposals	**(12)**	**–**	**(12)**
Depreciation provided during the year	**(122)**	**(39)**	**(161)**
Transfer from property, plant and equipment	**36**	**–**	**36**
Carrying amount at 31 December	**2,770**	**1,458**	**4,228**

31 December 2023

	(Restated)	(Restated)	(Restated)
Carrying amount at 1 January	1,871	827	2,698
Additions	1,000	685	1,685
Disposals	(83)	–	(83)
Depreciation provided during the year	(77)	(22)	(99)
Transfer from property, plant and equipment	143	–	143
Carrying amount at 31 December	2,854	1,490	4,344

16. LEASES

The Group as a lessee

The Group has lease contracts for various items of leasehold land and land use rights, buildings and equipment and vehicles used in its operations. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land and land use rights* *RMB million*	Buildings *RMB million*	Equipment and vehicles *RMB million*	Total *RMB million*
As at 1 January 2023	4,183	617	9	4,809
Additions	162	357	44	563
Disposals	(70)	(64)	(1)	(135)
Depreciation charge	(167)	(264)	(8)	(439)
Impairment	–	–	(2)	(2)
As at 31 December 2023 and 1 January 2024 (as restated)	4,108	646	42	4,796
Additions	52	535	58	645
Revision of a lease team arising from a change in the non-cancellable period of a lease	(135)	(38)	(6)	(179)
Depreciation charge	(141)	(237)	(31)	(409)
As at 31 December 2024	3,884	906	63	4,853

* The Group has a land lease arrangement with the PRC government.

16. LEASES (CONTINUED)

The Group as a lessee (continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2024	2023
	RMB million	*RMB million*
		(Restated)
Carrying amount at 1 January	**2,168**	2,238
New leases	**645**	460
Disposals	**(87)**	(218)
Accretion of interest recognised during the year	**120**	113
Payments	**(576)**	(425)
Carrying amount at 31 December	**2,270**	2,168
Analysed into:		
Current portion	**321**	332
Non-current portion	**1,949**	1,836

16. LEASES (CONTINUED)

The Group as a lessee (continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2024 *RMB million*	2023 *RMB million* (Restated)
Depreciation of right-of-use assets	**409**	439
Interest on lease liabilities *(note 7)*	**120**	113
Expense relating to short-term leases and low-value assets (included in cost of sales, selling and distribution expenses, administrative expenses and other expenses)	**412**	288
Impairment of right-of-use assets	**–**	2
Total amount recognised in profit or loss	**941**	842

The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in note 41 to the financial statements.

17. INTANGIBLE ASSETS

31 December 2024

	Patents, licenses and trademarks *RMB million*	Customer relationships *RMB million*	Research and development cost *RMB million*	Others *RMB million*	Total *RMB million*
At 1 January 2024:					
Cost (as restated)	11,100	1,388	3,574	2,705	18,767
Accumulated amortisation and impairment (as restated)	(5,795)	(833)	–	(1,608)	(8,236)
Net carrying amount (as restated)	5,305	555	3,574	1,097	10,531
At 1 January 2024, net of accumulated amortisation and impairment	5,305	555	3,574	1,097	10,531
Additions	73	–	5,195	329	5,597
Disposals	(1)	–	(10)	(1)	(12)
Reclassification	3,200	–	(3,986)	786	–
Amortisation provided during the year	(1,637)	(83)	–	(263)	(1,983)
Impairment during the year	–	–	–	(4)	(4)
At 31 December 2024, net of accumulated depreciation and impairment	6,940	472	4,773	1,944	14,129
At 31 December 2024					
Cost	14,308	1,388	4,773	3,804	24,273
Accumulated amortisation and impairment	(7,368)	(916)	–	(1,860)	(10,144)
Net carrying amount	6,940	472	4,773	1,944	14,129

Details of the impairment of intangible assets are set out in note 14.

17. INTANGIBLE ASSETS (CONTINUED)

31 December 2023

	Patents and licenses *RMB million* (Restated)	Customer relationships *RMB million* (Restated)	Research and development costs *RMB million* (Restated)	Others *RMB million* (Restated)	Total *RMB million* (Restated)
At 1 January 2023:					
Cost	7,759	1,388	3,815	2,300	15,262
Accumulated amortisation and impairment	(4,522)	(749)	–	(1,403)	(6,674)
Net carrying amount	3,237	639	3,815	897	8,588
At 1 January 2023, net of accumulated amortisation and impairment	3,237	639	3,815	897	8,588
Additions	474	–	2,837	427	3,738
Disposals	(21)	–	(178)	(4)	(203)
Reclassification	2,892	–	(2,900)	8	–
Amortisation provided during the year	(1,158)	(84)	–	(230)	(1,472)
Impairment during the year	(119)	–	–	(1)	(120)
At 31 December 2023	5,305	555	3,574	1,097	10,531
At 31 December 2023					
Cost	11,100	1,388	3,574	2,705	18,767
Accumulated amortisation and impairment	(5,795)	(833)	–	(1,608)	(8,236)
Net carrying amount	5,305	555	3,574	1,097	10,531

18. GOODWILL

	2024 RMB million	2023 RMB million
Cost:		
At 1 January and at 31 December	**3,169**	3,169
Impairment:		
At 1 January and at 31 December	**14**	14
Net carrying amount:		
At 1 January and at 31 December	**3,155**	3,155

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units for impairment testing:

	Composition and basis of the CGU or the CGU group	**Business segment and basis**
DongFeng Automobile Co., Ltd. ("DFAC")	The business which manufactures and sales commercial vehicles and auto parts, the cash inflows from which are basically independent of those from other assets or asset groups	The asset group is allocated to the commercial vehicles segment based on its principal business and the management planning of the Group
Dongfeng Commercial Vehicles Co., Ltd. ("DFCV")	The business which manufactures and sales commercial vehicles and auto parts, the cash inflows from which are basically independent of those from other assets or asset groups	The asset group is allocated to the commercial vehicles segment based on its principal business and the management planning of the Group
Dongfeng Special Commercial Vehicle Co., Ltd.	The business which manufactures and sales special commercial vehicles and auto parts, the cash inflows from which are basically independent of those from other assets or asset groups	The asset group is allocated to the commercial vehicles segment based on its principal business and the management planning of the Group
Dongfeng Motor Finance Co., Ltd.	The business which provides financing services, the cash inflows from which are basically independent of those from other assets or asset groups	The asset group is allocated to the financing service segment based on its principal business and the management planning of the Group

18. GOODWILL (CONTINUED)

Impairment testing of goodwill (continued)

	Composition and basis of the CGU or the CGU group	Business segment and basis
Dongfeng Motor Investment (Wuhan) Co., Ltd.	The business which provides investment and advisory services, the cash inflows from which are basically independent of those from other assets or asset groups	The asset group is allocated to the financing service segment based on its principal business and the management planning of the Group
Dongfeng Auto Finance Co., Ltd.	The business which provides financing services, the cash inflows from which are basically independent of those from other assets or asset groups	The asset group is allocated to the financing service segment based on its principal business and the management planning of the Group

The segments to which each CGU belongs are consistent with prior years.

The recoverable amount has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior-management, and the key assumptions in the goodwill impairment are as follows:

	2024
Terminal growth rate	2.0%
Forecast period growth rate	(33%)-72%
Discount rate	14%-15%

The following illustrates the key assumptions made by management in determining the cash flow projections for the purpose of impairment testing of goodwill:

Terminal growth rate – The terminal growth rates used are pre-tax and reflect specific risks relating to the relevant asset groups.

Revenue growth rate – Management determined the revenue growth rate for the five-year detailed forecast period based on historical experience and projections of market developments.

