



中国重汽
SINOTRUK

Sinotruk (Hong Kong) Limited
中國重汽 (香港) 有限公司

(incorporated in Hong Kong with limited liability)

Stock Code : 3808

***“Every Step Counts
for Success”***



INTERIM REPORT 2015

“**Every Step Counts
for Success**”





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HIGHLIGHTS

KEY INTERIM RESULTS FIGURES

	2015	2014	Increase/(Decrease)	
				%
Operating results (RMB million)				
Turnover	14,258	16,746	(2,488)	(14.9)
Operating profit	536	699	(163)	(23.3)
Profit attributable to equity holders of the Company	238	322	(84)	(26.1)
Profitability (%)				
Gross profit margin	18.1	16.6	1.5	9.0
Operating profit margin	3.8	4.2	(0.4)	(9.5)
Net profit margin	2.1	2.5	(0.4)	(16.0)
Liquidity				
Current ratio (time)	1.4	1.2	0.2	16.7
Inventory turnover (days)	119.9	108.7	11.2	10.3
Trade receivable turnover (days)	137.3	155.1	(17.8)	(11.5)
Trade payable turnover (days)	187.3	123.9	63.4	51.2
Sales volume (units)				
HDTs				
— Domestic	29,628	41,624	(11,996)	(28.8)
— Export (including affiliated export)	13,529	9,506	4,023	42.3
Total	43,157	51,130	(7,973)	(15.6)
LDTs	27,522	27,830	(308)	(1.1)
Buses	506	660	(154)	(23.3)
Per share data				
Earnings per share - basic (RMB)	0.09	0.12	(0.03)	(25.0)
Share information (as at 30 June)				
Number of issued ordinary shares (million)	2,761	2,761	—	—
Market capitalisation (RMB million)	10,190	8,459	1,731	20.5

BUSINESS

The Group is one of the leading HDT manufacturers in the PRC which specialises in the research, development and manufacture of HDTs, LDTs and buses and related key parts and components. HDTs are the key products of the Group. Through our diversified product portfolio, we serve a wide range of customers from different major industries including infrastructure, construction, container transportation, logistics, mining, steel and chemical.

The Group mainly manufactures trucks and also produces key parts and components such as engines, cabins, axles, steel frames and gearboxes. The Group is a HDT manufacturer which has its independent research and development and production capability in trucks as well as the most complete production chain. The Group sells truck engines and engines for use in industrial and construction machineries to independent third parties in addition to our own use. Our products are not only sold domestically but also exported to other countries and regions.

OPERATIONS

The Group's businesses are classified into four operating segments according to the nature of products and services:

(i) Heavy Duty Trucks Segment

Sales of HDTs contribute the largest portion of the Group's revenue. Its major products series include SITRAK, HOWO-T7H, HOWO-A7, HOWO, Haoyun, Sitaier King, Sitaier and Hohai, each of which is further divided into various sub-series to target different sectors of the Group's product market. In addition, the Group engages in truck refitting and manufactures specialty vehicles. The production bases are located at Ji'nan, PRC.

(ii) Light Duty Trucks and Buses Segment

The Group's LDT products mainly include HOWO, Huanghe, Fuluo, and Wangpai "7 series" products, which production bases are located at Ji'nan, Chengdu and Fujian, the PRC. The Group's HOWO buses products, which are produced at Ji'nan, the PRC, cover diesel buses, natural gas buses, trolley buses and school buses to meet different customer demands.

(iii) Engines Segment

The Group is one of the few HDT manufacturers in China that has the ability to produce HDT engines. Although most of the engines produced by the Group are for internal usage, the Group also sells industrial and construction machinery engines to independent third parties. In addition, the Group produces other HDT key parts and components, such as gearboxes and various types of casting and forging. The key production bases are located at Ji'nan and Hangzhou, the PRC.

(iv) Finance Segment

The finance segment of the Group provides financial services related to the members of the Group and the CNHTC Group. Financial services include deposits taking, borrowings, commercial notes and bank bills discounting and provision of vehicle consumer credit. In addition, it cooperates with authorized financial institutions to provide consumer credit. It builds up a vehicle consumer credit network. At present, it has already set up 19 regional offices and extended its consumer credit business to over 20 provinces, covering most areas in the PRC.

SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of the Company are CNHTC and MAN SE. CNHTC is a PRC state-owned HDT manufacturing enterprise and indirectly holds 51% of the entire issued capital of the Company. MAN SE indirectly holds 25% of the entire issued share capital of the Company plus one Share. The MAN Group is one of Europe's leading manufacturers of commercial vehicles, engines and mechanical engineering equipment with revenue of approximately Euro 6.7 billion for the first half of year 2015 and there were 55,196 employees worldwide as at 30 June 2015.

DEFINITIONS

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

“Articles”	the articles of association of the Company, as amended, supplemented or otherwise modified from time to time
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“Chengdu Wangpai”	Sinotruk Chengdu Wangpai Commercial Vehicles Co., Ltd., a non-wholly owned subsidiary of the Company
“China” or “PRC”	the People’s Republic of China, and for the purpose of this interim report, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“CNHTC”	中國重型汽車集團有限公司(China National Heavy Duty Truck Group Company Limited), a state-owned enterprise organized under the laws of the PRC with limited liability, being the ultimate holding of the Company and the controlling shareholder (as defined in the Listing Rules) of the Company
“CNHTC Group”	CNHTC and its subsidiaries other than the Group
“Companies Ordinance”	Companies Ordinance (Chapter 622 of the Laws of Hong Kong) which took effect from 3 March 2014
“Company” or “Sinotruk”	Sinotruk (Hong Kong) Limited
“Director(s)”	the director(s) of the Company
“Fujian Haixi”	Sinotruk Fujian Haixi Vehicles Co., Ltd., a non-wholly owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“HDT(s)”	heavy duty truck(s) and medium-heavy duty truck(s)
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Ji’nan Truck”	Sinotruk Ji’nan Truck Co., Ltd., a non-wholly owned subsidiary of the Company and its shares listed on the Shenzhen Stock Exchange

“LDT(s)”	light duty truck(s)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MAN Group”	MAN SE and its subsidiaries
“MAN SE”	MAN SE, a company incorporated under the laws of Germany, the shares of which are listed on the German Stock Exchange in Germany (ISIN DE 0005937007, WKN 593700) and the beneficiary owner of 25% of the entire issued share capital of the Company plus one Share
“Period”	the six months ended 30 June 2015
“PBC”	The Peoples’ Bank of China
“Remuneration Committee”	the remuneration committee of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s) from time to time
“Shenzhen Stock Exchange”	Shenzhen Stock Exchange in the PRC
“Sinotruk Finance”	Sinotruk Finance Co., Ltd., a non-wholly owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	a subsidiary for the time being of the Company within the meaning of the Companies Ordinance whether incorporated in Hong Kong or elsewhere and “subsidiaries” shall be construed accordingly
“%”	per cent

BOARD OF DIRECTORS

Executive Directors:

Mr. Ma Chunji (*Chairman*)
Mr. Cai Dong (*President*)
Mr. Tong Jingen
Mr. Wang Shanpo
Mr. Kong Xiangquan
Mr. Liu Wei
Mr. Liu Peimin
Mr. Franz Neundlinger

Non-executive Directors:

Dr. Georg Pachta-Reyhofen
Mr. Anders Olof Nielsen

Independent Non-executive Directors:

Dr. Lin Zhijun
Dr. Ouyang Minggao
Mr. Chen Zheng
Dr. Lu Bingheng
Mr. Yang Weicheng
Dr. Huang Shaoan

EXECUTIVE COMMITTEE

Mr. Ma Chunji (*Chairman*)
Mr. Cai Dong
Mr. Tong Jingen
Mr. Wang Shanpo
Mr. Kong Xiangquan
Mr. Liu Wei
Mr. Liu Peimin
Mr. Franz Neundlinger

STRATEGY AND INVESTMENT COMMITTEE

Mr. Ma Chunji (*Chairman*)
Mr. Cai Dong
Dr. Ouyang Minggao
Dr. Lu Bingheng
Dr. Huang Shaoan
Mr. Wang Shanpo
Mr. Franz Neundlinger

REMUNERATION COMMITTEE

Mr. Chen Zheng (*Chairman*)
Dr. Lin Zhijun
Mr. Yang Weicheng
Mr. Tong Jingen
Mr. Liu Wei

AUDIT COMMITTEE

Dr. Lin Zhijun (*Chairman*)
Dr. Ouyang Minggao
Mr. Chen Zheng

INCENTIVE SCHEME INDEPENDENT BOARD COMMITTEE

Dr. Lin Zhijun
Dr. Ouyang Minggao
Mr. Chen Zheng

HEAD QUARTER

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REGISTERED OFFICE IN HONG KONG

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Shun Tak Centre, 168-200
Connaught Road Central
Hong Kong

COMPANY SECRETARIES AND AUTHORIZED REPRESENTATIVES

Mr. Tong Jingen
Mr. Kwok Ka Yiu

PRINCIPAL BANKERS

Industrial and Commercial Bank of
China - Ji'nan Branch, Tianqiao
Sub-branch
Bank of China - Ji'nan Branch
Agricultural Bank of China - Ji'nan
Branch, Huaiyin Sub-branch
China Construction Bank - Ji'nan
Branch, Tianqiao Sub-branch

LEGAL ADVISERS

Hong Kong

Sidley Austin

PRC

DeHeng Law Offices

AUDITOR

PricewaterhouseCoopers

SHARE REGISTRAR

Computershare Hong Kong Investor
Services Limited

COMPANY WEBSITE

www.sinotruk.com

SECURITIES CODE

Equity: 3808.hk

INVESTOR RELATIONS

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PUBLIC RELATIONS CONSULTANT

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MARKET OVERVIEW

During the first half of 2015, China's GDP growth gradually went down to 7.0%, shifting from a phase of high growth to a phase of medium-high growth. The growth of consumption, investment and net exports decline in various levels. Fixed asset investment saw an especially sharp decline and became a major drag on the economic growth. As a result of the decelerating economic growth and the advance sales due to the implementation of the China's National IV Emission Standards on 1 January 2015, industry sales of HDTs declined significantly. According to the statistics from the China Association of Automobile Manufacturers, sales of HDTs declined 31.1% year-over-year ("YOY") to approximately 295,000 units during the first half of 2015.

