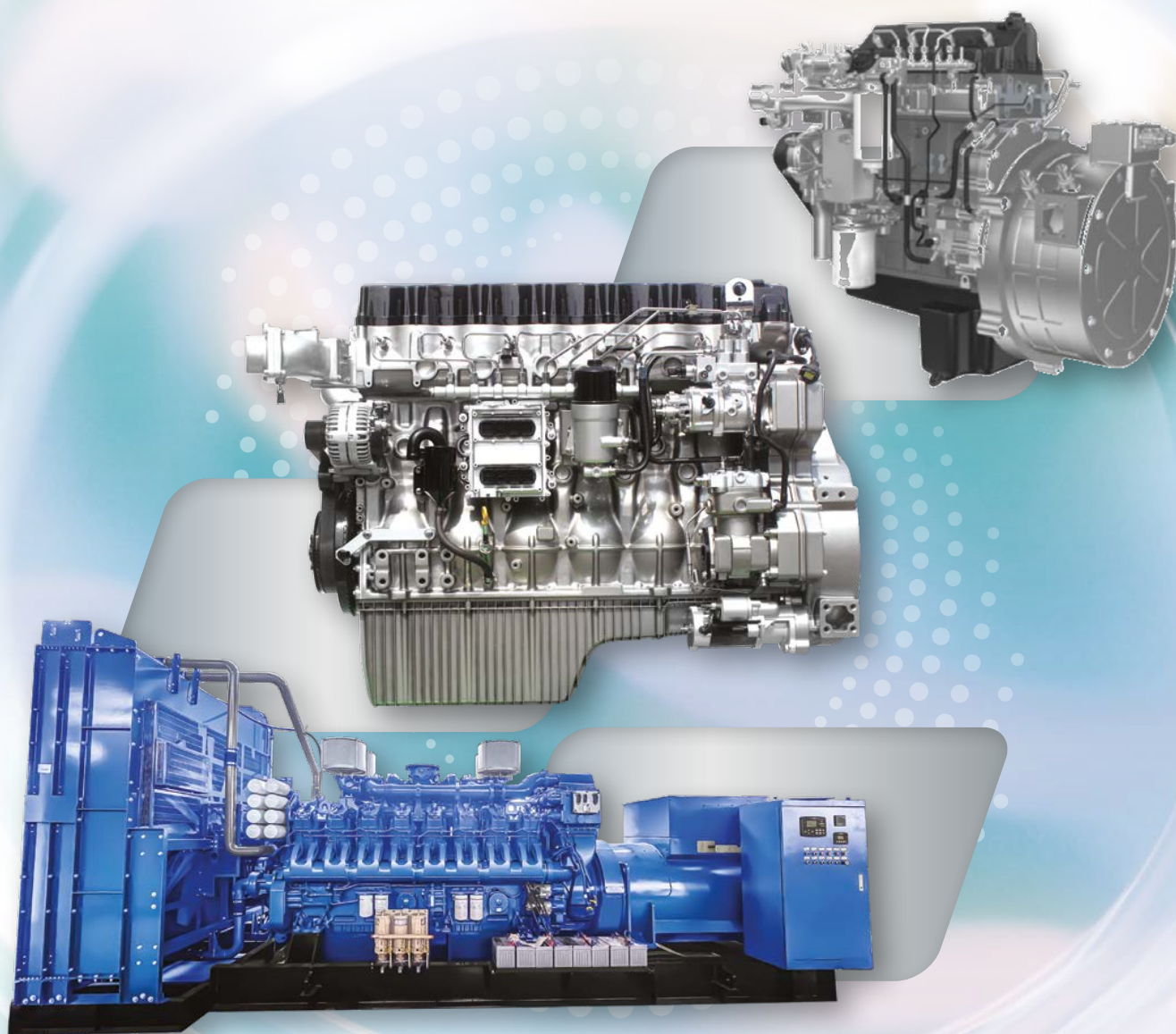




China Yuchai International Limited

EXPANDING COLLABORATION, **BROADENING HORIZON**

A N N U A L R E P O R T 2 0 2 4



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- A.** YC16VC engine is designed for use in power generation for both prime and standby applications. The engine has a displacement of 105.5 liters and offers a power output from 2205 kW to 2673 kW using a traditional fuel system. The engine equipped with the latest common rail combustion system is available to deliver higher power ratings.
- B.** YCK16-T300 engine, compliant with off-road Tier 4 emission standards, is designed for use in heavy-duty excavator, compressor, and mining truck applications. It has a displacement volume of 15.93 liters, a maximum power output of 570 kW, and a maximum torque of 3200 N-m.
- C.** YCS04-100kW range extender is designed to excel in complex urban operating conditions. It maintains high efficiency even in conditions with frequent speed changes and stop-and-go traffic, recovering energy during braking. This results in significant energy conservation, emission reduction, cost savings, and improved operational efficiency.



Yuchai's robotic automatic system, which includes automated loading and unloading robots handling cylinder head casting for machining processes. The entire machining workshop is fully automated through computer-aided machining processes with remote control and monitoring.

CHINA YUCHAI'S CORE IDEALS

VISION

To be the premier manufacturer of environmentally-friendly engines and automotive systems and a leading supplier of high value products and services

MISSION

- Utilize our product excellence and leadership to meet customers' automotive and power demands
- Establish China Yuchai as a high performance and highly respected global corporation
- Lead in the pursuit of business excellence, responsible corporate citizenship and trusted integrity
- Create an environment that is a great place to work for our employees

玉柴国际的 核心理念

愿景

成为卓越环保发动机和汽车系统制造商和提供优良产品及一流服务的供应商

使命

- 利用卓越的产品和领导力满足客户在汽车和能源领域的需求
- 创建高性能的国际企业
- 成为具有良好社会责任及拥有公众诚信度的优秀企业
- 营造良好的员工工作环境

FINANCIAL HIGHLIGHTS

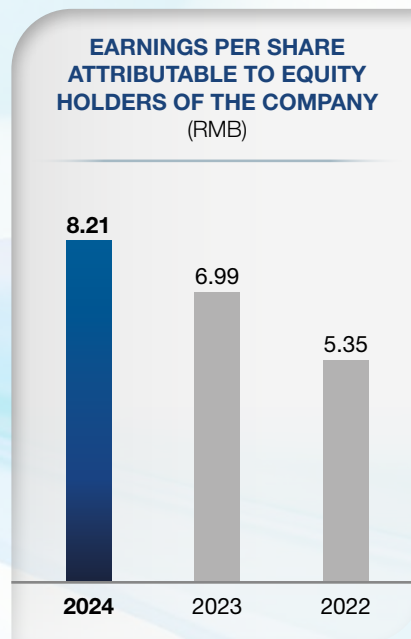
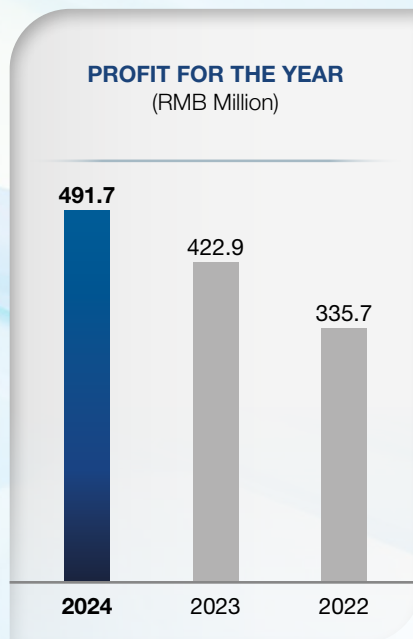
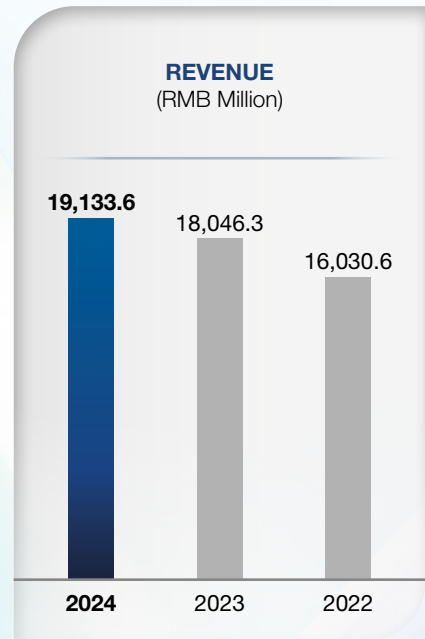
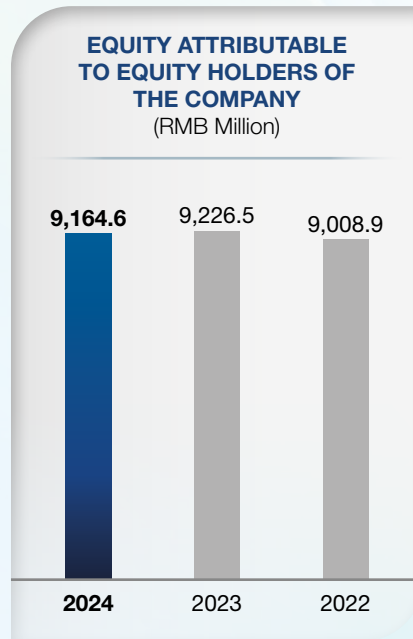
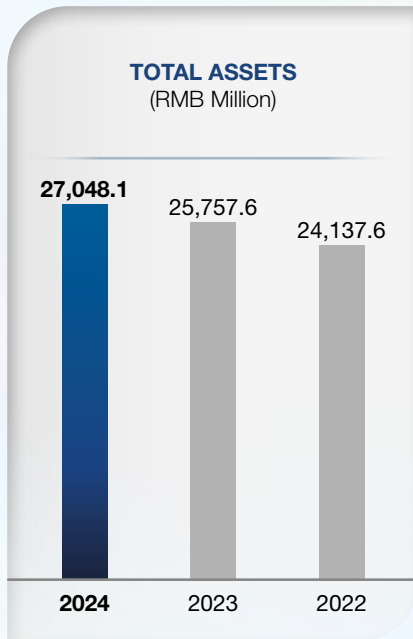
	2024 RMB'000	2023 RMB'000	2022 RMB'000
Revenue	19,133,575	18,046,349	16,030,636
Profit for the year	491,742	422,856	335,661
Total assets	27,048,094	25,757,618	24,137,556
Equity attributable to equity holders of the Company	9,164,625	9,226,528	9,008,946

	2024 RMB	2023 RMB	2022 RMB
Earnings per share attributable to equity holders of the Company (RMB per share)	8.21	6.99	5.35
Weighted average number of shares	39,325,763	40,858,290	40,858,290

WE SOLD
356,586
 UNITS OF ENGINES

This is **mtu** Series 4000 high-horsepower diesel engine produced by our joint venture, MTU Yuchai Power for power generation and oil & gas applications. The engine is available in 12V, 16V, and 20V configurations, with displacement volume ranging from 57.2 to 95.4 liters, and engine power rating from 1,575 kW to 2,850 kW.

FINANCIAL HIGHLIGHTS



PRESIDENT'S STATEMENT

Dear Shareholders,

The year 2024 marks the 30th anniversary of our listing on the New York Stock Exchange. It is an important milestone that underscores our enduring commitment to operational excellence, financial discipline and long-term value creation. As we reflect on the past 30 years, we take pride in the remarkable progress China Yuchai has made, despite the challenges encountered along the way. Through a clear strategic vision and the dedication of our workforce, we have transformed from a domestic engine manufacturer into a prominent and diversified powertrain solutions provider, with a growing footprint in both traditional and new energy markets.

In 2024, the Chinese economy maintained a stable GDP growth of 5%. According to the Chinese Association of Automobile Manufacturers ("CAAM"), the total industry unit sales of commercial vehicles (excluding gasoline-powered and electric-powered vehicles) decreased by 2.6% year-over-year to 2.3 million units in 2024. The decrease is largely attributable to restrained customer spending and ongoing challenges in the critical real estate development sector. These factors combined to create an uncertain and cautious economic outlook.

SOLID FINANCIAL PERFORMANCE IN 2024

Our main operating subsidiary, Guangxi Yuchai Machinery Company Limited ("Yuchai"), achieved a year-over-year growth of 13.7% in this challenging year, with total engine unit sales increasing to 356,586 units in 2024. Our on-road engine sales outperformed the overall truck and bus markets, reporting 17.2% growth in both truck and bus combined in 2024. Our off-road segments continued to deliver unit growth in almost all applications. Additionally, our marine and power generation business unit continued to grow, particularly in the power generation market for both prime and standby applications, as well as data center projects. These results reflect the quality and performance of our products as well as the trust and loyalty we've built with our customers over the years. By continuously striving to meet and exceed expectations, we reinforce our position as a one of the leading players in the commercial vehicle powertrain industry in China.

We delivered solid financial results in 2024, reflecting both healthy growth and strategic resilience. Our revenue increased by 6.0% year-over-year to RMB 19.1 billion (US\$2.7 billion). Gross profit outpaced revenue growth, rising by 10.8% to RMB 2.8 billion (US\$392.9 million), with an improvement in gross margin to 14.7% compared to 14.1% in 2023. The margin expansion was primarily driven by an increase in revenue, better sales mix, and our ongoing cost



The President, Mr. HOH Weng Ming, delivered a speech during the 30th anniversary event in November 2024.

reduction initiatives. These results highlight the effectiveness of our strategic focus and operational excellence.

Net profit attributable to China Yuchai's shareholders increased by 13.1% to RMB 323.1 million (US\$45.0 million), compared with RMB 285.5 million in 2023. Basic and diluted earnings per share were RMB 8.21 (US\$1.14) compared with RMB 6.99 in 2023.

Our commitment to building shareholder value is further demonstrated through an increased cash dividend of US\$0.38 per share in 2024, up from US\$0.28 per share in 2023. Additionally, we implemented our first share buyback plan, repurchasing approximately 3.3 million shares for a total amount of US\$39.8 million, funded by our operating cash flow and existing cash balances.

STRENGTHENING INNOVATION AND SUSTAINABILITY

Our strategic focus on innovation is evident in the substantial investment in research and development ("R&D"), demonstrating our commitment to driving technological progress, adapting to evolving market demands and maintaining technology leadership in a fast-changing world. In 2024, our total R&D expenditure is RMB 1.2 billion (US\$165.8 million), representing 6.2% of revenue, compared with RMB 1.1 billion or 5.9% of revenue in 2023. These investments continued to focus on enhancing engine efficiency and performance for National VI and Tier-4 emission-compliant engines, while expanding engine platform in marine and power generation applications.

We also advanced our portfolio of new energy solutions, positioning Yuchai for the future of clean transportation. Our new energy product offerings include hybrid range extenders, e-axle hybrid systems, and hydrogen fuel cell power systems. Additionally, we made a significant breakthrough in the wind turbine market with the launch of its QT700-10 turbine fan main shaft. This innovative product, cast using QT700-10 high-strength, high-elongation ductile iron material, uniquely developed by our subsidiary, Yuchai Foundry, demonstrated our ability to leverage on our casting capability to innovate and capture emerging market opportunities. In addition to our diesel, gas, and hybrid engines for buses, a major milestone was achieved when Yuchai Xingshunda hydrogen fuel cells began powering 50 Suzhou King Long 12-meter hydrogen fuel cell buses. These deployments contribute meaningfully to carbon emission reduction and a greener future.

We are actively developing engines that utilize alternative fuels such as hydrogen, methanol, and ammonia, further showcasing our leadership in clean energy and environmental responsibility. In recognition of our innovative accomplishments utilizing hydrogen, Yuchai was made a Committee Member of the new Hydrogen Combustion Engine Innovation Consortium division of the China Internal Combustion Engine Society.

JOINT VENTURE SUCCESS AND GROWTH

In 2024, our joint ventures achieved significant success, with our share of their financial outcomes increasing substantially by 63.6% year-over-year to RMB 101.5 million (US\$14.2 million), compared to RMB 62.1 million in 2023. This outstanding growth was primarily driven by higher profitability at MTU Yuchai Power, as well as Y&C Engine and Purem Yuchai transitioning from losses in prior years to profitability in 2024.

MTU Yuchai Power, a 50-50 joint venture with a subsidiary of Rolls-Royce Power Systems, has delivered outstanding results since its inception. Since 2017, over 2,000 units of the flagship **mtu** Series 4000 high-horsepower diesel engines have been produced in China, underscoring its established presence in the market.

MTU Yuchai Power is now embarking on a second phase of development focusing on product development, production, and sales of the **mtu** Series 4000 oil & gas engine, with shipments expected to commence by late 2025. Notably, the next phase will also introduce the **mtu** Series 2000 engine and the Yuchai-branded VC series diesel engines to its power generation product portfolio, to address diverse market needs.

DRIVING OPERATIONAL EXCELLENCE AND TALENT MANAGEMENT

China Yuchai has encouraged the consolidation of business units towards an efficient corporate structure. By creating specialized business groups, operational controls have improved, resources better optimized, a culture of innovation created, all contributing to enhanced overall business performance.

Starting in 2024, Yuchai implemented equity incentive plans for selected senior leaders and key employees of the company and its subsidiaries. These plans serve as both a reward for past achievements and a powerful motivator to inspire ongoing contributions. By recognizing and fostering the talents of these pivotal team members, the initiative aims to strengthen their commitment, dedication, and loyalty, ultimately driving the long-term growth and success of Yuchai.

EXPANDING OUR GLOBAL FOOTPRINT

Yuchai's globalization efforts have been advancing steadily over the past decade, fueled by the strengthening collaboration between China and ASEAN countries. Annual exports to the region have been increasing, highlighting Yuchai's growing presence in these markets. In 2024, Yuchai expanded its footprint further through a strategic cooperation agreement with Kim Long Motor Hue, a subsidiary of Vietnam's FUTA Group. This comprehensive partnership includes the granting of technology licenses, the supply of components, and related support and services. Additionally, Yuchai Machinery Power System (Thailand) ("Yuchai Thailand") has commenced production operations in 2024. The first K08 engine from the Thailand facility was delivered to its customers. Yuchai Thailand focuses on producing diesel engines, natural gas engines, new energy power products, and more.

As a large industrial company operating in a rapidly evolving and challenging economic environment, we have demonstrated progress and remarkable resilience throughout 2024. Our baseline vehicle engine business delivered a healthy increase, and we found new growth areas like data centers and alternative power solutions. Looking ahead, 2025 may present new uncertainties, particularly amid ongoing trade tensions that could impact market dynamics and our operating landscape. Even so, we remain grounded in our core strengths and focused on navigating this environment with discipline, agility and focus.

HOH Weng Ming

President
May 27, 2025

总裁致词

尊敬的股东：

2024年是我们在新加坡证券交易所上市三十周年。这个重要的里程碑，见证了我们对精益求精的运营理念、严谨的财务管理以及创造长期价值的不懈坚持。回首过去三十年，尽管历经种种考验，玉柴国际依然实现了令人瞩目的成长，让我们倍感自豪。凭借清晰的战略愿景和全体员工的共同努力，我们从一家本土发动机制造企业，成长为业内具有影响力且业务多元的动力系统解决方案提供商，在传统动力和新能源动力市场持续扩大影响力。

2024年，中国经济保持了5%的稳定GDP增长。根据中国汽车工业协会（“CAAM”）的数据，2024年商用车（不包括汽油动力和电动汽车）的行业总销量同比下降2.6%至230万辆。销量下滑主要归因于客户支出紧缩，以及房地产开发这一关键领域持续面临挑战。这些因素叠加，使整体经济前景更趋不明朗和保守。

2024年稳健的财务表现

在这充满挑战的一年里，我们的主要运营子公司广西玉柴机器股份有限公司（“玉柴”）实现了13.7%的销量同比增长，2024年发动机总销量达到356,586台。我们的道路发动机销量表现优于整体卡车和客车市场，2024年合计同比增长17.2%。在非道路细分市场中，我们几乎所有板块的销量都保持增长。此外，我们的船用和发电应用产品的销量持续增长，尤其是在主电源和备用电源的发电机市场，以及数据中心项目中表现突出。这些成绩不仅反映了我们产品的高质量和性能，也证明我们多年来与客户之间建立的深厚信任和忠诚。通过不断努力满足和超越客户期望，我们进一步巩固了自己在中国商用车动力系统行业的领先地位。

我们2024年的财务表现稳健，既实现了健康的增长，也展示了战略韧性。我们的收入同比增长6.0%，达到191亿元人民币（27亿美元）。毛利增速超过收入增长，同比增长了10.8%，达到28亿元人民币（3.929亿美元）。毛利率也有所提升，从2023年的14.1%提高至14.7%，主要得益于收入增加、更优的销售组合以及我们持续的成本控制。这些成绩突显了我们战略方向和高效运营的成效。

归属于玉柴国际股东的净利润同比增长13.1%，达到3.231亿元人民币（4,500万美元），而2023年则为2.855亿元人民币。基本每股收益和稀释每股收益为8.21元人民币（1.14美元），而2023年则为6.99元人民币。

我们的现金股息从2023年的每股0.28美元提高到2024年的每股0.38美元，进一步体现了我们对创造股东价值的坚定承诺。此外，我们实施了首次股票回购计划，回购了约330万股股票，总金额为3,980万美元，资金来自于我们的运营现金流和现有现金。

加强创新和可持续性

我们对创新的战略聚焦，体现在大量的研发投资上，展示了我们推动技术进步以适应不断变化的市场需求以及在瞬息万变的市场中保持技术优势的决心。2024年，我们的研发总支出为人民币12亿元（1.658亿美元），占收入的6.2%，相比2023年的人民币11亿元或收入的5.9%有所增加。这些投资持续集中在提升符合国六和Tier-4排放标准发动机的效率和性能，同时扩大在船用和发电应用领域的发动机平台。

我们还加强新能源动力解决方案的产品组合，为玉柴在环保交通的未来奠定了基础。我们的新能源动力产品包括混合动力增程器、电轴混合系统和氢燃料电池动力系统。此外，我们在风力涡轮机市场取得了重大突破，推出了QT700-10涡轮风机主轴。这款创新产品采用QT700-10高强度、高延展性球墨铸铁材料铸造，由我们的子公司玉柴铸造独立开发，展示了我们利用自有铸造能力进行创新捕捉新兴市场机会的能力。除了为客车提供柴油、燃气和混合动力发动机外，玉柴兴顺达氢燃料电池现开始为50辆苏州金龙12米氢燃料电池客车提供动力方案，标志着一个新的重要里程碑。这些突破对于减少碳排放和推动绿色未来的建设具有重大意义。

我们正在积极开发氢、甲醇和氨等为替代燃料的发动机，更表明了我们在推动清洁能源与可持续发展的责任和担当。作为对我们在氢能领域创新成就认可，玉柴被批选为中国内燃机学会新成立的氢发动机创新联合体的成员。

合资公司的成功与成长

2024年，我们的合资业务取得了显著成功，我们享有的权益份额同比激增63.6%，达到1.015亿元人民币（1,420万美元），而2023年为6,210万元人民币。这一进步主要得益于玉柴安特优动力盈利能力的大幅提升，以及联合动力和玉柴普赫姆成功在2024年扭亏为盈。

玉柴安特优是我们与罗罗动力系统子公司按50:50股比合资成立的公司，自成立以来业绩斐然。从2017年投产起，玉柴安特优在中国已累计生产超过2000台旗舰级 *mtu* 4000 系列大马力柴油发动机，充分彰显了其在市场中的稳固地位。



China Yuchai's directors launched the 30th anniversary event together with the Minister of Singapore, Dr. Tan See Leng (3rd from the left).