Discount rate – The discount rate used is a discount rate that reflects specific risks of the relevant asset groups.

Budgeted gross margins – The basis for determination is based on the average gross margins achieved in the year prior to the budget year, with an appropriate increase in those average gross margins based on expected efficiency improvements and expected market developments.

The amounts allocated to the key assumptions for the above asset groups are consistent with the Group's historical experience and external information.

19. INVESTMENTS IN JOINT VENTURES

	2024	2023
	RMB million	*RMB million*
		(Restated)
Share of net assets	**36,011**	38,814

Particulars of the Group's material joint ventures are as follows:

Name	**Particulars of paid up capital held**	**Place of registration and business**	**Percentage of Ownership interest**	**Percentage of Voting power**	**Percentage of Profit sharing**	**Percentage of Principal activities**
Dongfeng Motor Co., Ltd. ("DFL")	RMB16,700,000,000	PRC/Mainland China	50	50	50	Manufacture and sale of automotive parts and components
Dongfeng Peugeot Citroën Automobile Co., Ltd. ("DPCA")	RMB7,000,000,000	PRC/Mainland China	50	50	50	Manufacture and sale of automotive parts and components
Dongfeng Honda Automobile Co., Ltd. ("DHAC")	USD1,448,000,000	PRC/Mainland China	50	50	50	Manufacture and sale of automotive parts and components

The above interests in joint ventures are directly held by the Company.

DFL, DPCA and DHAC are considered material joint ventures of the Group, engaging in the supply of vehicle parts components and are accounted for under equity method.

19. INVESTMENTS IN JOINT VENTURES (CONTINUED)

The following table illustrates the summarised financial information of the material joint ventures including DFL, DPCA and DHAC, adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	DFL		DPCA		DHAC	
	2024	2023	**2024**	2023	**2024**	2023
	RMB million	*RMB million*	***RMB million***	*RMB million*	***RMB million***	*RMB million*
Cash and cash equivalents	**13,240**	44,040	**94**	440	**12,561**	11,893
Other current assets	**51,675**	28,317	**8,756**	8,661	**11,644**	24,415
Current assets	**64,915**	72,357	**8,850**	9,101	**24,205**	36,308
Non-current assets	**34,633**	40,943	**5,787**	6,982	**17,008**	18,043
Financial liabilities, excluding trade and other payables and provisions	**(3,663)**	(1,585)	**(4,720)**	(4,459)	**–**	–
Other current liabilities	**(38,391)**	(51,936)	**(4,057)**	(4,770)	**(22,867)**	(35,895)
Current liabilities	**(42,054)**	(53,521)	**(8,777)**	(9,229)	**(22,867)**	(35,895)
Non-current liabilities	**(6,042)**	(8,855)	**(2,354)**	(2,598)	**(1,620)**	(1,807)
Non-controlling interests	**(6,094)**	(5,657)	**–**	–	**–**	–
Equity attributable to owners of the parent	**45,358**	45,267	**3,506**	4,256	**16,726**	16,649
Reconciliation to the Group's interest in the joint venture:						
Proportion of the Group's ownership	**50%**	50%	**50%**	50%	**50%**	50%
Group's share of net assets of the joint venture, excluding goodwill	**22,679**	22,634	**1,753**	2,128	**8,363**	8,325
Adjustments	**(75)**	–	**(1)**	–	**(6)**	(1)
Carrying amount of the investment	**22,604**	22,634	**1,752**	2,128	**8,357**	8,324

19. INVESTMENTS IN JOINT VENTURES (CONTINUED)

The following table illustrates the summarised financial information of the material joint ventures including DFL, DPCA and DHAC, adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements (continued):

	DFL		DPCA		DHAC	
	2024	2023	**2024**	2023	**2024**	2023
	RMB million	*RMB million*	***RMB million***	*RMB million*	***RMB million***	*RMB million*
Revenue	**76,567**	90,140	**6,194**	8,371	**56,928**	88,457
Interest income	**553**	1,084	**1**	11	**136**	116
Depreciation and amortisation	**(5,174)**	(4,645)	**(1,167)**	(1,136)	**(1,575)**	(1,503)
Interest expenses	**(63)**	(178)	**(176)**	(206)	**–**	–
Tax	**(323)**	(202)	**(1)**	–	**(141)**	(349)
Profit/(loss) for the year	**661**	394	**(751)**	(1,253)	**661**	1,326
Other comprehensive income	**(37)**	53	**–**	–	**–**	–
Total comprehensive income	**624**	447	**(751)**	(1,253)	**661**	1,326
Non-controlling interests	**(494)**	(309)	**–**	–	**–**	–
Comprehensive Income Attributable to Shareholders of the Parent Company	**130**	138	**(751)**	(1,253)	**661**	1,326
Dividend received	**–**	1,667	**–**	–	**297**	522

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2024	2023
	RMB million	*RMB million*
		(Restated)
Share of the joint ventures' profit for the year	**473**	469
Share of the joint ventures' other comprehensive income	**(4)**	2
Share of the joint ventures' total comprehensive income	**469**	471
Aggregate carrying amount of the Group's investments in the joint ventures	**3,298**	5,728

20. INVESTMENTS IN ASSOCIATES

	2024 RMB million	2023 RMB million (Restated)
Share of net assets	**16,402**	16,611

Particulars of the material associates are as follows:

Name	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activity
Dongfeng Nissan Auto Finance Co., Ltd. #	PRC/Mainland China	49.50%	Provision of finance services
Dongfeng Honda Auto Parts Co., Ltd.	PRC/Mainland China	44.00%	Manufacture and sale of automotive parts and components
Nanjing Linghang Equity Investment Partnership	PRC/Mainland China	16.39%	Equity investment

\# Sino-foreign equity joint venture

The above associates are directly held by the Company.

The above table lists the associates of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

Dongfeng Nissan Auto Finance Co., Ltd., which is considered a material associate of the Group, is a strategic partner of the Group engaged in the provision of finance services and is accounted for under the equity method.

20. INVESTMENTS IN ASSOCIATES (CONTINUED)

The following table illustrates the summarised financial information of Dongfeng Nissan Auto Finance Co., Ltd., adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	Dongfeng Nissan Auto Finance Co., Ltd.	
	2024	2023
	RMB million	*RMB million*
Current assets	**1,816**	3,872
Non-current assets, excluding goodwill	**28,430**	33,623
Goodwill on acquisition of the associate	**–**	–
Current liabilities	**(5,132)**	(468)
Non-current liabilities	**(8,264)**	(16,036)
Net assets	**16,850**	20,991
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	**49.50%**	49.50%
Group's share of net assets of the associate, excluding goodwill	**8,341**	10,391
Goodwill on acquisition (less cumulative impairment)	**–**	–
Adjustments	**493**	493
Carrying amount of the investment	**8,834**	10,884
Revenue	**2,555**	3,403
Profit for the year	**859**	1,632
Other comprehensive income	**–**	–
Total comprehensive income for the year	**859**	1,632
Dividend received	**2,475**	–

20. INVESTMENTS IN ASSOCIATES (CONTINUED)

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2024	2023
	RMB million	*RMB million*
		(Restated)
Share of the associates' profit for the year	**246**	–
Share of the associates' total comprehensive income	**246**	–
Aggregate carrying amount of the Group's investments in the associates	**7,568**	5,727

21. OTHER NON-CURRENT ASSETS

		2024	2023
	Note	***RMB million***	*RMB million*
			(Restated)
Loans and receivables from financing services	25(a)	**25,620**	31,274
Mandatory reserve deposits with the People's Bank of China (the "PBOC")		**4,388**	4,624
Others		**1,898**	1,552
Total		**31,906**	37,450