REVIEW OF OPERATIONS

During the Period, the Group's efforts to optimize its product mix, product positioning and production layout were evident. Heavy duty trucks segment of the Group took the lead in the industry upgrade, while the light duty trucks segment of the Group expanded rapidly. According to the changes of the economic conditions and market demand, the Group adjusted the development strategy, uplifted the enterprise innovation ability, enhanced the internal controls, improved the development quality, increased the economic benefits and maintained the stable operations.

HEAVY DUTY TRUCKS SEGMENT

During the Period, HDTs sales volume decreased to 43,157 units, representing a decrease of 15.6% YOY and revenue from the HDTs segment was RMB12,031 million, representing a decrease of 15.2% YOY.

Domestic Business

Due to the slowdown in fixed asset investment and the mining industry, market demand for construction vehicles saw a dramatic decline. The sales of tipper trucks, the major product in the Group's construction vehicles, declined significantly but maintained its industry leading position. Faced with the sluggish market, the Group is committed to improving its product mix. With the support of the advanced technology and reliable quality of its highway vehicles, the Group's tractor products saw a sharp increase in its sales volume and proportion to the Group's products, and market shares. Trucks equipped with MAN technology maintained robust growth and drove the Group's overall sales, especially for tractor and cargo trucks. The Group enhanced its product technology and quality to further reinforce its competitive strengths in the complicated market environment. Despite the declining sales caused by the unfavorable industry trends, the combined market share of the Group and CNHTC Group reached 18.37% in the first half of 2015, representing an increase of 2.08 percentage points YOY.

During the Period, the Group pushed through progressive innovations in its business model, improved its sales structure and further improved its distribution network. As at 30 June 2015, the Group had a total of 741 HDTs dealerships, including 128 4S centers and 147 SINOTRUK branded dealerships, 1,611 service centers providing high quality after-sales services, and 148 refitting companies to provide truck refitting services to HDTs. The distribution network for the Group's entire product range was improved.

International Business

During the first half of 2015, the global economic recovery remained sluggish. As overseas market demand remained weak, China's export growth slowed further.

During the Period, the Group's overseas sales remained stable. Exports to Africa and Southeast Asia, which have traditionally been the Group's strong markets, showed significant growth. Major oil producing countries, such as Russia, suffered dramatic economic decline as oil prices fell sharply, leading to a severe contraction in demand of heavy duty trucks. Due to political turmoil and drastic changes in trade regulations of other export regions, exports to these regions also declined. During the Period, the Group's export volume of HDTs (including affiliated exports) reached 13,529 units, representing an increase of 42.3% YOY. Export revenue (including affiliated exports) was RMB3,830 million, representing an increase of 44.0% YOY.

In view of the complicated international market environment, the Group is committed to taking advantage of the "One Belt and One Road" policy and intensifying its foray into international markets. The Group will continue to establish its international brand image, build and enhance its marketing network, promote new products and technologies, improve its after-sales services and develop its overseas cooperation model to promote the export business.

As at 30 June 2015, the Group had established 177 sales centers of primary distributors in over 70 countries and regions. The Group had also cooperated with overseas distributors to establish 329 service outlets and 330 parts and accessory stores.

LIGHT DUTY TRUCKS AND BUSES SEGMENT

During the Period, the Group's LDTs sales volume decreased 1.1% YOY to 27,522 units. Bus sales were 506 units, representing a decrease of 23.3% YOY. Revenue from the segment increased 1.0% YOY to RMB1,947 million.

During the Period, the LDTs business progressed smoothly. The HOWO light duty truck series gradually gained the market recognition as a result of the Ji'nan LDTs segment's continuous efforts to enhance its brand image and marketing strategies, as well as to improve product quality and create innovative products that cater to different customer needs. The Group further promoted sales through its mature vehicle financing model and marketing strategies. Responding to the market needs, Chengdu Wangpai continued its active engagement in product planning and development. It established a rapid after-sales response program, ran a market-oriented sales and services program, and increased its efforts to promote new clean energy vehicles. Chengdu Wangpai also comprehensively improved its product quality and diversified its product mix for different regions and customer bases. Fujian Haixi strengthened its product research and development and markets exploration, increase its marketing activities as well as to fully integrate MAN Group's technology.

During the Period, the Group actively engaged in the development of all-electric commercial vehicles and green energy buses. The Group continued to develop and improve its distribution network and gradually improve the product quality of its buses. In order to promote sales, the Group further improved its after-sales services, strengthened its development in traditional regional and overseas markets, and explored new markets.

As at 30 June 2015, the Group had a total of 977 LDTs dealerships, including 76 4S centers, 149 SINOTRUK-branded dealerships, 1,667 service centers providing high quality after-sales services, and 31 refitting companies in the PRC that cater to the needs of our LDTs customers. The Group had a total of 43 bus dealerships and 36 service centers for bus products in the PRC.

ENGINES SEGMENT

The Group is dedicated to developing innovative new engine technology, implementing strict quality control, improving the product quality and delivering high-technology products that are both reliable and fuel-efficient. In addition to fulfilling the internal demand, the Group also sells engines to related parties and to other manufacturers of HDTs, buses, and construction machinery.

During the Period, the sales volume of engines decreased by 15.9% YOY to 54,705 units and segment revenue decreased by 10.6% YOY to RMB3,959 million. External sales accounted for 9.8% of the engine segment's revenue, representing a decrease of 3.8 percentage points from 13.6% during the same period of last year.

The localization of MAN Group's engine technology continued to progress smoothly. Engines for heavy duty trucks and medium-heavy duty trucks have begun scaled production. By improving staff training and production techniques for MAN Group's engines and strengthening the production quality control, the compatibility between engines and trucks and the quality and reliability of Chinese-made products have been improved. The Group will continue to implement the testing and certification of engines on buses and other products in order to further expand the application of MAN Group's engine technology.

TECHNOLOGICAL UPGRADE

During the Period, the Group's capital expenditures amounted to RMB320 million. Major investments were made in the construction of a national heavy duty truck engineering technology research center, improvements in production techniques and quality control standards, and the enhancement of research, development and innovation capabilities.

RESEARCH AND DEVELOPMENT

The Group remained committed to its technology-focused strategy. The Group took full advantage of its research platforms and increased investment in the research and development to strengthen its innovation capacity. By strengthening the cooperation with the MAN Group in the development of high quality engines, parts and components and trucks, the Group further enhanced its competitive strength. During the Period, the technology center has completed a total of 338 projects, ranging from the development of trucks, key parts and components, conduct of experiments and verification, trial production of vehicles and fine tuning.

As at 30 June 2015, the Group and its parent company had participated in the formulation of 75 industry standards for China's HDTs and were granted with 3,046 patents, securing the largest number of patents in the HDTs industry.

During the Period, the Group offered 2,668 product models that comply with China's National IV or China's National V Emission Standards which cater to various customer needs.

FINANCE SEGMENT

During the Period, revenue from the finance segment of the Group was RMB219 million, representing an increase of 36.7% YOY and its external revenue was RMB145 million, representing an increase of 8.2% YOY. The increase in revenue was primarily due to the increase of the inter-segment loans and interbank deposits as well as the expansion of the consumer credit business, resulting the increase in loan interest income and increase in interest income from interbank deposits.

During the Period, the Group took full advantage of favorable national policies and its mature automobile financing service platform to expand the scope of its consumer credit business. The Group promoted automobile financing services such as consumer credit, financial leasing services and various other automobile consumer credit services to meet customer demand for trucks, all of which helped to boost the Group's trucks sales. As at 30 June 2015, Sinotruk Finance had established 19 regional offices and extended its consumer credit business coverage to over 20 provinces, covering most parts of China. This helped to further enhance the Group's automobile consumer credit network. During the Period, the Group sold 2,443 trucks using automobile financing services, representing a decrease of 16.4% YOY.

SIGNIFICANT INVESTMENTS

In April 2015, the Company's indirect wholly-owned subsidiary, Sinotruk (Hong Kong) Capital Holding Limited, and an independent third-party, China-Africa Manufacturing Investment Co., Limited, jointly established Sinotruk (Hong Kong) Hongye Limited and subscribed its 65% equity interest at the amount of US\$19.5 million, and its 35% equity interest at the amount of US\$10.5 million, respectively.

In June 2015, the Company, CNHTC and Shandong International Trust Corporation entered into a capital contribution agreement for the formation of Shandong HOWO Auto Finance Co., Ltd. to participate in the automobile financing business. The Company, CNHTC and Shandong International Trust Corporation will contribute RMB250 million, RMB100 million and RMB150 million and hold 50%, 20% and 30% equity of Shandong HOWO Auto Finance Co., Ltd., respectively. Details of which were disclosed in the Company's announcement dated 9 June 2015.

HUMAN RESOURCES

As at 30 June 2015, the Group had a total of 26,152 employees. The Group matched its corporate development needs to innovate its human resources management methods, proactively attracted senior executives and technical personnel and optimize the allocation of human resources so as to provide further intellectual support and human resources for the Group's continued sustainable development. The Group highly values its human resources including team building and talent development. Through open and fair recruitment, the Group recruited senior management and technical talent and further optimized its human resources structure and quality. Moreover, the Group continued to optimize its performance assessment system for promotion management of the employees, non-leadership staff appraisal system to provide better incentives to the employees. In addition, to the extent necessary to protect the Group's intellectual property rights and other vital competitive interests, qualified employees may enjoy certain retirement and non-compete compensations.

BUSINESS STRATEGIES AND PROSPECTS

In the second half of 2015, imbalanced growth is expected to continue in the major economies of the world and there are still uncertainties regarding the economic recovery. China's economy is under heavy downward pressure due to complicated changes in both the domestic and overseas environment, as well as the continued transformation of the domestic economy. A series of measures to stabilize economic growth and promote domestic economic development, the "One Belt and One Road," "Internet Plus" and "Made in China 2025" plans are presenting new opportunities and challenges to enterprises in China. With economic volatility in both the domestic and overseas markets and keen competition, the Group will continue to enhance its competitiveness, adjust its operational strategies in a timely manner, and adopt various measures to ensure sound and robust growth.