玉柴安特优现正迈入第二发展阶段，聚焦 **mtu** 4000 系列油气发动机的研发、生产和销售，预计在2025年底首批交付。同时，发电应用产品组合中还将新增 **mtu** 2000 系列发动机及玉柴品牌VC系列柴油发动机，以满足多样化市场需求。

推动精益运营和人才管理

玉柴国际积极推动业务单元整合，构建高效的企业架构。通过设立专业化的业务群，不仅提升了运营控制水平，还实现了资源的优化配置，营造创新的企业文化，从而显著提升整体业务成效。

从2024年起，玉柴对包括其子公司在内的部分高管和核心员工实施股权激励计划，这不仅是对他们过去突出贡献的肯定，更为他们持续发力提供了强大动力。通过认可和培养这些核心团队成员的才能，这些激励计划旨在激发他们的责任感、奉献和忠诚，为玉柴的长远发展和持续成功注入源源动力。

拓展海外布局

过去十年，随着中国与东盟国家合作不断深化，玉柴的国际化步伐稳步前进。年出口量持续增长，玉柴在这些市场影响力日益提升。2024年，玉柴通过与越南FUTA集团旗下子公司 Kim Long Motor Hue 签署战略合作协议，进一步扩展国际布局。合作内容涵盖技术许可授权、零部件供应以及相关支持服务。此外，玉柴机器动力系统（泰国）（“玉柴泰国”）于2024年投产，首台K08发动机顺利交付给客户。玉柴泰国主要生产柴油发动机、燃气发动机及新能源动力产品等。

面对瞬息万变、充满挑战的经济环境，作为一家大型工业化企业，我们在2024年取得了显著的进步，展现出坚韧的发展实力。我们的车机基础业务实现了稳健增长，同时在数据中心和替代动力解决方案等领域开拓了新的增长机遇。展望未来，2025年可能会因持续的贸易紧张局势而带来新的不确定性，影响市场走向和我们的运营环境。即便如此，我们仍将继续坚守核心优势，保持自律、灵活和专注，从容应对挑战。

何永明

总裁

2025年5月27日

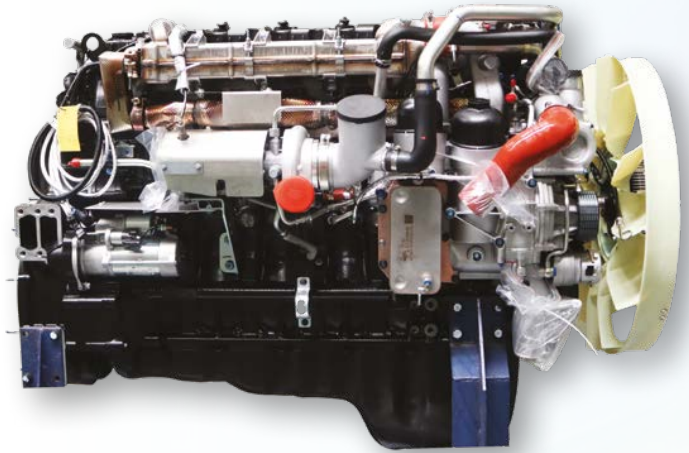
CORPORATE BACKGROUND

China Yuchai International Limited (“China Yuchai”) is a Bermuda holding company established on April 29, 1993 and listed on the New York Stock Exchange under symbol “CYD”, with major operations in China. It is a subsidiary of Singapore-based Hong Leong Asia Ltd.

China Yuchai, through six wholly owned subsidiaries, owns 76.4% of the outstanding shares of its principal operating subsidiary, Guangxi Yuchai Machinery Company Limited (“Yuchai”), which has its headquarter and primary manufacturing facilities in Yulin City, Guangxi Zhuang Autonomous Region.

As one of the leading powertrain solution providers in China, Yuchai specializes in the design, manufacture, assembly, and sale of a wide variety of light-, medium- and heavy-duty engines for trucks, buses, pickups, construction and agricultural equipment, as well as marine and power generation applications. Yuchai offers a comprehensive portfolio of powertrain solutions, including but not limited to diesel, natural gas, and new energy products such as pure electric, range extenders, and hybrid and fuel cell systems. Through its extensive network of regional sales offices and authorized customer service centers, Yuchai distributes its engines directly to original equipment manufacturers and distributors while providing after-sales services across China and overseas market.

China Yuchai also holds a 48.9% shareholding interest in HL Global Enterprises Limited (“HLGE”) which is listed on the main board of the Singapore Exchange. HLGE currently operates the Copthorne Hotel Cameron Highlands, a hotel in Cameron Highlands, Malaysia.



Yuchai’s YCK15N engine, compliant with on-road National VI emission standards, is designed for use in heavy-duty truck and trailer applications. It has a displacement volume of 14.8 liters, a maximum power output of 570 hp, and a maximum torque of 2600 N-m. YCK15N is engineered to operate at high altitudes and in extreme weather conditions, providing a hassle-free vehicle power system.

公司背景

中国玉柴国际有限公司（“玉柴国际”）是一家成立于1993年4月29日的百慕大控股公司，在纽约证券交易所上市，代号为CYD，主要业务在中国。它是新加坡丰隆亚洲有限公司的子公司。

玉柴国际通过6家全资子公司，持有其主要运营子公司广西玉柴机器股份有限公司（“玉柴”）76.4%的股权。玉柴的总部和生产基地位于中国广西壮族自治区玉林市。

作为中国领先的动力系统解决方案提供商之一，玉柴专注于设计、制造、组装和销售各种轻、中和重型发动机，适用于卡车、客车、皮卡、建筑和农业设备，以及船用和发电应用。玉柴提供全面的动力系统解决方案，包括柴油、天然气和新能源动力产品，如纯电动、增程器、混合动力和燃料电池系统。玉柴通过广泛分布的区域销售驻点和授权客户服务中心，直接销售发动机给原始设备制造商和经销商，并在中国和海外市场提供售后服务。


玉柴国际还持有新加坡交易所主板上市的丰隆环球有限公司（“HLGE”）48.9%的股权。HLGE目前经营着位于马来西亚金马伦高原国敦大酒店。


OUR SERVICE PRESENCE


Sales and service support in over

100
countries



 Guangxi Yuchai Machinery Company Limited
广西玉柴机器股份有限公司总部

 42 Yuchai's sales stations
42个玉柴销售驻点

 With over 6,000 authorized domestic customer service stations
超过6,000家授权国内服务站

DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

Our Bye-Laws require that our Board of Directors shall consist of eleven members so long as the special share is outstanding. As of February 28, 2025, there were nine members elected to and serving on our Board of Directors. Pursuant to the rights afforded to the holder of the special share, Hong Leong Asia had designated Messrs. Gan Khai Choon, Kwek Leng Peck, Stephen Ho Kiam Kong, Hoh Weng Ming and Wong Hong Wai as its nominees. Messrs. Li Hanyang and Wu Qiwei are nominees of Coomber Investments Limited. Our directors are appointed or elected, except in the case of casual vacancy, at the annual general meeting or at any special general meeting of shareholders and hold office until the next annual general meeting of shareholders or until their successors are appointed or their office is otherwise vacated.

Our directors and executive officers as of February 28, 2025 are identified below.

Name	Position	Year First Elected or Appointed Director or Officer
HOH Weng Ming ⁽¹⁾⁽⁴⁾	President and Director	2011
GAN Khai Choon ⁽¹⁾⁽⁴⁾	Director	1995
KWEK Leng Peck ⁽¹⁾⁽²⁾	Director	1994
Stephen HO Kiam Kong	Director	2020
LI Hanyang ⁽¹⁾	Director	2021
WU Qiwei ⁽¹⁾	Director	2012
NEO Poh Kiat ⁽¹⁾⁽²⁾⁽³⁾	Independent Director	2005
XIE Tao ⁽¹⁾⁽²⁾⁽³⁾	Independent Director	2019
WONG Hong Wai ⁽³⁾	Independent Director	2023
LOO Choon Sen ⁽¹⁾	Chief Financial Officer	2021
Conyers Corporate Services (Bermuda) Limited	Secretary	2015

⁽¹⁾ Also a Director of Yuchai.

⁽²⁾ Member of the Compensation Committee.

⁽³⁾ Member of the Audit Committee.

⁽⁴⁾ Also a Director of HLGE.

BOARD OF DIRECTORS



Mr. HOH Weng Ming is the President and a Director of the Company as well as a Director of Yuchai and HLGE. With over 40 years of professional experience across Singapore, Malaysia, New Zealand, Hong Kong and China, Mr. Hoh brings a wealth of regional expertise to his roles. He was previously the Financial Controller of the Company from 2002 to 2003, the Chief Financial Officer of the Company from 2008 to 2011 and the Chief Financial Officer of Hong Leong Asia from 2011 to 2013. Prior to that, he had worked in various roles with companies including Johnson Electric Industrial Manufactory Limited. Mr. Hoh has a Bachelor of Commerce Degree majoring in Accountancy from the University of Canterbury, Christchurch and a Master of Business Administration from the Massey University (both in New Zealand). He is a Chartered Accountant in New Zealand and a Fellow Member of the Hong Kong Institute of Certified Public Accountants.



Dato' GAN Khai Choon is a Director of the Company and Yuchai, as well as the Non-Executive Chairman of HLGE. He is also the Managing Director of Hong Leong International (Hong Kong) Limited and an Executive Director of Hong Leong Hotel Development Limited. Dato' Gan has extensive experience in the banking, real estate investment and development sectors and has been involved in a number of international projects for the Hong Leong Investment group of companies, including the management and development of the Grand Hyatt Taipei and the Beijing Riviera. He holds a Bachelor of Arts Degree (Honors) in Economics from the University of Malaya. Dato' Gan is related to Mr. Kwek Leng Peck.



Mr. KWEK Leng Peck is a Director of the Company and Yuchai. He also serves as the Executive Chairman of Hong Leong Asia and an Executive Director of Hong Leong Investment Holdings Pte. Ltd., Hong Leong Corporation Holdings Pte. Ltd and Hong Realty (Private) Limited. He also sits on the boards of HL Technology, Hong Leong China, Well Summit Investments Limited and Hong Leong Finance Limited, as well as other affiliated companies. Mr. Kwek has many years of experience in trading, manufacturing, property investment and development, hotel operations, corporate finance and management as well as extensive involvement in the real estate developments, investments and hotel operations of the Hong Leong Investment group of companies in Singapore. Mr. Kwek is related to Dato' Gan Khai Choon.



Mr. Stephen HO Kiam Kong is a Director of the Company. He also serves as the Executive Director and Chief Executive Officer of Hong Leong Asia, and sits on the boards of HL Technology, Hong Leong China and Well Summit and other affiliated companies. Mr. Ho has extensive experience in finance, treasury and risk management from his executive positions previously held at Wilmar International Limited and a Dutch multinational corporate, Royal Philips. Prior to his financial management roles, Mr. Ho worked for major international financial institutions in Singapore, Hong Kong and New York in the areas of corporate banking, global markets trading, marketing and sales. Mr. Ho holds a Bachelor of Commerce and Administration Degree from the Victoria University of Wellington, New Zealand and had completed the Advanced Management Program at the Harvard Business School, Boston, U.S.



Mr. LI Hanyang was appointed as a Director of the Company on May 12, 2021. He was also the Chairman of Yuchai's Board and the Chairman of GY (a 20.10% shareholder of the Company). Mr. Li started his career with Yuchai as a production preparation section chief in 1993 and was gradually promoted to a deputy general manager of Yuchai in 2000. He was transferred to GY in 2002 and since then he has served in various managerial positions including chief engineer, director, chairman and party secretary of the GY Group. Mr. Li holds a Bachelor's degree in Mechanical Design and Manufacturing from Tsinghua University and an MBA from the Huazhong University of Science and Technology.

BOARD OF DIRECTORS



Mr. WU Qiwei was elected as a Director of the Company on July 23, 2021 after serving as Alternate Director of the Company to Mr. Yan Ping since 2012. Mr. Wu is also the President and a director of Yuchai. He previously served as a Deputy General Manager of Yuchai in charge of sales and marketing. He holds a Bachelor of Engineering Degree from the Hunan University, an MBA degree from the Huazhong University of Science and Technology and a Doctorate in Marine Engineering from Wuhan University of Technology.



Mr. NEO Poh Kiat is an Independent Director of the Company and Yuchai. Between August 1976 and January 2005, he held various senior managerial positions with companies in the DBS Bank group and United Overseas Bank Ltd. Presently, Mr. Neo serves as a director with Fullerton Credit group companies in China, CapitaLand China Trust Management Limited and Valuemax Group Limited. He holds a Bachelor of Commerce Degree (Honors) from the Nanyang University, Singapore. Our Board of Directors has determined that Mr. Neo is independent within the meaning of the NYSE's corporate governance standards, on the basis that the Company has no material relationship with him.



Mr. XIE Tao is an Independent Director of the Company and Yuchai. He also serves an Independent Director of Zhejiang Wanfeng Auto Wheel Co., Ltd. and a Non-Independent Non-Executive Director of Shanghai Vico Precision Mold & Plastics Co., Ltd., a publicly listed company in China. Mr. Xie has more than 30 years of experience in corporate management and financial advisory, including mergers and acquisitions, corporate finance and transaction services. He has spent the major part of his career with PricewaterhouseCoopers (PwC) for nearly 23 years as a lead partner of the Advisory practice in PwC China and as the Senior Partner of Corporate Finance serving on the Executive Board of the China, Singapore and Hong Kong member firms of PwC. From 2012 and 2014, he served a partner at Ernst & Young and later Deloitte, leading transaction services and corporate finance business. Mr. Xie holds a Bachelor's degree in Physics from the Beijing University in China and was a member of the UK Chartered Association of Certified Accountants. Our Board of Directors has determined that Mr. Xie is independent within the meaning of the NYSE's corporate governance standards, on the basis that the Company has no material relationship with him.



Mr. WONG Hong Wai joined the Company as a Director on March 1, 2023 and was subsequently re-designated as an Independent Director on April 21, 2023. Presently, Mr. Wong serves as an Innovation Advisor with IPI, a subsidiary of Enterprise Singapore, and an Associate Faculty with the Singapore Institute of Technology. Prior to this, he was with the Singapore Economic Development Board and General Motors, where he had worked in six countries over a span of more than 35 years. He has extensive experience in industry development, mergers and acquisition, new business development, strategic alliance management, sales and marketing, strategic risk management, business strategy, product portfolio planning, global procurement, and business process re-engineering. Mr. Wong is a Senior Accredited Board Director of the Singapore Institute of Directors and a Fellow of the Singapore Institute of Arbitrators. He holds a Bachelor of Engineering (Production and Industrial Engineering) degree from the Ulm University of Applied Sciences in Germany and a Master of Business Administration from the National University of Singapore. He has also completed an Executive Program at the Stephen M. Ross School of Business at the University of Michigan, U.S. Our Board of Directors has determined that Mr. Wong is independent within the meaning of the NYSE's corporate governance standards, on the basis that the Company has no material relationship with him.

EXECUTIVE OFFICER



Mr. LOO Choon Sen joined the Company as the Chief Financial Officer on June 3, 2021 and was appointed as a Director of Yuchai on November 30, 2021. Mr. Loo has over 20 years of financial leadership experience. He started his career as an external auditor with Baker Tilly and moved on as the Financial Controller for a subsidiary of a company listed on the Kuala Lumpur Stock Exchange, based out of Papua New Guinea. He joined Cameron International Corporation in 2001, where he held various positions, including as Director of Financial Services for Asia Pacific & Middle East based out of Singapore and Director of Finance for Canada, based out of Edmonton, Canada. After Schlumberger Limited acquired Cameron International Corporation in 2016, he became the Director of Finance for Schlumberger Limited's Cameron Product Lines for Asia Pacific & Middle East spanning across 15 countries in the region. Prior to his current role, he was with TechnipFMC covering the Asia Pacific region. Mr. Loo holds a Bachelor of Commerce degree in Finance and Accounting from the Curtin University of Technology and is a Certified Practising Accountant in Australia.



China Yuchai's team and management

CORPORATE GOVERNANCE

We are an exempted company incorporated in Bermuda and are subject to the laws of that jurisdiction. The legal framework in Bermuda which applies to exempted companies is flexible and allows an exempted company to comply with the corporate governance regime of the relevant jurisdiction in which the company operates or applicable listing standards. Under Bermuda law, members of a board of directors owe a fiduciary duty to the company to act in good faith in their dealings with or on behalf of the company and to exercise their powers and fulfill the duties of their office honestly. In addition, the Bermuda company legislation imposes a duty on directors and officers of an exempted company to act honestly and in good faith with a view to the best interests of the company and requires them to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Bermuda legislation also imposes certain specific duties and obligations on companies and directors, both directly and indirectly, including duties and obligations with respect to matters such as (a) loans to directors and related persons; and (b) limits on indemnities for directors and officers. Bermuda law does not impose specific obligations in respect of corporate governance, such as those prescribed by NYSE listing standards, requiring a company to (i) appoint independent directors to their boards; (ii) hold regular

meetings of non-management directors; (iii) establish audit, nominating and governance or compensation committees; (iv) have shareholders approve equity compensation plans; (v) adopt corporate governance guidelines; or (vi) adopt a code of business conduct and ethics.

We are also subject to the NYSE listing standards, although, because we are a foreign private issuer, those standards are considerably different from those applied to U.S. companies. Under the NYSE rules, we need only (i) establish an independent audit committee that has specified responsibilities as described in the following table; (ii) provide prompt certification by our chief executive officer of any material non-compliance with any corporate governance rules; (iii) provide periodic written affirmations to the NYSE with respect to our corporate governance practices; and (iv) provide a brief description of significant differences between our corporate governance practices and those followed by U.S. companies.

The following table compares the Company's principal corporate governance practices, which are in compliance with Bermuda law, to those required of U.S. companies.

Standard for U.S. Domestic Listed Companies	China Yuchai International Limited's Practice
Director Independence	
<ul style="list-style-type: none"> A majority of the board must consist of independent directors. <p>Independence is defined by various criteria including the absence of a material relationship between director and the listed company. Directors who are employees, are immediate family of the chief executive officer or receive over US\$120,000 per year in direct compensation from the listed company are not independent. Directors who are employees of or otherwise affiliated through immediate family with the listed company's independent auditor are also not independent.</p> <ul style="list-style-type: none"> The non-management directors of each company must meet at regularly scheduled executive sessions without management. 	<ul style="list-style-type: none"> Three of our nine directors, Messrs. Xie Tao, Neo Poh Kiat and Wong Hong Wai are independent within the meaning of the NYSE standards. As a foreign private issuer, our non-management directors are not required to meet periodically without management directors.

CORPORATE GOVERNANCE

Standard for U.S. Domestic Listed Companies	China Yuchai International Limited's Practice
Audit Committee	

- | | |
|--|--|
| <ul style="list-style-type: none"> • Listed companies must have an audit committee that satisfies the requirements of Rule 10A-3 under the Exchange Act. The rule requires that the audit committee (i) be comprised entirely of independent directors; (ii) be directly responsible for the appointment, compensation, retention and oversight of the independent auditor; (iii) adopt procedures for the receipt and treatment of complaints with respect to accounting, internal accounting controls or auditing matters; (iv) be authorized to engage independent counsel and other advisors it deems necessary in performing its duties; and (v) be given sufficient funding by the company to compensate the independent auditors and other advisors as well as for the payment of ordinary administrative expenses incurred by the committee. • The audit committee must consist of at least three members, and each member meets the independence requirements of both the NYSE rules and Rule 10A-3 under the Exchange Act. • The audit committee must have a written charter that addresses the committee's purpose and responsibilities. | <ul style="list-style-type: none"> • Our Audit Committee meets the requirements of Rule 10A-3 under the Exchange Act. • Our Audit Committee currently consists of three members, all of whom meet the independence requirements of both the NYSE rules and Rule 10A-3 under the Exchange Act. • Our Audit Committee has a charter outlining the committee's purpose and responsibilities, which are similar in scope to those required of U.S. companies. |
|--|--|

At a minimum, the committee's purpose must be to assist the board in the oversight of the integrity of the company's financial statements, the company's compliance with legal and regulatory requirements, the independent auditor's qualifications and independence and the performance of the company's internal audit function and independent auditors. The audit committee is also required to review the independent auditing firm's annual report describing the firm's internal quality control procedures, any material issues raised by the most recent internal quality control review or peer review of the firm, or by any recent governmental inquiry or investigation, and any steps taken to address such issues.

- Our Audit Committee's charter outlines the committee's purpose and responsibilities which are similar in scope to those required of U.S. companies.

CORPORATE GOVERNANCE

Standard for U.S. Domestic Listed Companies	China Yuchai International Limited's Practice
Audit Committee	
<p>The audit committee is also required to assess the auditor's independence by reviewing all relationships between the company and its auditor. It must establish the company's hiring guidelines for employees and former employees of the independent auditor. The committee must also discuss the company's annual audited financial statements and quarterly financial statements with management and the independent auditors, the company's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies, and policies with respect to risk assessment and risk management. It must also meet separately, periodically, with management, the internal auditors and the independent auditors.</p> <ul style="list-style-type: none"> • Each listed company must disclose whether its board of directors has identified an Audit Committee Financial Expert, and if not the reasons why the board has not done so. • Each listed company must have an internal audit function. 	<ul style="list-style-type: none"> • Our Audit Committee assesses the auditor's independence on an ongoing basis by reviewing all relationships between the Company and its auditor. It has established the Company's hiring guidelines for employees and former employees of the independent auditor. The committee also discusses with management and the independent auditors the Company's annual audited financial statements and quarterly financial statements, the Company's earnings press releases, as well as financial information and earning guidance provided to analysts and rating agencies, and policies with respect to risk assessment and risk management. It also meets separately, periodically, with management, the internal auditors and the independent auditors. • The Board of Directors has identified Mr. Xie Tao as our Audit Committee Financial Expert. • We are a holding company and the majority of business is done at our main subsidiary, Yuchai. Yuchai maintains an independent internal audit function headed by a secondee appointed by the Company. The Head of Internal Audit reports to the Chairman of the Audit Committees of the Company and Yuchai who reports to the Boards. The Board of Yuchai approves the audit plan, reviews significant audit issues and monitors corrective actions taken by management.
Compensation Committee	
<ul style="list-style-type: none"> • Listed companies must have a compensation committee composed entirely of independent board members as defined by the NYSE listing standards. • The committee must have a written charter that addresses its purpose and responsibilities. • These responsibilities include (i) reviewing and approving corporate goals and objectives relevant to CEO compensation; (ii) evaluating CEO performance and compensation in light of such goals and objectives for the CEO; (iii) based on such evaluation, reviewing and approving CEO compensation levels; (iv) recommending to the board non-CEO compensation, incentive compensation plans and equity-based plans; and (v) producing a report on executive compensation as required by the SEC to be included in the company's annual proxy statement or annual report. The committee must also conduct an annual performance self-evaluation. 	<ul style="list-style-type: none"> • Our compensation committee currently has three members, two of whom are independent within the meaning of the NYSE standards. • Our compensation committee reviews among other things the Company's general compensation structure, and reviews, recommends or approves executive appointments, compensation and benefits of directors and executive officers, subject to ratification by the Board of Directors, and supervises the administration of our employee benefit plans, if any.