22. INVENTORIES

	2024 RMB million	2023 RMB million (Restated)
Raw materials	**1,810**	2,128
Work in progress	**768**	1,008
Finished goods	**12,793**	11,296
Total	**15,371**	14,432

23. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the time of revenue recognition and net of loss allowance, is as follows:

	2024 RMB million	2023 RMB million (Restated)
Within 1 year	**8,795**	5,499
1 to 2 years	**907**	1,685
2 to 3 years	**1,531**	619
Over 3 years	**3,120**	3,211
	14,353	11,014
Less: expected credit losses	**1,941**	2,240
Total	**12,412**	8,774

23. TRADE RECEIVABLES (CONTINUED)

2024

	Gross amount		Provision for impairment		
	RMB million	**Percentage**	***RMB million***	**Provision rate**	***RMB million***
		(%)		***(%)***	
Impairment based on individual assessment	**5,863**	**40.8**	**1,647**	**28.1**	**4,216**
Impairment based on collective assessment by credit risk portfolio	**8,490**	**59.2**	**294**	**3.5**	**8,196**
Total	**14,353**	**100**	**1,941**	**13.5**	**12,412**

2023

	Gross amount		Provision for impairment		
	RMB million	Percentage	*RMB million*	Provision rate	*RMB million*
		(%)		*(%)*	
Impairment based on individual assessment	6,307	57.3	1,959	31.1	4,348
Impairment based on collective assessment by credit risk portfolio	4,707	42.7	281	6.0	4,426
Total	11,014	100	2,240	20.3	8,774

23. TRADE RECEIVABLES (CONTINUED)

Trade receivables with provision for bad debt based on individual assessment are shown as follows:

2024

	Gross amount *RMB million*	Provision for impairment *RMB million*	Provision rate *(%)*	Basis of provision
Customer 1	**3,419**	**388**	**11.4**	**Individual assessment**
Customer 2	**498**	**493**	**99.0**	**Individual assessment**
Customer 3	**106**	**12**	**11.3**	**Individual assessment**
Customer 4	**101**	**–**	**–**	**Individual assessment**
Customer 5	**81**	**–**	**–**	**Individual assessment**
Others	**1,658**	**754**	**45.5**	**Individual assessment**
Total	**5,863**	**1,647**	**28.1**	

2023

	Gross amount *RMB million*	Provision for impairment *RMB million*	Provision rate *(%)*	Basis of provision
Customer 1	3,570	581	16.3	Individual assessment
Customer 2	535	493	92.2	Individual assessment
Customer 3	106	12	11.3	Individual assessment
Customer 4	102	5	4.9	Individual assessment
Customer 5	81	–	–	Individual assessment
Others	1,913	868	45.4	Individual assessment
Total	6,307	1,959	31.1	

23. TRADE RECEIVABLES (CONTINUED)

Trade receivables with provision for bad debt based on collective assessment are shown as follows:

2024

	Gross amount *RMB million*	Provision for impairment *RMB million*	Provision rate *(%)*
Within 1 year	**7,693**	**74**	**1.0**
1 to 2 years	**640**	**84**	**13.1**
2 to 3 years	**78**	**57**	**73.1**
Over 3 years	**79**	**79**	**100.0**
Total	**8,490**	**294**	

2023

	Gross amount *RMB million*	Provision for impairment *RMB million*	Provision rate *(%)*
Within 1 year	4,232	29	0.7
1 to 2 years	244	32	13.1
2 to 3 years	40	29	72.5
Over 3 years	191	191	100.0
Total	4,707	281	

23. TRADE RECEIVABLES (CONTINUED)

Trade receivables with provision for impairment on collective assessment are shown as follows: (continued)

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024 ***RMB million***	2023 *RMB million* (Restated)
At beginning of year	**2,240**	2,349
Impairment losses of trade receivables	**(83)**	(106)
Amount written off as uncollectible	**(216)**	(3)
At end of year	**1,941**	2,240

As at 31 December 2024, trade receivables of the top five customers are shown as follows:

	Closing balance ***RMB million***	Percentage of the closing balance of trade receivables *(%)*
Customer A	**3,419**	23.82
Customer B	**533**	3.71
Customer C	**498**	3.47
Customer D	**372**	2.59
Customer E	**356**	2.48
Total	**5,178**	36.07

24. BILLS RECEIVABLE

The bills receivable of the Group are as follows:

	2024 RMB million	2023 RMB million (Restated)
Bank bills receivable	4,388	7,271
Commercial bills receivable	410	33
Total	4,798	7,304

25. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Note	2024 RMB million	2023 RMB million (Restated)
Prepayments		2,709	1,807
Deposits and other receivables		5,831	5,412
Loans and receivables from financing services	(a)	31,742	33,297
Total		40,282	40,516

25. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (CONTINUED)

(a) The loans and receivables from financing services are analysed as follows:

	2024 *RMB million*	2023 *RMB million* (Restated)
Gross loans and receivables from financing services	**59,630**	67,346
Less: impairment provision	**(2,268)**	(2,775)
	57,362	64,571
Less: current portion	**31,742**	33,297
Non-current portion	**25,620**	31,274

26. BALANCES WITH JOINT VENTURES

Amounts due from joint ventures:

	Note	2024 RMB million	2023 RMB million (Restated)
Dividends receivable from joint ventures		**297**	573
Interest-bearing loans to joint ventures		**15**	–
Trade receivables		**277**	197
Others	(a)	**720**	510
Total		**1,309**	1,280

	2024 RMB million	2023 RMB million (Restated)
Within 1 year	**1,267**	1,229
1 to 2 years	**39**	48
2 to 3 years	**25**	28
Over 3 years	**137**	147
	1,468	1,452
Less: provision for impairment	**159**	172
Total	**1,309**	1,280

26. BALANCES WITH JOINT VENTURES (CONTINUED)

Amounts due to joint ventures:

	Notes	**2024** ***RMB million***	2023 *RMB million* (Restated)
Due to joint ventures			
Cash deposits in DFF	(b)	**13,807**	13,220
Others	(a)	**10,749**	7,293
Total		**24,556**	20,513

	2024 ***RMB million***	2023 *RMB million* (Restated)
Within 1 year	**20,960**	17,509
1 to 2 years	**2,937**	2,453
2 to 3 years	**610**	510
Over 3 years	**49**	41
Total	**24,556**	20,513

Notes:

(a) Others due from/to joint ventures are unsecured, interest-free and have no fixed terms of repayment.

(b) Cash deposits placed by joint ventures in DFF, a subsidiary of the Company involved in the provision of financing services, bear interest at the prevailing savings interest rate published by the PBOC. The deposits are unsecured and have no fixed terms of payment.

27. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 RMB million	2023 RMB million (Restated)
Non-current:		
Listed equity investments, at fair value	4,682	8,182
Stellantis N.V. ("Stellantis")		
Faurecia	253	623
Unlisted equity investments, at fair value	120	193
	5,055	8,998
Current:		
Bills receivable included in financial assets at fair value through other comprehensive income	4,135	9,248
Total	9,190	18,246

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

The Group held 49,223,907 shares of Stellantis at 31 December 2024. The Group is unable to directly participate in or exercise significant influence over the financial and operating decisions of Stellantis and hence the investment is accounted for as financial assets at fair value through other comprehensive income.

28. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2024 RMB million	2023 RMB million (Restated)
Cash and bank balances	44,924	58,970
Time deposits	35,343	24,544
Subtotal	80,267	83,514
Less: Pledged bank balances as stated and time deposits for securing general banking facilities	(4,414)	(4,159)
Cash and bank deposits in the consolidated statement of financial position	75,853	79,355
Less: Non-pledged time deposits with original maturity of over three months when acquired	(28,870)	(6,902)
Cash and cash equivalents as stated in the statement of cash flows	46,983	72,453

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to RMB80,267 million (2023: RMB83,514 million). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

29. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024	2023
	RMB million	*RMB million*
		(Restated)
Structural deposits, at fair value	**14,807**	14,899
Equity securities, at fair value	**1,772**	1,669
Total	**16,579**	16,568

The above equity investments were classified as financial assets at fair value through profit or loss as they were held for trading.

