



**中国重汽**  
**SINOTRUK**

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

(Incorporated in Hong Kong with limited liability)

Stock Code : 03808

# 2022 INTERIM REPORT





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# FINANCIAL FIGURES

	Six months ended 30 June			
	2022	2021	Increase/(Decrease)	%
<b>Operating results</b> (RMB million)				
Revenue	29,028	65,169	(36,141)	(55.5)
Gross profit	4,913	10,815	(5,902)	(54.6)
Profit attributable to owners of the Company	1,283	3,623	(2,340)	(64.6)
<b>Profitability and Liquidity</b>				
Gross profit ratio (%)	16.9	16.6	0.3	1.8
Net profit ratio (%)	5.4	6.2	(0.8)	(12.9)
Current ratio (time)	1.3	1.2	0.1	8.3
Trade receivable turnover (days)	78.3	39.8	38.5	96.7
Trade payable turnover (days)	264.0	180.3	83.7	46.4
<b>Sales volume</b> (units)				
HDTs				
— Domestic	35,338	179,442	(144,104)	(80.3)
— Export (including affiliated export)	39,730	28,016	11,714	41.8
Total	75,068	207,458	(132,390)	(63.8)
LDTs				
Trucks sold under auto financing services	14,518	56,993	(42,475)	(74.5)
<b>Per share data</b>				
Earnings per share - basic (RMB)	0.46	1.31	(0.85)	(64.9)

## DEFINITIONS

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

“Aggregate Trade Balance”	the total balances of the net trade receivables and acceptance bills which are classified as financial assets at fair value through other comprehensive income and as net bills receivable but excluding discounted bills of the Finance Segment
“AGM”	the annual general meeting of the Company or any adjournment thereof
“Articles”	the articles of association of the Company, as amended, supplemented, modified or otherwise adopted from time to time
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“Board Office”	the board office of the Company
“CAAM”	China Association of Automobile Manufacturers
“China” or “PRC”	the People’s Republic of China, and for the purpose of this report, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“CNHTC”	中國重型汽車集團有限公司(China National Heavy Duty Truck Group Company Limited), a state-owned enterprise organized under the laws of the PRC with limited liability, being the intermediate holding company of the Company as at 30 June 2022
“CNHTC Group”	CNHTC and its subsidiaries other than the Group
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Company” or “Sinotruk”	Sinotruk (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange
“Datong Gear”	中國重汽集團大同齒輪有限公司 (Sinotruk Datong Gear Co., Ltd.), a company organized under the laws of the PRC with limited liability, being a wholly owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“ED(s)”	the executive Director(s)
“Engines Segment”	the engines segment of the Group which engages in manufacture and sale of engines and related parts
“Euro”	the lawful currency of the European Union
“Executive Committee”	the executive committee of the Company

## DEFINITIONS

“Finance Segment”	the finance segment of the Group which engages in provision of deposit taking, borrowings, bills discounting, issue of bills and entrustment loans to the members of the Group and members of CNHTC Group as well as the provision of auto and supply chain financing services to the public
“FPFPS”	Ferdinand Porsche Familien-Privatstiftung, an Austrian private foundation (Privatstiftung) (trust), being the beneficiary owner of 25% of the entire issued share capital of the Company plus 1 Share
“FPFPS Group”	FPFPS and its subsidiaries including Volkswagen AG and TRATON SE
“GAAP”	generally accepted accounting principles
“GDP”	gross domestic product
“Group” or “We”	the Company and its subsidiaries
“HDT(s)”	heavy duty truck(s) and medium-heavy duty truck(s)
“HDTs Segment”	the heavy duty trucks segment of the Group which engages in manufacture and sale of heavy duty trucks, medium-heavy duty trucks and related components
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“HoH”	as compared to the Previous Period
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HOWO Bus”	中國重汽集團濟南豪沃客車有限公司 (Sinotruk Ji’nan HOWO Bus Co., Ltd.), a company organized under the laws of the PRC with limited liability, being a wholly owned subsidiary of the Company
“INED(s)”	the independent non-executive Director(s)
“Ji’nan Truck Company”	中國重汽集團濟南卡車股份有限公司 (Sinotruk Ji’nan Truck Co., Ltd.), a joint stock company organized under the laws of the PRC with limited liability, being a non-wholly owned subsidiary of the Company and the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000951)
“LDT(s)”	light duty truck(s)

## DEFINITIONS

“LDTs and Others Segment”	the light duty trucks and others segment of the Group which engages in manufacture and sale of light duty trucks, buses, etc. and related components
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NED(s)”	the non-executive Director(s)
“Nomination Committee”	the nomination committee of the Company
“PBOC”	The People’s Bank of China
“Period”	the six-month period ended 30 June 2022
“Previous Period”	the six-month period ended 30 June 2021
“Products Revenue”	the revenue of sales of goods and rendering of services by the segments of heavy duty trucks, light duty trucks and others as well as engines to external customers
“Remuneration Committee”	the remuneration committee of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanghai Stock Exchange”	Shanghai Stock Exchange in the PRC
“Share(s)”	the ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s) from time to time
“Shenzhen Stock Exchange”	Shenzhen Stock Exchange in the PRC
“SHIG”	山東重工集團有限公司 (Shandong Heavy Industry Group Co., Ltd.), a state-owned enterprise organized under the laws of the PRC with limited liability, being the controlling shareholder (as defined in the Listing Rules) of the Company as at 30 June 2022
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategy and Investment Committee”	the strategy and investment committee of the Company

## DEFINITIONS

“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
“TRATON SE”	a company incorporated under the laws of Germany with limited liability, being an indirect non-wholly owned subsidiary of FPFPS and the shares of which are listed on the Frankfurt Stock Exchange in Germany and NASDAQ STOCKHOLM (stock code: ISIN DE000TRATON7, WKN TRATON and symbol 8TRA)
“USD”	United States dollars, the lawful currency of the United States of America
“Volkswagen AG”	Volkswagen AG, a company incorporated under the laws of Germany with limited liability, being an indirect non-wholly owned subsidiary of FPFPS and the shares of which are listed on Frankfurt Stock Exchange in Germany (stock code: ISIN DE0007664005, WKN 766400 and symbol VOW)
“Volkswagen Group”	Volkswagen AG and its subsidiaries
“Weichai Power”	濰柴動力股份有限公司 (Weichai Power Co., Ltd.), a company organized under the laws of the PRC with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 02338) and on the Shenzhen Stock Exchange (stock code: 000338)
“%”	per cent



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### EXECUTIVE DIRECTORS:

Mr. Cai Dong (*Chairman*)  
Mr. Liu Zhengtao (*President*)  
Mr. Liu Wei  
Mr. Richard von Braunschweig  
Ms. Li Xia  
Mr. Sun Shaojun  
Mr. Wang Chen

### NON-EXECUTIVE DIRECTORS:

Mr. Jiang Kui  
Mr. Alexander Albertus Gerhardus  
    Vlaskamp  
Mr. Karsten Oellers  
Mr. Mats Lennart Harborn

### INDEPENDENT NON-EXECUTIVE DIRECTORS:

Dr. Lin Zhijun  
Dr. Wang Dengfeng  
Mr. Zhao Hang  
Mr. Liang Qing  
Mr. Lyu Shousheng  
Mr. Zhang Zhong

## EXECUTIVE COMMITTEE

Mr. Cai Dong (*Chairman*)  
Mr. Liu Zhengtao  
Mr. Liu Wei  
Mr. Richard von Braunschweig  
Ms. Li Xia  
Mr. Sun Shaojun  
Mr. Wang Chen

## STRATEGY AND INVESTMENT COMMITTEE

Mr. Cai Dong (*Chairman*)  
Mr. Liu Zhengtao  
Mr. Richard von Braunschweig  
Ms. Li Xia  
Mr. Zhao Hang