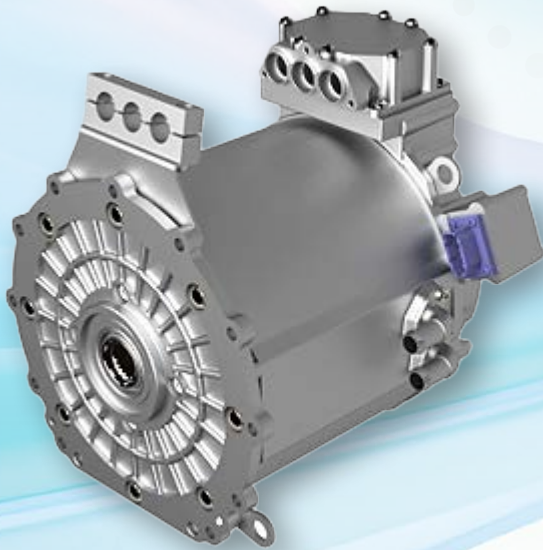
CORPORATE GOVERNANCE

Standard for U.S. Domestic Listed Companies	China Yuchai International Limited's Practice
Nominating/Corporate Governance Committee	
<ul style="list-style-type: none"> Listed companies must have a nominating/corporate governance committee composed entirely of independent board members. The committee must have a written charter that addresses its purpose and responsibilities, which include (i) identifying qualified individuals to become board members; (ii) selecting, or recommending that the board select, the director nominees for the next annual meeting of shareholders; (iii) developing and recommending to the board a set of corporate governance principles applicable to the company; (iv) overseeing the evaluation of the board and management; and (v) conducting an annual performance evaluation of the committee. 	<ul style="list-style-type: none"> We do not have a nominating/corporate governance committee. However, certain responsibilities of this committee are undertaken by our Compensation Committee, such as the review and approval of executive appointments and all other functions are performed by the Board of Directors.
Equity-Compensation Plans	
<ul style="list-style-type: none"> Shareholders must be given the opportunity to vote on all equity—compensation plans and material revisions thereto, with limited exceptions. 	<ul style="list-style-type: none"> Our Equity Incentive Plan was approved by our shareholders in 2014 and expired in 2024.
Corporate Governance Guidelines	
<ul style="list-style-type: none"> Listed companies must adopt and disclose corporate governance guidelines. 	<ul style="list-style-type: none"> We have formally adopted various corporate governance guidelines, including Code of Business Conduct and Ethics (described below); Audit Committee Charter; Whistle-blowing Policy; Insider Trading Policy; and Disclosure Controls and Procedures.
Code of Business Conduct and Ethics	
<ul style="list-style-type: none"> All listed companies, U.S. and foreign, must adopt and disclose a code of business conduct and ethics for directors, officers and employees, and promptly disclose any amendment to or waivers of the code for directors or executive officers. 	<ul style="list-style-type: none"> We adopted a Code of Business Conduct and Ethics Policy in May 2004, which was revised on December 9, 2008. A copy of the Code is posted on our internet website at http://www.cyilimited.com. We intend to promptly disclose any amendment to or waivers of the Code for directors or executive officers.

FINANCIAL REPORT

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Yuchai's flat wire electric motor YCEV 115 is used to power 8.5m buses and commercial vehicles with up to 8T e-axle. It has a power output of 220 kW. The complete solution, including the controller and axle, is readily available for deployment.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of China Yuchai International Limited

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of China Yuchai International Limited (the “Company”) as of December 31, 2024 and 2023, the related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2024, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with IFRS accounting standards (“IFRS”) as issued by International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company’s internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated April 25, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of China Yuchai International Limited (cont'd)

Critical Audit Matter (cont'd)

Capitalization of development costs

Description of the Matter The Group engages in research and development activities to improve existing engine products and develop new engine products and related technologies (the "Development Projects"). The Group has determined that the Development Projects met the capitalization criteria as stated in Note 2.5 (h) to the consolidated financial statements. This included RMB 204.3 million (US\$28.5 million) capitalized during the year, as disclosed in Note 12 to the consolidated financial statements.

Auditing management's recognition of capitalized development costs was complex because the capitalization of development costs requires the application of management judgment to determine, amongst others, what continues to constitute development activities and when a Development Project should cease further capitalization of development costs. Management judgment is also required to ascertain the nature of expenses that qualify for capitalization.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested controls over the authorization, approval and recording of expenses and controls over monitoring of the status of the on-going Development Projects.

Our audit procedures included, among others, evaluating management's judgment related to the determination of the research and development phases, and the determination of which development costs can be capitalized by conducting inquiries of the engineers in the Research and Development ("R&D") department to understand the progress of the Development Projects. In addition, for a sample of Development Projects, we evaluated the status of each project, and the costs capitalized by comparing the supporting documents to the Company's capitalization criteria. We evaluated management's assessment that the Development Projects continued to be in-progress by inspecting the testers' feedback and responses from the R&D department on a sample basis.

/s/Ernst & Young LLP

We have served as the Company's auditor since 2009

Singapore

April 25, 2025

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of China Yuchai International Limited (cont'd)

Opinion on Internal Control over Financial Reporting

We have audited China Yuchai International Limited's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the "COSO criteria"). In our opinion, China Yuchai International Limited (the "Company") maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated statements of financial position of the Company as of December 31, 2024 and 2023, the related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2024, and the related notes and our report dated April 25, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/Ernst & Young LLP
Singapore
April 25, 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		31.12.2022	31.12.2023	31.12.2024	31.12.2024
	Note	RMB'000	RMB'000	RMB'000	US\$'000
Revenue	6	16,030,636	18,046,349	19,133,575	2,667,146
Cost of sales		(13,857,659)	(15,502,876)	(16,315,074)	(2,274,258)
Gross profit		2,172,977	2,543,473	2,818,501	392,888
Other operating income	7.2(a)	334,349	469,300	587,256	81,861
Other operating expenses	7.2(b)	2,407	(26,938)	(11,598)	(1,617)
Research and development expenses		(836,438)	(876,578)	(984,659)	(137,257)
Selling, general and administrative expenses		(1,154,004)	(1,499,808)	(1,812,526)	(252,659)
Operating profit		519,291	609,449	596,974	83,216
Finance costs	7.3	(95,472)	(100,175)	(77,982)	(10,870)
Share of results of associates, net of tax		(1,547)	(5)	(5)	(1)
Share of results of joint ventures, net of tax	5	(27,546)	62,083	101,553	14,156
Profit before tax		394,726	571,352	620,540	86,501
Income tax expense	8	(59,065)	(148,496)	(128,798)	(17,954)
Profit for the year		335,661	422,856	491,742	68,547
Attributable to:					
Equity holders of the Company		218,581	285,518	323,055	45,033
Non-controlling interests		117,080	137,338	168,687	23,514
		335,661	422,856	491,742	68,547
Earnings per share (dollar per share)					
– Basic	9	5.35	6.99	8.21	1.14
– Diluted	9	5.35	6.99	8.21	1.14

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	31.12.2022	31.12.2023	31.12.2024	31.12.2024
	RMB'000	RMB'000	RMB'000	US\$'000
Profit for the year	335,661	422,856	491,742	68,547
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss, net of tax:</i>				
Foreign currency translation	88,708	21,369	15,672	2,185
Net fair value change on debt instruments at fair value through other comprehensive income	409	10,649	2,787	388
Other comprehensive income for the year, net of tax	89,117	32,018	18,459	2,573
Total comprehensive income for the year, net of tax	424,778	454,874	510,201	71,120
Attributable to:				
Equity holders of the Company	292,369	310,383	338,082	47,127
Non-controlling interests	132,409	144,491	172,119	23,993
	424,778	454,874	510,201	71,120

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31.12.2023 RMB'000	31.12.2024 RMB'000	31.12.2024 US\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	10	3,553,601	3,418,243	476,490
Investment property	11	4,103	4,173	582
Intangible assets	12	1,951,133	1,922,854	268,039
Investment in associates		248	258	36
Investment in joint ventures	5	237,229	338,579	47,197
Deferred tax assets	8	426,377	410,728	57,254
Right-of-use assets	16	298,445	302,013	42,099
Capitalized contract cost	6.2	122,627	130,015	18,124
		<u>6,593,763</u>	<u>6,526,863</u>	<u>909,821</u>
Current assets				
Inventories	13	4,649,027	4,654,448	648,812
Trade and other receivables	14	8,458,624	9,416,461	1,312,618
Development properties		16,733	16,729	2,332
Cash and short-term bank deposits	15	6,039,471	6,433,593	896,818
		<u>19,163,855</u>	<u>20,521,231</u>	<u>2,860,580</u>
Total assets		<u>25,757,618</u>	<u>27,048,094</u>	<u>3,770,401</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31.12.2023 RMB'000	31.12.2024 RMB'000	31.12.2024 US\$'000
EQUITY AND LIABILITIES				
Equity				
Issued capital	17	2,081,138	2,081,138	290,103
Treasury shares	18	–	(285,561)	(39,806)
Statutory reserves	20	381,724	443,949	61,885
Capital reserves	20	(18,236)	(18,236)	(2,542)
Retained earnings		6,820,555	6,979,738	972,949
Other components of equity	20	(38,653)	(36,403)	(5,075)
Equity attributable to equity holders of the Company		9,226,528	9,164,625	1,277,514
Non-controlling interests		2,949,097	3,134,940	436,999
Total equity		12,175,625	12,299,565	1,714,513
Non-current liabilities				
Loans and borrowings	26	690,000	638,000	88,935
Lease liabilities	25	16,009	30,258	4,218
Contract liabilities	24	52,214	48,091	6,704
Deferred tax liabilities	8	65,089	65,056	9,068
Deferred grants	27	451,894	494,847	68,980
Other financial liability	28	67,050	70,004	9,758
Other payables	22	181,155	171,768	23,944
		1,523,411	1,518,024	211,607
Current liabilities				
Trade and other payables	22	9,227,324	10,293,751	1,434,909
Loans and borrowings	26	1,850,294	1,871,800	260,922
Lease liabilities	25	33,272	32,973	4,596
Contract liabilities	24	639,213	582,592	81,211
Provision for taxation		52,399	60,824	8,479
Provisions	23	256,080	388,565	54,164
		12,058,582	13,230,505	1,844,281
Total liabilities		13,581,993	14,748,529	2,055,888
Total equity and liabilities		25,757,618	27,048,094	3,770,401

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the equity holders of the Company										
	Issued capital RMB'000	Statutory reserves RMB'000	Capital reserves RMB'000	Retained earnings RMB'000	Foreign currency translation reserve RMB'000	Performance shares reserve RMB'000	Fair value reserve RMB'000	Premium paid for acquisition of non-controlling interests RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At January 1, 2022	2,081,138	309,237	30,704	6,578,865	(118,176)	19,758	(80,902)	(11,472)	8,859,152	2,756,192	11,615,344
Profit for the year	-	-	-	218,581	-	-	-	-	218,581	117,080	335,661
Other comprehensive income for the year, net of tax	-	-	-	-	73,477	-	311	-	73,788	15,329	89,117
Total comprehensive income for the year	-	-	-	218,581	73,477	-	311	-	292,369	132,409	424,778
<i>Contributions by and distributions to owners</i>											
Contribution by non-controlling interests	-	-	-	-	-	-	-	-	-	53,500	53,500
Dividends paid (US\$0.40 per share)	-	-	-	(109,684)	-	-	-	-	(109,684)	-	(109,684)
<i>Transaction with non-controlling interests</i>											
Dividends paid/payable to non-controlling interests	-	-	-	-	-	-	-	-	-	(103,199)	(103,199)
<i>Change in ownership interests in subsidiaries</i>											
Dilution of interest in subsidiary	-	-	-	-	-	-	-	2,009	2,009	(2,009)	-
<i>Other</i>											
Transfer to statutory reserves	-	26,498	-	(26,498)	-	-	-	-	-	-	-
Issuance of put option to non-controlling interests of subsidiary	-	-	(34,900)	-	-	-	-	-	(34,900)	(10,775)	(45,675)
At December 31, 2022	2,081,138	335,735	(4,196)	6,661,264	(44,699)	19,758	(30,591)	(9,463)	9,008,946	2,826,118	11,835,064

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the equity holders of the Company									
	Issued capital RMB'000	Statutory reserves RMB'000	Capital reserves RMB'000	Retained earnings RMB'000	Foreign currency translation reserve RMB'000	Performance shares reserve RMB'000	Fair value reserve RMB'000	Premium paid for acquisition of non-controlling interests RMB'000	Total equity RMB'000	Total equity RMB'000
At January 1, 2023	2,081,138	335,735	(4,196)	6,661,264	(44,699)	19,758	(30,591)	(9,463)	9,008,946	11,835,064
Profit for the year	-	-	-	285,518	-	-	-	-	285,518	422,856
Other comprehensive income for the year, net of tax	-	-	-	-	16,728	-	8,137	-	24,865	32,018
Total comprehensive income for the year	-	-	-	285,518	16,728	-	8,137	-	310,383	454,874
<i>Contributions by and distributions to owners</i>										
Contribution by non-controlling interests	-	-	-	-	-	-	-	-	-	20,000
Dividends paid (US\$0.28 per share) (Note 19)	-	-	-	(80,238)	-	-	-	-	(80,238)	(80,238)
<i>Transaction with non-controlling interests</i>										
Dividends paid/payable to non-controlling interests	-	-	-	-	-	-	-	-	-	(35,702)
<i>Change in ownership interests in subsidiaries</i>										
Dilution of interest in subsidiary	-	-	-	-	-	-	-	1,477	1,477	(1,477)
<i>Other</i>										
Transfer to statutory reserves	-	45,989	-	(45,989)	-	-	-	-	-	-
Issuance of put option to non-controlling interests of subsidiary	-	-	(14,040)	-	-	-	-	-	(14,040)	(4,333)
At December 31, 2023	2,081,138	381,724	(18,236)	6,820,555	(27,971)	19,758	(22,454)	(7,986)	9,226,528	12,175,625

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the equity holders of the Company											
	Issued capital RMB'000	Treasury shares RMB'000	Statutory reserves RMB'000	Capital reserves RMB'000	Retained earnings RMB'000	Foreign currency translation reserve RMB'000	Performance shares reserve RMB'000	Fair value reserve RMB'000	Premium paid for acquisition of non-controlling interests RMB'000	Total equity RMB'000		
At January 1, 2024	2,081,138	-	381,724	(18,236)	6,820,555	(27,971)	19,758	(22,454)	(7,986)	9,226,528	2,949,097	12,175,625
Profit for the year	-	-	-	-	323,055	-	-	-	-	323,055	168,687	491,742
Other comprehensive income for the year, net of tax	-	-	-	-	-	12,915	-	2,112	-	15,027	3,432	18,459
Total comprehensive income for the year	-	-	-	-	323,055	12,915	-	2,112	-	338,082	172,119	510,201
<i>Contributions by and distributions to owners</i>												
Contribution by non-controlling interests	-	-	-	-	-	-	-	-	-	-	83,097	83,097
Dividends paid (US\$0.38 per share) (Note 19)	-	-	-	-	(101,647)	-	-	-	-	(101,647)	-	(101,647)
Purchase of treasury shares	-	(285,561)	-	-	-	-	-	-	-	(285,561)	-	(285,561)
Cost of share-based payments	-	-	-	-	-	-	5,703	-	-	5,703	2,126	7,829
<i>Transaction with non-controlling interests</i>												
Dividends paid/payable to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(89,229)	(89,229)
<i>Change in ownership interests in subsidiaries</i>												
Dilution of interest in subsidiary	-	-	-	-	-	-	-	-	(19,597)	(19,597)	19,597	-
Acquisition of non-controlling interest without change in control	-	-	-	-	-	-	-	-	1,117	1,117	(1,867)	(750)
<i>Other</i>												
Transfer to statutory reserves	-	-	62,225	-	(62,225)	-	-	-	-	-	-	-
At December 31, 2024	2,081,138	(285,561)	443,949	(18,236)	6,979,738	(15,056)	25,461	(20,342)	(26,466)	9,164,625	3,134,940	12,299,565
US\$'000	290,103	(39,806)	61,885	(2,542)	972,949	(2,099)	3,549	(2,836)	(3,689)	1,277,514	436,999	1,714,513

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	31.12.2022	31.12.2023	31.12.2024	31.12.2024
	RMB'000	RMB'000	RMB'000	US\$'000
Operating activities				
Profit before tax	394,726	571,352	620,540	86,501
Adjustments:				
Amortization of intangible asset	64,939	109,913	201,420	28,077
Bad debt written off	–	–	21,522	3,000
Cost of share-based payments	–	–	7,829	1,091
Depreciation of:				
– investment property	348	355	361	50
– property, plant and equipment	516,276	508,726	462,588	64,483
– right-of-use assets	43,129	46,071	50,461	7,034
Dividend income from quoted equity securities	(13)	–	–	–
Exchange (gain)/loss	(273)	(2,260)	3,091	431
Finance costs	95,472	100,175	77,982	10,870
(Gain)/loss on disposal of:				
– associate	(1,329)	–	–	–
– property, plant and equipment	(6,535)	(778)	59	8
– quoted equity securities	(2,291)	–	–	–
– right-of-use assets	(3,929)	(7,632)	–	–
– subsidiary	–	(113,042)	–	–
Government grants	(176,264)	(171,937)	(339,934)	(47,385)
Interest income	(131,879)	(154,129)	(133,640)	(18,629)
Impairment losses/(reversal of impairment losses) on:				
– development cost	–	–	31,130	4,339
– investment in joint venture	990	–	–	–
– property, plant and equipment	17,278	44,667	7,332	1,022
– trade and non-trade receivables	(459)	23,858	185,523	25,861
– inventories, net	54,885	50,019	58,768	8,192
Loss on liquidation of joint venture	–	–	399	56
Loss on liquidation of subsidiary	–	–	5	1
Property, plant and equipment written off	3,295	1,731	232	32
Provision for warranties	317,076	414,021	626,255	87,298
Reversal of provision for onerous contract, net	(4,829)	–	–	–
Share of results of associates and joint ventures, net of tax	29,093	(62,078)	(101,548)	(14,155)
Profit before tax after adjustments	1,209,706	1,359,032	1,780,375	248,177

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	31.12.2022	31.12.2023	31.12.2024	31.12.2024
	RMB'000	RMB'000	RMB'000	US\$'000
Changes in working capital				
Inventories	185,879	221,930	(67,585)	(9,421)
Trade and other receivables, and capitalized contract cost	(7,411)	(959,703)	(1,250,843)	(174,363)
Trade and other payables, and contract liabilities	(1,141,397)	1,090,875	924,676	128,896
Development properties	(25)	(281)	(38)	(5)
Provision utilized	(345,161)	(375,910)	(493,770)	(68,830)
Cash flows (used in)/from operations	(98,409)	1,335,943	892,815	124,454
Income taxes paid	(21,010)	(109,905)	(113,399)	(15,807)
Net cash flows (used in)/from operating activities	(119,419)	1,226,038	779,416	108,647
Investing activities				
Additional investment in a joint venture	(1,950)	(6,500)	–	–
Development costs	(166,283)	(169,591)	(185,043)	(25,794)
Dividend received from:				
– joint venture	–	2,795	–	–
– quoted equity securities	47	–	–	–
Interest received	131,331	155,179	139,190	19,403
Net cash inflow/(outflow) from disposal of:				
– associate	1,000	1,000	–	–
– property, plant and equipment	9,232	643	105	15
– quoted equity securities	641	–	–	–
– right-of-use assets	7,185	–	–	–
– subsidiary, net of cash disposed	–	(32,056)	217,577	30,329
Proceeds from government grants	193,156	257,449	228,755	31,888
Proceeds from liquidation of joint venture	–	–	1,724	240
Purchase of property, plant and equipment	(430,966)	(237,842)	(360,193)	(50,210)
Withdrawal/(placement) of fixed deposits with banks, net	123,559	(84,333)	70,986	9,895
Net cash flows (used in)/from investing activities	(133,048)	(113,256)	113,101	15,766
Financing activities				
Dividends paid to:				
– equity holders of the Company	(109,684)	(80,238)	(101,647)	(14,169)
– non-controlling interests	(102,299)	(35,008)	(76,122)	(10,611)
Interest paid and discounting on bills	(95,717)	(96,254)	(75,120)	(10,471)
Acquisition of non-controlling interests	–	–	(750)	(105)
Contribution by non-controlling interests	53,500	20,000	83,097	11,583
Payment of principal portion of lease liabilities	(24,597)	(41,104)	(40,038)	(5,581)
Purchase of treasury shares	–	–	(285,561)	(39,806)
Proceeds from borrowings	2,048,432	3,240,294	2,021,800	281,831
Repayment of borrowings	(1,910,000)	(3,041,432)	(2,052,294)	(286,082)
Net cash flows used in financing activities	(140,365)	(33,742)	(526,635)	(73,411)
Net (decrease)/increase in cash and cash equivalents	(392,832)	1,079,040	365,882	51,002
Cash and cash equivalents at January 1	4,788,219	4,451,489	5,544,376	772,865
Effect of exchange rate changes on balances in foreign currencies	56,102	13,847	5,658	789
Cash and cash equivalents at December 31	4,451,489	5,544,376	5,915,916	824,656

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1. Incorporation

The consolidated financial statements of China Yuchai International Limited (the “Company”) and its subsidiaries (collectively, the “Group”) for the year ended December 31, 2024 were authorized for issue on April 25, 2025 in accordance with a resolution of the directors.

China Yuchai International Limited is a limited company incorporated under the laws of Bermuda on April 29, 1993 whose shares are publicly traded. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. On March 7, 2008, the Company registered a branch office in Singapore, located at 16 Raffles Quay #26-00, Hong Leong Building, Singapore 048581. The principal operating office is located at 16 Raffles Quay #39-01A, Hong Leong Building, Singapore 048581.

1.2. Investment in Guangxi Yuchai Machinery Company Limited

The Company was established to acquire a controlling financial interest in Guangxi Yuchai Machinery Company Limited (“Yuchai”), located in the People’s Republic of China (the “PRC”), which is one of the largest powertrain solution manufacturers for on-road and off-road applications.

The Company owns, through six wholly-owned subsidiaries, 361,420,150 shares or 76.4% of the issued share capital of Yuchai. Guangxi Yuchai Machinery Group Company Limited (“GY”), a state-owned enterprise, owns 22.1% of the issued share capital of Yuchai.

As of December 31, 2024, Yuchai has 10 (2023: 10) direct and 40 (2023: 33) indirectly owned subsidiaries and five joint ventures (2023: five joint ventures). Guangxi Yuchai Machinery Sales and Marketing Development Co., Ltd. (formerly known as Guangxi Yuchai Machinery Monopoly Development Co., Ltd.) (“YMMC”), Guangxi Yuchai Marine and Genset Power Co., Ltd (“MGP”), Yuchai Simlan Technology Co., Ltd. (“Yuchai Simlan”, formerly known as Yuchai Xin-Lan New Energy Power Technology Co., Ltd.), and Guangxi Yuchai Foundry Co., Ltd are the most significant subsidiaries of Yuchai. YMMC has 33 (2023: 27) subsidiaries (collectively “YMMC Group”) located at various provinces in the PRC. The principal business of YMMC Group are trading and distribution of components of diesel engines and automobiles. MGP has taken over the operations of Yuchai’s marine and power generation unit since December 2021. The principal business of Yuchai Simlan is to research, develop and construct new production capacity for Yuchai’s new energy technologies including fuel cell systems, range extenders, hybrid power, electric drive system, etc. The principal business activities of Guangxi Yuchai Foundry Co., Ltd is to cast, manufacture and distribute engine components.

The detailed information of Yuchai’s significant subsidiaries and joint ventures are disclosed in Notes 4 and 5.

As used in this Consolidated Financial Statements, the term “Yuchai” refer to Guangxi Yuchai Machinery Company Limited and its subsidiaries.

1.3. Investment in HL Global Enterprises Limited

In February 2006, the Group acquired debt and equity securities interest in HL Global Enterprises Limited (“HLGE”) through the Group’s wholly-owned subsidiaries, Grace Star Limited (“Grace Star”) and Venture Lewis Limited (“Venture Lewis”). HLGE is a public company listed on the Main Board of the Singapore Exchange Securities Trading Limited (“Singapore Exchange”) and primarily engaged in investment holding, and through its group companies, invests in rental property, hospitality and property developments in Asia.

Subsequent to the acquisition, the Group’s shareholding changed through various transactions. As of December 31, 2011, the Group’s equity interest in HLGE was 49.4%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION (cont'd)

1.3. Investment in HL Global Enterprises Limited (cont'd)

On January 13, 2012, Grace Star transferred 24,189,170 Series B redeemable convertible preference shares ("RCPS"), representing 100% of remaining unconverted Series B RCPS, in the capital of HLGE (the "Trust Preference Shares") to the Trustee pursuant to a trust deed entered into between HLGE and the Trustee. On January 16, 2012, the Trust Preference Shares were mandatorily converted into 24,189,170 new ordinary shares in the capital of HLGE (the "Trust Shares") resulting in the Group's shareholding interest in HLGE decreased from 49.4% to 48.1%. On April 4, 2012, as a result of the conversion of all the outstanding Series A redeemable convertible preference shares held by Venture Delta Limited and Grace Star, into new ordinary shares in the capital of HLGE, the Group's shareholding interest in HLGE increased from 48.1% to 48.9%. The Trust Shares are accounted for as treasury shares by HLGE, issued by HLGE and held by the Trust, which is considered as part of HLGE. As a result, the Group's shareholding interest in HLGE is stated as 50.1%, based on the total outstanding ordinary shares of HLGE, net of the ordinary shares held by the Trustee under the Trust.