1. The Group will develop an innovative sales and marketing strategy, set up new business policies and further optimize domestic marketing network to promote product sales. By fully utilizing the internet information platform, the Group will develop a new marketing and promotion program. The Group will pay greater attention to and improve the quality and effectiveness of the Group's marketing network, consolidate marketing resources and set specific marketing targets and effective marketing strategy to provide complete marketing and sales strategies. The Group will also promote its products based on different brands and different series and launch key products to the market on appropriate timing and market conditions. The Group will enhance the trainings to its sales staff and customer services teams for provision of better sales and after-sales services. The Group will provide innovative financing support and expand its consumer credit business by utilization of the financial platforms of Sinotruk Finance and Shandong HOWO Auto Finance Co., Ltd. to boost product sales and therefore increase its market shares.
2. The Group will continue to implement its internationalization strategy to further develop international markets and create new advantages. The Group will further promote its brand and increase its brand awareness and influence. The Group will continue to explore overseas markets and strengthen its distribution network, including after-sales services in key markets. The Group will push forward the construction of overseas warehouses for spare parts and assembly plants, and strive to localize production and after-sales services. The Group will also strengthen its human resources and sales teams. In addition, the Group will leverage development opportunities in countries and regions along the Silk Road Economic Belt and the Maritime Silk Road. The Group will continue to strengthen its international financing support to increase its exports. The Group will increase its efforts in its traditionally weak markets and reinforce its competitiveness in traditionally strong markets to maintain SINOTRUK's leading global position. The Group will accelerate the export of HDTs, LDTs and buses.
3. The Group will continue to optimize its product mix to consolidate its advantage and market position in the construction vehicles. The Group will fully leverage the advantages of MAN technology to increase the sales of transportation trucks such as tractors and transition focus from increase in sales volume to high quality products sales. The Group will focus on promoting the SINOTRUK brand and increasing its market influence. The Group will also improve its product quality and technology to boost sales of HDTs, LDTs and buses.
4. The Group will continue to carry out "Brand, Quality and Efficiency Year" exercises to strengthen internal controls, reduce costs and improve profitability. The Group will strengthen its risk management capabilities and improve its performance to facilitate healthy and continued growth. The Group will continue to improve its centralized and categorized purchasing, and optimize its supply chain to reduce purchasing costs. Moreover, the Group will take advantages of overseas financing platform to lower the cost of capital, centralization of treasury function locally and aboard and the optimization of its debt structure to reduce operating costs.
5. The Group will continue to strengthen its cooperation with the MAN Group to ensure the smooth launch of new products. Based on the market trends, both the Group and MAN Group will explore and seek co-operation in different areas. It will also look to explore and expand co-operation areas based on market developments.

FINANCIAL REVIEW

Turnover, gross profit and gross profit margin

For the Period, the Group's turnover recorded RMB14,258 million, compared with that of the same period of 2014 at RMB16,746 million, representing a decrease of RMB2,488 million or 14.9% YOY. The decrease in the turnover is primarily attributable to the decrease in HDTs sales volume.

Gross profit for the Period was RMB2,580 million, representing a decrease of RMB195 million or 7.0% YOY compared to that of the same period of 2014 of RMB2,775 million. Gross profit margin for the Period was 18.1%, compared with that of the same period of 2014 at 16.6% representing an increase of 1.5 percentage points. The increase in the gross profit margin was mainly due to the result of the costs efficiency exercises taken by the Group to reduce the procurement costs and controllable expenses.

Distribution costs

Distribution costs increased from RMB1,121 million for the six months ended 30 June 2014 to RMB1,141 million for the Period, representing an increase of RMB20 million or 1.8% YOY. During the Period, distribution costs accounted for 8.0% to turnover and compared to the same period of 2014 at 6.7%, represented an increase of 1.3 percentage points. The increase was primarily resulted from the increase in exports, sea freight, sales promotion expenses, exhibition costs, etc.

Administrative expenses

Administrative expenses increased from RMB1,040 million for the six months ended 30 June 2014 to RMB1,196 million for the Period, representing an increase of RMB156 million or 15.0% YOY. The increase was mainly due to the increase in the provision for bad debts in accordance with the increase in account receivables of the trade receivables under the Group's prudent provisioning policy and the increase in research and development cost.

Other gains - net

There was an increase in net other gains from RMB85 million for the six months ended 30 June 2014 to RMB291 million for the Period, representing an increase of RMB206 million or 242.4% YOY. The increase was mainly due to the gains from disposal of properties, the increase in revenue from financial assets, the increase in market value of financial assets and foreign exchanges gains.

Finance costs - net

Net finance cost decreased from RMB186 million for the six months ended 30 June 2014 to RMB142 million for the Period, representing a decrease of RMB44 million or 23.7% YOY. The decrease in net finance cost was due to the reduction of interest expenses as a result of decrease in borrowings scale.

Income tax expense

Income tax expense increased from RMB98 million for the six months ended 30 June 2014 to RMB102 million for the Period, representing an increase of RMB4 million or 4.1% YOY. Last year's income tax expense was significantly reduced by the recognition of tax losses while the impact of the recognition of the tax losses was small during the Period.

Profit for the period and earning per share

Profit for the period decreased from RMB412 million for the six months ended 30 June 2014 to RMB293 million for the Period, representing a decrease of 28.9% YOY. Profit attributable to equity holders of the Company for the Period was RMB238 million, representing a decrease of 26.1% YOY. The basic earnings per share attributable to equity holders of the Company for the Period was RMB0.09, representing a decrease of RMB0.03 or 25.0% YOY, compared with that of the same period of 2014 at RMB0.12.

Trade and net financing services receivables

As at 30 June 2015, the trade receivables were increased from RMB10,499 million as at 31 December 2014 to RMB10,801 million, representing an increase of 2.9%. The trade receivables turnover was 137.3 days, a decrease of 11.5% YOY during the Period and was still within the Group's credit policies which are from three to six months to the customers. As at 30 June 2015, the trade receivables aged not more than six months were RMB9,039 million or 83.7% to net trade receivables while it was 91.2% for the net trade receivables as at 31 December 2014.

As at 30 June 2015, the net financing services receivables decreased from RMB1,773 million as at 31 December 2014 to RMB1,728 million, representing a decrease of 2.5%. The finance segment of the Group has granted credit period from 1 to 3 years. In addition, these financing services receivables are secured by the vehicles together with guarantees provided by the dealers and relevant parties.

The Group reviews the repayment progress of large customers or customers with higher risk of default in repayment on monthly basis and assesses impairment loss by reference to their business, actual repayment information and others.

Cash flow

Net cash inflow from operating activities for the Period was RMB1,716 million (with considering the amount of bank acceptances notes decreased by RMB627 million, the net cash inflow from operating activities during the Period was RMB1,089 million) and compared with net cash inflow in the same period of 2014 at RMB3,906 million, there was a decrease of cash inflow by RMB2,190 million which was mainly due to the increase of inventories.

Net cash outflow from investing activities for the Period was RMB1,287 million, representing a decrease in cash outflow by RMB167 million compared to that of the same period of 2014. The decrease was mainly due to the decrease in financial products purchased during the Period but such decrease was partially offset by the increase in spending in purchase of property, plant and equipment and the prepayment of long term investment.

The cash outflow from financing activities for the Period was RMB879 million, compared with that of the same period of 2014 at RMB738 million, representing an increase of cash outflow by RMB141 million which was mainly due to the faster speed in reduction of the scale of borrowings.

Liquidity and financial resources

The Group had cash and cash equivalents of RMB5,993 million and bank acceptance notes of RMB2,973 million as at 30 June 2015. Cash and cash equivalents decreased by RMB447 million and bank acceptance notes decreased by RMB627 million as compared with those at the beginning of 2015. As at 30 June 2015, the Group's total borrowings (including long-term and short-term borrowings and borrowings from the related parties) were about RMB6,284 million and its gearing ratio (total borrowings divided by total assets) was 13.4% (31 December 2014: 16.4%).

As at 30 June 2015, all borrowings were made in RMB (31 December 2014: all in RMB). Most of the borrowings were charged with reference to banks' preferential floating rates and were due within one year to two years. The current ratio (total current assets divided by total current liabilities) as at 30 June 2015 was 1.4 (31 December 2014: 1.4).

As at 30 June 2015, total available credit facilities of the Group amounted to RMB30,064 million, of which RMB5,543 million had been utilised. An aggregate amount of RMB915 million of the Group's deposits and bank deposits was pledged to secure credit facilities. In addition, Sinotruk Finance has made mandatory deposits of RMB1,009 million to PBC for its financial operations. The Group meets the daily liquidity needs by matching operating cash flow patterns with funds on hand and enhances its liquidity by way of application for longer credit periods from suppliers, utilization of banking facilities and issue of bills such as short-term commercial acceptance notes and bank acceptance notes.

Financial management and policy

The finance department is responsible for financial risk management of the Group. One of our key financial policies is to manage exchange rate risk. Our treasury policy prohibits the Group from participating in any speculative activities.

As at 30 June 2015, most of the Group's assets and liabilities were denominated in RMB, except for restricted cash and bank deposits which in total were equivalent to approximately RMB522 million, financial assets at fair value through profit or loss of approximately RMB73 million, accounts receivable and other receivable of approximately RMB1,631 million, accounts payable and other payables of approximately RMB107 million and amounts due to related parties of approximately RMB72 million, all of which were denominated in currencies other than RMB.

Capital structure

As at 30 June 2015, owner's equity of the Group was RMB21,387 million, representing an increase of RMB141 million or 0.7% when compared with RMB21,246 million at the end of year 2014.

As at 30 June 2015, the Company's market capitalisation was RMB10,190 million (calculated by issued share capital: 2,760,993,339 shares, closing price: HKD4.68 per share and at the exchange rate of 0.78861 between HKD and RMB).

DIVIDENDS

The Board does not propose the declaration of any interim dividends for the six months ended 30 June 2015.

GOING CONCERN

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

CONTINGENT LIABILITIES, LEGAL PROCEEDINGS AND POTENTIAL LITIGATION

During the Period, the Group was not involved in any litigation, arbitration or administrative proceedings that could have a materially adverse effect on its financial condition and results of operations. The Group estimates that the total amount of claims of all lawsuits is approximately RMB151 million. During the Period, the Group did not make any provision for legal claims.

CORPORATE GOVERNANCE

Corporate Governance Practice

The Board and senior management of the Company commit to maintain a high standard of corporate governance, to formulate good corporate governance practice for improvement of accountability and transparency in operations, and to strengthen the internal control system from time to time so as to ensure to meet with the expectations of the Shareholders. The Company has adopted the corporate governance codes as set out in Appendix 14 “Corporate Governance Code and Corporate Governance Report” to the Listing Rules as its own code of corporate governance (the “**CG Code**”).

During the Period, the Company has been in compliance with the CG Code, save for the Company did not establish a nomination committee. According to article 80 of the Articles, the Board is entitled, from time to time and at any time, to appoint any person to be a Director for filling any vacant directorship or for increasing the number of Directors. In assessing the nominations of new Directors, the Board will consider their relevant experience, professional and educational background, and potential contributions that may be brought to the Company. The Board takes up all functions of nomination committee as required under the Listing Rules.