30. SHARE CAPITAL

	2024	2023
	RMB million	*RMB million*
Issued and fully paid:		
5,760,388,000 (2023: 5,760,388,000)		
Domestic Shares of RMB1.00 each	**5,760**	5,760
2,492,200,000 (2023: 2,541,864,000)		
H Shares of RMB1.00 each	**2,493**	2,542
Total	**8,253**	8,302

30. SHARE CAPITAL (CONTINUED)

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue *RMB million*	**Share capital** *RMB million*
At 1 January 2023	8,616	8,616
Shares cancellation	(314)	(314)
At 31 December 2023 and 1 January 2024	8,302	8,302
Shares cancellation	(49)	(49)
At 31 December 2024	**8,253**	**8,253**

	2023 *RMB million*	**Increase** ***RMB million***	**Decrease** ***RMB million***	**2024** ***RMB million***
Treasury shares	78	**71**	**(149)**	**–**

During the year, the Company repurchased 27,490,000 (2023:313,092,000) of its share on the Hong Kong Stock Exchange for a total consideration of RMB71 million (2023: RMB963 million).

During the year, the Company cancelled 49,664,000 (2023:313,868,000) repurchased shares, resulting in a decrease in share capital of RMB149 million (2023:RMB314 million) and capital reserve of RMB100 million (2023:RMB664 million).

31. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 104 to 105 of the financial statements.

32. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2024 RMB million	2023 RMB million (Restated)
Current		
Bank loans – secured	11,895	6,237
Guaranteed notes	–	6,193
Unsecured notes *(note b)*	2,098	–
Asset – backed security loans	–	16
Other loans – unsecured *(note c)*	22,063	22,008
Total – current	36,056	34,454
Non-current		
Bank loans – secured	16,863	26,518
Asset – backed security loans *(note a)*	1,734	–
Unsecured notes	–	2,000
Total – non-current	18,597	28,518
Total	54,653	62,972

The effective interest rates and maturities of the borrowings are as follows:

	2024		2023	
	Effective interest rate *(%)*	Maturity	Effective interest rate *(%)* (Restated)	Maturity (Restated)
Bank loans	1.95-3.95	2025–2029	2.1-4.85	2024–2028
Guaranteed notes	–	–	0.425	2024
Unsecured notes	3.00	2025	3.00	2025
Asset-backed security loans	1.75	2027	2.60	2024
Other loans	0.05-3.5	2025	0.05-2.25	2024

32. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

The carrying amounts of borrowings are denominated in the following currencies:

	2024 *RMB million*	2023 *RMB million* (Restated)
RMB	**54,653**	57,275
EUR	**–**	5,697
Total	**54,653**	62,972

An analysis of the carrying amounts of borrowings by type of interest rate is as follows:

	2024 *RMB million*	2023 *RMB million* (Restated)
Fixed interest rate	**37,383**	43,343
Variable interest rate	**17,270**	19,629
Total	**54,653**	62,972

32. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

An analysis of the carrying amounts of borrowings by type of interest rate is as follows: (continued)

	2024	2023
	RMB million	*RMB million*
		(Restated)
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**11,895**	6,237
In the first to second year	**13,282**	9,742
In the second to fifth years, inclusive	**3,581**	16,776
Subtotal	**28,758**	32,755
Notes repayable and asset-backed security loans:		
Within one year or on demand	**2,098**	6,209
In the first to second year	**1,734**	2,000
Subtotal	**3,832**	8,209
Other borrowings repayable:		
Within one year or on demand	**22,063**	22,008
Total	**54,653**	62,972

Notes:

(a) The asset-backed security (ABS) loan with fixed interest rates were publicly issued in the amount of RMB2,090 million, The ABS loan bear interest at a rate of 1.75% per annum. Interest is payable monthly. As of 31 December 2024, the outstanding principle of the ABS loan was RMB1,734 million.

(b) The unsecured notes were publicly issued in the amount of RMB2,000 million with maturity of 3 years. The notes bear interest at a rate of 3.00% per annum. Interests on the notes are payable annually. The notes are listed on The Shanghai Stock Exchange.

(c) Other loans mainly represented cash deposits placed by DFM, its subsidiaries, associates and joint ventures amounting to RMB12,325 million (2023: RMB11,393 million) and other unrelated third parties in DFF, a subsidiary of the Group which is involved in the provision of financing services. These loans bear interest at the prevailing market rate published by the PBOC.

33. PROVISION

	Environmental restoration costs *RMB million*	Warranty provisions *RMB million*	Total *RMB million*
At 1 January 2024 (restated)	33	2,921	2,954
Additional provision	–	877	877
Amounts utilised during the year	(10)	(989)	(999)
At 31 December 2024	**23**	**2,809**	**2,832**
Portion classified as current liabilities	**–**	**847**	**847**
Non-current portion	**23**	**1,962**	**1,985**

(a) Environmental restoration costs

In accordance with the prevailing regulations in the PRC, the Group is required to restore to the original condition of the land on which its production plants are located. The directors have estimated and provided for the expected costs for restoration of the land.

(b) Warranty provisions

The Group provides warranties for certain automotive products and undertakes the obligation to repair or replace items that fail to perform satisfactorily. The amount of provisions for product warranties is estimated based on the sales volume and past experience of the level of repairs and returns. The estimation is reviewed on an ongoing basis and is revised when appropriate.

34. GOVERNMENT GRANTS

The movements of the government grants related to assets are analysed as follows:

	RMB million (Restated)
At 1 January 2023	2,499
Received during the year	76
Recognised as other income during the year	(377)
At 31 December 2023 and 1 January 2024	2,198
Received during the year	**158**
Recognised as other income during the year	**(523)**
At 31 December 2024	**1,833**

35. TRADE PAYABLES

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

	2024 ***RMB million***	2023 *RMB million* (Restated)
Within 1 year	**25,513**	26,235
1 to 2 years	**785**	616
2 to 3 years	**73**	138
over 3 years	**224**	175
Total	**26,595**	27,164

Included in the trade payables are trade payables of RMB325 million (2023: RMB197 million) due to associates which are repayable within 90 days, with credit terms similar to those offered by the associates to their major customers.

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

36. BILLS PAYABLE

The maturity profile of the bills payable is as follows:

	2024	2023
	RMB million	*RMB million*
		(Restated)
Bank acceptance	**29,968**	29,283
Trade acceptance	**37**	251
Total	**30,005**	29,534

37. OTHER PAYABLES AND ACCRUALS

	2024	2023
	RMB million	*RMB million*
		(Restated)
Advances from customers	**50**	40
Accrued salaries, wages and benefits	**2,713**	2,546
Other payables	**17,941**	15,919
Total	**20,704**	18,505

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

a) Changes in liabilities arising from financing activities

2024

	Bank and other loans *RMB million*	**Lease liabilities** *RMB million*
At 1 January 2024	**40,964**	**2,168**
Changes from financing cash flows	**(8,349)**	**(576)**
New leases	**–**	**645**
Foreign exchange movement	**(103)**	**–**
Disposals	**–**	**(87)**
Interest expense	**–**	**120**
Matured factoring loan	**78**	**–**
At 31 December 2024	**32,590**	**2,270**

2023

	Bank and other loans *RMB million* (Restated)	Lease liabilities *RMB million* (Restated)
At 1 January 2023	38,720	2,238
Changes from financing cash flows	1,907	(425)
New leases	–	460
Foreign exchange movement	337	–
Disposals	–	(218)
Interest expense	–	113
At 31 December 2023	40,964	2,168

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

b) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2024 *RMB million*	2023 *RMB million* (Restated)
Within operating activities	412	288
Within financing activities	576	425
Total	988	713

39. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2024	2023
Percentage of equity interest held by non-controlling interests:		
DFCV	45%	45%
Dongfeng Liuqi	25%	25%
DPCS	50%	50%

	2024 *RMB million*	2023 *RMB million*
Loss for the year allocated to non-controlling interests:		
DFCV	(593)	(1,468)
Dongfeng Liuqi	(148)	(260)
DPCS	(377)	(628)
Accumulated balances of non-controlling interests at the reporting date:		
DFCV	3,487	3,923
Dongfeng Liuqi	1,177	1,230
DPCS	(4,580)	(4,203)

39. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations.