As of December 31, 2013, the Group's interest in HLGE remained at 50.1%, based on the total outstanding ordinary shares of HLGE, net of the ordinary shares held by the Trustee under the Trust.

In 2014, the Group purchased in the open market an aggregate of 465,000 ordinary shares in the capital of HLGE. As of December 31, 2014, the Group's interest in HLGE increased from 50.1% to 50.2%, net of the ordinary shares held by the Trustee under the Trust.

In 2015, HLGE undertook a share consolidation exercise to consolidate every 10 ordinary shares in the capital of HLGE into one ordinary share. Upon completion of the share consolidation exercise, the Group held 47,107,707 ordinary shares of HLGE. As of December 31, 2015, the Group's interest in HLGE was 50.2%, net of the ordinary shares held by the Trustee under the Trust.

As of December 31, 2023 and 2024, the Group's shareholding interest in HLGE remains at 50.2%, net of the ordinary shares held by the Trustee under the Trust.

The Group considers HLGE as a subsidiary as it has power to exercise effective control and direct the activities of HLGE that most significantly affect its economic performance and has the exposure or rights to receive benefits from HLGE from its involvement.

2. ACCOUNTING POLICIES

2.1. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS accounting standards as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000"), except when otherwise indicated.

Translation of amounts from Renminbi to the United States Dollar ("US Dollar") is solely for the convenience of the reader. Translation of amounts from Renminbi to US Dollar has been made at the rate of RMB 7.1738 = US\$ 1.00, the rate quoted by the People's Bank of China at the close of business on February 28, 2025 and all values are rounded to the nearest thousand ("US\$'000"), except when otherwise indicated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (cont'd)

2.2. Changes in accounting policies

The accounting policies adopted are consistent with those previous financial years except that in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after January 1, 2024. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

2.3. Standards issued but not yet effective

Lack of exchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* to clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enable user of financial statements to understand the impact of a currency not being exchangeable.

The amendments will be effective for annual reporting periods beginning on or after January 1, 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments have no impact on the Group's financial statements, the Group does not have transactions in currencies that lack of exchangeability.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 *Presentation of Financial Statements*. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 *Statement of Cash Flows*, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after January 1, 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (cont'd)

2.3. Standards issued but not yet effective (cont'd)

IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after January 1, 2027, with early application permitted.

As the Group's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

In May 2024, the Board issued Amendments to the *Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)*, which:

- Clarifies that a financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. It also introduces an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met
- Clarified how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features
- Clarifies the treatment of non-recourse assets and contractually linked instruments
- Requires additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income

The publication of the amendments concludes the classification and measurement phase of the IASB's post implementation review (PIR) of IFRS 9 *Financial Instruments*.

The amendments will be effective for annual reporting periods beginning on or after January 1, 2026. Entities can early adopt the amendments that relate to the classification of financial assets plus the related disclosures and apply the other amendments later.

The new requirements will be applied retrospectively with an adjustment to opening retained earnings. Prior periods are not required to be restated and can only be restated without using hindsight. An entity is required to disclose information about financial assets that change their measurement category due to the amendments. The amendments are not expected to have a material impact on the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (cont'd)

2.3. Standards issued but not yet effective (cont'd)

Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

In December 2024, the Board issued *Contracts Referencing Nature-dependent Electricity* (Amendments to IFRS 9 and IFRS 7). The amendments include:

- Clarifying the application of the 'own-use' requirements
- Permitting hedge accounting if these contracts are used as hedging instruments
- Adding new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows

The amendments will be effective for annual reporting periods beginning on or after January 1, 2026. Early adoption is permitted, but will need to be disclosed.

The amendments are not expected to have a material impact on the Group.

Annual Improvements to IFRS Accounting Standards – Volume 11

In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards – Volume 11.

The following is a summary of the amendments from the Annual Improvements to IFRS Accounting Standards – Volume 11:

IFRS 1 First-time Adoption of International Financial Reporting Standards	Hedge Accounting by a First-time Adopter <ul style="list-style-type: none"> • Paragraphs B5 and B6 of IFRS 1 have been amended to include cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of IFRS 9. These amendments are intended to address potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9. • An entity applies the amendments for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted.
IFRS 7 Financial Instruments: Disclosures	Gain or Loss on Derecognition <ul style="list-style-type: none"> • The amendments update the language on unobservable inputs in paragraph B38 of IFRS 7 and include a cross reference to paragraphs 72 and 73 of IFRS 13 <i>Fair Value Measurement</i>. • An entity applies the amendments for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (cont'd)

2.3. Standards issued but not yet effective (cont'd)

Annual Improvements to IFRS Accounting Standards – Volume 11 (cont'd)

The following is a summary of the amendments from the Annual Improvements to IFRS Accounting Standards – Volume 11: (cont'd)

<p>Guidance on implementing IFRS 7 Financial Instruments: Disclosures</p>	<p>Introduction</p> <ul style="list-style-type: none"> The amendments to paragraph IG1 of the <i>Guidance on implementing IFRS 7</i> clarify that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7, nor does it create additional requirements. <p>Disclosure of Deferred Difference between Fair Value and Transaction Price</p> <ul style="list-style-type: none"> Paragraph IG14 of the <i>Guidance on implementing IFRS 7</i> has been amended mainly to make the wording consistent with the requirements in paragraph 28 of IFRS 7 and with the concepts and terminology used in IFRS 9 and IFRS 13. <p>Credit Risk Disclosures</p> <ul style="list-style-type: none"> Paragraph IG20B of the <i>Guidance on implementing IFRS 7</i> has been amended to simplify the explanation of which aspects of the IFRS requirements are not illustrated in the example.
<p>IFRS 9 Financial Instruments</p>	<p>Lessee Derecognition of Lease Liabilities</p> <ul style="list-style-type: none"> Paragraph 2.1 of IFRS 9 has been amended to 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 and recognize any resulting gain or loss in profit or loss. However, the amendment does not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9. An entity applies the amendments for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (cont'd)

2.3. Standards issued but not yet effective (cont'd)

Annual Improvements to IFRS Accounting Standards – Volume 11 (cont'd)

The following is a summary of the amendments from the Annual Improvements to IFRS Accounting Standards – Volume 11: (cont'd)

<p>IFRS 9 Financial Instruments (cont'd)</p>	<p>Transaction Price</p> <ul style="list-style-type: none"> Paragraph 5.1.3 of IFRS 9 has been amended to replace the reference to 'transaction price' as defined by IFRS 15 <i>Revenue from Contracts with Customers</i> with 'the amount determined by applying IFRS 15'. The use of the term 'transaction price' in relation to IFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of IFRS 9. An entity applies the amendments for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted. <p>Determination of a 'De Facto Agent'</p> <ul style="list-style-type: none"> Paragraph B74 of IFRS 10 has been amended to clarify that the relationship described in paragraph B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor. The amendments are intended to remove the inconsistency with the requirement in paragraph B73 for an entity to use judgement to determine whether other parties are acting as de facto agents An entity applies the amendments for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted.
<p>IAS 7 Statement of Cash Flows</p>	<p>Cost Method</p> <ul style="list-style-type: none"> Paragraph 37 of IAS 7 has been amended to replace the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'. An entity applies the amendments for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted.

The amendments are not expected to have a material impact on the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (cont'd)

2.4. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

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:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- derecognizes the carrying amount of any non-controlling interest;
- derecognizes the cumulative translation differences recorded in equity;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained;
- recognizes any surplus or deficit in profit or loss; and
- reclassifies the Group's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

2.5. Summary of material accounting policies

(a) Business combinations

Business combinations are accounted for applying acquisition method. Identifiable assets acquired and liabilities assumed in business combination are measured initially at their fair value at the acquisition date. Acquisition-related costs are recognized as expenses in periods in which the costs are incurred and the services are received. 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. Acquisition-related costs are recognized as expenses in the periods in which the costs are incurred and the services are received.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (cont'd)

2.5. Summary of material accounting policies (cont'd)

(a) Business combinations (cont'd)

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.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognized in the statement of profit or loss in accordance with IFRS 9.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognized in profit or loss.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Section (h) Intangible assets. In instances where the latter amount exceeds the former, the excess is recognized as gain on bargain purchase in profit or loss on the acquisition date.

Where the Group had granted put option to third party investors (non-controlling interests) for their investments in subsidiaries, the Group recognized a financial liability based on the present value of the amount payable upon exercise of the put. A corresponding amount to equity attributable to the parent (capital reserves) will be recognized.

There is no business acquisition for the years ended December 31, 2023 and 2024.

(b) Investments in joint ventures

When Group determine significant influence or joint control, the Group make considerations which are similar to those necessary to determine control over subsidiaries. The Group's investments in its joint ventures are accounted for using the equity method.

The Group's significant joint ventures are Y&C Engines Co., Ltd, MTU Yuchai Power Co. Ltd and Guangxi Purem Yuchai Automotive Technology Co., Ltd.

Under the equity method, the investment in joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint ventures. The profit or loss reflects the share of results of the operations of the joint ventures. Distributions received from joint ventures reduce the carrying amount of the investment. Where there has been a change recognized in other comprehensive income by the joint venture, the Group recognizes its share of such changes in other comprehensive income. Unrealized gains and losses resulting from transactions between the Group and joint venture are eliminated to the extent of the interest in the joint ventures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (cont'd)

2.5. Summary of material accounting policies (cont'd)

(b) Investments in joint ventures (cont'd)

When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognize further losses as it has not incurred obligations or made payments on behalf of the joint venture.

The aggregate of the Group's share of results of a joint venture is shown on the face of the statement of profit or loss outside operating profit.

The financial statements of the joint venture are prepared for the same reporting period as the Group. The Group's joint ventures adopt the same accounting policies in line with those of the Group. Therefore, no adjustments are made when measuring and recognizing the Group's share of the results of the investees after the date of acquisition.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognizes the loss within "Share of results of joint ventures, net of tax" in the statement of profit or loss.

There is no loss of significant influence of material joint ventures.

(c) Foreign currency translation

The Company's functional currency is US Dollar. The Group's consolidated financial statements are presented in Renminbi, which is also the functional currency of Yuchai, the largest operating segment of the Group.

Each entity in the Group determines its own functional currency, and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognized in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (cont'd)

2.5. Summary of material accounting policies (cont'd)

(c) Foreign currency translation (cont'd)

Consolidated financial statements

On consolidation, the assets and liabilities of foreign operations are translated into RMB at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at average exchange rates during the reporting period. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

(d) Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Sale of engines

Revenue from sale of engines is recognized at the point in time when control of the engine is transferred to the customer and all criteria for acceptance have been satisfied, generally on delivery of the engines, or, in some cases, when the engines are installed by the customers.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. warranties). In determining the transaction price for the sale of engines, the Group considers the effects of variable consideration and the existence of significant financing components.

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception. Some contracts for the sale of engines provide customers with sales rebates based on the sales volume. The sales rebates give rise to variable consideration.

Sales rebates

The Group enters into contractual arrangements to provide certain customers with sales rebates when the quantity of products purchased during the period exceeds a threshold specified in the contract. Based on contractual arrangement with the customers, the sales rebates are netted against "Trade receivables". If the receivables had been settled by the customers, amounts in excess of "Trade receivables" will be recognized as refund liabilities in "Trade and other payables".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (cont'd)

2.5. Summary of material accounting policies (cont'd)

(d) Revenue from Contracts with Customers (cont'd)

Sale of engines (cont'd)

(i) Variable consideration (cont'd)

Sales Returns

The Group does not extend its sales returns policy to all customers. However, the Group allows for certain returns, only on a case-by-case basis. The Group uses the expected value method to estimate the provision for such returns based on the management estimates with reference to historical return rates and account for it as a reduction in revenue and form part of refund liability that is recognized in "Trade and other payables" (Note 22). A corresponding right of return assets is recognized in "Trade and other receivables" (Note 14).

(ii) Significant financing component

The Group receives advance payments from customers for the sale of engines. The Group applies the practical expedient for short-term advances received from customers. That is, the promised amount of consideration is not adjusted for the effects of a significant financing component if the period between the transfer of the promised good or service and the payment is one year or less.

Warranty obligations

The Group typically provides warranties for general repairs of defects as part of the sale of engines. These assurance-type warranties are accounted for as warranty provisions. Refer to the accounting policy on warranty provisions in Section (m) *Provisions*.

Certain contracts provide a customer with maintenance service, i.e. a distinct service to the customer in addition to the assurance that the product complies with agreed-upon specification. These service-type warranties are bundled together with the sale of engines. These contracts comprise two performance obligations, i.e. the promises to transfer the engines and to provide the service-type warranty. The transaction price is allocated to the service-type warranty and engines using a combination of residual and observable price approach. The portion of transaction price allocated to the service-type warranty is initially recorded as a contract liability and recognized as revenue at the point in time when the service is provided.

Rendering of services

Revenue from rendering services relates to project management contracts, and hotel room and restaurant operations. Revenue is recognized over the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be performed.

Contract balances

Trade receivables

A receivable is recognized if an amount of consideration that is unconditional is due from the customer (i.e. only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Section (i) *Financial instruments*.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (cont'd)

2.5. Summary of material accounting policies (cont'd)

(d) Revenue from Contracts with Customers (cont'd)

Contract balances (cont'd)

Capitalized contract costs

The capitalized costs are costs which have been capitalized and directly related to the contracts, for which resources were used in satisfying the contract and are expected to be recovered.

The Group's capitalized contract costs are costs in fulfilling a contract for the development of technology know-how for heavy-duty engines platforms for a joint venture company of Group, and subsequently recognized in profit or loss when the Group performs the contract and the related revenue is recognized.

Contract liabilities

A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Right of return assets

A right-of-return asset is recognized for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods and any potential decreases in value. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is recognized for the obligation to refund some or all of the consideration received (or receivable) from a customer. The Group's refund liabilities arise from customers' right of return and sales rebates. Based on contractual arrangement with the customers, sales rebates are netted against "Trade receivables". If the receivables had been settled by the customers, amounts in excess of "Trade receivables" will be recognized as refund liabilities.

Refund liabilities arising from contractual sales returns 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 arising from sales returns at the end of each reporting period.

(e) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

The Group's government grants were mainly to support and fund production facilities and research and development activities for product innovations and developments of engines.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (cont'd)

2.5. Summary of material accounting policies (cont'd)

(f) Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Deferred tax

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

Deferred tax liabilities are recognized 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
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in 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.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses 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 utilized, except:

- When the deferred tax asset relating to the deductible temporary difference 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
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only 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 utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date 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 utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against income tax liabilities and the deferred taxes relate to the same taxation authority.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (cont'd)

2.5. Summary of material accounting policies (cont'd)

(f) Taxes (cont'd)

Sales tax

Revenue, expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Global minimum top-up tax

The global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

(g) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost includes the cost of replacing part of the property, plant and equipment and costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognized as an asset if, and only if, 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.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (cont'd)

2.5. Summary of material accounting policies (cont'd)

(g) Property, plant and equipment (cont'd)

Freehold land has an unlimited useful life and therefore is not depreciated. Asset under construction-in-progress are stated at cost, net of accumulated impairment, and not depreciated as these assets are not yet ready for intended use. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Buildings and improvements on freehold land	:	50 years
Leasehold buildings and improvements	:	50 years or period of lease, whichever is shorter
Plant, machinery and equipment	:	2 to 20 years
Office furniture, fittings and equipment	:	2 to 20 years
Motor and transport vehicles	:	4 to 11 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognized.

(h) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives or not yet available for use are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (cont'd)

2.5. Summary of material accounting policies (cont'd)

(h) Intangible assets (cont'd)

Any gain or loss arising upon de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

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 that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. The impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized in the statement of profit or loss. Impairment losses recognized for goodwill are not reversed in subsequent periods.

Research and development costs

Research costs are expensed as incurred.

Development costs arising from development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset 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 asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development costs as an intangible asset, it is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is completed and the asset is available for use. Development costs are amortized over the estimated useful lives of the period of expected pattern of future benefits embodied in the development. During the period of development, the asset is tested for impairment annually.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (cont'd)

2.5. Summary of material accounting policies (cont'd)

(h) Intangible assets (cont'd)

A summary of the policies applied to the Group's intangible assets is as follows:

	Trademarks	Technology know-how	Development costs
Useful lives	Indefinite	5 -10 years	*
Amortization method used	No amortization	Amortized on a straight-line basis over the period of the technology know-how	*
Internally generated or acquired	Acquired	Internally generated	Internally generated

* Development costs relate to on-going development projects that have not been completed and are not available for use.

(i) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are recognized when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group 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 that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investment in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The measurement category for classification of debt instruments is:

Amortized cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Financial assets are measured at amortized cost using the effective interest method, less impairment. Gains and losses are recognized in profit or loss when the assets are derecognized or impaired, and through amortization process.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (cont'd)

2.5. Summary of material accounting policies (cont'd)

(i) Financial instruments (cont'd)

Financial assets (cont'd)

Subsequent measurement (cont'd)

Investment in debt instruments (cont'd)

Fair value through other comprehensive income ("FVOCI")

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains and losses arising from interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon de-recognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI includes certain bills receivable that are not held to maturity.

Derecognition

A financial asset is derecognized where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

Impairment

The Group recognizes 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 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.

ECLs are recognized in two stages. For credit exposure 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 recognized for credit losses expected over the remaining life of the exposure irrespective of timing of the default (a "lifetime ECL").

For trade receivable, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (cont'd)

2.5. Summary of material accounting policies (cont'd)

(i) Financial instruments (cont'd)

Financial assets (cont'd)

Impairment (cont'd)

For bills receivable that are held for maturity, the Group assess the credit risk of the financial institutions, which issue the bills, at every reporting date. The Group evaluates whether the bills are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. The Group considers 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. A financial asset is written off when there is no reasonable expectation of recovering contractual cash flow.

For more information, refer to Note 14.

Financial liabilities

Initial recognition and measurement

Financial liabilities are recognized when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Amortized cost

This is the category most relevant to the Group. After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized, and through the amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

This category generally applies to loans and borrowings, other liabilities and payables. For more information, refer to Note 22, 26 and 28.

De-recognition

A financial liability is derecognized 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 the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (cont'd)

2.5. Summary of material accounting policies (cont'd)

(i) Financial instruments (cont'd)

Offsetting of financial instruments

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

(j) Inventories

Inventories are valued at the lower of cost and net realizable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: purchase cost on a weighted average basis
- Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(k) Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Disclosures for significant accounting judgments, estimates and assumptions (Note 3)
- Investment in joint ventures (Note 5)
- Property, plant and equipment (Note 10)
- Intangible assets (Note 12)

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount 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. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (cont'd)

2.5. Summary of material accounting policies (cont'd)

(k) Impairment of non-financial assets (cont'd)

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five to ten years. For goodwill and trademark impairment review, a long-term growth rate is considered and applied to project future cash flows after the fifth year where appropriate. Impairment losses are recognized in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

(l) Cash and short-term deposits

For the purpose of the consolidated statement of cash flows, cash and cash equivalents in the statement of financial position comprise cash at banks and on hand, short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. Cash and short-term deposits at banks are placed with reputable financial institutions with high credit ratings and no history of default.

(m) Provisions

General

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (cont'd)

2.5. Summary of material accounting policies (cont'd)

(m) Provisions (cont'd)

Product warranty

The Group recognizes a liability at the time the product is sold, for the estimated future costs relating to the assurance-type warranties, to be incurred under the lower of a warranty period or warranty mileage on various engine models, on which the Group provides free repair and replacement. Provisions for warranty are primarily determined based on historical warranty cost per unit of engines sold adjusted for specific conditions that may arise and the number of engines under warranty at each financial year. If the nature, frequency and average cost of warranty claims change, the accrued liability for product warranty will be adjusted accordingly.

(n) Employment benefits

Defined contribution plans

The Group participates in and makes contributions to the national pension schemes as defined by the laws of the countries in which it has operations. The contributions are at a fixed proportion of the basic salary of the staff. Contributions to defined contribution pension schemes are recognized as an expense in the period in which the related services are performed.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognized for the amount expected to be paid under short-term cash bonuses if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(o) Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 21.

That cost is recognized in "Staff costs", together with a corresponding increase in performance share reserve in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognized as of the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. ACCOUNTING POLICIES (cont'd)

2.5. Summary of material accounting policies (cont'd)

(o) Share-based payments (cont'd)

Equity-settled transactions (cont'd)

When the terms of an equity-settled award are modified, the minimum expense recognized is the expense had the terms not been modified, provided the original terms of the award are met. An additional expense, measured as of the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in Note 9).

(p) Treasury shares

When shares are reacquired by the Company, the amount of consideration paid which includes directly attributable costs, net of any tax effect, is recognized directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. When treasury shares are subsequently sold or reissued pursuant to equity compensation plans, the cost of treasury shares is reversed from the treasury share account and the realized gain or loss on sale or reissue, net of any directly attributable incremental transaction costs, is recognized in the capital reserve. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Capital management (Note 33)
- Financial risk management objectives and policies (Note 32)
- Sensitivity analyses disclosures (Note 12 and 32)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

3.1. Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimates, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Revenue from Contracts with Customers

The Group applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- *Identifying contract price and performance obligations in sales of engines*

The Group provides certain warranties for both general repairs and maintenance service as part of the sales of engines. For general repairs, such warranties will be assurance-type warranty that is accounted for under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. For maintenance services, it is accounted for as a service-type warranty which are capable of being distinct and customers can benefit from the service on its own. Hence, the Group identify two separate performance obligation, one is the promise to transfer the engine and the other one is to provide maintenance services after reaching certain on-road mileage or running hours. Consequently, the Group allocate a portion of the transaction price to the engines and the maintenance services based on a combination of residual and observable price approach. Please refer to Note 6.3.

Derecognition of bills receivable

The Group sells bill receivable to banks on an ongoing basis depending on funding needs and money market conditions. The Group also endorses certain bills to suppliers for debts settlement. Chinese law governing bills allows recourse to be traced to all the parties in the discounting and endorsing process. Management assesses the credit rating of banks that issued these bills based on the credit rating given by the China regulators. For designated commercial banks with high credit rating and where Management believes that the contractual right to receive the cash from the Group has ceased, and has been transferred to the banks and suppliers, these bills are derecognized. The discount equal to the difference between the carrying value of the bill receivable and cash received from the banks is recorded in the statement of profit or loss. Please refer to Note 14.

Capitalization of development costs

Development costs are capitalized in accordance with the accounting policy in Note 2.5 (h). Capitalization of development costs requires the application of management judgment to determine, what continues to constitute development activities, when a development project move from research phase into development phase, and when should cease further capitalization of development costs. Management judgment is also required to ascertain the nature of expenses that qualify for capitalization. Please refer to Note 12.

3.2. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

3.2. Estimates and assumptions (cont'd)

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or 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 value in use calculation is based on a discounted cash flow (“DCF”) model. The cash flows are derived from the forecasts for the next five to ten years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset’s performance of the CGU being tested. The Group, based on its history of operations, believes that the adoption of forecast for more than five years is reasonable. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill, development costs and trademarks recognized by the Group. The key assumptions used to determine the recoverable amount for the different CGUs and assets, including a sensitivity analysis, are disclosed and further explained in Note 12.