Directors’ Securities Transactions

The Company has adopted Appendix 10 “Model Code for Securities Transactions by Directors of Listed Issuers” to the Listing Rules as the code of conduct for securities transactions by the Directors (the “**Model Code**”). After making specific enquires with all Directors by the Company, all Directors have confirmed that they have complied with the standards required by the Model Code for the Period.

Board

The Board is responsible for formulating group policies and business directions, and monitoring internal controls and performances. As at 30 June 2015, the Board had a total of 17 Directors comprising 8 executive Directors, Mr. Ma Chunji, Mr. Cai Dong, Mr. Tong Jingen, Mr. Wang Shanpo, Mr. Kong Xiangquan, Mr. Liu Wei, Mr. Liu Peimin and Mr. Franz Neundlinger; 3 non-executive Directors, Dr. Georg Pachta-Reyhofen, Mr. Anders Olof Nielsen and Mr. Jörg Astalosch; and 6 independent non-executive Directors, Dr. Lin Zhijun, Dr. Ouyang Minggao, Mr. Chen Zheng, Dr. Lu Bingheng, Mr. Yang Weicheng and Dr. Huang Shaoan. Mr. Ma Chunji is the chairman of the Board and Mr. Cai Dong is the president of the Company.

Mr. Jörg Astalosh resigned as non-executive Director with effect from 1 August 2015.

Remuneration Committee

The Remuneration Committee is mainly responsible for the appraisal of the senior management performance and making recommendation on their remuneration including formulating performance appraisal standards and procedures, mainly commenting proposals of the appraisal mechanisms, rewarding system and penalties as well as staff option schemes. The committee will supervise the remuneration and other benefits offered by the Group to Directors. As at 30 June 2015, the committee comprised 5 members, namely, Mr. Chen Zheng, Dr. Lin Zhijun, Mr. Yang Weicheng, Mr. Tong Jingen and Mr. Liu Wei. Mr. Chen Zheng is the chairman of the committee.

Audit Committee

The Audit Committee is mainly responsible for reviewing and monitoring the financial control, internal control systems and risk management systems, including assessment of the financial and accounting policies, review of interim reports, annual reports and accounts, etc and performing the Group's corporate government functions including the review of the compliance with the corporate governance and the disclosure in the corporate governance report in the annual report. In addition, the committee is responsible for the appointment, re-appointment and removal of external auditor, and for reporting to the Board on the recommendation, assessment and supervision of the external auditor in respect of its independence and objectivity, the effectiveness of the audit procedures, formulation of policies on the provision of non-audit services by the external auditor, the handling of any issues related to the resignation of auditor or the removal of such auditor, and the communication with the external auditor on auditing matters. As at 30 June 2015, the committee comprised 3 members, namely, Dr. Lin Zhijun, Dr. Ouyang Minggao and Mr. Chen Zheng. Dr. Lin Zhijun is the chairman of the committee.

REVIEW OF INTERIM RESULTS

This unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2015 has been reviewed by the Audit Committee and by PricewaterhouseCoopers, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by Hong Kong Institute of Certified Public Accountants.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

CHANGES IN DIRECTOR INFORMATION

Mr. Anders Olof Nielsen, a non-executive Director, has resigned as the chief executive officer of MAN Truck & Bus AG with effect from 31 March 2015 and, now, is the head of business development of group commercial vehicles of Volkswagen AG, the controlling shareholder of MAN SE.

COMMUNICATIONS WITH SHAREHOLDERS

The Company considers that active communications with investors are important and provides reports with transparency and clarity in disclosures. Any significant events fall to be disclosed will be published in a timely, accurate and complete manner through the Company's website and HKExnews, website of Hong Kong Exchanges and Clearing Limited, so as to safeguard shareholders' rights of information and participation. Ji'nan Truck publishes its announcements in the website of Shenzhen Stock Exchange as required by the regulations. The Company announces the latest financial information of Ji'nan Truck from time to time in the Company's website and HKExnews.

The securities department of the Company is responsible for promoting investor relations actively for increased communications and ensuring that the investors are able to obtain information about the Group on a fair and timely basis to assist them in making the best investment decisions. For cultivating good relationship with shareholders and potential investors, the Company had participated in a number of one-on-one meetings, investors' conferences, road shows and production base site visits during the Period. Analysts and fund managers may enrich their knowledge on the production operations of the Group through these activities. Investors and the public may also browse the website of the Company at www.sinotruk.com for the latest information available in respect of the Group including information on the financial conditions and the business developments.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2015, so far is known to the Directors, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions therein that they shall be deemed to have pursuant to such provisions of the SFO)), or any interests or short positions which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or any interests or short positions which have to be notified to the Company and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2015, so far as it is known to the Directors, the persons (other than a Director or chief executive of the Company) who had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register of the Company required to be kept under section 336 of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group was as follows:

A) The Company

Name of shareholder	Capacity	Number of ordinary shares in which the shareholder is deemed to have interests	Position	Percentage of shareholding (%)
Sinotruk (BVI) Limited (<i>Note 1</i>)	beneficial owner	1,408,106,603	Long	51
MAN Finance and Holding S.A. (<i>Note 2</i>)	beneficial owner	690,248,336	Long	25

Notes:

- 1) Sinotruk (BVI) Limited is a company incorporated in the British Virgin Islands whose entire issued share capital is held by CNHTC. CNHTC is deemed to have an interest in all the Shares held by Sinotruk (BVI) Limited under the SFO.
- 2) MAN Finance and Holding S.A. is a company incorporated in Luxembourg whose entire issued share capital is held by MAN SE. MAN SE is deemed to have an interest in all the Shares held by MAN Finance and Holding S.A. under the SFO.

B) Members of the Group

Name of equity holder	Capacity	Name of member of the Group	Position	Percentage of equity interest held
Liuzhou Yunli Assets Investment and Guarantee Co., Ltd.	Beneficial owner	Sinotruk Liuzhou Yunli Special Vehicles Co., Ltd.	Long	40%
Yongan Fudi Investment Co., Ltd.	Beneficial owner	Fujian Haixi	Long	20%
Chengdu Dachenggong Mechanics Co., Ltd.	Beneficial owner	Chengdu Wangpai	Long	20%
Suizhou Huawei Investment Holdings Co., Ltd.	Beneficial owner	Sinotruk Hubei Huawei Special Vehicles Co., Ltd.	Long	40%

Save as disclosed above, as at 30 June 2015, so far as it is known to the Directors, there was no other person (other than a Director or chief executive of the Company) who had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register of the Company required to be kept under section 336 of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

EMPLOYEE SHARE INCENTIVE SCHEME AND INCENTIVE SCHEME INDEPENDENT BOARD COMMITTEE

References are made to the announcement of the Company dated 28 August 2012, the Company adopted an employee share incentive scheme and established an incentive scheme independent board committee. There was no scheme shares being issued nor any Shares being purchased since the adoption of the employee share incentive scheme. Pursuant to the rules of the scheme, the scheme will be terminated on 27 August 2015 and the incentive scheme independent board committee will be dissolved on 27 August 2015.

SPECIFIC PERFORMANCE BY THE CONTROLLING SHAREHOLDER

On 21 February 2014, the Company had entered into a facility agreement (the “**Facility Agreement**”) with Bank of China (Hong Kong) Limited and other financial institutions for the borrowing of RMB1,000,000,000 for 36 months (the “**Facility**”).

Pursuant to the Facility Agreement, it will be an event of default if CNHTC is no longer the beneficial owner (directly or indirectly) of more than 50% of the entire issued share capital of the Company. In case of an occurrence of an event of default which is continuing, the agent of the Facility may by notice to the Company (a) cancel the Facility whereupon such Facility shall be immediately cancelled; (b) declare that all or part of the loans made or to be made under the Facility or the principal amount outstanding for the time being of these loans (the “**Loans**”), together with accrued interest, and all other amounts accrued or outstanding under the Facility Agreement and other documents designated as finance documents under the Facility Agreement by the agent and the Company be immediately due and payable, whereupon such Loans and other amounts shall immediately become due and payable; and/or (c) declare that all or part of the Loans be payable on demand, whereupon such Loans shall immediately become payable on demand by the agent.

CONSTITUTIONAL DOCUMENTS

New Articles had been adopted by the Shareholders in the annual general meeting of the Company held on 29 June 2015. A copy of the new Articles is available on the websites of the Company and the Stock Exchange (www.hkexnews.hk).

By order of the Board

Ma Chunji

Chairman

Ji'nan, PRC, 25 August 2015



羅兵咸永道

TO THE BOARD OF DIRECTORS OF SINOTRUK (HONG KONG) LIMITED

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 22 to 56, which comprises the interim condensed consolidated statement of financial position of Sinotruk (Hong Kong) Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2015 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 25 August 2015

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015
(All amounts in RMB thousands unless otherwise stated)

		Unaudited	
		Six months ended 30 June	
	Note	2015	2014
Turnover	6	14,257,545	16,746,350
Cost of sales		(11,677,417)	(13,971,794)
Gross profit		2,580,128	2,774,556
Distribution costs		(1,140,522)	(1,121,138)
Administrative expenses		(1,195,552)	(1,040,012)
Other gains – net		291,472	85,280
Operating profit	7	535,526	698,686
Finance income		34,015	34,336
Finance costs		(176,196)	(220,237)
Finance costs – net		(142,181)	(185,901)
Share of post-tax profits/(losses) of associates		946	(2,328)
Profit before income tax		394,291	510,457
Income tax expense	8	(101,772)	(98,459)
Profit for the period		292,519	411,998
Other comprehensive income:			
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Remeasurements of termination and post-employment benefits		(6,080)	(5,730)
<i>Item that may be reclassified to profit or loss</i>			
(Losses)/gains on currency translation		(347)	2,555
Total comprehensive income for the period		286,092	408,823

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015
(All amounts in RMB thousands unless otherwise stated)

		Unaudited	
		Six months ended 30 June	
Note		2015	2014
Profit attributable to:			
	– Equity holders of the Company	238,376	321,756
	– Non-controlling interests	54,143	90,242
		292,519	411,998
Total comprehensive income attributable to:			
	– Equity holders of the Company	233,428	318,581
	– Non-controlling interests	52,664	90,242
		286,092	408,823
Earnings per share for profit attributable to the equity holders of the Company during the period (expressed in RMB per share)			
	– basic and diluted	0.09	0.12
9			

The notes on pages 29 to 56 form an integral part of this interim condensed consolidated financial information.