## REMUNERATION COMMITTEE

Mr. Lyu Shousheng (*Chairman*)  
Dr. Lin Zhijun  
Mr. Liang Qing  
Mr. Zhang Zhong  
Mr. Jiang Kui

## AUDIT COMMITTEE

Dr. Lin Zhijun (*Chairman*)  
Dr. Wang Dengfeng  
Mr. Lyu Shousheng

## NOMINATION COMMITTEE

Mr. Zhang Zhong (*Chairman*)  
Mr. Jiang Kui  
Mr. Lyu Shousheng

## BOARD SECRETARY

Ms. Wang Li

## HEAD QUARTERS

Sinotruk Tower  
No. 777 Hua'ao Road  
Innovation Zone  
Ji'nan City  
Shandong Province  
PRC  
Postal code: 250101

## REGISTERED OFFICE IN HONG KONG

Units 2102-03  
China Merchants Tower  
Shun Tak Centre, 168-200  
Connaught Road Central  
Hong Kong

## COMPANY SECRETARY

Mr. Kwok Ka Yiu

## CORPORATE INFORMATION

### AUTHORIZED REPRESENTATIVES

Mr. Wang Chen  
Mr. Kwok Ka Yiu

### PRINCIPAL BANKERS

Industrial and Commercial Bank of  
China Limited  
Bank of China Limited  
Agricultural Bank of China Limited  
China Construction Bank Limited  
Bank of Communications Co., Ltd.

### LEGAL ADVISERS

#### HONG KONG

Reed Smith Richards Butler LLP

#### PRC

Commerce & Finance Law Offices

### AUDITOR

Ernst & Young

### SHARE REGISTRAR

Computershare Hong Kong Investor  
Services Limited

### COMPANY WEBSITE

[www.sinotruk.com](http://www.sinotruk.com)

### SECURITIES CODE

Equity: 03808.hk

### INVESTOR RELATIONS

Board Office

PRC: Tel (86) 531 5806 3808

Hong Kong: Tel (852) 3102 3808

Fax (852) 3102 3812

Email: [securities@sinotrukhk.com](mailto:securities@sinotrukhk.com)

### PUBLIC RELATIONS CONSULTANT

Wonderful Sky Financial Group

Tel: (852) 2851 1038

Email: [sinotruk@wsfg.hk](mailto:sinotruk@wsfg.hk)

# THE GROUP

## BUSINESS

The Group is one of the leading trucks manufacturers in the PRC which specializes in the research, development and manufacture of HDTs, medium-heavy duty trucks, LDTs, etc. and related key assemblies, parts and components. Through our diversified product portfolio, we serve a wide range of customers from different major industries including infrastructure, construction, container transportation, logistics, mining, steel, chemical, etc.

The Group mainly manufactures trucks and also produces key assemblies, parts and components such as engines, cabins, axles, steel frames, gearboxes, etc. The Group is a truck manufacturer which has its own research and development and production capability in trucks as well as the complete production chain. The Group sells truck engines and engines for use in industrial and construction machineries to third parties in addition to our own use. Our products are not only sold domestically but also exported to other countries and regions in the world. In addition, the Group provides financial services to those parties related to the production and sales of the Group's products and to the CNHTC Group.

## OPERATIONS

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

### (I) HEAVY DUTY TRUCKS SEGMENT

The majority of the Group's revenue is contributed by the sales of HDTs. Its major products series include SITRAK, HOWO and Huanghe, each of which is further divided into various sub-series. The key production bases are located at Ji'nan and Ji'ning, the PRC. In addition, the Group engages in truck refitting and manufactures specialty vehicles.

### (II) LIGHT DUTY TRUCKS AND OTHERS SEGMENT

The Group's LDT products mainly include HOWO, Haoman and Wangpai products, which production bases are located at Ji'nan, Fujian and Chengdu, the PRC. The segment also manufactures and sells buses, medium and light duty trucks and other vehicles.

### (III) ENGINES SEGMENT

Although most of the engines for heavy duty trucks produced by the Group are used to satisfy our own demand, the Group also sells industrial and construction machinery engines to third parties. In addition, the Group produces other HDT key assemblies, parts and components, such as gearboxes and various types of casting and forging. The engines production bases are located at Ji'nan and Hangzhou, the PRC.

### (IV) FINANCE SEGMENT

The Finance Segment provides financial services to those parties related to the production and sales of the Group's products and to the CNHTC Group. Financial services include deposits taking, borrowings, commercial notes and bank bills discounting, issue of bills, auto financing services and supply chain financing services. It also cooperates with authorized financial institutions to provide auto financing services. It builds up an auto financing services network. Its financing services cover most areas in the PRC.

# SHAREHOLDER INFORMATION

## SHARE INFORMATION

Stock code	03808.hk
Listing as at 30 June 2022	
– Number of issued Shares	2,760,993,339
– Market capitalisation	RMB25,973 million
Board lot size	500 Shares

## SHARE PRICES DURING THE PERIOD

Highest price	HKD13.44
Lowest price	HKD8.15
Average closing price	HKD10.98

### Sinotruk's Closing Stock Price 2022 First Half



## SHAREHOLDER INFORMATION

### SHAREHOLDING DISTRIBUTION AS AT 30 JUNE 2022 (BASED ON THE COMPANY'S REGISTER OF MEMBERS)

Size of Shareholding	No. of Shareholders	% of Shareholders	No. of Shares held	% of no. of Shares issued
1 — 500	6,165	78.3%	3,049,513	0.1%
501 — 1,000	1,113	14.2%	1,113,000	0.1%
1,001 — 2,000	475	6.0%	748,000	0.0%
2,001 — 10,000	100	1.3%	411,500	0.0%
10,001 — 100,000	17	0.2%	457,000	0.0%
100,001 — 500,000	2	0.0%	257,500	0.0%
Above 500,000	3	0.0%	2,754,956,826	99.8%
	7,875	100.0%	2,760,993,339	100.0%

Details about Sinotruk's major Shareholders are disclosed in the section headed "SHAREHOLDING ANALYSIS" in "OTHER INFORMATION" contained in this report.

### SINOTRUK'S REGISTRAR - COMPUTERSHARE HONG KONG INVESTOR SERVICES LIMITED

For corporate communications:

By post: 17M Floor, Hopewell Centre  
183 Queen's Road East  
Wan Chai, Hong Kong

By email: securities@sinotruk.com

For transfer of shares:

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

Tel: (852) 2862 8555

# MANAGEMENT DISCUSSION AND ANALYSIS

## MARKET OVERVIEW

### TRUCKS MARKET

In the first half of the year, facing the once-in-a-century changes together with the raging COVID-19 pandemic, the triple pressure (contracting demand, supply shock and weakening expectation) became more prominent, and the impact of unexpected factors significantly increased. In view of the above, China efficiently coordinated pandemic prevention and control with economic and social development, adhering to the principle of “stability as first priority and progress in a stable manner”, and China’s economy operated at a generally stable pace. China’s GDP grew by 2.5% HoH in the first half of the year, of which an increase of 0.4% was recorded in the second quarter, while investment in fixed asset (excluding rural households) and infrastructure increased by 6.1% and 7.1% HoH respectively. The positive drivers increased, and the national economy stabilized and rebounded, representing the strong resilience and vitality of China’s economy.

During the Period, the overall external economic environment for commercial vehicles was still under great pressure. With the orderly recovery and rebound of the manufacturing and consumer sectors, the recovery of the commercial vehicle market gained momentum. For the heavy duty truck industry, influenced by a series of negative factors such as higher of emission standards required and high inventory, the ultimate demand constantly narrowed. In particular, since March 2022, several recurring outbreaks of domestic pandemic in different regions delayed the resumption of work and production as well as the launch of infrastructure investment projects in various areas, which coupled with the impact of soaring oil and gas prices, caused the road freight market to suffer a severe impact, and resulted in the sales in the peak season for traditional marketing falling short of expectations. According to CAAM, the sales of heavy duty trucks reached approximately 380,000 units in the first half of the year, representing a decrease of 63.6% HoH. For the light duty truck industry, affected by various factors including

outbreaks of the pandemic, an excessive number of trucks compared to the volume of cargo, a low freight rate and the implementation of new regulations for blue-plate LDT, sales hit a new low in the first half of 2022 as compared to the same period in recent years. According to CAAM, the sales of light duty trucks reached approximately 849,000 units in the first half of the year, representing a decrease of 29.5% HoH.