4. INVESTMENTS IN SUBSIDIARIES

Details of significant subsidiaries of the Group are as follows:

	Place of incorporation/ business	Group's effective equity interest	
		31.12.2023 %	31.12.2024 %
Name of significant subsidiary			
Guangxi Yuchai Machinery Company Limited	PRC	76.4	76.4
Guangxi Yuchai Marine and Genset Power Co., Ltd.	PRC	76.4	71.4
Yuchai Simlan Technology Co., Ltd. (formerly known as Yuchai Xin-Lan New Energy Power Technology Co., Ltd.)	PRC	67.0	67.0
Guangxi Yuchai Machinery Sales and Marketing Development Co., Ltd. (formerly known as Guangxi Yuchai Machinery Monopoly Development Co., Ltd)	PRC	54.9	54.9
Guangxi Yuchai Foundry Co., Ltd	PRC	76.4	76.4
HL Global Enterprises Limited	Singapore	50.2	50.2

The Group has the following subsidiary that has non-controlling interests (“NCI”) that are material to the Group.

	31.12.2022	31.12.2023	31.12.2024
Proportion of equity interest held by NCI			
Yuchai	23.6%	23.6%	23.6%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. INVESTMENTS IN SUBSIDIARIES (cont'd)

	31.12.2022	31.12.2023	31.12.2024	31.12.2024
	RMB'000	RMB'000	RMB'000	US\$'000
Accumulated balances of material NCI				
Yuchai	2,627,354	2,741,359	2,921,456	407,240
Profit allocated to material NCI				
Yuchai	114,700	135,173	165,388	23,054
Dividends paid to material NCI				
Yuchai	103,199	35,702	89,229	12,438

Summarized financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

	31.12.2022
	Yuchai
	RMB'000
Summarized statement of comprehensive income	
Revenue	15,998,041
Profit after tax	355,140
Total comprehensive income for the year	355,936
Attributable to NCI	114,700
Summarized statement of cash flows	
Operating	(82,444)
Investing	(221,126)
Financing	(181,072)
Net decrease in cash and cash equivalents	(484,642)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. INVESTMENTS IN SUBSIDIARIES (cont'd)

	31.12.2023
	Yuchai
	RMB'000
Summarized statement of financial position	
Current assets	18,073,115
Non-current assets, excluding goodwill	6,293,318
Goodwill	212,636
Current liabilities	(12,029,500)
Non-current liabilities	(1,457,329)
Net assets	11,092,240
Total equity	11,092,240
Attributable to NCI	2,741,359
Summarized statement of comprehensive income	
Revenue	18,015,280
Profit after tax	431,697
Total comprehensive income for the year	442,666
Attributable to NCI	135,173
Summarized statement of cash flows	
Operating	1,261,921
Investing	23,243
Financing	(67,590)
Net increase in cash and cash equivalents	1,217,574

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. INVESTMENTS IN SUBSIDIARIES (cont'd)

	31.12.2024	
	Yuchai	
	RMB'000	US\$'000
Summarized statement of financial position		
Current assets	19,675,359	2,742,669
Non-current assets, excluding goodwill	6,225,707	867,839
Goodwill	212,636	29,641
Current liabilities	(13,208,372)	(1,841,196)
Non-current liabilities	(1,451,625)	(202,351)
Net assets	11,453,705	1,596,602
Total equity	11,453,705	1,596,602
Attributable to NCI	2,921,456	407,240
Summarized statement of comprehensive income		
Revenue	19,102,797	2,662,856
Profit after tax	511,379	71,284
Total comprehensive income for the year	515,926	71,918
Attributable to NCI	165,388	23,054
Summarized statement of cash flows		
Operating	837,220	116,705
Investing	18,761	2,615
Financing	(293,216)	(40,873)
Net increase in cash and cash equivalents	562,765	78,447

Significant restrictions

The nature and extent of significant restrictions on the Group's ability to use or access assets and settle liabilities of subsidiaries with material non-controlling interests are:

At the end of the reporting period, cash and cash equivalents of RMB 5.5 billion (US\$763.4 million) (2023: RMB 4.9 billion) held in the PRC are subject to local exchange control regulations. These regulations place restriction on the amount of currency being exported other than through dividends, trade and service related transactions.

Dilution of ownership in subsidiary, without loss of control

In February 2023, Yuchai Simlan issued additional ordinary shares to two new investors for a total cash consideration of RMB 20.0 million. As a result, the Group's effective equity interest in Yuchai Simlan decreased from 69.5% to 67.0%.

In June 2024, Yuchai's shareholders approved the implementation of Guangxi Yuchai Machinery Company Limited Equity Holding Scheme (the "Yuchai Equity Scheme") and Guangxi Yuchai Marine and Genset Power Co., Ltd Incentive Scheme (the "MGP Incentive Scheme") (collectively, the "Two Schemes"). Pursuant to Two Schemes, MGP issued additional shares and received contribution of RMB 82.9 million (US\$11.6 million). As a result, the Group's effective equity interest in MGP decreased from 76.4% to 71.4%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. INVESTMENTS IN SUBSIDIARIES (cont'd)

Disposal of subsidiary

In December 2023, Yuchai disposed its entire shareholding in its wholly-owned subsidiary, Yuchai Remanufacturing Services (Suzhou) Co., Ltd. ("Suzhou Reman"), to a third party.

The value of assets and liabilities of the disposal recorded in the consolidated financial statements and the cash flow effect of the disposals were:

	31.12.2023
	RMB'000
Property, plant and equipment	41,111
Right-of-use assets	22,782
Trade and other receivables	47,595
Cash and cash equivalents	32,056
	<u>143,544</u>
Trade and other payables	(20,109)
Provision for warranty	(2,145)
Contract liabilities	(104)
Carrying value of net assets	<u>121,186</u>
Gain on disposal:	
Total estimated consideration less cost of disposal	234,228
Net assets derecognized	<u>(121,186)</u>
Gain on disposal of the subsidiary (Note 7.2(a))	<u>113,042</u>
Total estimated consideration less cost of disposal ^①	234,228
Add: Transaction cost unpaid	7,506
Less: Sales proceed received but restricted in use	(5,000)
Less: Cash and cash equivalents of a subsidiary	(32,056)
Less: Total estimated consideration due from acquirer	<u>(236,734)</u>
Net cash outflow on disposal of a subsidiary	<u>(32,056)</u>

Note:

^① The estimated consideration is RMB 179.9 million, along with the estimated book value of cash and cash equivalents and agreed-upon fair value for the equipment in Suzhou Reman as of December 31, 2023.

During 2024, net cash inflow of RMB 230.9 million (US\$32.2 million) from the disposal of Suzhou Reman was received, of which RMB 13.4 million (US\$1.9 million) were retention sums which were classified as restricted cash. Total of RMB 235.9 million (US\$32.9 million) was received as of December 31, 2024, of which RMB 18.4 million (US\$2.6 million) were retention sums which were classified as restricted cash (Note 15).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. INVESTMENT IN JOINT VENTURES

	31.12.2022	31.12.2023	31.12.2024	31.12.2024
	RMB'000	RMB'000	RMB'000	US\$'000
Share of results of joint ventures, net of tax:				
Y & C Engine Co., Ltd	(54,116)	(4,019)	15,680	2,186
MTU Yuchai Power Co., Ltd.	40,279	74,727	86,504	12,058
Guangxi Purem Yuchai Automotive Technology Co., Ltd.	(11,278)	(4,508)	987	138
Other joint ventures	(2,431)	(4,117)	(1,618)	(226)
	(27,546)	62,083	101,553	14,156

	31.12.2023	31.12.2024	31.12.2024
	RMB'000	RMB'000	US\$'000
Carrying amount of investments:			
Y & C Engine Co., Ltd	12,977	34,872	4,861
MTU Yuchai Power Co., Ltd	203,156	286,841	39,985
Guangxi Purem Yuchai Automotive Technology Co., Ltd.	15,869	16,856	2,350
Other joint ventures	5,227	10	1
	237,229	338,579	47,197

Details of significant joint ventures of the Group are as follows:

Name of company	Principal activities	Place of incorporation/ business	Group's effective equity interest	
			31.12.2023	31.12.2024
			%	%
Held by subsidiaries				
Y & C Engine Co., Ltd ("Y&C")	Manufacture and sale of heavy-duty diesel engines, spare parts and after-sales services	PRC	34.4	34.4
MTU Yuchai Power Co., Ltd ("MTU Yuchai Power")	Manufacture off-road diesel engines	PRC	38.2	35.7
Guangxi Purem Yuchai Automotive Technology Co., Ltd. ("Purem")	Application development, production, sales and service on engine exhaust control systems	PRC	37.4	37.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. INVESTMENT IN JOINT VENTURES (cont'd)

Summarised financial information of the Group's significant joint ventures, based on its IFRS financial statements, and reconciliation with the carrying amount of investment in the consolidated financial statements are as follows:

	31.12.2022			
	MTU			Total
	Y & C	Yuchai Power	Purem	
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	1,255,967	594,197	69,380	1,919,544
Depreciation and amortization	(29,617)	(9,733)	(7,726)	(47,076)
Interest (expense)/income, net	(30,547)	470	(469)	(30,546)
Profit/(loss) for the year, representing total comprehensive income for the year	(65,961)	66,076	(23,016)	(22,901)
Proportion of the Group's ownership	45%	50%	49%	
Group's share of results	(29,682)	33,038	(11,278)	
Unrealized profit on transactions with joint venture	(24,434)	7,241	–	
Group's share of results of significant joint ventures	(54,116)	40,279	(11,278)	(25,115)
Group's share of results of other joint ventures, representing the Group's share of total comprehensive loss of other joint ventures				(2,431)
Group's share of results for the year, representing the Group's share of total comprehensive loss for the year				(27,546)

	31.12.2023			
	MTU			Total
	Y & C	Yuchai Power	Purem	
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	685,434	74,794	51,877	812,105
Current assets				
– Cash and bank balances	64,252	523,858	16,171	604,281
– Others	426,105	226,881	45,009	697,995
Total assets	1,175,791	825,533	113,057	2,114,381
Non-current liabilities	(146,218)	(4,825)	–	(151,043)
Current liabilities	(946,348)	(414,396)	(80,672)	(1,441,416)
Total liabilities	(1,092,566)	(419,221)	(80,672)	(1,592,459)
Net assets	83,225	406,312	32,385	521,922
Proportion of the Group's ownership	45%	50%	49%	
Group's share of net assets	37,451	203,156	15,869	
Unrealized profit on transactions with joint venture	(24,474)	–	–	
Carrying amount of significant joint ventures	12,977	203,156	15,869	232,002
Carrying amount of other joint ventures				5,227
Carrying amount of the investment in joint ventures				237,229

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. INVESTMENT IN JOINT VENTURES (cont'd)

	31.12.2023				Total RMB'000
	Y & C RMB'000	MTU Yuchai Power RMB'000	Purem RMB'000	Total RMB'000	
Revenue	1,562,179	708,432	79,119		2,349,730
Depreciation and amortization	(63,648)	(8,682)	(7,557)		(79,887)
Interest (expense)/income, net	(22,508)	6,762	36		(15,710)
Profit/(loss) for the year, representing total comprehensive income for the year	(6)	150,030	(9,201)		140,823
Proportion of the Group's ownership	45%	50%	49%		
Group's share of results	(3)	75,015	(4,508)		
Unrealized profit on transactions with joint venture	(4,016)	(288)	–		
Group's share of results of significant joint ventures	(4,019)	74,727	(4,508)		66,200
Group's share of results of other joint ventures, representing the Group's share of total comprehensive loss of other joint ventures					(4,117)
Group's share of results for the year, representing the Group's share of total comprehensive income for the year					62,083

	31.12.2024				
	Y & C RMB'000	MTU Yuchai Power RMB'000	Purem RMB'000	Total RMB'000	Total US\$'000
Non-current assets	615,724	80,622	42,707	739,053	103,021
Current assets					
– Cash and bank balances	63,381	610,900	40,084	714,365	99,580
– Others	443,449	253,523	29,891	726,863	101,322
Total assets	1,122,554	945,045	112,682	2,180,281	303,923
Non-current liabilities	(185,872)	(5,101)	–	(190,973)	(26,621)
Current liabilities	(840,925)	(360,026)	(78,282)	(1,279,233)	(178,320)
Total liabilities	(1,026,797)	(365,127)	(78,282)	(1,470,206)	(204,941)
Net assets	95,757	579,918	34,400	710,075	98,982
Proportion of the Group's ownership	45%	50%	49%		
Group's share of net assets	43,091	289,959	16,856		
Unrealized profit on transactions with joint venture	(8,219)	(3,118)	–		
Carrying amount of significant joint ventures	34,872	286,841	16,856	338,569	47,196
Carrying amount of other joint ventures				10	1
Carrying amount of the investment in joint ventures				338,579	47,197

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. INVESTMENT IN JOINT VENTURES (cont'd)

	31.12.2024				
	Y & C RMB'000	MTU Yuchai Power RMB'000	Purem RMB'000	Total RMB'000	Total US\$'000
Revenue	1,492,662	973,322	78,569	2,544,553	354,701
Depreciation and amortization	(73,861)	(9,471)	(7,198)	(90,530)	(12,620)
Interest (expense)/income, net	(20,545)	10,570	47	(9,928)	(1,384)
Profit for the year, representing total comprehensive income for the year	12,587	173,606	2,014	188,207	26,235
Proportion of the Group's ownership	45%	50%	49%		
Group's share of results	5,664	86,803	987		
Unrealized profit on transactions with joint venture	10,016	(299)	–		
Group's share of results of significant joint ventures	15,680	86,504	987	103,171	14,382
Group's share of results of other joint ventures, representing the Group's share of total comprehensive loss of other joint ventures				(1,618)	(226)
Group's share of results for the year, representing the Group's share of total comprehensive income for the year				101,553	14,156

Note:

The Group assess impairment of investments when adverse events or changes in circumstances indicate that the carrying amounts may not be recoverable. In 2023 and 2024, no impairment was required.

As of December 31, 2024, the Group's share of joint ventures' capital commitment that are contracted but not paid for was RMB 9.1 million (US\$1.3 million) (2023: RMB 5.7 million).

As of December 31, 2024, the Group's share of outstanding bills receivables discounted with banks for which Y & C retained a recourse obligation totaled RMB 18.1 million (US\$2.5 million) (2023: RMB 11.8 million).

As of December 31, 2024, the Group's share of outstanding bills receivables endorsed to suppliers for which Y & C retained a recourse obligation were RMB 4.2 million (US\$0.6 million) (2023: RMB 8.8 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. INVESTMENT IN JOINT VENTURES (cont'd)

Significant restrictions

The nature and extent of significant restrictions on the Group's ability to use or access assets and settle liabilities of joint ventures are:

The Group's share of cash and cash equivalents of RMB 331.5 million (US\$46.2 million) (2023: RMB 278.5 million) held in the PRC are subject to local exchange control regulations. These regulations places restriction on the amount of currency being exported other than through dividends, trade and service related transactions.

As of December 31, 2024, the Group's share of restricted cash of RMB 22.5 million (US\$3.1 million) (2023: RMB 22.3 million), which was largely used as collateral by the banks for the issuance of bills to suppliers.

As of December 31, 2024, the Group's share of bills receivables of RMB Nil (US\$ Nil) (2023: RMB 2.3 million) which was used as collateral by banks for the issuance of bills to suppliers.

6. REVENUE FROM CONTRACTS WITH CUSTOMERS

6.1. Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	31.12.2022		
	Yuchai RMB'000	HLGE RMB'000	Total RMB'000
Segments			
Type of goods or services			
Heavy-duty engines	5,061,991	–	5,061,991
Medium-duty engines	5,066,622	–	5,066,622
Light-duty engines	1,910,923	–	1,910,923
Other products and services ⁽ⁱ⁾	3,910,703	176	3,910,879
Revenue from hospitality operations	47,527	32,694	80,221
Total revenue from contracts with customers	15,997,766	32,870	16,030,636
Geographical markets			
People's Republic of China	15,886,210	–	15,886,210
Other countries	111,556	32,870	144,426
Total revenue from contracts with customers	15,997,766	32,870	16,030,636
Timing of revenue recognition			
At a point in time	15,950,239	7,702	15,957,941
Over time	47,527	25,168	72,695
Total revenue from contracts with customers	15,997,766	32,870	16,030,636

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. REVENUE FROM CONTRACTS WITH CUSTOMERS (cont'd)

6.1. Disaggregated revenue information (cont'd)

	31.12.2023		
	Yuchai RMB'000	HLGE RMB'000	Total RMB'000
Segments			
Type of goods or services			
Heavy-duty engines	5,552,544	–	5,552,544
Medium-duty engines	5,696,186	–	5,696,186
Light-duty engines	1,621,538	–	1,621,538
Other products and services ^①	5,089,069	154	5,089,223
Revenue from hospitality operations	55,943	30,915	86,858
Total revenue from contracts with customers	18,015,280	31,069	18,046,349
Geographical markets			
People's Republic of China	17,877,450	–	17,877,450
Other countries	137,830	31,069	168,899
Total revenue from contracts with customers	18,015,280	31,069	18,046,349
Timing of revenue recognition			
At a point in time	17,959,337	8,115	17,967,452
Over time	55,943	22,954	78,897
Total revenue from contracts with customers	18,015,280	31,069	18,046,349

	31.12.2024			
	Yuchai RMB'000	HLGE RMB'000	Total RMB'000	Total US\$'000
Segments				
Type of goods or services				
Heavy-duty engines	6,417,484	–	6,417,484	894,572
Medium-duty engines	5,201,611	–	5,201,611	725,084
Light-duty engines	2,258,692	–	2,258,692	314,853
Other products and services ^①	5,167,136	156	5,167,292	720,301
Revenue from hospitality operations	57,874	30,622	88,496	12,336
Total revenue from contracts with customers	19,102,797	30,778	19,133,575	2,667,146
Geographical markets				
People's Republic of China	18,826,436	–	18,826,436	2,624,332
Other countries	276,361	30,778	307,139	42,814
Total revenue from contracts with customers	19,102,797	30,778	19,133,575	2,667,146
Timing of revenue recognition				
At a point in time	18,996,587	8,260	19,004,847	2,649,202
Over time	106,210	22,518	128,728	17,944
Total revenue from contracts with customers	19,102,797	30,778	19,133,575	2,667,146

Note:

^① included sales of power generator sets, NEV products and others.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. REVENUE FROM CONTRACTS WITH CUSTOMERS (cont'd)

6.2. Contract balances

	31.12.2023 RMB'000	31.12.2024 RMB'000	31.12.2024 US\$'000
Trade receivables (Note 14)	1,093,788	1,368,012	190,696
Capitalized contract cost	122,627	130,015	18,124
Contract liabilities (Note 24)	691,427	630,683	87,915

The contract liabilities comprise short-term advance received from customers and unfulfilled service-type maintenance service. The advance received from customers is recognized as revenue upon the delivery of goods, and the contract liability arising from unfulfilled service-type warranty is recognized upon the completion of the maintenance services. According to the business customary practice, the remaining performance obligations (unfulfilled service-type maintenance service) at the year-end is expected to be satisfied within 2 years.

(a) Set out below is the amount of revenue recognized from:

	31.12.2023 RMB'000	31.12.2024 RMB'000	31.12.2024 US\$'000
Amounts included in contract liabilities	640,864	623,176	86,868

(b) Capitalized contract costs

	31.12.2023 RMB'000	31.12.2024 RMB'000	31.12.2024 US\$'000
Capitalized contract costs relating to the projects on development of technology know-how			
At January 1	197,692	122,627	17,094
Addition	14,628	7,388	1,030
Recognized in income statement	(89,693)	–	–
At December 31	122,627	130,015	18,124

6.3. Performance obligations

The transaction price allocated to the remaining unsatisfied performance obligations as of 31 December are, as follows:

	31.12.2023 RMB'000	31.12.2024 RMB'000	31.12.2024 US\$'000
Within one year	102,978	97,230	13,553
More than one year	52,214	48,091	6,704
Total unfulfilled service-type maintenance service (Note 24)	155,192	145,321	20,257

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7.1. (a) Depreciation and amortization expenses

	31.12.2022	31.12.2023	31.12.2024	31.12.2024
	RMB'000	RMB'000	RMB'000	US\$'000
Amortization of intangible assets	64,939	109,913	201,420	28,077
Depreciation of investment property	348	355	361	50
Depreciation of property, plant and equipment	516,276	508,726	462,588	64,483
Depreciation of right-of-use assets	43,129	46,071	50,461	7,034
	624,692	665,065	714,830	99,644

(b) Shipping and handling expenses

Sales related shipping and handling expenses not separately billed to customers are included in the following caption:

	31.12.2022	31.12.2023	31.12.2024	31.12.2024
	RMB'000	RMB'000	RMB'000	US\$'000
Cost of sales	132,117	129,954	129,572	18,062
Selling, general and administrative expenses	18,544	21,019	23,124	3,223
	150,661	150,973	152,696	21,285

7.2. (a) Other operating income

	31.12.2022	31.12.2023	31.12.2024	31.12.2024
	RMB'000	RMB'000	RMB'000	US\$'000
Interest income	131,879	154,129	133,640	18,629
Dividend income from quoted equity securities	13	–	–	–
Gain on disposal of:				
– associate	1,329	–	–	–
– property, plant and equipment	6,535	778	–	–
– quoted equity securities	2,291	–	–	–
– right-of-use assets	3,929	7,632	–	–
– a subsidiary	–	113,042	–	–
Recognition of net gain upon fulfillment of performance obligation relating to capitalized contract asset	–	11,696	–	–
Government grants ^①	176,264	171,937	339,934	47,385
Technology licensing fees income	–	–	94,953	13,236
Others	12,109	10,086	18,729	2,611
	334,349	469,300	587,256	81,861

Note:

^① Including amortization of deferred grants, rebates on value-added tax and other grants earned during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7.2. (b) Other operating expenses

	31.12.2022	31.12.2023	31.12.2024	31.12.2024
	RMB'000	RMB'000	RMB'000	US\$'000
Impairment loss on investment in joint venture	990	–	–	–
Impairment on property, plant and equipment	–	36,720	–	–
Reversal of provision for onerous contract, net	(4,829)	–	–	–
Foreign exchange loss, net	555	482	5,670	790
Loss on:	–	–	–	–
– disposal of property, plant and equipment	–	–	59	8
– liquidation of joint venture	–	–	399	56
– liquidation of subsidiary	–	–	5	1
Write-back of unrecoverable value-added tax	–	(11,164)	–	–
Others	877	900	5,465	762
	(2,407)	26,938	11,598	1,617

7.3. Finance costs

	31.12.2022	31.12.2023	31.12.2024	31.12.2024
	RMB'000	RMB'000	RMB'000	US\$'000
Bank term loans	65,440	59,672	57,956	8,079
Bills and other discounting	23,922	33,946	14,369	2,003
Bank charges	4,563	4,588	3,943	549
Interest on lease liabilities (Note 16)	1,547	1,969	1,714	239
	95,472	100,175	77,982	10,870

7.4. Staff costs

	31.12.2022	31.12.2023	31.12.2024	31.12.2024
	RMB'000	RMB'000	RMB'000	US\$'000
Wages and salaries	944,850	1,217,414	1,355,281	188,921
Contribution to defined contribution plans	371,458	354,014	317,790	44,299
Cost of share-based payment	–	–	7,829	1,091
Staff severance cost	19,531	35,547	3,411	475
Other employee benefits	83,081	78,269	86,314	12,032
	1,418,920	1,685,244	1,770,625	246,818

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. INCOME TAX EXPENSE

The major components of income tax expense for the years ended December 31, 2022, 2023 and 2024 are as follows:

	31.12.2022	31.12.2023	31.12.2024	31.12.2024
	RMB'000	RMB'000	RMB'000	US\$'000
Current income tax				
– Current year	61,374	66,493	77,923	10,862
– Under provision in respect of prior years	27,406	27,837	151	21
Deferred tax				
– Movement in temporary differences	(41,147)	(14,837)	17,384	2,423
– (Over)/under provision in respect of prior years	(103)	54,131	17,675	2,464
Withholding tax				
– Income tax expense recognized in profit or loss	11,535	14,872	15,665	2,184
Consolidated income tax expense reported in the statement of profit or loss	59,065	148,496	128,798	17,954