Details of dividends of the Company are set out in Note 10 to this interim condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

(All amounts in RMB thousands unless otherwise stated)

	Note	Unaudited 30 June 2015	Audited 31 December 2014
ASSETS			
Non-current assets			
Land use rights	11	1,750,140	1,764,228
Property, plant and equipment	11	11,420,113	11,756,288
Investment properties	12	188,912	188,974
Intangible assets	11	556,451	643,289
Goodwill		3,868	3,868
Deferred income tax assets		1,163,985	1,081,522
Investment in associates		9,913	8,967
Investment in jointly controlled entities		61,140	—
Available-for-sale financial assets	5	152,000	—
Prepayment for long term investment		250,000	—
Trade receivables and other receivables	13	391,281	522,453
		15,947,803	15,969,589
Current assets			
Inventories	14	8,804,619	6,577,334
Trade receivables, other receivables and other current assets	13	13,788,949	12,833,842
Financial assets at fair value through profit or loss	5	173,194	111,179
Other current financial assets	5	200,000	—
Amounts due from related parties	24(b)	136,051	25,333
Cash and bank balances	15	7,917,446	8,775,515
		31,020,259	28,323,203
Total assets		46,968,062	44,292,792
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	16	16,717,024	16,717,024
Other reserves		(1,282,386)	(1,322,434)
Retained earnings:			
– Proposed final dividends		—	131,110
– Others		3,878,274	3,645,178
		19,312,912	19,170,878
Non-controlling interests		2,074,082	2,075,501
Total equity		21,386,994	21,246,379

Condensed Consolidated Statement of Financial Position

As at 30 June 2015
(All amounts in RMB thousands unless otherwise stated)

	Note	Unaudited 30 June 2015	Audited 31 December 2014
LIABILITIES			
Non-current liabilities			
Borrowings	17	3,088,496	2,412,465
Deferred income tax liabilities		28,028	28,918
Termination and post-employment benefits	18	15,120	17,020
Deferred income		225,462	243,246
		3,357,106	2,701,649
Current liabilities			
Trade payables, other payables and other current liabilities	19	18,089,688	14,556,737
Current income tax liabilities		79,465	65,895
Borrowings	17	3,159,347	4,813,985
Amounts due to related parties	24(b)	520,661	555,447
Provisions for other liabilities	20	374,801	352,700
		22,223,962	20,344,764
Total liabilities		25,581,068	23,046,413
Total equity and liabilities		46,968,062	44,292,792
Net current assets		8,796,297	7,978,439
Total assets less current liabilities		24,744,100	23,948,028

The notes on pages 29 to 56 form an integral part of this interim condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015
(All amounts in RMB thousands unless otherwise stated)

	Unaudited										Non-controlling interests	Total equity	
	Attributable to equity holders of the Company												
	Share capital	Share premium	Share redemption reserve	Capital reserve	Other capital reserve	Property revaluation reserve	Statutory reserve	Discretionary reserve	Merger reserve	Translation reserve	Retained earnings	Total	
Balance as at 1 January 2014	261,489	16,444,600	10,935	(3,672,258)	1,063	1,032,916	104,294	1,144,562	(75,628)	3,612,153	18,864,136	1,946,236	20,812,372
Profit for the period	—	—	—	—	—	—	—	—	—	321,756	321,756	90,242	411,998
Other comprehensive income													
Remeasurements of termination and post-employment benefits	—	—	—	—	—	—	—	—	—	(5,730)	(5,730)	—	(5,730)
Gains on currency translation	—	—	—	—	—	—	—	—	2,555	2,555	2,555	—	2,555
Total other comprehensive income for the period	—	—	—	—	—	—	—	—	2,555	(5,730)	(3,175)	—	(3,175)
Transactions with owners in their capacity as owners													
Dividends of the Company relating to 2013	—	—	—	—	—	—	—	—	—	(87,694)	(87,694)	—	(87,694)
Dividends of subsidiaries to non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	(41,017)	(41,017)
Transition to no-par value regime on 3 March 2014	16,455,535	(16,444,600)	(10,935)	—	—	—	—	—	—	—	—	—	—
Total transactions with owners	16,455,535	(16,444,600)	(10,935)	—	—	—	—	—	—	(87,694)	(87,694)	(41,017)	(128,711)
Appropriation to reserves	—	—	—	—	—	—	21,263	—	—	(21,263)	—	—	—
Balance as at 30 June 2014	16,717,024	—	—	(3,672,258)	1,063	1,054,179	104,294	1,144,562	(73,073)	3,819,222	19,095,023	1,997,461	21,092,484

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015
(All amounts in RMB thousands unless otherwise stated)

Note	Unaudited										Total equity
	Attributable to equity holders of the Company									Non-controlling interests	
	Share capital	Other capital reserve	Property revaluation reserve	Statutory reserve	Discretionary reserve	Merger reserve	Translation reserve	Retained earnings	Total		
Balance as at 1 January 2015	16,717,024	(3,672,258)	1,053	1,183,369	104,294	1,144,582	(83,494)	3,776,588	19,170,878	2,075,501	21,246,379
Profit for the period	—	—	—	—	—	—	—	238,376	238,376	54,143	292,519
Other comprehensive income	—	—	—	—	—	—	—	(4,601)	(4,601)	(1,479)	(6,080)
Remeasurements of termination and post-employment benefits	—	—	—	—	—	—	—	—	—	—	—
Losses on currency translation	—	—	—	—	—	—	(347)	—	(347)	—	(347)
Total other comprehensive income for the period	—	—	—	—	—	—	(347)	(4,601)	(4,948)	(1,479)	(6,427)
Transactions with owners in their capacity as owners	—	—	—	—	—	—	—	—	—	—	—
Dividends of the Company relating to 2014	—	—	—	—	—	—	—	(130,781)	(130,781)	—	(130,781)
Dividends of subsidiaries to non-controlling shareholders	—	—	—	—	—	—	—	—	—	(46,175)	(46,175)
Contribution from ultimate holding company	—	39,157	—	—	—	—	—	—	39,157	—	39,157
Changes in ownership interests in subsidiaries without change of control	—	230	—	—	—	—	—	—	230	(7,908)	(7,678)
Total transactions with owners	—	39,387	—	—	—	—	—	(130,781)	(91,394)	(54,083)	(145,477)
Appropriation to reserves	—	—	—	1,008	—	—	—	(1,008)	—	—	—
Balance as at 30 June 2015	16,717,024	(3,632,871)	1,053	1,184,387	104,294	1,144,582	(83,841)	3,878,274	19,312,912	2,074,082	21,386,994

The notes on pages 29 to 56 form an integral part of this interim condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2015

(All amounts in RMB thousands unless otherwise stated)

		Unaudited	
		Six months ended 30 June	
		2015	2014
Cash flows from operating activities			
		2,032,007	4,387,679
		(181,463)	(279,537)
		(134,776)	(202,254)
		1,715,768	3,905,888
Net cash generated from operating activities			
Cash flows from investing activities			
		(61,140)	—
		—	(9,000)
		(18,243)	(224)
		(353,981)	(180,811)
		145,368	26,652
		(94)	(444)
		(1,500,000)	—
		1,056,964	—
		(200,000)	(123,021)
		185,750	—
		214	—
		(152,000)	—
		—	(1,206,145)
		(200,000)	—
		(250,000)	—
		60,166	20,586
		—	18,620
		(1,286,996)	(1,453,787)
Net cash used in investing activities			
Cash flows from financing activities			
		150,000	(150,000)
	17	1,643,184	4,931,064
	17	(2,621,791)	(5,394,208)
		—	(83,610)
		(50,695)	(41,221)
		(879,302)	(737,975)
Net cash used in financing activities			
Net (decrease)/increase in cash and cash equivalents			
		(450,530)	1,714,126
		6,440,131	4,004,329
		3,346	2,136
		5,992,947	5,720,591
Cash and cash equivalents at end of the period	15		

The notes on pages 29 to 56 form an integral part of this interim condensed consolidated financial information.

1 GENERAL INFORMATION

Sinotruk (Hong Kong) Limited (the “Company”) was incorporated in Hong Kong on 31 January 2007 as a limited liability company as a result of a group reorganisation of China National Heavy Duty Truck Group Company Limited (“CNHTC”). The address of the Company’s registered office is Units 2102-2103, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”).

The Company together with its subsidiaries are hereinafter collectively referred to as the Group. The Group is principally engaged in the research, development and manufacturing of heavy duty trucks, medium-heavy duty trucks and light duty trucks, buses and related key parts and components including engines, cabins, axles, steel frames and gearbox, and the provision of finance services.

This condensed consolidated interim financial information has been reviewed, not audited.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2015 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, ‘Interim Financial Reporting’ issued by Hong Kong Institute of Certified Public Accountants (“HKICPA”). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

Certain comparative figures have been reclassified to conform to the current period’s presentation. The reclassification had no effect on the reported total assets, liabilities, equity or profit.

3 ACCOUNTING POLICIES

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those annual financial statements.

- (a) Taxes on income in the interim periods are accrued using the tax rate that would be applicable to the expected total annual earnings.
- (b) The following new amendments to standards are mandatory for the first time for the financial year beginning 1 January 2015:

HKAS 19 (Amendment)	“Defined benefits plans”
Annual improvements 2012	“Annual improvements to HKFRSs 2010-2012 cycle”
Annual improvements 2013	“Annual improvements to HKFRSs 2011-2013 cycle”

As at 30 June 2015, the Group considers these newly effective amendments do not have material impact on the Group’s financial information.

- (c) There are certain new and amended standards that have been issued but are not yet effective. The Group is assessing the impact of those new and amended standards and considers those new and amended standards will not have material impact on the Group currently.

(All amounts in RMB thousands unless otherwise stated)

3 ACCOUNTING POLICIES (CONTINUED)

(d) New Companies Ordinance

The requirements of Part 9 “Accounts and Audit” of the new Companies Ordinance will come into operation as from the Company’s first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is assessing the expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Companies Ordinance. So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

4 ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014 with the exception of changes in estimates that are required in determining the provision for income taxes.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

The Group’s activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31 December 2014.