### FINANCING MARKET

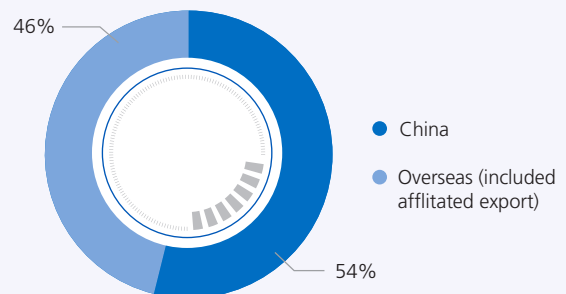
During the Period, one-year loan prime rate (LPR) in the PRC was not adjusted but five-year LPR was lowered once. As at 30 June 2022, the one-year LPR was 3.7% and the five-year or more LPR was 4.45%.

## OPERATION REVIEW

### HEAVY DUTY TRUCKS SEGMENT

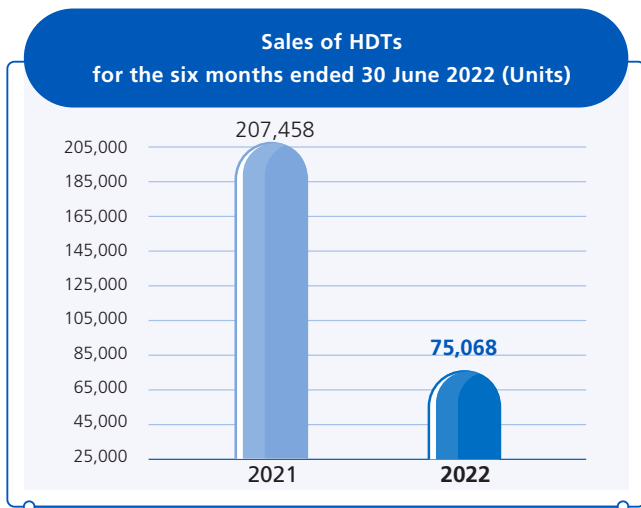
During the Period, total revenue from the HDTs segment (including sales of HDTs and services provided to customers thereof) was RMB24,099 million, representing a decrease of 58.8% HoH; the segment operating profit margin was 4.8%, representing a decrease of 2.4 percentage points HoH, mainly due to the significant decline in sales.

Revenue from the HDTs Segment by geographic markets for the six months ended 30 June 2022



## MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, the Group sold 75,068 HDTs, representing a decrease of 63.8% HoH.



### DOMESTIC BUSINESS

During the Period, the Group sold 35,338 HDTs in the PRC, representing a decrease of 80.3% HoH.

The Group continued to focus on enhancing the core competitiveness of products, deepened the penetration of our business in segment markets and implemented precise marketing strategies, extensively fostered and developed sale resources and consistently improved internal operations efficiency, achieving some breakthroughs in key segment markets and major customer development.

In the market of tractor truck, having insisted in adopting a market-oriented approach, the Group continued to reduce the fuel consumption and dead weight of our products, gaining a significant increase in the market share of tractor truck with 500 horsepower or above in particular. With its SITRAK series tractor truck aiming to build the top high-end brand in the logistics industry in China, the Group

maintained its leading position in the long-haul truck market. The market share of C9H diesel tractor truck with 550 horsepower or above hit a new high, and the sales of AMT vehicle model of single G7 series ranked top within the industry.



In the market of cargo truck, relying on its competitive strengths in differentiated products, and by cultivating the sub-markets of the transport of agricultural goods, cold chain and express, the Group's market share increased by 5.6 percentage points HoH. In the market of mixer truck, the Group constantly enriched the product portfolio, and deepened the strategic cooperation in mixer truck modification, keeping its number one position in the mixer truck industry. In the market of special vehicle, the Group achieved full coverage of various series of models. Among the 14 special vehicle sub-markets, the market share of 12 has increased (source: domestic insurance data, Beidou data and internal company data). The Group continued to optimize its dealer network. As at 30 June 2022, in the PRC there were more than 750 dealerships selling the Group's HDT products, with more than 1,280 service centers offering high-quality after-sales services and more than 90 truck-refitting services enterprises offering tuning services.

## MANAGEMENT DISCUSSION AND ANALYSIS

### INTERNATIONAL BUSINESS

During the Period, the Group exported 39,730 HDTs (including affiliated export), representing an increase of 41.8% HoH. The export revenue (including affiliated export) amounted to RMB11,074 million, representing an increase of 54.3% HoH.

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

	For the six months ended June 30	
	2022 RMB million	2021 RMB million
Overseas revenue	10,342	6,110
Affiliated export revenue	1,496	1,689
Total affiliated export revenue	11,838	7,799
Total non-HDTs export revenue (including affiliated export)	(764)	(623)
Total HDTs export revenue (including affiliated export)	11,074	7,176

Affiliated export refers to the Group's sales to domestic exporters who have provided shipping documents to prove that they would direct export to overseas customers. The Directors consider that affiliated export forms part of the Group's export business.

In the first half of the year, despite the conflict between Russia and Ukraine and sharp rise in global inflation coupled with the overlying impact from weak global recovery and tightening monetary policy, the Group's export business overcame all difficulties, bucked the trend, and secured high-quality development in the international market to such extent that the sales volume hit a record high and the export market share ranked first in the domestic HDT industry. During the Period, firstly, grasping the market opportunities arising from the economic recovery, the Group consolidated our traditional the advantageous in markets of Africa and Southeast Asia, and accelerated the development of the advantageous markets of European and American brands; secondly, the Group doubled the export volume of mid and high-end products by orderly advancing the upgrade of export products structure; thirdly, the Group focused precisely on customers' usage scenarios and needs by formulating a market segment breakthrough strategy; fourthly, the Group accelerated in making breakthroughs in our relatively weak markets of cargo truck and high-end tripper truck; and fifthly, the Group strengthened marketing management and focused on the leading markets, further enhancing its brand image and product popularity.

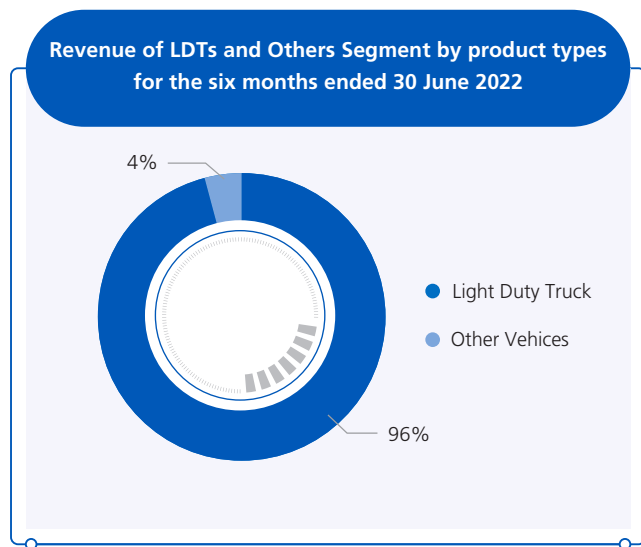
As at 30 June 2022, the Group had developed around 300 dealerships at all levels, around 270 outlets for services and around 260 outlets for spare parts, and 26 overseas cooperative KD plants in more than 90 countries and regions, forming an international marketing network largely covering developing countries and major emerging economies in Africa, the Middle East, Central and South America, Southeast Asia, as well as countries and regions like Australia, Ireland and New Zealand, and mature markets including Hong Kong and Taiwan.