The reconciliation between tax expense and the product of accounting profit multiplied by the PRC income tax rate of 15% (being tax rate of Yuchai) for the years ended December 31, 2022, 2023 and 2024 for the following reasons:

	31.12.2022	31.12.2023	31.12.2024	31.12.2024
	RMB'000	RMB'000	RMB'000	US\$'000
Profit before tax	394,726	571,352	620,540	86,501
Income tax expense at 15%	59,209	85,703	93,081	12,975
Adjustments:				
Non-deductible expenses	7,924	5,888	7,807	1,088
Tax-exempt income	(500)	(11,993)	(16,087)	(2,242)
Utilization of deferred tax benefits previously not recognized	(3,093)	(6,211)	(8,077)	(1,126)
Recognition of deferred tax benefits not previously recognized	–	–	(3,458)	(482)
Write off deferred tax benefits previously recognized	–	–	105,682	14,732
Deferred tax benefits not recognized	22,606	42,830	72,680	10,131
Tax credits for research and development expense	(76,835)	(85,372)	(114,006)	(15,892)
Tax rate differential	10,901	21,542	(42,633)	(5,943)
Under provision in respect of previous years	27,303	81,968	17,826	2,485
Withholding tax expense	11,535	14,872	15,665	2,184
Others	15	(731)	318	44
Total	59,065	148,496	128,798	17,954

Global minimum top-up tax

The Group has applied a temporary mandatory relief from deferred tax accounting for the impact of the top-up tax and accounts for it as a current tax when it is incurred. Malaysia, Singapore, Thailand, Hong Kong and Germany had enacted new legislation to implement the global minimum top-up tax. The Group does not expect Pillar Two top up exposure arising from the operations in these countries for financial year 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. INCOME TAX EXPENSE (cont'd)

Deferred tax

Deferred tax relates to the following:

	Consolidated statement of financial position			Consolidated statement of profit or loss			
	31.12.2023	31.12.2024	31.12.2024	31.12.2022	31.12.2023	31.12.2024	31.12.2024
	RMB'000	RMB'000	US\$'000	RMB'000	RMB'000	RMB'000	US\$'000
Accelerated tax depreciation	(77,806)	(34,108)	(4,755)	16,472	44,492	43,698	6,091
Interest receivable	–	–	–	363	3,033	–	–
PRC withholding tax on dividend income ⁽ⁱ⁾	(64,717)	(64,717)	(9,021)	(11,458)	(14,457)	(15,541)	(2,166)
Effect of change in residual value and impairment of property, plant and equipment	2,866	724	101	4,273	(66,774)	(2,142)	(299)
Write-down of inventories	37,120	38,632	5,385	9,253	7,617	1,512	211
Impairment losses on trade receivables	7,426	32,540	4,536	282	355	25,114	3,501
Accruals	232,048	166,623	23,227	(48,841)	(2,505)	(65,540)	(9,120)
Deferred income	79,896	126,107	17,579	(41,348)	23,416	46,211	6,442
Losses available for offsetting against future taxable income	112,601	–	–	116,675	(27,146)	(112,601)	(15,696)
Others	31,854	79,871	11,134	(4,421)	(7,325)	44,230	6,149
Deferred tax benefits/(expenses)				41,250	(39,294)	(35,059)	(4,887)
Net deferred tax assets	361,288	345,672	48,186				
Reflected in the consolidated statement of financial position as follows:							
Deferred tax assets	426,377	410,728	57,254				
Deferred tax liabilities	(65,089)	(65,056)	(9,068)				
	361,288	345,672	48,186				

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. INCOME TAX EXPENSE (cont'd)

Deferred tax (cont'd)

Note:

① The movement of PRC withholding tax on dividend income is as follows:

	31.12.2023	31.12.2024	31.12.2024
	RMB'000	RMB'000	US\$'000
At January 1	(61,825)	(64,717)	(9,021)
Provision made to consolidated statement of profit or loss	(14,457)	(15,541)	(2,166)
Utilization	11,565	15,541	2,166
December 31	<u>(64,717)</u>	<u>(64,717)</u>	<u>(9,021)</u>

The Corporate Income Tax ("CIT") law provides for a tax of 10% to be withheld from dividends paid to foreign investors of PRC enterprises. This withholding tax provision does not apply to dividends paid out of profit earned prior to January 1, 2008. Beginning on January 1, 2008, a 10% withholding tax is imposed on dividends paid to the Company, as a non-resident enterprise, unless an applicable tax treaty provides for a lower tax rate. The Company recognizes a deferred tax liability for withholding tax payable for profits accumulated after December 31, 2007 for the earnings that the Company does not plan to indefinitely reinvest in the PRC enterprises. As of December 31, 2024, the deferred tax liability for withholding tax payable was RMB 64.7 million (US\$9.0 million) (2023: RMB 64.7 million). The amount of unrecognized deferred tax liability relating to undistributed earnings of the PRC enterprises is estimated to be RMB 227.2 million (US\$31.7 million) (2023: RMB 204.7 million).

Deferred tax assets have not been recognized in respect of the following items:

	31.12.2023	31.12.2024	31.12.2024
	RMB'000	RMB'000	US\$'000
Unutilized tax losses	628,534	1,681,991	234,463
Unutilized capital allowances and investment allowances	94,447	95,697	13,340
Other unrecognized temporary differences relating to asset impairment and deferred grants	156,226	166,552	23,217
	<u>879,207</u>	<u>1,944,240</u>	<u>271,020</u>

Unrecognized tax losses for the Group are subject to agreement with the tax authorities and compliance with tax regulations in the respective countries in which the Group operates. The unutilized tax losses for PRC subsidiaries and Malaysia subsidiaries expire within the next 5 to 10 years and 10 years, respectively. These losses may not be used to offset taxable income elsewhere in the Group. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profits will be available against which the Group can utilize the benefits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Basic earnings per share

The calculation of basic earnings per share is based on:

	31.12.2022	31.12.2023	31.12.2024	31.12.2024
	RMB'000	RMB'000	RMB'000	US\$'000
Profit attributable to equity holders of the Company	218,581	285,518	323,055	45,033
Weighted average number of ordinary shares *	40,858,290	40,858,290	39,325,763	39,325,763

Diluted earnings per share

The weighted average number of ordinary shares adjusted for the effect of unissued ordinary shares under the Share Option Scheme is determined as follows:

	31.12.2022	31.12.2023	31.12.2024
Weighted average number of shares issued, used in the calculation of basic earnings per share	40,858,290	40,858,290	39,325,763
Diluted effect of share options	-	-	-
Weighted average number of ordinary shares adjusted for effect of dilution	40,858,290	40,858,290	39,325,763

* The weighted average number of ordinary shares takes into account the weighted average effect of changes in treasury shares transactions during the year.

In 2022 and 2023, 270,000 outstanding share options granted to employees under the Company's Equity Incentive Plan have not been included in the calculation of diluted earnings per share because they are anti-dilutive. The Equity Incentive Plan expired in 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings and improvements	Construction in progress	Plant and machinery	Office furniture, fittings and equipment	Motor and transport vehicles	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost							
At January 1, 2023	14,654	2,610,784	348,769	6,471,846	232,329	116,537	9,794,919
Additions	–	2,903	149,846	18,676	7,151	300	178,876
Disposal of subsidiary	–	(80,585)	–	(21,632)	(5,568)	–	(107,785)
Disposals	–	–	–	(7,000)	(772)	(23,039)	(30,811)
Transfers	–	38,506	(244,741)	201,642	4,593	–	–
Write-off	–	(2,890)	–	(7,474)	(3,229)	(171)	(13,764)
Translation difference	402	(233)	(139)	(197)	(360)	20	(507)
At December 31, 2023 and January 1, 2024	15,056	2,568,485	253,735	6,655,861	234,144	93,647	9,820,928
Additions	–	550	315,019	23,613	12,734	913	352,829
Disposals	–	–	–	(13,275)	(666)	(2,272)	(16,213)
Transfers	–	9,055	(264,976)	251,609	3,865	447	–
Write-off	–	(195)	(203)	(815)	(4,521)	(262)	(5,996)
Translation difference	123	2,862	20	1,277	1,110	63	5,455
At December 31, 2024	15,179	2,580,757	303,595	6,918,270	246,666	92,536	10,157,003
Accumulated depreciation and impairment							
At January 1, 2023	477	1,111,128	14,060	4,419,261	179,987	74,262	5,799,175
Charge for the year	–	92,919	–	402,554	21,568	10,515	527,556*
Disposal of subsidiary	–	(44,274)	–	(17,225)	(5,175)	–	(66,674)
Disposals	–	–	–	(5,456)	(687)	(18,779)	(24,922)
Write-off	–	(2,068)	–	(6,681)	(3,123)	(161)	(12,033)
Impairment loss	–	9,162	561	34,458	438	48	44,667
Translation difference	(13)	(37)	–	(132)	(281)	21	(442)
At December 31, 2023 and January 1, 2024	464	1,166,830	14,621	4,826,779	192,727	65,906	6,267,327
Charge for the year	–	90,890	–	368,070	19,439	4,867	483,266*
Disposals	–	–	–	(12,794)	(610)	(2,119)	(15,523)
Write-off	–	(62)	(203)	(771)	(4,479)	(249)	(5,764)
Impairment loss	–	–	–	7,332	–	–	7,332
Translation difference	26	832	–	354	869	41	2,122
At December 31, 2024	490	1,258,490	14,418	5,188,970	207,946	68,446	6,738,760
Net book value							
At December 31, 2023	14,592	1,401,655	239,114	1,829,082	41,417	27,741	3,553,601
At December 31, 2024	14,689	1,322,267	289,177	1,729,300	38,720	24,090	3,418,243
US\$'000	2,048	184,319	40,310	241,058	5,397	3,358	476,490

* In 2024, RMB 19.2 million (US\$2.7 million) (2023: RMB 16.6 million) were capitalized as development costs and RMB 1.4 million (US\$0.2 million) (2023: RMB 2.2 million) were capitalized as capitalized contract cost.

Impairment loss of RMB 7.3 million (US\$1.0 million) (2023: RMB 8.0 million; 2022: RMB 17.3 million) were charged to the consolidated statement of profit or loss under "Cost of sales". In 2024, RMB Nil (US\$ Nil) (2023: RMB 36.7 million; 2022: Nil) were charged to "Other operating expenses". The impairment loss is charged for the Group's plant and equipment within the Yuchai segment that were not in use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. INVESTMENT PROPERTY

	31.12.2023	31.12.2024	31.12.2024
	RMB'000	RMB'000	US\$'000
Cost			
At January 1	32,389	33,647	4,690
Translation difference	1,258	(73)	(10)
At December 31	33,647	33,574	4,680
Accumulated depreciation			
At January 1	27,633	29,544	4,118
Charge for the year	355	361	50
Translation difference	1,556	(504)	(70)
At December 31	29,544	29,401	4,098
Net carrying amount	4,103	4,173	582
Fair value	11,453	13,294	1,853
Consolidated statements of profit or loss:			
Rental income from an investment property			
– Minimum lease payments	154	156	22
Direct operating expenses (including repairs and maintenance) arising from the rental generating property	(720)	(668)	(93)

The Group has no restrictions on the realizability of its investment property. The Group is in the process of planning to carry out major refurbishment of the entertainment complex for conversion into additional hotel and function rooms. The building permit for the conversion of the entertainment complex into hotel and function rooms had been approved by the Cameron Highlands District Council in 2024.

The entertainment complex is classified as investment property as it is still held to earn rental income and is being leased to third parties.

Investment property is carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using straight-line method to allocate the depreciable amounts over the estimated useful life of 30 years.

The Group engaged an independent professional qualified valuer to determine the fair value of investment property at the end of each financial year.

The fair value of investment property is determined by the market comparison and cost methods. In valuing the investment property, due consideration is given to factors such as location and size of building, building infrastructure, market knowledge and historical comparable transactions to arrive at their opinion of value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. INVESTMENT PROPERTY (cont'd)

The following table shows information about fair value measurement of the investment property using significant unobservable inputs (Level 3):

	Valuation techniques	Unobservable input	Inter-relationship between key unobservable inputs and fair value measurement
2024	Market comparison and cost method	Comparable price: – RMB 102 to RMB 570 (US\$14 to US\$79) per square foot	The estimated fair value increases with higher comparable price
2023	Market comparison and cost method	Comparable price: – RMB 189 to RMB 458 per square foot	The estimated fair value increases with higher comparable price

12. INTANGIBLE ASSETS

	Goodwill RMB'000	Technology Know-how RMB'000	Development costs RMB'000	Trademarks RMB'000	Total RMB'000
Cost					
At January 1, 2023	218,311	672,753	1,052,244	169,811	2,113,119
Addition	–	–	186,222	–	186,222
Transfer	–	754,407	(754,407)	–	–
At December 31, 2023 and January 1, 2024	218,311	1,427,160	484,059	169,811	2,299,341
Addition	–	–	204,271	–	204,271
Transfer	–	117,629	(117,629)	–	–
At December 31, 2024	218,311	1,544,789	570,701	169,811	2,503,612
Accumulated amortization					
At January 1, 2023	5,675	105,920	–	–	111,595
Amortization	–	109,913	–	–	109,913
At December 31, 2023 and January 1, 2024	5,675	215,833	–	–	221,508
Amortization	–	201,420	–	–	201,420
At December 31, 2024	5,675	417,253	–	–	422,928
Accumulated impairment					
At December 31, 2023 and January 1, 2024	–	126,700	–	–	126,700
Impairment losses	–	–	31,130	–	31,130
At December 31, 2024	–	126,700	31,130	–	157,830
Net carrying amount					
At December 31, 2023	212,636	1,084,627	484,059	169,811	1,951,133
At December 31, 2024	212,636	1,000,836	539,571	169,811	1,922,854
US\$'000	29,641	139,513	75,214	23,671	268,039

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. INTANGIBLE ASSETS (cont'd)

Goodwill

Goodwill represents the excess of purchase consideration over fair value of net assets of businesses acquired.

Goodwill acquired through business combinations have been allocated to two cash-generating units for impairment testing as follows:

- Yuchai manufacturing business.
- Yulin Hotel. Goodwill allocated to Yulin Hotel was fully impaired in 2008.

Carrying amount of goodwill allocated to the cash-generating unit:

	31.12.2023 RMB'000	31.12.2024 RMB'000	31.12.2024 US\$'000
Yuchai manufacturing business	212,636	212,636	29,641

Yuchai manufacturing business

The Group performs its impairment test annually. The recoverable amount was determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to the cash flow projections was 13.2% (2023: 15.1%) and cash flows beyond the five-year period are extrapolated using a 1% growth rate (2023: 1%), a modest long-term growth rate after taking into consideration of industry outlook with management estimation. No impairment was identified for this unit.

Key assumptions used for value in use calculations

Key assumptions used in estimation of value in use were as follows:

- Profit from operation
- Discount rate

Profit from operation – Profit from operation is based on management's estimate with reference to historical performance and future business outlook of Yuchai manufacturing business.

Discount rate – Discount rate reflects management's estimate of the risks specific to the cash-generating unit and is estimated based on weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the cash-generating unit is obliged to service. This rate is weighted according to the optimal debt/equity structure arrived on the basis of the capitalization structure of the peer group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. INTANGIBLE ASSETS (cont'd)

Goodwill (cont'd)

Sensitivity to changes in assumptions

The implications of the key assumptions for the recoverable amount are discussed below:

Profit from operation – A decreased demand can lead to a decline in profit from operation. A decrease in demand by 10.3% (2023: 12.9%) would result in impairment.

Discount rate – A rise in pre-tax discount rate to 19.2% (2023: 20.9%) would result in impairment.

With regard to the assessment of value in use of the Yuchai manufacturing business, management believes that no reasonably possible change in any of the above key assumptions would cause the recoverable amount to materially fall below the carrying value of the unit.

Technology know-how

In 2022, 2023 and 2024, management believed that there was no indicator for impairment. Also, having considered that there was no significant change of the market demand and economic environment which will have a favorable effect to the recoverable amount of the intangible asset, management had concluded that no reversal of impairment was necessary in 2022, 2023 and 2024.

In 2024, the development of certain engine platform relating to National VI and Tier 4 and new energy system were completed, and the related development costs amounting to RMB 117.6 million (US\$16.4 million) (2023: RMB 754.4 million) were transferred from development costs to technology know-how, and amortization were charged accordingly based on the Group's policy.

Development costs

During 2023 and 2024, the Group has capitalized development costs of RMB 186.2 million and RMB 204.3 million (US\$28.5 million), respectively, mainly for new engines that comply with National VI/VI(b) and Tier 4 emission standards. As of December 31, 2024, the total capitalized development costs are RMB 539.6 million (US\$75.2 million) (2023: RMB 484.1 million). These development costs relate to on-going development efforts and, accordingly, have not yet been available for use, and therefore no amortization charges were recorded.

The Group performs an impairment test on the development costs that are not available for use. In 2023, no impairment has been identified. In 2024, the Group recognized impairment losses of RMB 31.1 million (US\$4.3 million) in the consolidated statement of profit or loss under "Research and development expenses" in respect of development costs of a discontinued research and development project. The recoverable amount was determined based on its value in use using the discounted cash flow approach. Cash flows were projected based on historical growth, past experience and management best estimation of future business outlook. In 2024, the Group used 5-8 years (2023: 6-10 years) forecast and were based on the updated financial budgets approved by the senior management with no terminal value. Apart from the discontinued R&D project, there is no impairment charge in relation to the other on-going R&D developments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. INTANGIBLE ASSETS (cont'd)

Development costs (cont'd)

Key assumptions used in estimation of value in use were as follows:

- Profit from operation – Profit from operation is based on management's estimate with reference to historical revenue generated, growth rate and estimation of future business outlook. In 2024, Management retain the same view on revenue growth, i.e. in range of 10%-25% year-on-year from 2025 to 2029 in consideration industry outlook in view of overall China economy. Management expected a continued growth in new energy products in the market according to industry trends.
- Discount rate – Discount rate reflects management's estimate of the risks specific to the cash-generating unit and is estimated based on weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the cash-generating unit is obliged to service. This rate is weighted according to the optimal debt/equity structure arrived on the basis of the capitalization structure of the peer group. The Group has applied a pre-tax discount rate of 15.0% (2023: 15.1%).

Sensitivity to changes in assumptions

The implications of the key assumptions for the recoverable amount are discussed below:

Profit from operation – A decreased demand can lead to a decline in profit from operation. A decrease in demand by 27.5% (2023: 6.6%) would result in impairment.

Discount rate – A rise in pre-tax discount rate to 20.3% (2023: 16.0%) would result in impairment.

With regard to the assessment of value in use, management believes that no reasonably possible change in any of the above key assumptions would cause the recoverable amount to materially fall below the carrying value.

Trademarks

In 2019, Yuchai entered into a trademark license agreement with GY under which Yuchai was granted the exclusive and perpetual use of the trademarks listed in the trademark license agreement for a one-time usage fee of RMB 169.8 million.

Management has assessed and concluded that the right granted by the trademark license, according to the terms and conditions of the trademark license agreement, is indefinite.

In 2023 and 2024, the Group performed an annual impairment review by taking Yuchai as a cash-generating unit. Using the same cash flow projection and assumptions for goodwill impairment test disclosed above, management concluded that no impairment charge is to be recognized in 2023 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. INVENTORIES

	31.12.2023	31.12.2024	31.12.2024
	RMB'000	RMB'000	US\$'000
Raw materials and consumables	2,201,886	2,122,239	295,832
Work in progress	19,423	24,577	3,426
Finished goods	2,427,718	2,507,632	349,554
Total inventories at the lower of cost and net realizable value	4,649,027	4,654,448	648,812

	31.12.2022	31.12.2023	31.12.2024	31.12.2024
	RMB'000	RMB'000	RMB'000	US\$'000
Inventories recognized as an expense in cost of sales	11,991,899	13,444,277	13,685,522	1,907,709
Inclusive of the following charge/(credit):				
– Inventories written down	86,650	77,466	122,106	17,021
– Reversal of write-down of inventories	(31,765)	(27,447)	(63,338)	(8,829)

The reversal of write-down of inventory was made when the related inventories were sold above their carrying value or consumed for production.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. TRADE AND OTHER RECEIVABLES

	31.12.2023	31.12.2024	31.12.2024
	RMB'000	RMB'000	US\$'000
Trade receivables, gross	1,148,682	1,595,145	222,357
Less: Allowance for expected credit losses	(54,894)	(227,133)	(31,661)
Net trade receivables (Note 6.2)	1,093,788	1,368,012	190,696
Bills receivable ⁽ⁱ⁾	6,318,789	7,209,989	1,005,044
Total (Note 32, Note 35)	7,412,577	8,578,001	1,195,740
Amounts receivable:			
– joint ventures (trade)	187,944	103,819	14,472
Less: Impairment losses – joint venture (trade)	–	(2,561)	(357)
– associates and joint ventures (non-trade)	10,212	12,725	1,774
Less: Impairment losses – joint venture (non-trade)	–	(10,456)	(1,457)
– related parties (trade)	212,706	129,809	18,095
– related parties (non-trade)	4,016	9,376	1,307
Bills receivable in transit	49,696	–	–
Grant receivables	62,000	76,900	10,720
Sales consideration on disposal of a subsidiary due from the acquirer	236,734	5,212	726
Others	68,052	80,188	11,178
Less: Impairment losses – other receivables	(7,710)	(7,710)	(1,075)
Other receivables carried at amortized cost (Note 35)	823,650	397,302	55,383
Tax recoverable	108,844	143,463	19,998
Advances paid to suppliers	77,527	153,488	21,395
Right of return assets	36,026	117,836	16,426
Others	–	26,371	3,676
Net other receivables	1,046,047	838,460	116,878
Total trade and other receivables	8,458,624	9,416,461	1,312,618

Note:

⁽ⁱ⁾ As of December 31, 2024, bills receivable includes bills received from joint ventures and related parties amounted to RMB 1.3 million (US\$0.2 million) (2023: RMB 5.3 million) and RMB 1.1 billion (US\$151.3 million) (2023: RMB 987.9 million) respectively.

As of December 31, 2024, bills receivable amounted to RMB 16.4 million (US\$2.3 million) (2023: RMB 12.5 million) was pledged to secure bank facilities (Note 26).

Trade receivables are non-interest bearing and are generally on 60 - 90 days' credit term. They are recognized at their original invoice amounts, net of sales rebates in the financial year.

Non-trade balance due from associates, joint ventures and other related parties are unsecured, interest-free, and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. TRADE AND OTHER RECEIVABLES (cont'd)

Movement in the allowance for expected credit losses of trade and other receivables is as follows:

	31.12.2023 RMB'000	31.12.2024 RMB'000	31.12.2024 US\$'000
At January 1	39,001	62,604	8,726
Charge to consolidated statement of profit or loss (under "Selling, general and administrative expenses")	23,858	185,523	25,861
Written off	(264)	(267)	(37)
Translation difference	9	-	-
At December 31	62,604	247,860	34,550

In addition, the Group wrote off trade receivables amounting to RMB 21.5 million (US\$3.0 million) (2023: Nil) relating to amount due from specific customers as of December 31, 2024.

As of December 31, 2023 and 2024, outstanding bills receivable discounted with banks for which the Group retained a recourse obligation totaled RMB 1.7 billion and RMB 1.0 billion (US\$142.4 million) respectively. All bills receivable discounted have contractual maturities within 12 months at time of discounting.

As of December 31, 2023 and 2024, outstanding bills receivable endorsed to suppliers with recourse obligation were RMB 1.6 billion and RMB 1.4 billion (US\$189.5 million) respectively.

For terms and conditions relating to related parties, refer to Note 29.