There have been no changes in any risk management policies since the last year end.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

5.2 Liquidity risk

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the date of the financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Unaudited Repayment period			Total
	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	
As at 30 June 2015				
Borrowings	3,159,347	2,495,996	592,500	6,247,843
Interests payments on borrowings (a)	197,046	94,658	12,097	303,801
Trade and other payables (b)	16,762,890	—	—	16,762,890
Amounts due to related parties	497,156	—	—	497,156
Interests payments on borrowings from related parties	598	—	—	598
	20,617,037	2,590,654	604,597	23,812,288

	Audited Repayment period			Total
	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	
As at 31 December 2014				
Borrowings	4,813,985	826,700	1,585,765	7,226,450
Interests payments on borrowings (a)	193,310	107,413	30,154	330,877
Trade and other payables (b)	13,080,612	—	—	13,080,612
Amounts due to related parties	541,390	—	—	541,390
Interests payments on borrowings from related parties	1,669	—	—	1,669
	18,630,966	934,113	1,615,919	21,180,998

- (a) The interest on borrowings is calculated based on borrowings held as at 30 June 2015 and 31 December 2014 respectively without taking into account of future issues. Floating-rate interest is estimated using current interest rate as at 30 June 2015 and 31 December 2014 respectively.
- (b) Trade and other payables include trade and bills payables, accrued expenses and other payables as stated in Note 19.

Notes to the condensed consolidated interim financial information

(All amounts in RMB thousands unless otherwise stated)

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

5.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The following table presents the Group's financial assets that are measured at fair value at 30 June 2015.

	Unaudited			Total
	Level 1	Level 2	Level 3	
Assets				
Financial assets at fair value through profit or loss	73,194	100,000	—	173,194
Available-for-sale financial assets				
– Wealth management product	—	—	152,000	152,000
Other current financial assets				
– Wealth management product with maturity less than one year	—	—	200,000	200,000
Total assets	73,194	100,000	352,000	525,194

The following table presents the Group's financial assets that are measured at fair value at 31 December 2014.

	Audited			Total
	Level 1	Level 2	Level 3	
Assets				
Financial assets at fair value through profit or loss	111,179	—	—	111,179

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

5.3 Fair value estimation (Continued)

During the six months ended 30 June 2015, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets.

During the six months ended 30 June 2015, there were no reclassifications of financial assets and no transfers among different levels.

Level 1 financial assets at fair value through profit or loss comprises equity investment traded in Hong Kong Stock Exchange. The fair value is based on quoted prices in active markets which is the current bid price.

Level 2 financial assets at fair value through profit or loss comprises a wealth management product acquired from a bank in June 2015 with principal preservation and floating return. The investment principal is RMB100 million and interest rate is determined based on the range of foreign exchange rate of AUD/USD that are quoted in an active market.

Level 3 available-for-sale financial assets and other current financial assets comprise two wealth management products acquired from a trust company and a bank respectively in June 2015 with both principals and interest rates non-guaranteed. The investment principals are RMB152 million and RMB200 million respectively and both of them are fair valued using a discounted cash flow approach and main inputs used by the Group are estimated yield rates written in contracts by the counterparties.

6 SEGMENT INFORMATION

The chief operating decision-maker has been identified as the board of directors (the "Board") of the Company, while it delegates the executive committee (the "Executive Committee") comprising all executive directors to execute its decisions. The Executive Committee reviews the Group's internal reports in order to assess performance and allocate resources. The Executive Committee has determined the operating segments based on these reports.

The Executive Committee considers the operating segments from both a geographic and business perspective. From a geographic perspective, the Executive Committee assesses the revenue from Mainland China and overseas. From a business perspective, the Executive Committee assesses the performance of heavy duty trucks, light duty trucks and buses, engines and finance.

- (i) Heavy duty trucks – Manufacture and sale of heavy duty trucks, medium-heavy duty trucks and related components;
- (ii) Light duty trucks and buses – Manufacture and sale of light duty trucks, buses, and related components;
- (iii) Engines – Manufacture and sale of engines and related parts; and
- (iv) Finance – Provision for deposits taking, borrowings, bills and notes discounting and entrustment loans to the members of the Group and the members of CNHTC and its subsidiaries excluding the Group ("CNHTC Group").

(All amounts in RMB thousands unless otherwise stated)

6 SEGMENT INFORMATION (CONTINUED)

The Executive Committee assesses the performance of the operating segments based on a measure of revenue and operating profit. This measurement is consistent with that in the annual financial statements.

Operating expenses of a functional unit are allocated to the relevant segment which is the predominant user of the services provided by the unit. Operating expenses of other shared services which cannot be allocated to a specific segment and corporate expenses are included as unallocated expenses.

Segment assets are those operating assets that are employed by a segment in its operating activities. Segment assets are determined after deducting related allowance that are reported as direct offsets in the statement of financial position. Segment assets consist primarily of land use rights, property, plant and equipment, intangible assets, inventories, receivables and operating cash. They exclude income tax assets.

Segment liabilities are those operating liabilities that result from the operating activities of a segment. Segment liabilities do not include borrowings and other liabilities that are incurred for financing rather than operating purpose unless the segment is engaged in financing activities. Segment liabilities do not include income tax liabilities.

Unallocated assets mainly represent deferred tax assets, prepaid tax and the other assets of the Company. Unallocated liabilities mainly represent borrowings, deferred tax liabilities, current tax liabilities and the other liabilities of the Company.

Sales between segments are carried out on terms mutually agreed among these business segments.

6 SEGMENT INFORMATION (CONTINUED)

The segment results for the six months ended 30 June 2015 are as follows:

	Unaudited					Total
	Heavy duty trucks	Light duty trucks and buses	Engines	Finance	Elimination	
External segment revenue						
Sales of goods	11,412,236	1,916,687	375,916	—	—	13,704,839
Provision of financing services	—	—	—	144,837	—	144,837
Rendering of services	386,406	7,839	13,624	—	—	407,869
Total	11,798,642	1,924,526	389,540	144,837	—	14,257,545
Inter-segment revenue	232,852	22,574	3,569,239	74,373	(3,899,038)	—
Segment revenue	12,031,494	1,947,100	3,958,779	219,210	(3,899,038)	14,257,545
Operating profit/(loss) before unallocated expenses	311,266	(61,612)	315,029	79,893	(102,804)	541,772
Unallocated expenses						(6,246)
Operating profit						535,526
Finance costs – net						(142,181)
Share of post-tax profits of associates						946
Profit before income tax						394,291
Income tax expense						(101,772)
Profit for the period						292,519

Notes to the condensed consolidated interim financial information

(All amounts in RMB thousands unless otherwise stated)

6 SEGMENT INFORMATION (CONTINUED)

The segment results for the six months ended 30 June 2014 are as follows:

	Unaudited					Total
	Heavy duty trucks	Light duty trucks and buses	Engines	Finance	Elimination	
External segment revenue						
Sales of goods	13,842,517	1,883,391	571,034	—	—	16,296,942
Provision of financing services	—	—	—	133,872	—	133,872
Rendering of services	251,626	32,374	31,536	—	—	315,536
Total	14,094,143	1,915,765	602,570	133,872	—	16,746,350
Inter-segment revenue	95,718	11,689	3,823,701	26,471	(3,957,579)	—
Segment revenue	14,189,861	1,927,454	4,426,271	160,343	(3,957,579)	16,746,350
Operating profit/(loss) before unallocated expenses	521,746	(133,661)	255,076	96,859	(32,591)	707,429
Unallocated expenses						(8,743)
Operating profit						698,686
Finance costs – net						(185,901)
Share of post-tax losses of associates						(2,328)
Profit before income tax						510,457
Income tax expense						(98,459)
Profit for the period						411,998

6 SEGMENT INFORMATION (CONTINUED)

The segment assets and liabilities as at 30 June 2015 are as follows:

	Unaudited					Total
	Heavy duty trucks	Light duty trucks and buses	Engines	Finance	Unallocated	
Segment assets	31,051,319	3,682,806	12,666,667	11,115,650	4,399,125	62,915,567
Elimination						(15,947,505)
Total assets						46,968,062
Segment liabilities	14,661,943	2,940,011	3,796,734	9,680,929	6,527,194	37,606,811
Elimination						(12,025,743)
Total liabilities						25,581,068

Reconciled to entity assets and liabilities as follows:

	Assets	Liabilities
Segment assets/liabilities after elimination	42,568,937	19,053,874
Unallocated:		
Deferred tax assets/liabilities	1,163,985	28,028
Current tax assets/liabilities	54,268	79,465
Current borrowings	—	3,159,347
Non-current borrowings	—	3,088,496
Other assets/liabilities of the Company	3,180,872	171,858
Total	46,968,062	25,581,068

Notes to the condensed consolidated interim financial information

(All amounts in RMB thousands unless otherwise stated)

6 SEGMENT INFORMATION (CONTINUED)

The segment assets and liabilities as at 31 December 2014 are as follows:

	Audited					
	Heavy duty trucks	Light duty trucks and buses	Engines	Finance	Unallocated	Total
Segment assets	28,521,535	3,237,356	11,657,660	11,385,105	4,614,150	59,415,806
Elimination						(15,123,014)
Total assets						<u>44,292,792</u>
Segment liabilities	11,766,202	2,718,824	2,776,726	9,993,912	7,361,583	34,617,247
Elimination						(11,570,834)
Total liabilities						<u>23,046,413</u>

Reconciled to entity assets and liabilities as follows:

	Assets	Liabilities
Segment assets/liabilities after elimination	39,678,642	15,684,830
Unallocated:		
Deferred tax assets/liabilities	1,081,522	28,918
Current tax assets/liabilities	91,047	65,895
Current borrowings	—	4,813,985
Non-current borrowings	—	2,412,465
Other assets/liabilities of the Company	3,441,581	40,320
Total	<u>44,292,792</u>	<u>23,046,413</u>

6 SEGMENT INFORMATION (CONTINUED)

The revenue from external customers in Mainland China and overseas is as follows:

	Unaudited Six months ended 30 June	
	2015	2014
Mainland China	11,134,936	14,774,830
Overseas	3,122,609	1,971,520
Total	14,257,545	16,746,350

7 OPERATING PROFIT

The following items have been charged/(credited) to the operating profit:

	Unaudited Six months ended 30 June	
	2015	2014
Employee benefit expenses	1,417,931	1,343,830
Warranty expenses (Note 20)	320,740	403,915
Inventory write-downs	46,659	124,677
Amortization of land use rights (Note 11)	19,319	16,215
Depreciation of property, plant and equipment (Note 11)	619,004	599,123
Amortization of intangible assets (Note 11)	87,032	81,503
(Gains)/losses on disposal of property, plant and equipment	(81,615)	2,029
Foreign exchange gains - net	(51,510)	(5,623)
Government grants	(66,965)	(44,866)
Disposal of scraps	(11,870)	(20,610)

Notes to the condensed consolidated interim financial information

(All amounts in RMB thousands unless otherwise stated)

8 INCOME TAX EXPENSE

	Unaudited Six months ended 30 June	
	2015	2014
Current income tax		
– Hong Kong profits tax	14,557	4,995
– PRC corporate income tax	170,568	270,091
	185,125	275,086
Deferred income tax	(83,353)	(176,627)
	101,772	98,459

The Company, Sinotruk (Hong Kong) International Investment Limited and Sinotruk (Hong Kong) Capital Holding Limited are subject to Hong Kong profits tax at the rate of 16.5% (2014: 16.5%) on their estimated assessable profit. In addition, the Company is determined as a Chinese-resident enterprise and accordingly, is subject to corporate income tax of the People's Republic of China ("PRC"), which has been calculated based on the corporate income tax rate of 25% (2014: 25%).