## MANAGEMENT DISCUSSION AND ANALYSIS

### LDTs AND OTHERS SEGMENT

Revenue from LDTs, the major products of the LDTs and Others Segment, accounted for approximately 96.4% of total revenue of the segment, while other products of the segment included buses, pickup trucks and other vehicles. During the Period, the proportion of segment revenue by products was as follows:



During the Period, the total revenue from the LDTs and Others Segment (sales of LDTs and other vehicles) was RMB4,544 million, representing a decrease of 30.1% HoH. The segment's operating loss margin was 3.0% negative, representing an increase of 0.8 percentage points as compared to the corresponding period of last year, mainly due to decrease in sales volume of LDTs which resulted in the larger drop in sales revenue.

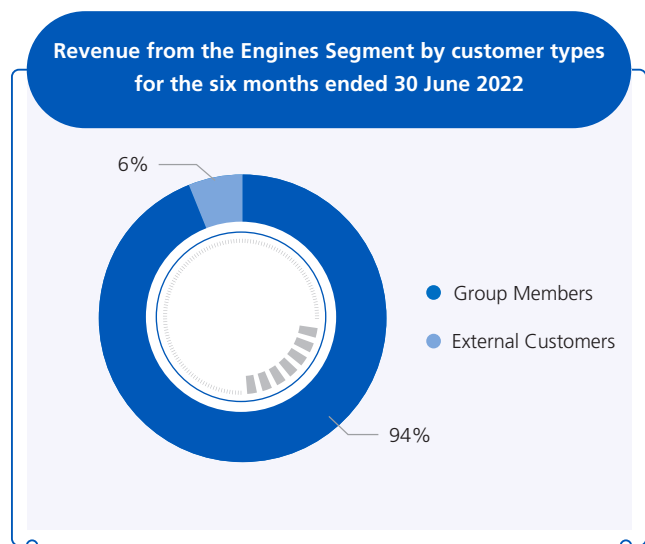
During the Period, the Group sold 45,289 LDTs, representing a decrease of 45.0% HoH.

During the Period, the Group actively responded to the industry's "new blue plate" regulations and policies, proactively adjusted its product structure, and continued its strategic transformation. Firstly, the Group perfected its product portfolio strategy, enhanced its competitive advantages of products, carried out the promotion of vehicles of 2.3L, 2.5L, AMT automatic transmission vehicles,

new energy and other new products, and continued to improve product quality in response to product market performance and market adaptability; and secondly, the Group achieved full coverage of the mid-to-high-end market by further enriching product lines, and created new product portfolio advantages for all scenarios and road conditions. In addition, the Group continued to optimize and eliminate inefficient sales networks, and the quality of channel network operations was significantly improved. As at 30 June 2022, the Group had, in the PRC, a total of approximately 1,000 dealerships of LDTs, approximately 2,200 service centers offering after-sales services and approximately 130 modification enterprises offering tuning services.

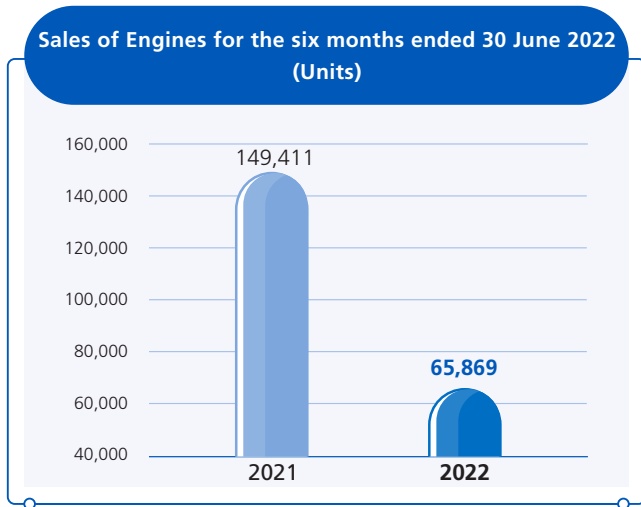
### ENGINES SEGMENT

During the Period, the segment recorded total revenue (sales of engines) of RMB5,717 million, representing a decrease of 54.9% HoH, of which external sales accounted for 6.3%, representing an increase of 0.4 percentage points HoH. The segment's operating profit margin was 6.6%, representing a decrease of 6.9 percentage points HoH, mainly due to the decrease in sales volume and higher fixed costs shared by each product, resulting in the increase of average costs. During the Period, the proportion of segment revenue by customer type was as follows:



## MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, Engines Segment sold 65,869 engines, representing a decrease of 55.9% HoH:

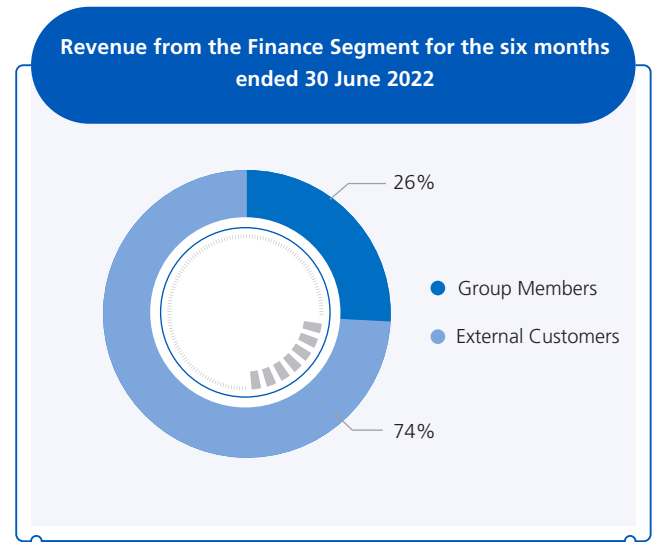


During the Period, in accordance with the technical development requirements for carbon peak and carbon neutrality, the Group continued to enhance the competitiveness of existing engine products, increased investment in new energy technologies, and built a variety of advanced powertrain platforms to meet the needs of different vehicle products such as HDTs, LDTs, construction machinery, etc.

During the Period, firstly, the Group continued to improve the introduction efficiency of products complying with China VI Emission Standards. The MC series engines complying with China VI Emission Standards with good economy, strong power and high reliability were recognized by the market. Secondly, the Group developed high-pressure hybrid, mild hybrid and other products in light of the fourth-stage fuel consumption regulations combined with the market acceptance of heavy duty commercial vehicles, and continued to promote and reform technologies to enhance product competitiveness. Thirdly, the Group continued to carry out the optimization of engine fuel consumption. The fuel thermal efficiency of high-efficiency vehicle models has been continuously improved, and the fuel consumption per 100 kilometers has been continuously reduced, contributing to the enhancement of the competitiveness of our finished vehicles.

## FINANCE SEGMENT

During the Period, the revenue from the Group's Finance Segment (including interest and financial lease income), was RMB936 million, representing a decrease of 19.6% HoH. Revenue from external customers amounted to RMB689 million, representing a decrease of 22.0% HoH. The segment's operating profit margin was 47.0%, increased by 15.3 percentage points HoH, primarily due to the impairment provisions for financial receivables decreasing significantly during the Period. During the Period, the proportion of segment revenue by customer type was as follows:



During the Period, firstly, the Group firmly established the business philosophy of risk prevention and control, and continued to improve its risk management and control capabilities. Starting from system implementation, business continuity, credit management, operation management, etc., the Group established a digital and intelligent risk control system, strengthened technological empowerment and leadership, and effectively prevented and control financial risks. Secondly, in accordance with the Group's sales network development plan, the Group diversified its financial services, innovated and enriched financial products, and meanwhile improved channel-specific services, comprehensively strengthened financial services on the basis of effective risk prevention and control, and further enhanced financial support and sales capabilities.

## MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2022, the Finance Segment of the Group had established 22 business offices, with its business covering China, and further improved its automotive consumer credit services.

The Finance Segment operates money lending business of the Group through the provision of the following services to the relevant client(s) or borrower(s) (collectively, the “**Borrower(s)**”):

- (i) commercial lending (“**Commercial Lending**”) which involves the provision of loans to the Borrowers and bill discounting services for bank bills presented by the Borrowers, and
- (ii) auto-finance services (“**Auto-finance Services**”), which involves the provision of financing to the Borrowers, being end-users and dealers of the Group’s products for the purpose of purchasing the Group’s vehicles.

The money lending business of the Group were funded by the equity of the members of the Group which operates the Finance Segment, deposits made by other Group members, the Group’s bank borrowings and internal financial resources of the Group. Depending on the type of lending services provided, the Group generally charges an interest rate that ranges from 1.5% to 11%.

### COMMERCIAL LENDING

In respect of the provision of the Commercial Lending services by the Group, the Borrowers comprise CNHTC and its associates (as defined under the Listing Rules), dealers of the Group and suppliers of the Group and the CNHTC Group. CNHTC is a substantial shareholder of the Company whilst the relevant dealers and suppliers are either existing dealers and suppliers of the Group, or suppliers introduced to the Group through business referrals from the CNHTC Group. Such arrangement not only enables the Group to gain a reasonable interest income, but also ensures stability of its industrial chain and achieves a win-win cooperation among upstream and downstream entities along such industrial chain.

Loans to CNHTC and its associates are unsecured and are made in the manner as stipulated under the financial services agreement which terms and details are disclosed in the Company’s announcement dated 31 March 2021 (for the loans made in 2021, terms and details of loans that were made as stipulated under the financial services

agreement (as supplemented) as disclosed on 26 March 2018, 3 April and 16 April 2018, respectively). Loans to dealers are unsecured while loans to suppliers are secured by the pledge of receivables from suppliers of the Group and the CNHTC Group. For a few cases in respect of dealers and suppliers, further security such as properties and deposits were required. All loans granted are repayable within one year. The Group only discounts the bills issued by banks in the PRC, which bills shall all be matured within one year.

During the Period, the interest revenue from the Commercial Lending services was RMB71 million, compared with the Previous Period at RMB118 million, representing a decrease of RMB47 million or 39.8% HoH. As at 30 June 2022, the outstanding net amounts and interest receivable of the loans and bills discounted was RMB2,543 million and RMB54 million, (31 December 2021: RMB2,096 million and RMB104 million) respectively.

As at 30 June 2022, there were less than 100 of such Borrowers who had outstanding balances with the Group in respect of such provision of loan services and bill discounting services. As at 30 June 2022, the Commercial Loans granted to the largest Borrower (being the CNHTC Group) and the top five Borrowers constituted approximately 45.9% and 64.8% (31 December 2021: 50.4% (being the CNHTC Group) and 72.4%) of the Group’s relevant net financing receivables and discounting bills balance.

### AUTO-FINANCE SERVICES

In respect of the provision of the Auto-finance Services by the Group, the Borrowers comprise individuals and entities that purchase commercial vehicles of the Group from dealers and were either end-users of the Group’s commercial vehicles or car dealers of commercial vehicles. Such Borrowers were either existing customers of the Group, or introduced to the Group through business referrals from the CNHTC Group or dealers of the Group’s vehicles. The Auto-finance Services are further divided into auto-finance loans and finance leasing.

All amounts granted under the Auto-finance Services are guaranteed by the Borrowers (and, for those that are entities, by guarantees of their owner(s) as well), and in respect of certain Borrowers, the relevant amounts are also guaranteed by the dealers. For loans involving a large amount, further security such as properties and guarantee deposits may be required to be provided as collateral. In

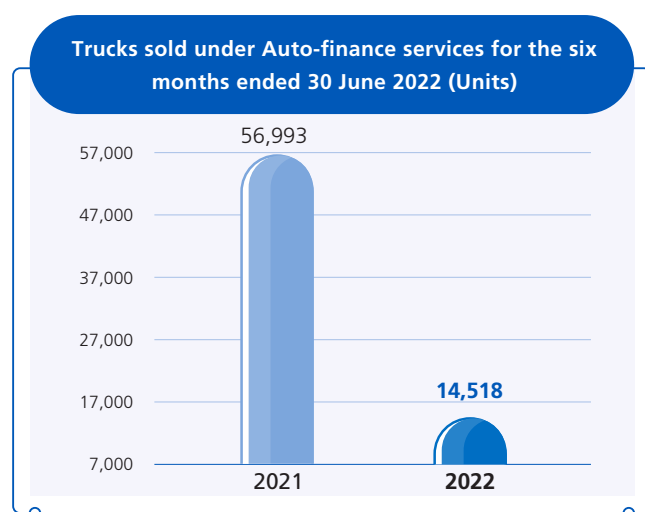
## MANAGEMENT DISCUSSION AND ANALYSIS

In addition, all such financing are secured by assets such as commercial trucks being purchased by the Borrowers and guarantee deposits. The relevant loans and finance leases granted under the Auto-finance Services are normally repayable within three years.

During the Period, the interest revenue from the Auto-finance Services was RMB364 million, compared with that of the Previous Period at RMB489 million, representing a decrease of RMB125 million or 25.6% HoH. As at 30 June 2022, the outstanding net amounts and interest receivable of the loans and finance leases was RMB13,521 million and RMB18 million (31 December 2021: RMB19,321 million and RMB25 million), respectively. As at 30 June 2022, the net finance leases balance to the net loans and finance leases balance was approximately 10.2% (31 December 2021: approximately 11.0%).

As at 30 June 2022, the Borrowers who obtained financing via the Group's Auto-finance Services were more than 88,000 (31 December 2021: more than 90,000). As at 30 June 2022, the loans and leases granted under Auto-finance Services to the largest Borrower and the top five Borrowers constituted approximately 0.2% and 0.7% (31 December 2021: approximately 0.3% and 0.8%) of the Group's relevant net loans and leases balance.

During the Period, the Group sold 14,518 vehicles through Auto-finance Services, representing a decrease of 74.5% HoH.



### IMPAIRMENTS AND WRITE-OFFS

The Finance Segment considers the provision for impairment based on the Borrowers' repayment situations, current and forecast economic conditions and legal and regulations which are consistent with market practices. In compliance with the requirements set out in the Guidance on Provisioning for Loan Losses (《銀行貸款損失準備計提指引》) promulgated by the People's Bank of China, in assessing the relevant risks of loss in respect of the relevant loans and financing, the Finance Segment shall, on at least a quarterly basis, assess and classify the relevant outstanding balances into five categories depending on the credit risk. Depending on the relevant category, provisions for impairment in respect of the outstanding financing receivables will be made by the Finance Segment in accordance with the Group's internal policy, based on a provision rate ranging from 1.5% to 100%.

During the Period, the increase in the provision for impairment amounted to RMB46 million (Previous Period: RMB201 million). As at 30 June 2022, the total provision of impairment of financing receivables including discounting bills amounted to RMB823 million (31 December 2021: RMB778 million) which were made after the consideration of the Borrowers' repayment history and market situations, in particular, the impacts of COVID-19. During the Period, RMB0.6 million (Previous Period: none) of the financing receivables had been written-off.

The abovementioned methodology and the basis applied were common and widely used in the market and such approach in assessing the impairment on financing receivable is consistent with practice adopted by Group, hence, such methodology and the basis applied are fair and reasonable.