Summarised statement of financial position

	31 December 2024					
	Current assets	**Non-current assets**	**Total assets**	**Current liabilities**	**Non-current liabilities**	**Total liabilities**
	RMB million	***RMB million***	***RMB million***	***RMB million***	***RMB million***	***RMB million***
DFCV	**22,754**	**11,038**	**33,792**	**24,254**	**2,045**	**26,299**
Dongfeng Liuqi	**9,199**	**5,269**	**14,468**	**9,619**	**378**	**9,997**
DPCS	**791**	**27**	**818**	**9,887**	**91**	**9,978**

	31 December 2023					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
	RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
DFCV	26,339	11,390	37,729	26,495	2,182	28,677
Dongfeng Liuqi	10,785	5,105	15,890	10,375	517	10,892
DPCS	1,005	41	1,046	9,333	119	9,452

Summarised statement of comprehensive income

	For the year ended 31 December 2024			
	Revenue	**Total expenses**	**Loss for the year**	**Total comprehensive loss for the year**
	RMB million	***RMB million***	***RMB million***	***RMB million***
DFCV	**27,202**	**28,495**	**(1,293)**	**(1,335)**
Dongfeng Liuqi	**15,052**	**15,647**	**(595)**	**(598)**
DPCS	**4,866**	**5,620**	**(754)**	**(754)**

39. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

Summarised statement of comprehensive income (continued)

	For the year ended 31 December 2023			
	Revenue	Total expenses	Loss for the year	Total comprehensive loss for the year
	RMB million	*RMB million*	*RMB million*	*RMB million*
DFCV	27,326	30,613	(3,287)	(3,250)
Dongfeng Liuqi	14,304	15,253	(949)	(959)
DPCS	6,523	7,780	(1,257)	(1,257)

Summarised statement of cash flows

	For the year ended 31 December 2024			
	Net cash flows from/(used in) operating activities	**Net cash flows from investing activities**	**Net cash flows (used in)/from financing activities**	**Net increase/ (decrease) in cash and cash equivalents**
	RMB million	***RMB million***	***RMB million***	***RMB million***
DFCV	**1,219**	**(816)**	**(162)**	**241**
Dongfeng Liuqi	**(1,241)**	**(190)**	**(4)**	**(1,435)**
DPCS	**134**	**(1)**	**(123)**	**10**

	For the year ended 31 December 2023			
	Net cash flows from/(used in) operating activities	Net cash used in from investing activities	Net cash flows (used in)/from financing activities	Net increase/ (decrease) in cash and cash equivalents
	RMB million	*RMB million*	*RMB million*	*RMB million*
DFCV	2,691	(711)	(710)	1,270
Dongfeng Liuqi	(574)	(258)	(211)	(1,043)
DPCS	(118)	–	89	(29)

40. BUSINESS COMBINATION

On 29 January 2024, Dongfeng Changxing Science and Technology Co., Ltd. ("Dongfeng Changxing") (a non-wholly owned subsidiary of the Company) and DFM entered into an equity transfer agreement, pursuant to which Dongfeng Changxing acquired 100% equity interests in Chuangge Financial Leasing Co., Ltd. ("Chuangge Financial Leasing") from DFM at a consideration of RMB1,122 million. The equity transfer of Chuangge Financial Leasing was completed in March 2024 and Chuangge Financial Leasing became a subsidiary of the Group thereafter.

Chuangge Financial Leasing and the Group are both under control of DFM before and after the equity transfer. The pooling of interests method was applied to account for the business combination under common control. The assets and liabilities of Chuangge Financial Leasing are reflected by the Group using their respective carrying amounts as recognised by DFM, and the difference between the carrying amounts of the net assets of Chuangge Finance Leasing as recognised by DFM and the purchase consideration paid are credited to the Group's reserve. The comparative amounts in the Group's consolidated financial statements have also been restated as a result of the business combination under common control.

41. COMMITMENTS

(a) The Group had the following contractual commitments at the end of the reporting period:

	2024	2023
	RMB million	*RMB million*
		(Restated)
Buildings, plant and machinery	**2,568**	3,416

(b) The Group has various lease contracts that have not yet commenced as at 31 December 2024. The future lease payments for these non-cancellable lease contracts are RMB321 million due within one year, RMB960 million due in the second to fifth years, inclusive and RMB2,187 million due after five years.

42. RELATED PARTY TRANSACTIONS

During the year, in addition to those disclosed elsewhere in the financial statements, the Group had the following significant transactions with its related parties:

(a) Transactions with DFM, its subsidiaries, associates and joint ventures, the Group's joint ventures and associates, non-controlling equity holders of a subsidiary and their subsidiaries and subsidiaries' joint venture

	2024 RMB million	2023 RMB million (Restated)
Purchases of automotive parts/raw materials from and charges of royalty fees by:		
Subsidiaries' joint ventures	**7,126**	8,081
Joint ventures	**5,320**	5,398
Associates	**1,577**	888
DFM, its subsidiaries, associates and joint ventures	**868**	1,152
	14,891	15,519
Purchases of automotive from:		
Joint ventures	**5,826**	8,643
Associates	**1,528**	1,157
DFM, its subsidiaries, associates and joint ventures	**14**	4
Non-controlling equity holders of a subsidiary and their subsidiaries	**–**	4
	7,368	9,808
Purchases of items of property, plant and equipment and intangible assets from:		
Joint ventures	**1,863**	1,044
DFM, its subsidiaries, associates and joint ventures	**280**	386
Non-controlling equity holders of a subsidiary and their subsidiaries	**–**	78
Associates	**–**	4
	2,143	1,512

42. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with DFM, its subsidiaries, associates and joint ventures, the Group's joint ventures and associates, non-controlling equity holders of a subsidiary and their subsidiaries and subsidiaries' joint venture (continued)

	2024	2023
	RMB million	*RMB million*
		(Restated)
Services fees charged by:		
DFM, its subsidiaries, associates and joint ventures	**2,001**	1,315
Joint ventures	**668**	589
Associates	**6**	38
Subsidiaries' joint ventures	**1**	1
Non-controlling equity holders of a subsidiary and their subsidiaries	**2**	3
	2,678	1,946
Sales of automotive parts/raw materials and income for royalty fees from:		
Joint ventures	**1,995**	2,267
Associates	**334**	449
Subsidiaries' joint ventures	**271**	164
DFM, its subsidiaries, associates and joint ventures	**85**	79
Non-controlling equity holders of a subsidiary and their subsidiaries	**–**	2
	2,685	2,961
Sales of automotive to:		
Joint ventures	**542**	251
Associates	**448**	72
Non-controlling equity holders of a subsidiary and their subsidiaries	**–**	3
DFM, its subsidiaries, associates and joint ventures	**–**	1
	990	327

42. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with DFM, its subsidiaries, associates and joint ventures, the Group's joint ventures and associates, non-controlling equity holders of a subsidiary and their subsidiaries and subsidiaries' joint venture (continued)

	2024 RMB million	2023 RMB million (Restated)
Income from provision of services to:		
Joint ventures	806	227
DFM, its subsidiaries, associates and joint ventures	267	115
Associates	14	15
Subsidiaries' joint ventures	36	8
Non-controlling shareholders of a subsidiary and their subsidiaries	1	–
	1,124	365
Interest expense charged by:		
DFM, its subsidiaries, associates and joint ventures	190	235
Joint ventures	107	212
Associates	16	19
Subsidiaries' joint ventures	1	1
Non-controlling equity holders of a subsidiary and their subsidiaries	–	3
	314	470
Interest income from:		
Joint ventures	66	70
DFM, its subsidiaries, associates and joint ventures	33	31
Subsidiaries' joint ventures	1	–
	100	101

42. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with DFM, its subsidiaries, associates and joint ventures, the Group's joint ventures and associates, non-controlling equity holders of a subsidiary and their subsidiaries and subsidiaries' joint venture (continued)

	2024 RMB million	2023 RMB million (Restated)
Fee and commission income from:		
Joint ventures	4	7
DFM, its subsidiaries, associates and joint ventures	1	–
	5	7
Management dispatch fee received from joint ventures	174	230

These transactions were conducted in accordance with the terms and conditions agreed between the Group and its related parties.

(b) Outstanding balances with related parties

	2024 RMB million	2023 RMB million (Restated)
Receivables from related parties included in trade receivables:		
Associates	189	231
Non-controlling equity holders of a subsidiary and their subsidiaries	101	114
DFM, its subsidiaries, associates and joint ventures	1	48
	291	393

42. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties (continued)

	2024	2023
	RMB million	*RMB million*
		(Restated)
Receivables from related parties included in prepayments, deposits, other receivables (Note 2):		
DFM, its subsidiaries, associates and joint ventures	**354**	229
Associates	**49**	50
Non-controlling shareholders of a subsidiary and their subsidiaries	**–**	4
	403	283
Payables to related parties included in trade payables:		
DFM, its subsidiaries, associates and joint ventures	**517**	585
Associates	**325**	197
Non-controlling equity holders of a subsidiary and their subsidiaries	**5**	6
	847	788
Payables to related parties included in other payables and accruals and contract liabilities:		
DFM, its subsidiaries, associates and joint ventures	**260**	258
Associates	**19**	27
Non-controlling equity holders of a subsidiary and their subsidiaries	**2**	–
	281	285
Payables to DFM, its subsidiaries, associates and joint ventures included in lease liabilities:	**1,327**	1,423

42. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties (continued)

	2024 *RMB million*	2023 *RMB million* (Restated)
Payables to related parties included in interest-bearing borrowings (Note 1):		
DFM, its subsidiaries, associates and joint ventures	**12,325**	11,393
Associates	**21**	941
	12,346	12,334

Note1: For the deposit-taking from the aforesaid related parties, the interest rates was 0.35% to 3.5% per annum. The deposits are unsecured and have no fixed terms of repayment.

Note2: For the loans granted to aforesaid related parties, the interest rates was 2% to 4.35% per annum. The loans are unsecured with the original terms within 1 to 3 years.

(c) Compensation of key management personnel of the Group

	2024 *RMB thousand*	2023 *RMB thousand* (Restated)
Short-term employee benefits	**6,030**	6,058
Post-employment benefits	**492**	353
Total compensation paid to key management personnel	**6,522**	6,411

43. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

	2024 RMB million	2023 RMB million (Restated)
Financial assets at amortised cost		
Other non-current assets	**31,906**	37,450
Trade receivables	**12,412**	8,774
Bills receivable	**4,798**	7,304
Financial assets included in prepayments, deposits and other receivables	**40,282**	40,516
Due from joint ventures	**1,309**	1,280
Pledged bank balances and time deposits	**4,414**	4,159
Cash and cash at bank deposits	**75,853**	79,355
Financial assets at fair value through other comprehensive income		
Equity securities included in financial assets at fair value through other comprehensive income	**5,055**	8,998
Bills receivable included in financial assets at fair value through other comprehensive income	**4,135**	9,248
Financial assets at fair value through profit or loss	**16,579**	16,568
Total	**196,743**	213,652

43. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Financial liabilities

	2024	2023
	RMB million	*RMB million*
		(Restated)
Liabilities at amortised cost		
Trade payables	**26,595**	27,164
Bills payable	**30,005**	29,534
Other payables	**16,560**	14,359
Due to joint ventures	**24,556**	20,513
Interest-bearing bank and other borrowings	**54,653**	62,972
Other long term liabilities	**510**	137
Lease liabilities	**2,270**	2,168
Total	**155,149**	156,847

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash deposits, pledged bank balances and time deposits, trade and bills receivable at amortised cost, trade and bills payable, other receivables and other non-current assets, other payables and other long-term liabilities, and amounts due from/to joint ventures approximate to their carrying amounts largely due to the short-term maturities of these instruments. The non-current interest-bearing bank and other borrowing approximate to their carrying amounts due to the floating interest rate.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the Audit and Risk Management Committee twice a year for interim and annual financial reporting.

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted equity investments have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortisation ("EV/EBITDA") multiple and price to sales ("P/S") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the condensed consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

For the fair value of the unlisted equity investments, structured deposits and bills receivable at fair value through other comprehensive income management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2024 and 31 December 2023:

Unlisted equity investments:

Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Valuation multiples	Average P/S multiple of peers	7.01 (31 December 2023: 0.57 to 6.75)	5% (31 December 2023: 5%) increase/decrease in multiple would result in increase/decrease in fair value by RMB2.5 million (31 December 2023: RMB17 million)
	Discount for lack of marketability	75% (31 December 2023: 70% to 100%)	5% (31 December 2023: 5%) increase/decrease in discount would result in decrease/increase in fair value by RMB3.4 million (31 December 2023: RMB23 million)

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Unlisted equity investments: (continued)

The discount for lack of marketability represents the amount of discount determined by the Group that market participants would take into account when pricing the investments.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB million*	Significant observable inputs (Level 2) *RMB million*	Significant unobservable inputs (Level 3) *RMB million*	Total *RMB million*
Financial assets				
Financial assets at fair value through profit or loss				
Structured deposits	–	14,807	–	14,807
Equity securities	1,167	230	375	1,772
Financial assets at fair value through other comprehensive income				
Bills receivable	–	4,135	–	4,135
Equity securities	4,935	–	120	5,055
Total financial assets	6,102	19,172	495	25,769

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Assets measured at fair value: (continued)

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB million (Restated)	*RMB million* (Restated)	*RMB million* (Restated)	*RMB million* (Restated)
Financial assets				
Financial assets at fair value through profit or loss				
Structured deposits	–	14,899	–	14,899
Equity securities	1,176	–	493	1,669
Financial assets at fair value through other comprehensive income				
Bills receivable	–	9,248	–	9,248
Equity securities	8,805	–	193	8,998
Total financial assets	9,981	24,147	686	34,814

The Group did not have any financial liabilities measured at fair value as at 31 December 2024 and 2023.

During the year, there were 230M financial assets transfers out of Level 3 to Level 2 (2023: Nil).

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrows, lease liabilities, cash and cash bank deposits and pledged bank balances and time deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivable, trade and bills payable which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2.4 to the financial statements.

Interest rate risk

Group's exposure to interest rate risk for changes in interest rates relates primarily to the group's interest-bearing bank borrowing with floating interest rates. Management continuously monitors interest rate fluctuation and will consider further hedging interest rate risk should the need arise.