Taxation on overseas profits has been calculated on the estimated assessable profit during the six months ended 30 June 2015 at the rates of taxation prevailing in the countries in which the Group operates.

Sinotruk Ji'nan Power Co., Ltd. and Sinotruk Hangzhou Engines Co., Ltd. have been recognised as the High New Tech Enterprises since 2014. Sinotruk Ji'nan Fuqiang Power Co., Ltd. has applied the status of the High New Tech Enterprises and such application is under review. According to the tax incentives of the Corporate Income Tax Law of the PRC (the "CIT Law") for High New Tech Enterprises, these companies are subject to a reduced corporate income tax rate of 15% in 2015 (2014: 15%).

Sinotruk Chongqing Fuel System Co., Ltd., Sinotruk Liuzhou Yunli Special Vehicles Co., Ltd., Sinotruk Chengdu Wangpai Commercial Vehicles Co., Ltd. and Sinotruk Mianyang Special Vehicles Co., Ltd. are subject to a corporate income tax rate of 15% according to the Western Development tax incentives of the CIT Law (2014: 15%).

Sinotruk Russia Co., Ltd. is subject to a corporate income tax rate of 20% according to Tax Code of the Russian Federation (2014: 20%).

The remaining subsidiaries are subject to the PRC corporate income tax, which has been calculated based on the corporate income tax rate of 25% (2014: 25%).

9 EARNINGS PER SHARE

Basic

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Unaudited Six months ended 30 June	
	2015	2014
Profit attributable to equity holders of the Company	238,376	321,756
Weighted average number of ordinary shares in issue (thousands)	2,760,993	2,760,993
Basic earnings per share (RMB per share)	0.09	0.12

Diluted

Diluted earnings per share equals basic earnings per share as the Company has no dilutive potential ordinary shares for the six months ended 30 June 2015 and 30 June 2014.

10 DIVIDENDS

The Board does not recommend an interim dividend for the six months ended 30 June 2015 (2014: Nil). The final dividend of the Company for the year ended 31 December 2014 of approximately HKD165,660,000 or approximately RMB131,110,000 (year 2013 final dividend: approximately HKD110,440,000 or approximately RMB87,481,000) was paid in July 2015.

During the six months ended 30 June 2015, certain Group's non-wholly owned subsidiaries have approved dividends to non-controlling shareholders amounting to approximately RMB46,175,000 (2014: approximately RMB41,017,000).

Notes to the condensed consolidated interim financial information

(All amounts in RMB thousands unless otherwise stated)

11 CAPITAL EXPENDITURES

	Land use rights	Property, plant and equipment	Intangible assets
Six months ended 30 June 2015			
Balance as at 1 January 2015 (Audited)	1,764,228	11,756,288	643,289
Additions	5,231	314,353	94
Transfers	—	(100)	100
Disposals	—	(31,424)	—
Depreciation and amortisation (Note 7)	(19,319)	(619,004)	(87,032)
Balance as at 30 June 2015 (Unaudited)	1,750,140	11,420,113	556,451
Six months ended 30 June 2014			
Balance as at 1 January 2014 (Audited)	1,545,785	12,681,507	672,195
Additions	224	305,653	444
Transfers	66,261	(69,253)	2,992
Disposals	—	(31,805)	—
Depreciation and amortisation (Note 7)	(16,215)	(599,123)	(81,503)
Balance as at 30 June 2014 (Unaudited)	1,596,055	12,286,979	594,128

As at 30 June 2015, the Group is in the process of applying certificate of ownership for the buildings with net book amount of approximately RMB120,789,000 (31 December 2014: approximately RMB110,579,000). As at the date of these condensed consolidated interim financial information were approved, the process is still undergoing.

12 INVESTMENT PROPERTIES

Six months ended 30 June 2015

Balance as at 1 January 2015 (Audited)	188,974
Exchange differences	(62)
Balance as at 30 June 2015 (Unaudited)	188,912

Six months ended 30 June 2014

Balance as at 1 January 2014 (Audited)	180,023
Exchange differences	1,722
Balance as at 30 June 2014 (Unaudited)	181,745

The investment properties are located in Hong Kong, held on leases over 50 years and valued at fair value. The fair value measurement information of these investment properties are given below.

Fair value hierarchy

Unaudited Fair value measurements at 30 June 2015

Description	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Recurring fair value measurements – Office units	—	188,912	—

Notes to the condensed consolidated interim financial information

(All amounts in RMB thousands unless otherwise stated)

12 INVESTMENT PROPERTIES (CONTINUED)

Fair value hierarchy (Continued)

Description	Audited Fair value measurements at 31 December 2014		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Recurring fair value measurements			
– Office units	—	188,974	—

Level 2 fair values of the investment properties have been generally derived using the sale comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is selling price per square foot.

There were no transfers among different levels during the period.

13 TRADE RECEIVABLES, OTHER RECEIVABLES AND OTHER CURRENT ASSETS

	30 June 2015 Unaudited	31 December 2014 Audited
Non-Current		
Accounts receivable	23,437	75,850
Loans and receivables from financing services	373,493	453,404
Less: Provision for impairment of loans and receivables from financing services	(5,649)	(6,801)
Loans and receivables from financing services- net	367,844	446,603
Trade receivables and other receivables	391,281	522,453
Current		
Accounts receivable	8,212,302	7,099,231
Less: Provision for impairment of accounts receivable	(407,962)	(326,445)
Accounts receivable – net	7,804,340	6,772,786
Notes receivable		
– Bank acceptance notes	2,972,932	3,600,291
– Commercial acceptance notes	—	50,230
Notes receivable – total	2,972,932	3,650,521
Trade receivables – net	10,777,272	10,423,307
Loans and receivables from financing services	1,404,818	1,352,304
Less: Provision for impairment of loans and receivables from financing services	(44,812)	(26,082)
Loans and receivables from financing services – net	1,360,006	1,326,222
Other receivables and other current assets (a)	855,393	459,031
Less: Provision for impairment of other receivables	(7,835)	(7,581)
Other receivables and other current assets – net	847,558	451,450
Interest receivables	18,807	44,958
Receivables and other current assets before prepaid items	13,003,643	12,245,937
Prepayments	299,007	237,100
Prepaid taxes other than income tax	432,031	259,758
Prepaid income taxes	54,268	91,047
Trade receivables, other receivables and other current assets – net	13,788,949	12,833,842

(a) As at 30 June 2015, the balance of other receivables includes three wealth management products amounting to RMB450,000,000 (31 December 2014: Nil) acquired from banks with both principals and income guaranteed and no provision is provided against these wealth management products.

Notes to the condensed consolidated interim financial information

(All amounts in RMB thousands unless otherwise stated)

13 TRADE RECEIVABLES, OTHER RECEIVABLES AND OTHER CURRENT ASSETS (CONTINUED)

The ageing analysis of net trade receivables at respective dates of statement of financial position are as follows:

	30 June 2015 Unaudited	31 December 2014 Audited
Less than 3 months	7,732,856	7,992,719
3 months to 6 months	1,306,546	1,585,902
6 months to 12 months	881,055	166,756
1 year to 2 years	466,570	391,190
Over 2 years	413,682	362,590
	10,800,709	10,499,157

The credit policy of the Group generally requires customers to pay a certain amount of deposits when orders are made and settle full purchase price prior to delivery either in cash or acceptance notes with a tenure of usually three to six months, which represents the credit terms granted to the customers who pay by acceptance notes. Credit terms in the range within six months are granted to those customers with good payment history.

As at 30 June 2015, accounts receivable of the Group of approximately RMB1,089,755,000 (31 December 2014: approximately RMB1,266,409,000) are secured by certain letters of credit issued by overseas third parties. No provision is provided against these receivables as at 30 June 2015 and 31 December 2014.

Loans and receivables from financing services represented loans granted by Sinotruk Finance Co., Ltd., a subsidiary of the Company, which is involved in the provision of financing services, to individuals and entities when they purchased commercial vehicles of the Group from dealers at an interest rate of 6%-8.96% per annum. These loans and receivables from financing services were secured by the vehicle together with guarantees provided by these dealers and its relevant parties.

Loans and receivables from financing services – net at respective dates of statement of financial position are due in the following periods:

	30 June 2015 Unaudited	31 December 2014 Audited
Less than 3 months	416,595	258,543
3 months to 6 months	257,882	316,913
6 months to 12 months	685,529	750,766
1 year to 2 years	287,245	365,333
Over 2 years	80,599	81,270
	1,727,850	1,772,825

14 INVENTORIES

	30 June 2015 Unaudited	31 December 2014 Audited
Raw materials	1,808,549	1,597,477
Work in progress	651,507	659,362
Finished goods - engines, parts and components	898,907	873,626
Finished goods - trucks	5,780,867	3,793,900
	9,139,830	6,924,365
Less: write-down of inventories to net realizable value	(335,211)	(347,031)
	8,804,619	6,577,334

15 CASH AND BANK BALANCES

	30 June 2015 Unaudited	31 December 2014 Audited
Restricted bank deposits	1,924,499	2,335,384
Cash and cash equivalents	5,992,947	6,440,131
	7,917,446	8,775,515

16 SHARE CAPITAL

Ordinary shares, issued and fully paid:

	Unaudited	
	Number of shares	Share capital
Balance at 1 January 2015 and at 30 June 2015	2,760,993,339	16,717,024
Balance at 1 January 2014	2,760,993,339	261,489
Transition to no-par value regime on 3 March 2014 (a)	—	16,455,535
Balance at 30 June 2014	2,760,993,339	16,717,024

- (a) In accordance with the transitional provisions set out in section 37 of Schedule 11 to new Companies Ordinance, on 3 March 2014, any amount standing to the credit of the share premium and capital redemption reserve account have become part of the Company's share capital.