## MANAGEMENT DISCUSSION AND ANALYSIS

### KEY INTERNAL CONTROL MEASURES

#### Credit risk assessment

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

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

Relevant business approval forms including but not limited to details of the amounts, repayment terms and the applicable interest will be prepared and the senior management of the relevant Business Unit will give final approval in respect of the relevant application and, pursuant to which, the Business Unit will execute the relevant drawdown or payment procedures. In respect of loans or financial services to be granted to CNHTC and its associates, during the drawdown process, the finance department of the relevant Business Unit will re-confirm that the total outstanding balances, after taking into consideration the amount in the aforesaid application, does not exceed the pre-approved caps and approve the release of the funds if the annual cap has not been exceeded.

#### Monitoring of loan collection and recovery

The Group has adopted the procedures on monitoring loan repayment and recovery which involves various departments of the Business Unit (principally engaged in after-loan management) being required to report to the risk management and operations departments of the

Business Unit on the repayment status of all loans and financing on at least a quarterly basis and to report any material defaulted loans immediately upon occurrence. In addition, regular and/or specific inspections will be carried out in respect of the financial status of the Borrowers and the status of the collaterals. In addition, in respect of the loans or financial services to be granted to CNHTC and its associates, regular meetings are conducted by the Group's Board Office to monitor and ensure all the relevant continuing connected transactions are in compliance with the relevant rules and regulations.

The Group has also adopted a policy for loan collection/recovery, pursuant to which, depending on the status of the overdue payment, the Business Units will continuously contact the Borrowers via different means including by phone and on-site interviews, issue overdue payment reminder to the Borrower, and, based on the approval of the senior management of the Business Unit, the Business Unit may negotiate with the Borrower for the repayment or settlement of the loan. Depending on the outcome of the aforesaid measures, the Business Units may also instruct its legal advisers to issue formal legal demand letters. Thereafter, formal legal proceedings may be initiated where appropriate.

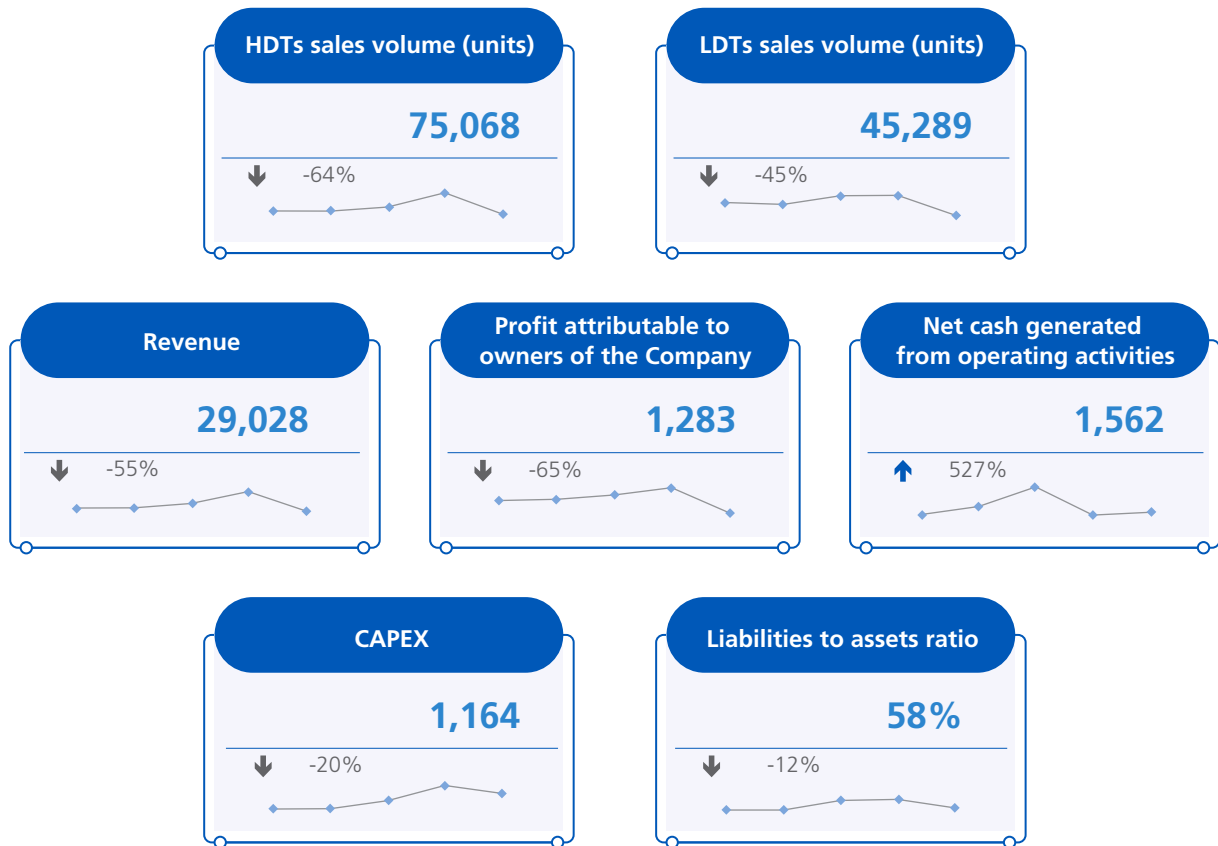
### MAJOR KEY PERFORMANCE INDICATORS ("KPI")

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

## MANAGEMENT DISCUSSION AND ANALYSIS

The following charts present the key KPIs for the six month period ended 30 June or as at 30 June for the following years.

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



Key performance indicators	2022	2021	2020	2019	2018
HDTs sales volume (units)	75,068	207,458	118,073	92,668	93,527
LDTs sales volume (units)	45,289	82,387	81,704	65,401	68,848
Revenue	29,028	65,169	42,798	34,623	34,266
Profit attributable to owners of the Company	1,283	3,623	2,941	2,536	2,419
Net cash generated from operating activities	1,562	249	13,474	4,272	516
CAPEX	1,164	1,463	892	591	578
Liabilities to assets ratio	58%	66%	65%	56%	56%

Note: The Group entered into business combinations under common control with Datong Gear in 2020 and HOWO Bus in 2019 respectively, thus data for 2019 has been restated according to data of Datong Gear but data for 2018 has been restated according to data of HOWO Bus only.

## MANAGEMENT DISCUSSION AND ANALYSIS

### KEY RELATIONSHIPS WITH CUSTOMERS, SUPPLIERS, EMPLOYEES AND OTHERS

The Group values its communication with stakeholders. The Group has established effective communication and feedback mechanisms, and been listening to the opinions and suggestions of stakeholders from different communication mechanisms such as government and regulators, shareholders and investors, customers, employees, partners, society and environment, etc., identifying the feedback and expectations of various stakeholders of the Group, and responding to their demands in a targeted manner, so as to comprehensively improve the Group's corporate social responsibilities performance.

The Group upholds the concept of "customer satisfaction as our top priority" and implemented the service brand "親人" ("Family") with an aim to make customers enjoy the whole process of service. The Group established a comprehensive after-sales management system to proactively communicate with customers, protect customers' privacy and improve customer service quality. In accordance with internal management documents such as the Sinotruk Settlement Standards of Automotive Product Warranty Service Fees, the Sinotruk Policy of Product Quality Warranty, the Customer Maintenance and Fund Management Process, the Supervision and Management of Service Process, and the Management Process of After-sales Service Technical Support, we established an integral after-sales service management system to ensure the after-service quality comprehensively. We attach high importance to customers' feedback and proactively deal with complaints on our service or products by establishing and optimizing complaint process. For frequent problems in products and service, we conduct review in time and set up improvement plan to further enhance reliability of our products and service and maintain the brand's image of the Group.

The Group continues to improve on products and service. We established and improved a program of customer service survey and regarded customers' feedback as an important basis for daily operation improvement and enhancement. We set up customer satisfaction survey modules on several platforms, and conduct real time monitor and management of customer satisfaction survey through Smart Sinotruck ("智慧重汽") app, and conduct quality satisfaction survey quarterly in vehicle manufacturing plants, sales companies and service offices. We analyze customers' negative feedback and pay return visits to identify their needs in a timely manner. We request relevant departments to take actions for remedy, propose improvement plan and verify its feasibility which form a closed-loop management (standard - effect - correction) in order to avoid the occurrence of similar events.