15. CASH AND BANK BALANCES

	31.12.2023 RMB'000	31.12.2024 RMB'000	31.12.2024 US\$'000
Current			
Cash and cash equivalents	5,544,376	5,915,916	824,656
Short-term bank deposits ⁽ⁱ⁾	467,096	397,187	55,366
Restricted cash	27,999	120,490	16,796
	6,039,471	6,433,593	896,818
Cash and bank balances	6,039,471	6,433,593	896,818

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. CASH AND BANK BALANCES (cont'd)

Cash and cash equivalents comprise the following at December 31:

	31.12.2023 RMB'000	31.12.2024 RMB'000	31.12.2024 US\$'000
Cash at banks and on hand	4,963,232	5,517,049	769,055
Short-term bank deposits ⁽ⁱ⁾	581,144	398,867	55,601
Cash and cash equivalents	<u>5,544,376</u>	<u>5,915,916</u>	<u>824,656</u>

Note:

⁽ⁱ⁾ This short-term bank deposits relate to bank deposits with initial maturities of more than three months and subject to more than insignificant risk of changes in value upon withdrawal before maturity. The interest rate of these bank deposits as of December 31, 2024 for the Group ranged from 2.4% to 5.5% (2023: 2.8% to 5.8%).

⁽ⁱⁱ⁾ This relates to the short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The interest rate of the deposits as of December 31, 2024 for the Group ranged from 2.3% to 4.9% (2023: 2.5% to 5.7%).

As at December 31, 2024, there is fixed deposits of RMB 51.1 million (US\$7.1 million) held with a related party (2023: RMB 51.2 million).

As of December 31, 2024, the Group's restricted cash of RMB 93.4 million (US\$13.0 million) (2023: RMB 23.0 million) was used as collateral by the banks for the issuance of bills to suppliers, RMB 8.6 million (US\$1.2 million) (2023: Nil) was pledged to secure bank facilities (Note 26), and RMB 18.4 million (US\$2.6 million) relates to retention money deposited in a joint signatory account with the acquirer of Suzhou Reman. (2023: RMB 5.0 million).

As of December 31, 2023 and 2024, the Group had RMB 534.5 million and RMB 542.5 million (US\$75.6 million) respectively, of undrawn borrowing facilities in respect of which all conditions precedent had been met.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. LEASES

Group as a lessee

The Group has lease contracts for land, motor vehicles, office space and staff accommodations used in its operations. These leases are generally with lease term of more than 1 year to 12 years.

The Group also has certain leases of office space and staff accommodations with lease terms of 12 months or less. The Group has applied the “short-term leases” recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the year.

	Leasehold land RMB'000	Building and office space RMB'000	Office furniture, fittings and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000	Total US\$'000
At January 1, 2023	289,065	52,739	42	295	342,141	47,693
Addition	–	31,082	–	1,002	32,084	4,472
Depreciation	(12,282)	(33,671)	(7)	(111)	(46,071)	(6,422)
Disposal of subsidiary	(22,782)	–	–	–	(22,782)	(3,176)
Disposal	(5,564)	–	–	–	(5,564)	(776)
Termination	–	(1,382)	–	–	(1,382)	(193)
Translation difference	–	18	1	–	19	3
At December 31, 2023 and January 1, 2024	248,437	48,786	36	1,186	298,445	41,601
Addition	–	55,196	–	152	55,348	7,715
Depreciation	(11,371)	(38,963)	(7)	(120)	(50,461)	(7,034)
Termination	–	(1,353)	–	–	(1,353)	(188)
Translation difference	–	34	–	–	34	5
At December 31, 2024	237,066	63,700	29	1,218	302,013	42,099

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2023 RMB'000	2024 RMB'000	2024 US\$'000
At January 1	59,641	49,281	6,869
Additions	32,084	55,348	7,715
Accretion of interest (Note 7.3)	1,969	1,714	239
Payments	(43,073)	(41,752)	(5,820)
Termination	(1,382)	(1,353)	(188)
Translation difference	42	(7)	(1)
At December 31	49,281	63,231	8,814
Current (Note 25)	33,272	32,973	4,596
Non-current (Note 25)	16,009	30,258	4,218
Total	49,281	63,231	8,814

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. LEASES (cont'd)

Group as a lessee (cont'd)

The following are the amounts recognized in profit or loss:

	2023 RMB'000	2024 RMB'000	2024 US\$'000
Depreciation charge for right-of-use assets	46,071	50,461	7,034
Interest expenses on lease liabilities (Note 7.3)	1,969	1,714	239
Expenses relating to short-term leases (included in selling, general and administrative expenses and research and development expenses)	18,275	21,458	2,991
Total amount recognized in profit or loss	66,315	73,633	10,264

In 2024, the Group had total cash outflows for leases of RMB 63.2 million (US\$8.8 million) (2023: RMB 61.3 million). The Group also had non-cash additions to right-of-use assets and lease liabilities of RMB 55.3 million (US\$7.7 million) in 2024 (2023: RMB 32.1 million). The future cash outflows relating to leases that have not yet commenced are disclosed in Note 30.

Group as a lessor

The Group has entered into operating leases on some of its assets, including surplus offices and warehouses. These leases have terms between 1 to 20 years. Rental income recognized by the Group during the year is RMB 30.9 million (US\$4.3 million) (2023: RMB 25.8 million).

Future minimum rental receivables under non-cancellable operating leases as of 31 December are as follows:

	31.12.2023 RMB'000	31.12.2024 RMB'000	31.12.2024 US\$'000
Within 1 year	13,239	14,156	1,973
After 1 year but within 5 years	41,920	41,106	5,730
More than 5 years	42,027	37,051	5,165
	97,186	92,313	12,868

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. ISSUED CAPITAL

	31.12.2023	31.12.2024
	thousands	thousands

Issued capital

Authorized shares

Ordinary share of par value US\$ 0.10 each	100,000	100,000
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	Number of shares	RMB'000
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Ordinary shares issued and fully paid

At January 1, 2023, December 31, 2023 and December 31, 2024	40,858,290	2,081,138
US\$'000		290,103

	31.12.2023	31.12.2024	31.12.2024
	RMB'000	RMB'000	US\$'000

Special share issued and fully paid

One special share issued and fully paid at US\$ 0.10 per share	*	*	*
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* Less than RMB 1 (US\$1)

The holders of ordinary shares are entitled to such dividends as the Board of Directors of the Company may declare from time to time. All ordinary shares are entitled to one vote on a show of hands and carry one vote per share on a poll.

The holder of special share is entitled to elect a majority of directors of the Company. In addition, no shareholders' resolution may be passed without the affirmative vote of the special share, including any resolution to amend the Memorandum of Association or Bye-laws of the Company. The special share is not transferable except to Hong Leong Asia Ltd. ("HLA"), Hong Leong (China) Limited ("HLC") or any of its affiliates. The Bye-Laws of the Company provides that the special share shall cease to carry any rights in the event that HLA and its affiliates cease to own, directly or indirectly, at least 7,290,000 ordinary shares in the capital of the Company.

18. TREASURY SHARES

	2023	2024	2024
	RMB'000	RMB'000	US\$'000
At January 1	–	–	–
Addition	–	285,561	39,806
At December 31	–	285,561	39,806

In 2024, the Company purchased 3,339,968 (2023: Nil) of its ordinary shares by way of open market transactions at prevailing market prices and privately negotiated transactions. The total amount paid to purchase the shares was approximately RMB 285.6 million (US\$39.8 million) (2023: RMB Nil) and this is presented as a component within equity attributable to equity holders of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. DIVIDENDS DECLARED AND PAID

	31.12.2023	31.12.2024	31.12.2024
	RMB'000	RMB'000	US\$'000
Declared and paid during the year			
Dividends on ordinary shares:			
Final dividend paid in 2024: US\$ 0.38 per share (2023: US\$ 0.28 per share)	80,238	101,647	14,169
Dividend paid in cash	80,238	101,647	14,169

20. RESERVES

	31.12.2023	31.12.2024	31.12.2024
	RMB'000	RMB'000	US\$'000
Statutory reserve			
Statutory general reserve ⁽ⁱ⁾			
At January 1	310,029	356,018	49,628
Transfer from retained earnings	45,989	62,225	8,674
At December 31	356,018	418,243	58,302
General surplus reserve ⁽ⁱⁱ⁾			
At January 1 and December 31	25,706	25,706	3,583
Total	381,724	443,949	61,885
Capital reserves ⁽ⁱⁱⁱ⁾			
At January 1	(4,196)	(18,236)	(2,542)
Issuance of put option to non-controlling interest of subsidiary	(14,040)	–	–
At December 31	(18,236)	(18,236)	(2,542)

Note:

- ⁽ⁱ⁾ In accordance with the relevant regulations in the PRC, a 10% appropriation to the statutory general reserve based on the net income reported in the PRC financial statements is required until the balance reaches 50% of the authorized share capital of Yuchai and its subsidiaries. Statutory general reserve can be used to make good previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings, or by increasing the par value of the shares currently held by them, provided that the reserve balance after such issue is not less than 25% of the authorized share capital.
- ⁽ⁱⁱ⁾ General surplus reserve is appropriated in accordance with Yuchai's Articles and resolution of the board of directors. General surplus reserve may be used to offset accumulated losses or increase the registered capital.
- ⁽ⁱⁱⁱ⁾ Capital reserves consist of reserve resulted from (i) a capital transaction in 2015 and (ii) the put option granted to the non-controlling interests of Yuchai's subsidiary in 2022 and 2023. Further details are given in Note 28.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. RESERVES (cont'd)

	31.12.2023	31.12.2024	31.12.2024
	RMB'000	RMB'000	US\$'000
Other components of equity			
Foreign currency translation reserve ⁽ⁱ⁾	(27,971)	(15,056)	(2,099)
Performance shares reserve ⁽ⁱⁱ⁾	19,758	25,461	3,549
Premium paid for acquisition of non-controlling interests	(7,986)	(26,466)	(3,689)
Fair value reserve of financial assets at FVOCI ⁽ⁱⁱⁱ⁾	(22,454)	(20,342)	(2,836)
Total	(38,653)	(36,403)	(5,075)

Note:

- ⁽ⁱ⁾ Foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.
- ⁽ⁱⁱ⁾ Performance shares reserve comprises the cumulative value of employee services received in return for share-based compensation. The amount in the reserve is retained when the option is expired.
- ⁽ⁱⁱⁱ⁾ Fair value reserve of financial assets at FVOCI relates to the subsequent measurement of the Group's bills receivable at fair value through OCI.

21. SHARE-BASED PAYMENT

By the Company

China Yuchai International Limited 2014 Equity Incentive Plan (the "Equity Incentive Plan")

The Equity Incentive Plan was approved by the Board of Directors of the Company on May 10, 2014 for a duration of 10 years.

All options granted under the Equity Incentive Plan are subject to a vesting schedule as follows:

- (1) one year after the date of grant for up to 33% of the shares over which the options are exercisable;
- (2) two years after the date of grant for up to 66% (including (1) above) of the shares over which the options are exercisable; and
- (3) three years after the date of grant for up to 100% (including (1) and (2) above) of the shares over which the options are exercisable.

The following share options were granted under the Equity Incentive Plan with an exercise period of 10 years (from July 29, 2014 to July 28, 2024). The share options were expired in July 2024. In 2022, 2023 and 2024, there was no share-based payment expense arising from Equity Incentive Plan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. SHARE-BASED PAYMENT (cont'd)

Movements during the year

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in share options during the year:

	Number of share options 2023	WAEP 2023	Number of share options 2024	WAEP 2024
Outstanding at January 1	270,000	US\$ 21.11	270,000	US\$ 21.11
Expired	–		(270,000)	US\$ 21.11
Outstanding at December 31	270,000	US\$ 21.11	–	
Exercisable at December 31	270,000	US\$ 21.11	–	

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

Fair value of share options and assumptions

On July 29, 2014

Date of grant of options

Fair value at measurement date (US\$)	5.70 – 6.74
Share price (US\$)	21.11
Exercise price (US\$)	21.11
Expected volatility (%)	47.4
Expected option life (years)	3.5 – 5.5
Expected dividends (%)	5.81
Risk-free interest rate (%)	1.4 – 2.0

The exercise price for options outstanding as of December 31, 2023 was US\$21.11 dollar.

The weighted average remaining contractual life for the share options outstanding as of December 31, 2023 was 0.6 years.

The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

There are no market conditions associated with the share options granted. Service conditions and non-market performance conditions are not taken into account in the measurement of the fair value of the service to be received at the grant date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. SHARE-BASED PAYMENT (cont'd)

By the Subsidiaries

Guangxi Yuchai Machinery Company Limited Equity Holding Scheme (the “Yuchai Equity Scheme”) and Guangxi Yuchai Marine and Genset Power Co., Ltd Incentive Scheme (the “MGP Incentive Scheme”) (collectively, the “Two Schemes”)

The Two Schemes was approved by the shareholders of Yuchai on June 20, 2024. They are administrated by Yuchai's Remuneration Committee (“Yuchai RC”).

The salient terms of the Two Schemes are as follows:

- (i) participants of the Two Schemes were awarded interests in MGP on June 26, 2024 such that the registered capital of MGP was increased by an aggregate amount of RMB 28.0 million (US\$3.9 million) which corresponded to approximately 6.54% interest in the enlarged registered capital of MGP (the “MGP Interest”) and participants of the Two Schemes contributed an aggregate amount of RMB 82.9 million (US\$11.6 million) at the price of RMB 2.96 per RMB 1.00 registered capital in cash;
- (ii) the subscription price was based on the fair value of the net assets of MGP and its subsidiaries as at December 31, 2022 and was arrived at after taking into consideration, among other things, the rationale for the Two Schemes and the valuation of MGP factoring in the restrictions placed on the MGP Interest;
- (iii) participants of the Two Schemes are employees within the Yuchai group of entities. One participant of the Yuchai Equity Scheme is a director of the Company;
- (iv) the MGP Interest is held by separate partnership vehicles established by the participants of the Two Schemes. Although all partners in each of the partnership vehicles including Yuchai have the right (but not the obligation) to buy the Partnership Interests in that partnership vehicle under a special scenario, should Yuchai buy any Partnership Interests in any partnership vehicle, it has to transfer to newly identified employees approved by the Yuchai RC within six months.
- (v) restrictions on the partnership vehicles which hold the MGP Interest (“Partnership Interest”) include (a) a lock-up period commencing on the date of issuance of the MGP Interest and a moratorium period ending (ai) in the event that MGP undertakes a public listing, three years after such listing; or (a ii) in the event that MGP does not undertake a public listing, ten years; (b) the partnership vehicles are to vote on all matters proposed at shareholders' meetings in the same manner as Yuchai; (c) transfer/sale/mortgage/gift restrictions on Partnership Interests; (d) save for six key employees who are also the general partners of the partnership vehicles may continue to hold their Partnership Interests upon retirement, Partnership Interests must be transferred in accordance with the agreed terms and to approved person under certain special scenarios including death, termination/resignation/divorce and dismissal; and
- (vi) the partnership vehicles have the right to distributions declared and made by MGP upon the issuance of the MGP Interest.

Following the awards of the MGP Interest, the Group's effective equity interest in MGP decreased from 76.4% to 71.4% as at December 31, 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. SHARE-BASED PAYMENT (cont'd)

By the Subsidiaries (cont'd)

Guangxi Yuchai Machinery Company Limited Equity Holding Scheme (the “Yuchai Equity Scheme”) and Guangxi Yuchai Marine and Genset Power Co., Ltd Incentive Scheme (the “MGP Incentive Scheme”) (collectively, the “Two Schemes”) (cont'd)

The expense recognized for employee services received from Two Schemes during the year is shown in the following table:

	31.12.2024	31.12.2024
	RMB'000	US\$'000
Expense arising from equity-settled share-based payment transactions	7,829	1,091

22. TRADE AND OTHER PAYABLES

	31.12.2023	31.12.2024	31.12.2024
	RMB'000	RMB'000	US\$'000
Current			
Trade payables	3,999,224	4,361,810	608,019
Bills payables ⁽ⁱ⁾	3,248,066	3,730,333	519,994
Other payables	402,516	348,856	48,629
Accrued expenses	226,745	216,674	30,203
Accrued staff costs	499,230	642,081	89,504
Refund liabilities	324,161	442,577	61,693
Dividend payable	30,899	44,005	6,134
Amount due to:			
– joint ventures (trade)	83,590	49,898	6,956
– joint ventures (non-trade)	–	4	1
– related parties (trade)	303,393	357,714	49,864
– related parties (non-trade)	36,083	36,772	5,126
Financial liabilities carried at amortized cost (Note 32, Note 35)	9,153,907	10,230,724	1,426,123
Deferred grants (Note 27)	8,064	–	–
Advance from customers	248	592	83
Other tax payable	65,105	62,435	8,703
Total trade and other payables	9,227,324	10,293,751	1,434,909

⁽ⁱ⁾ As of December 31, 2024, the bills payables include bills payable to joint ventures and other related parties amounted to RMB 30.1 million (US\$4.2 million) (2023: RMB 4.0 million) and RMB 597.1 million (US\$83.2 million) (2023: RMB 435.3 million) respectively.

⁽ⁱⁱ⁾ Terms and conditions of the above financial liabilities:

- Trade and other payables are non-interest bearing and are normally settled on agreed credit terms ranging from 60 to 90 day terms.
- The non-trade balances due to joint ventures and related parties are unsecured, interest-free and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. TRADE AND OTHER PAYABLES (cont'd)

	31.12.2023 RMB'000	31.12.2024 RMB'000	31.12.2024 US\$'000
Non-current			
Other payables ^① (Note 32, Note 35)	181,155	171,768	23,944

^① This relates to accrual for bonus, which is non-interest bearing and not expected to be settled within next 12 months.

23. PROVISIONS

	Provision for warranty RMB'000	Provision for warranty US\$'000
At January 1, 2023	220,114	30,683
Provision made	414,021	57,713
Provision utilized	(375,910)	(52,401)
Disposal of a subsidiary	(2,145)	(299)
At December 31, 2023 and January 1, 2024	256,080	35,696
Provision made	626,255	87,298
Provision utilized	(493,770)	(68,830)
At December 31, 2024	388,565	54,164

24. CONTRACT LIABILITIES

	31.12.2023 RMB'000	31.12.2024 RMB'000	31.12.2024 US\$'000
Unfulfilled service-type maintenance services	155,192	145,321	20,257
Advance from customer	536,235	485,362	67,658
Total	691,427	630,683	87,915
Current	639,213	582,592	81,211
Non-current	52,214	48,091	6,704
Total contract liabilities (Note 6.2)	691,427	630,683	87,915

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. LEASE LIABILITIES

	Interest rate %	Maturity	31.12.2023 RMB'000
Current (Note 16)	1.3 – 6.7	2024	33,272
Non-current (Note 16)	1.3 – 6.7	2025-2034	16,009

	Interest rate %	Maturity	31.12.2024 RMB'000	31.12.2024 US\$'000
Current (Note 16)	2.4 – 6.7	2025	32,973	4,596
Non-current (Note 16)	1.3 – 6.7	2026-2036	30,258	4,218

26. LOANS AND BORROWINGS

	31.12.2023 RMB'000	31.12.2024 RMB'000	31.12.2024 US\$'000
Current			
Unsecured bank loans	1,830,294	1,851,800	258,134
Secured bank loans	20,000	20,000	2,788
	1,850,294	1,871,800	260,922
Non-current			
Unsecured bank loans	690,000	638,000	88,935

Terms and conditions of outstanding loans and borrowings are as follows:

	Weighted average interest rate %	Maturity	31.12.2023 RMB'000
Secured bank loans:			
– Renminbi fixed rate loans	1.3	2024	20,000
Unsecured bank loans:			
– Renminbi fixed rate loans	2.0	2024	1,760,294
– Renminbi floating rate loans	2.6	2024-2026	760,000
			2,520,294

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. LOANS AND BORROWINGS (cont'd)

	Weighted average interest rate %	Maturity	31.12.2024 RMB'000	31.12.2024 US\$'000
Secured bank loans:				
– Renminbi fixed rate loans	0.6	2025	20,000	2,788
Unsecured bank loans:				
– Renminbi fixed rate loans	2.1	2025	1,591,800	221,891
– Renminbi floating rate loans	2.7	2025-2026	898,000	125,178
			<u>2,489,800</u>	<u>347,069</u>

S\$30.0 million credit facility with DBS Bank Ltd (“DBS”)

On June 25, 2021, the Company entered into an uncommitted revolving credit facility agreement with DBS with an aggregate value of S\$30.0 million for renewal of the S\$30.0 million facility that matured on June 1, 2021. The facility may be used to finance the Group general working capital requirements. Among other things, the terms of the facility required that at all times (i) the Company retains at least 76.4% ownership in Yuchai, (ii) HLA retains ownership of the special share, directly or indirectly retains at least 35% ownership of the Company and that the Company remains a subsidiary of HLA, and (iii) HLGE remains listed on the Main Board of Singapore Exchange. The terms of the facility also included certain financial covenants with respect to the Company's consolidated tangible net worth (as defined in the agreement) not being less than US\$400 million, and the ratio of the consolidated total debt (as defined in the agreement) to consolidated tangible net worth not exceeding 1.0 times.

S\$30.0 million credit facility with MUFG Bank Ltd, Singapore Branch (“MUFG”)

On August 18, 2023, the Company entered into an uncommitted and unsecured multi-currency short-term loan agreement with MUFG for an aggregate value of S\$30.0 million for renewal of the S\$30.0 million facility that matured on March 17, 2020. The facility may be used to finance the Company's general working capital requirements. Among other things, the terms of the facility required that at all times (i) HLA maintain legal and beneficial ownership of at least 7,290,000 issued and paid-up shares in the Company, and retains ownership of the special share in the Company, (ii) the Company remains a consolidated subsidiary of HLA, (iii) the Company directly or indirectly retains at least 76.4% ownership in Yuchai, and (iv) HLGE remains listed on the Main Board of Singapore Exchange. The terms of the facility also include certain financial covenants with respect to the Company's tangible net worth (as defined in the agreement) not being less than US\$120 million at all times and the ratio of the Company's total net debt (as defined in the agreement) to tangible net worth not exceeding 2.0 times at all times, as well as negative pledge provisions and customary drawdown requirements.

US\$30.0 million credit facility with Sumitomo Mitsui Banking Corporation, Singapore Branch (“SMBC”)

On February 10, 2025, the Company entered into an uncommitted and unsecured multi-currency short-term revolving credit facility agreement with SMBC for an aggregate value of US\$30.0 million. The maximum tenor of each drawdown under the facility is six months for US dollars and Singapore dollars. This facility may be used by to finance the Company's general working capital requirements. The terms of the facility require, among other things, that HLA maintain legal and beneficial ownership of at least 7,290,000 issued and paid-up shares in the Company, retains ownership of the special share and that the Company remains a subsidiary of HLA. The terms of the facility also include certain financial covenants with respect to the Company's consolidated tangible net worth (as defined in the agreement) as of June 30 and December 31 of each year not less than US\$200 million and the ratio of the Company's consolidated total net debt (as defined in the agreement) to consolidated tangible net worth as of June 30 and December 31 of each year not exceeding 2.0 times, as well as negative pledge provisions and customary drawdown requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. DEFERRED GRANTS

	31.12.2023	31.12.2024	31.12.2024
	RMB'000	RMB'000	US\$'000
At January 1	489,788	459,958	64,116
Received during the year	145,330	182,232	25,402
Grant disbursed to partner of joint project	(16,423)	(25,450)	(3,547)
Released to consolidated statement of profit or loss	(59,818)	(121,893)	(16,991)
Reclassification to other payables	(98,919)	–	–
At December 31	459,958	494,847	68,980
Current (Note 22)	8,064	–	–
Non-current	451,894	494,847	68,980
	459,958	494,847	68,980

The government grant that have been received in PRC was to support and fund Yuchai's production facilities, research and development activities for product innovations and developments.