Notes to the condensed consolidated interim financial information

(All amounts in RMB thousands unless otherwise stated)

17 BORROWINGS

	30 June 2015 Unaudited	31 December 2014 Audited
Non-current		
Long-term bank borrowings – unsecured	3,088,496	2,412,465
Current		
Long-term bank borrowings, current portion		
– unsecured	26,700	726,700
Short-term bank borrowings		
– secured (a)	200,000	500,000
– unsecured	2,932,647	3,587,285
	3,132,647	4,087,285
	3,159,347	4,813,985
Total borrowings	6,247,843	7,226,450

- (a) As at 30 June 2015, bank borrowings of RMB200,000,000 (31 December 2014: RMB500,000,000) were secured by bank acceptance notes and restricted bank deposits.
- (b) Interest expense on borrowings and loans for the six months ended 30 June 2015 is approximately RMB150,141,000 (2014: approximately RMB215,524,000).

The Group's borrowings are repayable as follows:

	30 June 2015 Unaudited	31 December 2014 Audited
Within 1 year	3,159,347	4,813,985
Between 1 year and 2 years	2,495,996	826,700
Between 2 years and 5 years	592,500	1,585,765
	6,247,843	7,226,450

17 BORROWINGS (CONTINUED)

Movements in borrowings are analyzed as follow:

Six months ended 30 June 2015

Balance as at 1 January 2015 (Audited)	7,226,450
Proceeds from borrowings	1,643,184
Repayments of borrowings	(2,621,791)
Balance as at 30 June 2015 (Unaudited)	6,247,843

Six months ended 30 June 2014

Balance as at 1 January 2014 (Audited)	9,772,637
Proceeds from borrowings	4,931,064
Repayments of borrowings	(5,394,208)
Balance as at 30 June 2014 (Unaudited)	9,309,493

Interest expenses on borrowings for the six months ended 30 June 2015 were approximately RMB155,726,000 (2014: approximately RMB222,163,000), out of which approximately RMB5,585,000 (2014: approximately RMB6,639,000) arising on financing for the construction of plant and equipment were capitalised during the period and were included in “additions” in property, plant and equipment. A capitalisation rate of 4.98% per annum (2014: 5.04%) was used, representing the weighted average rate of the borrowing cost of the loans used to finance the projects.

The Group has the following undrawn borrowing facilities:

	30 June 2015 Unaudited	31 December 2014 Audited
Floating rate – expiring within one year	2,834,022	3,303,031

Notes to the condensed consolidated interim financial information

(All amounts in RMB thousands unless otherwise stated)

18 TERMINATION AND POST-EMPLOYMENT BENEFITS

	30 June 2015 Unaudited	31 December 2014 Audited
Termination benefits	7,920	9,440
Post-employment benefits	6,250	6,430
Post-employment medical insurance plan	950	1,150
	15,120	17,020

19 TRADE PAYABLES, OTHER PAYABLES AND OTHER CURRENT LIABILITIES

	30 June 2015 Unaudited	31 December 2014 Audited
Trade and bills payables	13,913,402	10,116,689
Advances from customers	984,253	1,029,313
Accrued expenses	688,585	622,382
Staff welfare and salaries payable	265,138	228,848
Taxes liabilities other than income tax	77,407	217,964
Other payables	2,160,903	2,341,541
	18,089,688	14,556,737

The ageing analysis of the trade and bills payables at respective dates of statement of financial position are as follows:

	30 June 2015 Unaudited	31 December 2014 Audited
Less than 3 months	12,351,880	8,294,348
3 months to 6 months	1,514,202	1,683,625
6 months to 12 months	24,798	117,025
1 year to 2 years	10,974	11,953
2 years to 3 years	4,754	6,151
Over 3 years	6,794	3,587
	13,913,402	10,116,689

20 PROVISIONS FOR OTHER LIABILITIES

	Products warranties
Six months ended 30 June 2015	
Balance as at 1 January 2015 (Audited)	352,700
Additional provisions (Note 7)	320,740
Utilised during the period	(298,639)
Balance as at 30 June 2015 (Unaudited)	374,801
Six months ended 30 June 2014	
Balance as at 1 January 2014 (Audited)	356,365
Additional provisions (Note 7)	403,915
Utilised during the period	(195,988)
Balance as at 30 June 2014 (Unaudited)	564,292

21 CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT CHANGE OF CONTROL

(a) Acquisition of additional interest in a subsidiary

In February 2015, the Company completed the acquisition of an additional 0.5962% of the equity of Sinotruk Finance Co., Ltd. for a purchase consideration of RMB7,678,000. The carrying amount of the non-controlling interests in Sinotruk Finance Co., Ltd. on the date of acquisition was RMB272,509,000. The Group recognised a decrease in non-controlling interests of RMB7,908,000 and an increase in equity attributable to owners of the Company of RMB230,000. The effect of changes in the ownership interest of Sinotruk Finance Co., Ltd. on the equity attributable to owners of the Company during the period is summarised as follows:

Notes to the condensed consolidated interim financial information

(All amounts in RMB thousands unless otherwise stated)

21 CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT CHANGE OF CONTROL (CONTINUED)

- (a) Acquisition of additional interest in a subsidiary (Continued)

	Unaudited Six months ended 30 June	
	2015	2014
Carrying amount of non-controlling interests acquired	7,908	—
Consideration prepaid in 2014 to non-controlling interests	(7,678)	—
Gain on a bargain purchase recognised within equity	230	—

- (b) Effects of changes in ownership interest in a subsidiary without change of control on the equity

	Unaudited Six months ended 30 June
	2015
Changes in equity attributable to owners of the Company arising from:	
– Acquisition of additional interests in a subsidiary	230

22 CONTINGENT LIABILITIES

The Group has certain contingent liabilities in respect of legal claims arising in the ordinary course of business. It is not anticipated that any material liability will arise from the contingent liabilities.

23 CAPITAL COMMITMENTS

Capital expenditure contracted for at the date of financial position but not yet incurred was mainly as follows:

	30 June 2015 Unaudited	31 December 2014 Audited
Purchase of property, plant and equipment and intangible assets – Contracted but not provided for	417,477	442,144

24 RELATED PARTY TRANSACTIONS

The immediate holding company of the Group is Sinotruk (BVI) Limited, a company incorporated in British Virgin Islands. The ultimate holding company of the Group is CNHTC, a state-owned company incorporated in the PRC, and is controlled by the PRC Government.

The Group is an associated company of MAN Finance and Holding S.A., a wholly owned subsidiary of MAN SE. MAN SE and its subsidiaries is referred as MAN Group.

Sinotruk Baotou Xinhongchang Special Vehicles Co., Ltd. (中國重汽集團包頭新宏昌專用車有限公司) (“Baotou Xinhongchang”) and Sinotruk Panzhihua Mining Truck Co., Ltd. (中國重汽集團攀枝花礦用車有限公司) (“Panzhihua Mining Truck”) are associated companies of the Group. Sinotruk (Hong Kong) Hongye Limited (中國重汽(香港)宏業有限公司) (“Hongye”) is a jointly controlled entity of the Group.

The Directors consider that the major related parties are CNHTC Group including its associates and jointly controlled entities, MAN Group, Baotou Xinhongchang, Panzhihua Mining Truck, Hongye and key management personnel of the Company and CNHTC as well as their close family members, and other PRC government-related entities (“Other State-owned Enterprises”).

Notes to the condensed consolidated interim financial information

(All amounts in RMB thousands unless otherwise stated)

24 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Significant related party transactions

	Unaudited	
	Six months ended 30 June	
	2015	2014
Transactions with related parties		
(i) CNHTC Group		
Sales of trucks	296,494	167,934
Purchases of trucks	606,578	652,429
Sales of spare parts	129,143	151,391
Purchases of spare parts	334,273	361,517
Supply of auxiliary production services	1,190	925
Purchases of general services	55,722	34,885
Rental income	4,051	3,900
Rental expenses	12,257	11,433
Purchases of construction and project management services	1,878	172
Provision for construction supervision design services	5,426	1,419
Interest expenses for deposits taking services	2,113	1,456
Interest income from bank bills discounting	2,857	—
Sales of fixed assets	156,863	—
Purchases of fixed assets	—	239
Loan interest expenses	1,087	1,087
	1,609,932	1,388,787
(ii) MAN Group		
Sales of spare parts	3,609	—
Purchases of spare parts	1,340	—
	4,949	—
(iii) Baotou Xinhongchang		
Supply of auxiliary production services	38	—
(iv) Key management compensation		
Short-term employee benefits	3,410	3,580
Post-employment benefits	175	141
	3,585	3,721

24 RELATED PARTY TRANSACTIONS (CONTINUED)**(a) Significant related party transactions (Continued)****(v) Other State-owned Enterprises**

The Group has transactions with Other State-owned Enterprises including but not limited to sales of products, purchase of raw materials and services, deposits placements and borrowings. The Directors are of the opinion that these transactions are conducted in the ordinary business of the Group and no disclosure is presented.

(b) Balances with related parties

	30 June 2015 Unaudited	31 December 2014 Audited
Amounts due from related parties		
(i) CNHTC Group		
Trade receivables	75,869	3,587
Prepayments	58,819	21,029
Other receivables	36	—
	134,724	24,616
(ii) MAN Group		
Prepayments	1,327	717
	136,051	25,333

Notes to the condensed consolidated interim financial information

(All amounts in RMB thousands unless otherwise stated)

24 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Balances with related parties (Continued)

	30 June 2015 Unaudited	31 December 2014 Audited
Amounts due to related parties		
(i) CNHTC Group		
Trade payables	8,256	10,866
Other payables	6,419	6,529
Advances from customers	23,505	14,057
Deposits taking	374,635	409,999
Borrowings	36,000	36,000
	448,815	477,451
(ii) MAN Group		
Long-term payables under technology license agreement, current portion	71,846	77,996
	520,661	555,447

As at 30 June 2015 and 31 December 2014, except for deposits taking and borrowings, amounts due from/to related parties were all unsecured, interest free and due within one year. As at 30 June 2015 and 31 December 2014, deposits taking and borrowings from related parties were unsecured, bearing interest at rates mutually agreed and due within one year.

As at 30 June 2015, trade receivables due from related parties were not past due or impaired (31 December 2014: Nil).

Balances with Other State-owned Enterprises

As at 30 June 2015, majority of the Group's bank balances and borrowings are with state-owned banks (31 December 2014: Nil).

25 APPROVAL ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

This condensed consolidated interim financial information was approved for issue by the Board on 25 August 2015.



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