The Group highly values the security of customer personal information and privacy. We strictly abide by relevant laws and regulations, such as the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》), the Regulations of the PRC for Safety Protection of Computer Information Systems (《中華人民共和國計算機信息系統安全保護條例》), and the Measures for Security Protection Administration of the International Networking of Computer Information Networks (《計算機信息網絡國際聯網安全保護管理辦法》). We formulated internal management regulations such as the Management Procedures for Information Security (《信息安全管理制度》), the Administrative Measures for Protecting the Confidentiality of Information Systems, Information Equipment and Storage Equipment (《信息系統、信息設備和存儲設備保密管理制度》), and the Management Procedures for Trade Secrets Protection (《商業秘密保護管理流程》), taking various actions to strictly protect customers' privacy.

The Group upholds integrity, trust and win-win cooperation as concept of supply chain management, set up internal managing documents and established a comprehensive supply chain management system based on Group's development needs to strengthen supplier management. Meanwhile, we place importance on mutual development with suppliers, cooperate with suppliers based on fair and open principles and provide various trainings for them to achieve win-win in our business.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group is well aware that our employees are a constant driving force to achieve the sustainable development of the enterprise. We fully protect employees' legal rights and benefits, and have established a comprehensive promotion system, providing professional learning platforms and implementing measures of staff care in order to achieve mutual development of both employees and the enterprise. In addition, we actively undertake social responsibility, try our utmost to give back to the society and participate in building a better community.

The Group is committed to providing employees with all-round training in line with job requirements and career goal planning, to provide the core driving force for corporate development and optimize talent reserve.

We have formulated the Procedures for Training Management (《培訓管理程序》), the Internal Trainer Management Procedures (《內部培訓師管理工作流程》) and other relevant policy documents. We have been building a three-level training system for employees and a strong team of trainers to comprehensively enhance the quality of training and continuously advance our training work.

Considering business characteristics and development needs, the Group has established and improved the training system with respect to multiple fields such as corporate culture, digital transformation, going global, and smart growth, and formulated a highly timely, practical and scientific training plan to comprehensively improve the abilities and awareness of employees at all levels. We actively explore diversified training methods, combining online and offline training. The Group has attached great importance to the building of an online learning platform "Sinotruk Cloud Academy" for employees, which provides built-in courses and the courses on products, management and professional skills independently developed by the subsidiaries, to establish a regular learning mechanism for employees.

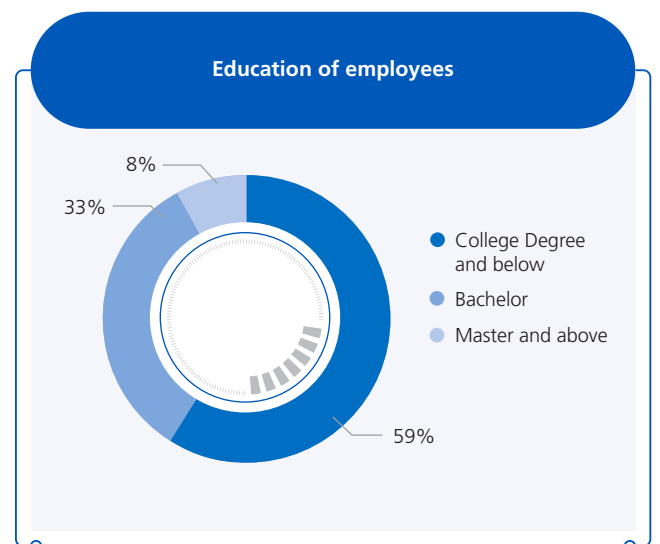
The Group's remuneration policies were determined with reference to the performance, qualification and working experience of individual employees, as well as the results of the Group and the market conditions. The benefits provided by the Group to its employees include discretionary bonus, meal subsidies,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

bonuses and monetary rewards based on their performance and ratings in annual performance appraisals.

During the Period, the remuneration of the Group (including salaries, retirement benefits, other welfares and post-employment benefits) to all employees including Directors amounted to RMB2,210 million, representing a decrease of 16.2% HoH. The decrease was mainly due to the decrease in the provision for termination and retirement benefits during the period under review. The Group did not have any share option scheme in place as at 30 June 2022.

As at 30 June 2022, the Group employed a total of 26,849 employees, broken down by function and education as follows:

	Number of employees	%
Management team	284	1
Technical and engineering staff	3,439	13
Research and development staff	2,476	9
Production staff	15,216	57
Operation and sales staff	2,585	10
Administrative staff	2,849	10
<b>Total</b>	<b>26,849</b>	<b>100</b>





## MANAGEMENT DISCUSSION AND ANALYSIS

### ENVIRONMENTAL POLICY, PERFORMANCE AND COMPLIANCE

The Group actively responds to the national “dual-carbon” strategy and the national call for carbon reduction and environmental protection. We adhere to green operation, fulfill our environmental responsibilities, and pursue the sustainability of our development and operation. We have been maintaining the business philosophy of “lucid waters and lush mountains are invaluable assets”, actively identifying and responding to the risks brought about by climate change, enhancing our ability to adapt to climate change, turning challenges into opportunities, continuously strengthening waste and energy resource management. In this way, we contribute to the whole industry in the area of low-carbon environmental protection and ecological construction.

The Group coherently upholds the concept of green development, strictly abides by relevant national laws and regulations, refines and implements internal rules and regulations of the Group, establishes and improves the environmental regulation system, and standardizes the daily production process, so as to ensure stable and up-to-standard discharge of industrial “three wastes” (wastewater, flue gas and solid waste), with a requirement to achieve 100% compliance in terms of “three wastes” discharge and transfer of hazardous wastes. With the aim to continuously improve our environmental performance, we actively provided comprehensive and multi-dimensional technical support for all the subordinate units of the Group involved in environmental protection projects, established a long-term mechanism for pollution prevention and control, in order to reduce the generation of “three wastes” from the source.

In strict compliance with the Water Pollution Prevention and Control Law of the PRC (《中華人民共和國水污染防治法》), the Group has carried out whole-process control of wastewater generated in the production process, so as to achieve comprehensive control of wastewater discharge.

The wastewater of the Group mainly includes the production wastewater and domestic sewage in the factory area. All subordinate units have been encouraged to carry out advanced treatment of wastewater, and required to set up sewage treatment facilities in the factory area to pretreat production wastewater. A system for online pointer monitoring of sewage has been set up at the discharge nozzle, which is connected to the environmental protection departments at provincial and municipal levels to monitor the chemical oxygen demand (COD), ammonia nitrogen emission concentration and other pollutant indicators in real time, thus achieving whole-process control of the wastewater generated in the production process, and ensuring up-to-standard discharge of wastewater.

The Group strictly abides by the Atmospheric Pollution Prevention and Control Law of the PRC (《中華人民共和國大氣污染防治法》) and relevant local emission standards, it formulated and improved the Regulations on the Management of Atmospheric Pollution Emission (《大氣污染物排放管理規定》), to ensure the full realization of up-to-standard emissions by promptly identifying and closely monitoring smoke, nitrogen oxides, sulfur dioxide, volatile organic compounds and other air pollutants generated by each member enterprise in the production and operation process, and regularly entrusting a third-party organization with professional qualifications to monitor emissions.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group persistently upholds pollution prevention and control principles of volume reduction, resource recovery and harmlessness. In strict accordance with the Environmental Pollution Law of the PRC on the Prevention and Control of Solid Waste (《中華人民共和國固體廢棄物污染環境防治法》) and other laws and regulations, we standardize the collection, storage and disposal management of solid waste in daily production, so as to further reduce environmental impact.