28. OTHER FINANCIAL LIABILITY

In November 2022, Yuchai Simlan received RMB 50.0 million from an investor for its 9.1% of shareholding in Yuchai Simlan. In February 2023, Yuchai Simlan received another RMB 20.0 million from two new investors for its 3.2% of shareholding in Yuchai Simlan. At the same time, Yuchai has granted a put option to these investors (non-controlling interest of its subsidiary company, Yuchai Simlan). These options may be exercised at cost plus agreed interests (based on a fixed interest rate) if certain conditions are not met by end of 2027. Accordingly, the Group recognized a financial liability based on the present value of the amount payable upon exercise of the put. A corresponding capital reserve was recognized (Note 20).

29. RELATED PARTY DISCLOSURES

The ultimate parent

As of December 31, 2024, the controlling shareholder of the Company, HLA, indirectly owned 18,270,965, or 48.7% (2023: 18,270,965, or 44.7%), of the ordinary shares (net of treasury shares) in the capital of the Company, as well as a special share that entitles it to elect a majority of directors of the Company. HLA controls the Company through its wholly-owned subsidiary, HLC, and through HL Technology Systems Pte. Ltd. ("HLT"), a wholly-owned subsidiary of HLC. HLT owns approximately 25.4% (2023: 23.3%) of the ordinary shares in the capital of the Company and is, and has since August 2002 been, the registered holder of the special share. HLA also owns, through another wholly-owned subsidiary, Well Summit Investments Limited, approximately 23.3% (2023: 21.4%) of the ordinary shares in the capital of the Company. HLA is a member of the Hong Leong Investment Holdings Pte. Ltd., or Hong Leong Investment group of companies. Prior to August 2002, the Company was controlled by Diesel Machinery (BVI) Limited, which, until its dissolution, was a holding company controlled by HLC and was the prior owner of the special share. Through HLT's stock ownership and the rights accorded to the special share under Bye-Laws of the Company and various agreements among shareholders, HLA is able to effectively approve and effect most corporate transactions.

In 2024, there were transactions other than dividends paid, between the Group and HLA of RMB 0.6 million (less than US\$0.1 million) (2023: RMB 0.5 million; 2022: RMB 0.4 million). The transaction relates to consultancy fees charged by HLA.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. RELATED PARTY DISCLOSURES (cont'd)

Entity with significant influence over the Group

As of December 31, 2024, GY through Coomber Investment Ltd. owned 20.1% (2023: 18.2%) of the ordinary shares in the capital of the Company.

The following provides the significant transactions that have been entered into with related parties for the relevant financial year.

	31.12.2022	31.12.2023	31.12.2024	31.12.2024
	RMB'000	RMB'000	RMB'000	US\$'000
Sales of engines and parts				
– associates and joint ventures	411,010	924,971	974,112	135,787
– GY and its affiliates	2,262,306	2,034,304	2,120,542	295,595
Purchase of parts, supplies and engines				
– associates and joint ventures	1,396,611	1,614,814	1,683,296	234,645
– GY and its affiliates	1,053,607	1,804,457	1,927,305	268,659
Hospitality, restaurant, consultancy and other service income charged to				
– a joint venture	5,803	18,427	11,536	1,608
– GY and its affiliates	10,398	18,023	25,521	3,558
Service charge charged by				
– joint ventures	128	2,094	833	116
Rental income				
– joint ventures	4,634	3,834	2,914	406
– GY and its affiliates	580	12,227	12,657	1,764
Sales of an intangible asset to a joint venture	–	101,390	–	–
Property management service expenses				
– GY and its affiliates	22,128	24,668	22,873	3,188
Selling, general and administrative expenses				
– GY and its affiliates	30,151	34,178	98,486	13,729
– HLA and its affiliates	8,994	9,194	8,968	1,250
Delivery, storage, distribution and handling expenses				
– GY and its affiliates	201,669	212,566	183,020	25,512
Payment for lease liabilities				
– GY and its affiliates	19,802	19,615	19,225	2,680
Purchases of vehicles and machineries				
– GY and its affiliates	2,513	–	–	–

In addition to the above, Yuchai also entered into transactions with other PRC Government owned enterprises. Management considers that these transactions were entered into in the normal course of business and expects that these transactions will continue on normal commercial terms.

The transactions with related parties are made at terms agreed between the parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. RELATED PARTY DISCLOSURES (cont'd)

Compensation of key management personnel of the Group

	31.12.2022	31.12.2023	31.12.2024	31.12.2024
	RMB'000	RMB'000	RMB'000	US\$'000
Short-term employee benefits	25,011	30,147	34,625	4,827
Share-based payment	–	–	952	133
Contribution to defined contribution plans	208	305	315	44
	25,219	30,452	35,892	5,004

The non-executive directors do not receive pension entitlements from the Group.

30. COMMITMENTS AND CONTINGENCIES

Operating lease commitments – Group as lessee

The Group does not have lease contract that have not yet commenced as of December 31, 2024. The future lease payments for these non-cancellable lease contracts are as follows:

	31.12.2023	31.12.2024	31.12.2024
	RMB'000	RMB'000	US\$'000
Within 1 year	98	–	–
After 1 year but within 5 years	198	–	–
After 5 years	–	–	–
	296	–	–

Capital commitments

As of December 31, 2023 and 2024, the Group had capital expenditure (mainly in respect of property, plant and equipment) contracted for but not paid and not recognized in financial statements amounting to RMB 175.9 million and RMB 310.7 million (US\$43.3 million) respectively. The Group's share of joint venture's capital commitment is disclosed in Note 5.

31. SEGMENT INFORMATION

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

- Yuchai primarily conducts manufacturing for on- and off-road powertrain solutions and applications which are mainly distributed in the PRC market.
- HLGE is engaged in hospitality and property development activities conducted mainly in Malaysia. HLGE is listed on the Main Board of the Singapore Exchange.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. SEGMENT INFORMATION (cont'd)

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Year ended December 31, 2022	Yuchai RMB'000	HLGE RMB'000	Corporate RMB'000	Eliminations/ adjustment RMB'000	Consolidated financial statements RMB'000
Revenue					
Total external revenue (Note 6.1)	15,997,766	32,870	–	–	16,030,636
Results					
Interest income	116,668	2,902	12,309	–	131,879
Interest expense	(90,846)	(49)	(14)	–	(90,909)
Depreciation and amortization	(619,000)	(4,770)	(922)	–	(624,692)
Share of results of associates and joint venture	(29,554)	461	–	–	(29,093)
Income tax expense	(47,555)	(39)	(11,471) ⁽⁶⁾	–	(59,065)
Other material non-cash items					
Impairment of property, plant and equipment	(17,278)	–	–	–	(17,278)
Impairment of trade and other receivables	459	–	–	–	459
Warranties	(317,076)	–	–	–	(317,076)
Segment profit after tax	355,140	5,152	(24,280)	(351)	335,661
Total assets	23,020,241	405,871	2,215,652	(1,504,208)	24,137,556
Total liabilities	(12,220,938)	(12,062)	(76,081) ⁽⁶⁾	6,589	(12,302,492)
Others					
Investment in joint ventures	150,219	4,484	–	–	154,703
Capital expenditure	352,737	564	47	–	353,348

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. SEGMENT INFORMATION (cont'd)

Year ended December 31, 2023	Yuchai RMB'000	HLGE RMB'000	Corporate RMB'000	Eliminations/ adjustment RMB'000	Consolidated financial statements RMB'000
Revenue					
Total external revenue (Note 6.1)	18,015,280	31,069	–	–	18,046,349
Results					
Interest income	108,792	9,545	35,792	–	154,129
Interest expense	(95,483)	(42)	(62)	–	(95,587)
Depreciation and amortization	(659,426)	(4,934)	(705)	–	(665,065)
Gain on disposal of a subsidiary	113,042	–	–	–	113,042
Share of results of associates and joint venture	62,041	37	–	–	62,078
Income tax expense	(131,021)	(535)	(16,940) ⁽⁶⁾	–	(148,496)
Other material non-cash items					
Impairment of property, plant and equipment	(44,667)	–	–	–	(44,667)
Impairment of trade and other receivables	(23,832)	(26)	–	–	(23,858)
Warranties	(414,021)	–	–	–	(414,021)
Segment profit after tax	431,697	9,534	(17,931)	(444)	422,856
Total assets	24,579,069	423,968	2,258,575	(1,503,994)	25,757,618
Total liabilities	(13,486,829)	(11,307)	(86,787) ⁽⁶⁾	2,930	(13,581,993)
Others					
Investment in joint ventures	235,558	1,671	–	–	237,229
Capital expenditure	176,782	2,059	35	–	178,876

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. SEGMENT INFORMATION (cont'd)

Year ended December 31, 2024	Yuchai RMB'000	HLGE RMB'000	Corporate RMB'000	Eliminations/ adjustment RMB'000	Consolidated financial statements RMB'000	Consolidated financial statements US\$'000
Revenue						
Total external revenue (Note 6.1)	19,102,797	30,778	–	–	19,133,575	2,667,146
Results						
Interest income	91,649	10,243	31,748	–	133,640	18,629
Interest expense	(73,961)	(21)	(57)	–	(74,039)	(10,321)
Depreciation and amortization	(708,986)	(5,103)	(741)	–	(714,830)	(99,644)
Share of results of associates and joint venture	101,564	(16)	–	–	101,548	14,155
Income tax expense	(109,613)	(889)	(18,296) ^①	–	(128,798)	(17,954)
Other material non-cash items						
Impairment of property, plant and equipment	(7,332)	–	–	–	(7,332)	(1,022)
Impairment of intangible assets	(31,130)	–	–	–	(31,130)	(4,339)
Impairment of trade and other receivables	(185,534)	11	–	–	(185,523)	(25,861)
Warranties	626,255	–	–	–	626,255	87,298
Segment profit after tax	516,257	8,842	(33,525)	168	491,742	68,547
Total assets	26,113,702	437,971	2,000,776	(1,504,355)	27,048,094	3,770,401
Total liabilities	(14,655,119)	(11,652)	(85,218) ^②	3,460	(14,748,529)	(2,055,888)
Others						
Investment in joint ventures	338,568	11	–	–	338,579	47,197
Capital expenditure	349,696	2,129	1,004	–	352,829	49,183

Note:

^① This relates mainly to the deferred tax expense relating to withholding tax on dividends from Yuchai.

^② This relates mainly to the deferred tax liabilities relating to cumulative withholding tax on dividends that are expected to be declared from income earned after December 31, 2007 by Yuchai.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. SEGMENT INFORMATION (cont'd)

Geographic information

The geographic information for revenue from external customers is disclosed in Note 6.1.

Major customer

Revenues from two customers of Yuchai segment amounted to RMB 3.1 billion (US\$431.2 million) (2023: RMB 2.3 billion; 2022: RMB 2.3 billion) and RMB 2.1 billion (US\$295.6 million) (2023: RMB 2.0 billion; 2022: RMB 2.3 billion) respectively.

Non-current assets

	31.12.2023	31.12.2024	31.12.2024
	RMB'000	RMB'000	US\$'000
PRC	5,957,205	5,881,698	819,886
Other countries	87,554	104,422	14,557
	<u>6,044,759</u>	<u>5,986,120</u>	<u>834,443</u>

Non-current assets for this purpose consist of property, plant and equipment, right-of-use assets, investment in joint ventures and associates, investment property, intangible assets and goodwill.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables and other financial liability arising from a put option to a non-controlling interest. The main purpose of these financial liabilities is to finance the Group's operations. The Group has trade and other receivables, and cash and bank deposits that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk.

The sensitivity analyses in the following sections relate to the position as of December 31, 2023 and 2024.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant at December 31, 2024.

The analyses exclude the impact of movements in market variables on provisions and on the non-financial assets and liabilities of foreign operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates to the Group's interest-bearing loans and borrowings from banks. The interest-bearing loans and borrowings of the Group are disclosed in Note 26.

The Group manages its interest rate risk by having a mixture of fixed and variable rates for its loans and borrowings.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for interest-bearing loans and borrowings at the end of the reporting period and the stipulated change taking place at the beginning of the year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis points increase or decrease is used and represents management's assessment of the possible change in interest rates.

If interest rate had been 50 (2023: 50) basis points higher or lower and all other variables were held constant, the profit before tax for the year ended December 31, 2024 of the Group would decrease/increase by RMB 12.5 million (US\$1.7 million) (2023: decrease/increase by RMB 12.7 million) arising from interest expenses on interest-bearing loans and borrowings.

Foreign currency exchange rate risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency exchange rates. The Group's exposure to this risk relates primarily to the cash and bank balances, purchases and sales that are denominated in currencies other than the respective functional currencies of the entities within the Group. The currencies giving rise to this risk are primarily the Singapore Dollar, US Dollar and Euro.

Foreign currency translation exposure is managed by incurring debt in the operating currency so that where possible operating cash flows can be primarily used to repay obligations in the local currency. This also has the effect of minimizing the exchange differences recorded against income, as the exchange differences on the net investment are recorded directly against equity.

The Group's exposures to foreign currency are as follows:

	31.12.2023			
	Singapore Dollar RMB'000	Euro RMB'000	US Dollar RMB'000	Others RMB'000
Trade and other receivables	1,700	13,686	7,221	377
Cash and bank balances	157,073	5,337	18,162	24,114
Financial liabilities	(1,565)	–	–	–
Trade and other receivables	(7,568)	(13,689)	(20,453)	(12,795)
Net assets/(liabilities)	149,640	5,334	4,930	11,696

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Foreign currency exchange rate risk (cont'd)

	31.12.2024			
	Singapore Dollar RMB'000	Euro RMB'000	US Dollar RMB'000	Others RMB'000
Trade and other receivables	625	3,997	63,161	253
Cash and bank balances	133,884	7,212	13,124	1,117
Financial liabilities	(870)	–	–	–
Trade and other payables	(7,628)	(3,522)	(7,238)	(4,808)
Net assets/(liabilities)	126,011	7,687	69,047	(3,438)
US\$'000	17,565	1,072	9,625	(479)

Foreign currency exchange rate risk sensitivity

A 10% strengthening of the following major currencies against the functional currency of each of the Group's entities at the reporting date would increase/(decrease) profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit before tax		
	31.12.2023 RMB'000	31.12.2024 RMB'000	31.12.2024 US\$'000
Singapore Dollar	14,964	12,601	1,757
Euro	533	769	107
US Dollar	493	6,905	963

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed for all customers requiring credit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Credit risk (cont'd)

Trade receivables (cont'd)

An impairment analysis is performed at each reporting date using a provision matrix. The provision rates are determined based on days past due for groupings of various customer segments with similar loss patterns (i.e. by profiles of the customers). The calculation reflects the reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off after assessment and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 14. The Group's share of bills receivables of a joint venture which was used as collateral as security is disclosed in Note 5.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Trade receivables					
	Total	Current	Days past due			
			0-90 days	91-180 days	181-365 days	>365 days
As of December 31, 2023	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Expected credit loss rate	4.8%	–	0.1%	0.8%	2.2%	59.7%
Estimated total gross carrying amount at default	1,549,332	921,884	350,376	97,382	93,015	86,675
Expected credit loss	54,894	–	294	753	2,067	51,780

	Trade receivables					
	Total	Current	Days past due			
			0-90 days	91-180 days	181-365 days	>365 days
As of December 31, 2024	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Expected credit loss rate	12.6%	0.4%	7.8%	15.7%	21.2%	71.4%
Estimated total gross carrying amount at default	1,828,773	653,519	641,862	225,739	154,973	152,680
Expected credit loss	229,694	2,561	49,750	35,500	32,818	109,065

At December 31, 2024, the Group had top 5 customers (2023: top 5 customers) that owed the Group more than RMB 242.4 million (US\$33.8 million) (2023: RMB 597.7 million) and accounted for approximately 13.3% (2023: 38.6%) of trade receivables (including trade amounts due from related parties but excluding bills receivables) respectively. These customers are located in the PRC. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets mentioned in Note 14. The Group's share of bills receivables of a joint venture which was used as collateral as security is disclosed in Note 5.

Cash and fixed deposits are placed with reputable banks and financial institutions with high credit ratings and no history of default.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows, and having adequate amounts of committed credit facilities.

The table below summarizes the maturity profile of the Group's financial assets and liabilities, as well as lease liabilities, based on contractual undiscounted payments.

As of December 31, 2023	1 year or less RMB'000	1 to 5 years RMB'000	After 5 years RMB'000	Total RMB'000
Financial assets				
Trade and bills receivables	7,412,577	–	–	7,412,577
Other receivables, excluding tax recoverable	823,650	–	–	823,650
Cash and bank balances	6,039,471	–	–	6,039,471
	<u>14,275,698</u>	<u>–</u>	<u>–</u>	<u>14,275,698</u>
Financial liabilities				
Loans and borrowings	1,880,251	710,772	–	2,591,023
Trade and other payables (Note 22)	9,153,907	181,155	–	9,335,062
Lease liabilities	32,436	18,016	797	51,249
Other financial liability	–	81,368	–	81,368
	<u>11,066,594</u>	<u>991,311</u>	<u>797</u>	<u>12,058,702</u>

As of December 31, 2024	1 year or less RMB'000	1 to 5 years RMB'000	After 5 years RMB'000	Total RMB'000	Total US\$'000
Financial assets					
Trade and bills receivables	8,578,001	–	–	8,578,001	1,195,740
Other receivables, excluding tax recoverable	397,302	–	–	397,302	55,383
Cash and bank balances	6,433,593	–	–	6,433,593	896,818
	<u>15,408,896</u>	<u>–</u>	<u>–</u>	<u>15,408,896</u>	<u>2,147,941</u>
Financial liabilities					
Loans and borrowings	1,903,247	645,124	–	2,548,371	355,233
Trade and other payables (Note 22)	10,230,724	171,768	–	10,402,492	1,450,067
Lease liabilities	34,335	30,711	758	65,804	9,173
Other financial liability	–	81,368	–	81,368	11,342
	<u>12,168,306</u>	<u>928,971</u>	<u>758</u>	<u>13,098,035</u>	<u>1,825,815</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debts and equity attributable to the equity holders of the Company as disclosed in the table below. Management reviews the capital structure on an on-going basis, considering the cost of capital, the tenure and the risks associated with each class of capital. Management makes adjustments to capital structure, 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.

There were no changes in the Group's approach to capital management.

	31.12.2023	31.12.2024	31.12.2024
	RMB'000	RMB'000	US\$'000
Loans and borrowings (current and non-current)	2,540,294	2,509,800	349,857
Lease liabilities (current and non-current)	49,281	63,231	8,814
Trade and other liabilities (current and non-current)	9,475,529	10,535,523	1,468,611
Less: Cash and bank balances	(6,039,471)	(6,433,593)	(896,818)
Net debts	6,025,633	6,674,961	930,464
Equity attributable to equity holders of the Company	9,226,528	9,164,625	1,277,514
Total capital and net debts	<u>15,252,161</u>	<u>15,839,586</u>	<u>2,207,978</u>

As disclosed in Note 20, certain subsidiaries of the Group are required by the relevant authorities in the PRC to contribute and maintain a non-distributable statutory reserve fund whose utilization is subject to approval by the relevant authorities in the PRC. This externally imposed capital requirement has been complied with by the subsidiaries of the Group for the financial years ended December 31, 2023 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. FAIR VALUE MEASUREMENT

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as of December 31, 2023:

	Date of valuation	Fair value measurement using		
		Total RMB'000	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000

Assets measured at fair value

Debt financial assets ^①:

Bills receivable	December 31, 2023	3,829,777	–	3,829,777
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Quantitative disclosures fair value measurement hierarchy for assets and liabilities as of December 31, 2024:

	Date of valuation	Fair value measurement using		
		Total US\$'000	Total RMB'000	Quoted prices in active markets (Level 1) RMB'000

Assets measured at fair value

Debt financial assets ^①:

Bills receivable	December 31, 2024	599,038	4,297,376	–	4,297,376
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Note:

^① The fair values of the Group's debt financial assets at fair value through OCI were measured using the discounted cash flows model. The model incorporates market observable input including the interest rate of similar instruments.

There have been no transfers between Level 1 and Level 2 during 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	Note	Financial assets at amortized costs RMB'000	Fair Value through OCI RMB'000	Other financial liabilities at amortized cost RMB'000	Total RMB'000
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As of December 31, 2023

Financial assets

Trade and bills receivable	14	3,582,800	3,829,777	–	7,412,577
Other receivables	14	823,650	–	–	823,650
Cash and bank balances	15	6,039,471	–	–	6,039,471
		<u>10,445,921</u>	<u>3,829,777</u>	<u>–</u>	<u>14,275,698</u>

Financial liabilities

Trade and other payables	22	–	–	9,335,062	9,335,062
Loans and borrowings	26	–	–	2,540,294	2,540,294
Other financial liability	28	–	–	67,050	67,050
		<u>–</u>	<u>–</u>	<u>11,942,406</u>	<u>11,942,406</u>

	Note	Financial assets at amortized costs RMB'000	Fair Value through OCI RMB'000	Other financial liabilities at amortized cost RMB'000	Total RMB'000	Total US\$'000
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As of December 31, 2024

Financial assets

Trade and bills receivable	14	4,280,625	4,297,376	–	8,578,001	1,195,740
Other receivables	14	397,302	–	–	397,302	55,383
Cash and bank balances	15	6,433,593	–	–	6,433,593	896,818
		<u>11,111,520</u>	<u>4,297,376</u>	<u>–</u>	<u>15,408,896</u>	<u>2,147,941</u>

Financial liabilities

Trade and other payables	22	–	–	10,402,492	10,402,492	1,450,067
Loans and borrowings	26	–	–	2,509,800	2,509,800	349,857
Other financial liability	28	–	–	70,004	70,004	9,758
		<u>–</u>	<u>–</u>	<u>12,982,296</u>	<u>12,982,296</u>	<u>1,809,682</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (cont'd)

Changes in liabilities arising from financing activities

	January 1, 2023 RMB'000	Cash flows RMB'000	Addition RMB'000	Accretion of interest RMB'000	Termination RMB'000	Translation reserve RMB'000	Others RMB'000	December 31, 2023 RMB'000
Loans and borrowings								
– current	2,141,432	(291,138)	–	–	–	–	–	1,850,294
– non-current	200,000	490,000	–	–	–	–	–	690,000
Lease liabilities								
– current	31,433	(43,073)	–	1,969	(1,382)	–	44,325	33,272
– non-current	28,208	–	32,084	–	–	42	(44,325)	16,009
Other financial liability	45,950	–	18,372	2,728	–	–	–	67,050
Total liabilities from financing activities	2,447,023	155,789	50,456	4,697	(1,382)	42	–	2,656,625

As of December 31, 2023

	January 1, 2024 RMB'000	Cash flows RMB'000	Addition RMB'000	Accretion of interest RMB'000	Termination RMB'000	Translation reserve RMB'000	Others RMB'000	December 31, 2024 RMB'000	December 31, 2024 US\$'000
Loans and borrowings									
– current	1,850,294	(178,494)	–	–	–	–	200,000	1,871,800	260,922
– non-current	690,000	148,000	–	–	–	–	(200,000)	638,000	88,935
Lease liabilities									
– current	33,272	(41,752)	–	1,714	(1,353)	3	41,089	32,973	4,596
– non-current	16,009	–	55,348	–	–	(10)	(41,089)	30,258	4,218
Other financial liability	67,050	–	–	2,954	–	–	–	70,004	9,758
Total liabilities from financing activities	2,656,625	(72,246)	55,348	4,668	(1,353)	(7)	–	2,643,035	368,429

As of December 31, 2024

The 'Others' column includes the effect of reclassification of non-current portion of loans and borrowings, including obligations under lease liabilities due to the passage of time.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36. COMPARATIVE FIGURES

In 2024, Management has reclassified assurance-type warranty expenses from selling, general and administrative expenses to cost of sales. Accordingly, the comparative figures in the Consolidated Statement of Profit or Loss for the full year ended December 31, 2022 and 2023 had been adjusted to conform with this presentation. The changes to 2022 and 2023 comparatives have no impact on the operating profit for the period of the Group, its Consolidated Statement of Financial Position or Consolidated Statement of Cash Flows.

REFERENCE INFORMATION

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