The sensitivity analysis below has been determined based on the exposure to interest rates for floating interest-bearing bank borrowings at the end of the reporting period assuming the stipulated changes had taken place at the beginning of the reporting period and were held constant throughout the reporting period.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's loss before tax (through the impact on floating rate borrowings).

	Increase/ (decrease) in basis points	**Increase/(decrease) in loss after tax**		**Increase/(decrease) in loss of equity**	
		2024	2023	**2024**	2023
		RMB million	*RMB million*	***RMB million***	*RMB million*
				(Restated)	(Restated)
If interest rate increases	100	**173**	196	**173**	196
If interest rate decreases	(100)	**(173)**	(196)	**(173)**	(196)

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk

The businesses of the Group are principally located in Mainland China. While most of the sales of the Group are conducted in RMB, certain of the Group's borrowings were denominated in other currencies such as Euro.

As at 31 December 2024 and 31 December 2023, the carrying amounts in RMB equivalent of the Group's financial assets and financial liabilities denominated in foreign currencies are summarised below:

	2024	2023
	RMB million	*RMB million* (Restated)
Cash and bank balances	**4,182**	9,347
Trade receivables	**2,376**	832
Trade payables	**(117)**	(271)
Interest-bearing bank and other borrowings	**–**	(5,763)
Total	**6,441**	4,145

Fluctuations in the exchange rates of RMB against the foreign currency can affect the Group's results of operations.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk (continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the EUR and RMB exchange rate, with all other variables held constant, of the Group's loss (due to changes in the fair values of monetary assets and liabilities).

	Increase/(decrease) in loss after tax	
	2024	2023
	RMB million	*RMB million*
		(Restated)
If RMB strengthens against EUR by 5%	**138**	108
If RMB weakens against EUR by 5%	**(138)**	(108)

Credit risk

The cash and bank balances and time deposits of the Group are mainly deposited with state-owned banks in Mainland China, such as Industrial and Commercial Bank of China Limited, Agricultural Bank of China Limited, Bank of China Limited and China Construction Bank Corporation.

The Group's financing services are primarily focused on supporting the sale of the commercial and passenger vehicles of the Group. As a consequence of these activities, the Group is exposed to credit risk, which is monitored and managed based on defined standards, guidelines and procedures. The Group mitigates credit risk by credit protection provided by guarantors and by loan collateral such as vehicles. Scoring systems are applied to the assessment of the default risk of individual customers. All loans and receivables from financing services are reviewed for objective evidence of impairment and classified based on a five-tier classification system.

The Group has credit policies in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not have a significant exposure to any individual customer.

The carrying amount of each financial asset included in these financial statements represents the maximum exposure of the Group to credit risk in relation to its financial assets. The Group has no other financial assets carrying significant exposure to credit risk and has no significant concentration of credit risk.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

Criteria for judging significant increase in credit risk

The Group assesses whether or not the credit risk of the relevant financial instruments has increased significantly since the initial recognition at each balance sheet date. The Group adopts overdue period of more than 90 days or significant changes in one or more of the following indicators as the principal criterion for judging whether the credit risk has increased significantly: material adverse changes in the business environment to which the debtor is subject, the debtor's internal and external credit ratings, and actual or expected operating results.

Definition of credit-impaired assets

The Group adopts an overdue period of more than 90 days as the principal criterion for judging whether credit impairment has occurred. However, the Group may also recognise credit impairment in some circumstances where internal or external information indicates that the contract value cannot be fully recovered without considering any credit enhancement held.

The credit impairment on a financial asset may result from the combined effect of multiple events and may not necessarily be due to a single identifiable event.

Credit risk exposures

For the credit risk exposures related to trade receivables, please refer to the disclosure in note 23.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty. There are no significant concentrations of credit risk within the Group as the customer base of the Group's trade receivables is widely dispersed in different sectors and industries.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings, and other available sources of financing.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	31 December 2024				
	Within one year or on demand *RMB million*	In the second year *RMB million*	In the third to fifth years *RMB million*	Beyond five years *RMB million*	Total *RMB million*
Interest-bearing borrowings	36,482	15,100	3,933	–	55,515
Trade payables	26,595	–	–	–	26,595
Bills payable	30,005	–	–	–	30,005
Other payables	16,560	–	–	–	16,560
Due to joint ventures	24,556	–	–	–	24,556
Lease liabilities	321	437	523	2,187	3,468
Other long term liabilities	–	–	–	609	609
	134,519	15,537	4,456	2,796	157,308

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

	31 December 2023				
	Within one year or on demand *RMB million* (Restated)	In the second year *RMB million* (Restated)	In the third to fifth years *RMB million* (Restated)	Beyond five years *RMB million* (Restated)	Total *RMB million* (Restated)
Interest-bearing borrowings	34,894	11,824	17,661	–	64,379
Trade payables	27,164	–	–	–	27,164
Bills payable	29,534	–	–	–	29,534
Other payables	14,359	–	–	–	14,359
Due to joint ventures	20,513	–	–	–	20,513
Lease liabilities	332	332	562	2,306	3,532
Other long term liabilities	–	39	112	–	151
	126,796	12,195	18,335	2,306	159,632

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management (continued)

The Group monitors capital using an asset-liability ratio, which is total liabilities divided by total assets. The asset-liability ratio as at the end of the reporting period was as follows:

	31 December	
	2024	2023
	RMB million	*RMB million*
		(Restated)
Total assets	**325,052**	336,430
Total liabilities	**170,255**	175,714
Asset-liability ratio	**52.38%**	52.23%

46. EVENTS AFTER THE REPORTING PERIOD

(a) On 9 February 2025, the Company was notified by its immediate holding company (DFM) that DFM is planning a restructuring (the "Restructuring") with other central state-owned enterprises. The Restructuring may lead to a change to the Company's controlling shareholder. Relevant arrangements remain subject to necessary procedures and approvals from relevant regulatory authorities. The Restructuring is not expected to have material impact to the businesses of the Group.

(b) On 16 January 2025, the Company issued new energy and intelligent development high-growth industry science and technology innovation corporate bonds (bond abbreviation: 25 Dongfeng K1, code: 242297) on the Shanghai Stock Exchange. The bonds were publicly issued in the amount of RMB1.6 billion with a maturity period of 3 years. The bonds bear interest at a rate of 1.7% per annum.

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 *RMB million*	2023 *RMB million*
Non-current assets		
Property, plant and equipment	6,633	5,948
Right-of-use assets	520	323
Investments in properties	4,085	4,217
Intangible assets	4,291	3,204
Investments in subsidiaries	46,551	40,824
Investments in joint ventures	12,126	12,361
Investments in associates	7,550	7,314
Other non-current assets	1,084	48
Equity investments at fair value through other comprehensive income	42	48
Total non-current assets	82,882	74,287
Current assets		
Inventories	395	963
Trade receivables	1,152	856
Bills receivable	4	866
Due from joint ventures	660	823
Prepayments, other receivables and other assets	3,925	5,001
Pledged bank balances	156	8
Financial assets at fair value through profit or loss	1,773	1,669
Equity investments at fair value through other comprehensive income	618	–
Cash and cash equivalents	61,280	61,381
Total current assets	69,963	71,567
TOTAL ASSETS	152,845	145,854

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Information about the statement of financial position of the Company at the end of the reporting period is as follows: (continued)

	2024	2023
	RMB million	*RMB million*
CURRENT LIABILITIES		
Trade payables	**4,747**	4,403
Lease liabilities	**11**	7
Bills payable	**1,892**	1,478
Contract liabilities	**2,075**	610
Due to joint ventures	**311**	392
Other payables and accruals	**8,036**	3,165
Provisions	**208**	204
Interest-bearing bank and other borrowings	**16,657**	8,376
Total current liabilities	**33,937**	18,635
NET CURRENT ASSETS	**36,026**	52,932
TOTAL ASSETS LESS CURRENT LIABILITIES	**118,908**	127,219
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**14,265**	26,866
Lease liabilities	**57**	67
Other non-current liabilities	**511**	4
Provisions	**640**	615
Government grants	**1,239**	1,493
Total non-current liabilities	**16,712**	29,045
Net assets	**102,196**	98,174

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Information about the statement of financial position of the Company at the end of the reporting period is as follows: (continued)

	2024 *RMB million*	2023 *RMB million*
EQUITY		
Share capital	8,253	8,302
Treasury shares	–	(78)
Reserves	13,960	14,102
Retained profits	79,983	75,848
Total equity	102,196	98,174
TOTAL EQUITY AND LIABILITIES	152,845	145,854

The statement of financial position of the Company was approved by the Board of Directors on 26 March 2025 and was signed on its behalf.

Yang Qing	**You Zheng**
Director	*Director*

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Information about the statement of financial position of the Company at the end of the reporting period is as follows: (continued)

Note:

A summary of the Company's reserves is as follows:

	Capital reserve *RMB million*	Treasury shares *RMB million*	Statutory reserves *RMB million*	Retained profits *RMB million*	Total *RMB million*
As at 1 January 2023	4,805	(93)	9,960	76,201	90,873
Total comprehensive income for the year	–	–	–	2,207	2,207
Repurchase of treasury shares	–	(963)	–	–	(963)
Cancellation of shares	(663)	978	–	–	315
Final 2022 dividend declared and paid	–	–	–	(2,560)	(2,560)
As at 31 December 2023	4,142	(78)	9,960	75,848	89,872
As at 1 January 2024	**4,142**	**(78)**	**9,960**	**75,848**	**89,872**
Total comprehensive income for the year	**–**	**–**	**(6)**	**4,548**	**4,542**
Repurchase of treasury shares	**–**	**(71)**	**–**	**–**	**(71)**
Cancellation of shares	**(99)**	**149**	**–**	**–**	**50**
Business combination under common control	**(37)**	**–**	**–**	**–**	**(37)**
Interim 2024 dividend declared and paid	**–**	**–**	**–**	**(413)**	**(413)**
As at 31 December 2024	**4,006**	**–**	**9,954**	**79,983**	**93,943**

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note: (continued)

A summary of the Company's reserves is as follows: (continued)

(a) Statutory reserves

In accordance with the PRC Company Law, the Company, its subsidiaries and associates established in the PRC are required to allocate 10% of their profits after tax (determined under the PRC Generally Accepted Accounting Principles ("PRC GAAP") to their respective statutory surplus reserves (the "SSR"). No allocation to the SSR is required after the balance of such reserve reaches 50% of the registered capital of the respective companies. Subject to certain restrictions set out in the PRC Company Law, part of the SSR may be converted to increase share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital of the respective companies.

Pursuant to the relevant laws and regulations for Sino-foreign joint venture enterprises and the memorandum and articles of association of the relevant companies, the Group's Sino-foreign joint ventures are also required to make appropriations of certain of their profits after tax thereof to their enterprise expansion funds and reserve funds, which are restricted as to use.

(b) Distributable reserves

As set out in note 12, for dividend distribution purposes, the Company's distributable profit is based on the lower of the net profit after tax as determined under PRC GAAP and IFRS Accounting standards following its restructuring into a joint stock limited liability company on 12 October 2004. The amounts that the Company's subsidiaries and joint ventures can legally distribute by way of dividend are determined by reference to their profits as reflected in their financial statements prepared in accordance with PRC GAAP. These profits may differ from those reflected in these financial statements, which are prepared in accordance with IFRS Accounting standards.

In accordance with the PRC Company Law, the net profits after transfers to the SSR can be distributed as dividends by the companies comprising the Group as set out above.

Under the relevant laws and regulatory requirements, the net profits of the Group's Sino-foreign joint ventures after transfers to the enterprise expansion fund and the reserve funds can be distributed as dividends by the Group's Sino-foreign joint ventures.

48. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 March 2025.

Five Year Financial Summary

For the year ended 31 December 2024

	2024 RMB million	2023 RMB million (Restated)	2022 RMB million	2021 RMB million	2020 RMB million
Result					
Revenue	**106,197**	99,383	92,663	113,168	108,441
Cost of sales	**-92,612**	-89,550	-83,836	-98,929	-92,629
Gross profit	**13,585**	9,833	8,827	14,239	15,812
Other income	**7,016**	4,161	6,031	5,080	4,801
Selling and distribution expenses	**-9,419**	-8,301	-6,569	-5,757	-5,043
Administrative expenses	**-6,152**	-5,395	-5,126	-5,224	-4,594
Net impairment losses on financial assets	**-631**	-1,144	-1,209	-1,908	-1,362
Other expenses	**-5,832**	-5,601	-5,287	-6,999	-8,676
Finance costs	**-837**	-1,112	-1,029	-269	-1,206
Share of profits and losses of:					
Joint ventures	**436**	514	11,884	11,800	9,495
Associates	**671**	807	862	1,804	2,960
Profit before tax	**-1,163**	-6,238	8,384	12,766	12,187
Income tax expense	**-59**	-465	929	-1,383	-1,620
Profit for the Year	**-1,222**	-6,703	9,313	11,383	10,567
Profit attributable to:					
Equity holders of the parent	**58**	-3,887	10,265	11,393	10,758
Non-controlling interests	**-1,280**	-2,816	-952	-10	-191
	-1,222	-6,703	9,313	11,383	10,567

	2024 RMB million	2023 RMB million (Restated)	2022 RMB million	2021 RMB million	2020 RMB million
Assets, liabilities and non-controlling interests					
Total assets	**325,052**	336,430	330,036	320,073	317,309
Total liabilities	**-170,255**	-175,714	-164,500	-167,895	-176,072
Non-controlling interests	**-5,507**	-6,833	-9,684	-4,749	-5,334
	149,290	153,883	155,852	147,429	135,903

Note: In 2024, the group acquired Chuangge Financial Leasing from DFM. For the combination under common control, the comparative figures for year 2024 have been restated. In addition, the financial figures for year 2022 were extracted from the financial report of the Company which was published on 28 April 2023. The financial figures for year 2021 and the 2020 were extracted from the financial report of the Company which was published on 29 April 2022. No retrospective adjustments for the business combination under common control were made to the financial figures for these three years.

Definitions

In this report, unless the context otherwise requires, the following terms shall have the meanings set out below.

"Company"	東風汽車集團股份有限公司(Dongfeng Motor Group Company Limited), a joint stock limited company registered in the PRC on 12 October 2004 in accordance with the laws of the PRC or where the context refers to any time prior to the date of incorporation, those entities and businesses which were contributed to and conducted by the Company upon its establishment;
"Dongfeng Joint Venture Companies"	Jointly-controlled Entities in which the Company, its subsidiaries or Jointly controlled Entities (including their respective subsidiaries and Jointly-controlled Entities) have equity interests as at 31 December 2024;
"Group" or "Dongfeng Motor Group"	the Company and its subsidiaries, the Jointly-controlled Entities and the irrespective subsidiaries and Jointly-controlled Entities;
"Joint Venture Company"	A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control, is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control;
"Dongfeng Motor Corporation" or "DMC"	東風汽車公司(Dongfeng Motor Corporation), a state-owned enterprise incorporated under the laws of the PRC and the parent of the Company;
"PRC" or "China"	the People's Republic of China. Except where the context requires, geographical references in this annual report to the PRC or China exclude Hong Kong, Macau or Taiwan;
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of HongKong Limited, as amended from time to time;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time.