In accordance with the Regulations of the PRC on the Prevention and Control of Noise Pollution (《中華人民共和國噪聲污染防治條例》), the Group has formulated and improved the regulations on the management of noise emission to strictly control the noise generated in production and operation. The noise-generating department of each Group member has been required to identify the noise-generating spots, strictly controlling the noise source, proposing a special treatment plan, scientifically planning the setting of production areas, and regularly organizing professional institutions to conduct noise emission testing in accordance with the requirements of environmental protection management, so as to minimize the threat of noise to the surrounding environment and the health and safety of employees.

### COMPLIANCE MATTERS

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

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

## PRINCIPAL RISKS AND SOLUTIONS

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

### 1. QUALITY RISKS

The Group continued to strengthen quality process control through quality indicators and assessment system construction, quality information processing, and corporate standard upgrades, etc., with a view to strictly controlling quality risks.

#### MITIGATION MEASURES:

Product review was intensified and rolling review was continuously strengthened. The Group increased the frequency of quality assessment and achieving full coverage of all hot sales vehicle models every quarter as well as full coverage of components and parts of vehicle assembly half a year, and rectified the problems identified in a standard manner. In the first half of 2022, 11 finished vehicles, 40 components and parts of vehicle assembly as well as 197 processes during the management process were reviewed, the completion rate of rectification of which was 92% and 83%, respectively.

The production process was reviewed to ensure the quality of output of core production lines and such reviews covered all core production lines of key products sold. The Group continuously carried out production process review according to *Process Review Operation Instructions* (《過程審核作業指導書》) and focused on its core production lines. In the first half of 2022, the Group conducted 6 process reviews involving 20 production lines. The Group also organized each unit to make rectifications and conduct on-site verification, strengthening the rectification and tracking to ensure the rate of resolved problems of above 90%.

## MANAGEMENT DISCUSSION AND ANALYSIS

Urgently purchased products were stringently reviewed in accordance with the Group's Q/ZZ50239 standard to ensure that the product inspection, sufficient testing, qualified physical review and commitments of quality indicators meet the relevant requirements. Products not complying with the above standard or products that are not urgently needed for production shall be returned and not allowed for emergency purchase, and those units that conducted non-compliance emergency purchase shall be inspected and notified. The Group improved the quality indicator requirements, and all emergency purchase suppliers shall provide a quality commitment letter, to agree on product quality indicators and to make a written commitment on the consequences of exceeding the quality standards, and no actions shall be allowed if such requirements are not complied with.

In 2022, the Group identified 19 major special quality research projects in response to the long-standing problems in the after-sales market, including heat dangers, high braking temperatures, resonance and urea crystallization. For major special topics, trans-department research team was established to conduct in-depth market research, understand the current situation and analyze the reasons from various units and aspects for the purpose of achieving the comprehensive improvement of products. In the first half of 2022, 19 quality research projects were carried out as planned with no overdue projects and the overall improvement was under control. According to the data analysis, the failure rate of products under such research projects in the first half of 2022 reduced by 43% year-on-year. In addition to the above complicated problems, the Group focused on the after-sales failure rate and the claim amount as monthly top issues, published a list of group-level projects, promoted the implementation of improvement of dynamic management, combined the after-sales big data statistics analysis, and formulated a list of improvement projects in line with the principle of covering 70% of claims amounts. With such clear

and clarified measure plan, the Group sets the quantity target of 50% failure rate reduction as the improvement indicator, and focused on data tracking and effect evaluation. The failure rate of products under those 113 group-level improvement projects decreased by 50% year-on-year in the first half of 2022.

While enhancing the capacity building of regulation conformance and regulatory informatization, the management and control over the life-cycle informatization including the vehicle qualification certificate, environmental protection list, vehicle conformance and other certificates were improved.

The Group determined the implementation plan for certificate upload monitoring and early warning, completed the development of relevant functions of the vehicle registration management system, realized accurate statistics on the number of certificate uploads as well as early warning and limitation on the number of certificate uploads per day, improved the timeliness of certificate upload information monitoring, prevented secondary units from uploading certificates in large quantities without authorization in a short time, and avoided triggering the "abnormal movements monitoring (異動監控)" system published by Ministry of Industry and Information Technology of the PRC (MIIT) to avoid relevant risks such as being notified by MIIT and restriction on certificate uploading function.

The Group strengthened the self-examination of chassis problems during the commissioned vehicle improvement and registration as well as the compliance management and control of truck body products, phased out those commissioned units with low capacity, poor management and control and high regulatory risks, constantly refined the inspection requirements for the conformance of vehicle regulations during commissioned vehicle improvement and vehicle registration, greatly reducing the risk of regulatory conformance supervision.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group formulated and issued the “Administrative Measures for the Truck-refitting Services Providers” (《委改單位准入管理辦法》) and “Administrative Measures for the Release of Truck-Refitted Products” (《委改產品釋放管理辦法》), regulating the access of commissioned units for improvement and the process of commissioned improved products release. The Group formulated the “Specifications for Quality and Technique of Commissioned Improved Truck Bodies” (《上裝委改質量技術規範》), specifying the regulatory items of truck bodies, welding, painting, pipeline connection and other technical requirements to ensure that refitted products meet the product conformance requirements.

### 2. HEALTH, SAFETY AND ENVIRONMENTAL RISKS

The Group always adheres to the principle of “safety first, prevention oriented and comprehensive management”, improves the safety management system continuously, implements supervision and monitoring, and continuously enhances the safety management level, the safety production work has been running smoothly as a whole.

#### MITIGATION MEASURES:

In the first half of the year, the situation of domestic epidemic prevention and control was extremely severe and complicated. In response to the requirements of epidemic prevention work, we built a comprehensive defense line against the epidemic and effectively guaranteed the health and safety of all employees. The Group regularly conducts nucleic acid testing for all employees, formulates testing plans in advance, designates testing sites, conducts on-site disinfection and sterilization, and diverts personnel to ensure that nucleic acid testing is carried out in an orderly manner and effectively safeguards production safety.

The Group intensified the inspection and assessment of safety production in the form of monthly inspections, conducted all-round supervision through a combination of data review, site inspection, as well as inquiries and surveys, classified and summarized the inspection problems, put forward work improvement requirements and completed rectification.

In June, the Group innovatively carried out the safety production month activities, focusing on the theme of “complying with the safety production law and being the first responsible person”, with “seven activities”, including training competition, hidden danger detection activity, face-to-face meeting with experts, collection of safety science works, refining safety management system document, intrinsic safety improvement activity and safety skills competition, as the main line to carry out activities. Combining the characteristics of the machinery industry, the Group innovated the forms of activities, and enriched the content of the activities, so as to truly get close to the enterprise and life. The Group raised the safety awareness, improved the level of safety management and enhanced the publicity of safety production to demonstrate the Group’s good level of safety development.

The Group promoted the development of fire protection and safety intelligence. The Group made every effort to promote the launch of the intelligent error prevention and error correction system for specific scenarios safety production. The system can automatically identify and alarm, and improve the intelligent level of safety management. The Group promoted the test project of “major risk early warning and intelligent prevention and control system” and the project of “environmental protection data and fire risk online monitoring and real-time scheduling”, promoted the QR code scanning and spot inspection project of fire protection equipment and facilities, standardized the digital construction of hidden dangers in safety production, and improved system weaknesses.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group conducted various centralized emergency drills in order to improve its abilities of catastrophe prevention and relief. During the first half of year, the Group has commenced drills mainly on aspects of fire safety, heat stroke, occupational diseases, public health, contingency plan for natural disasters and on-site management and implementation plan. Through the commencement of various drills, the staffs' capability to handle emergency situation was enhanced while the suitability and effectiveness of the contingency plans and on-site execution plans were verified.

### 3. FOREIGN EXCHANGE RISKS

The Group reached a historic high in terms of heavy duty truck exports in the first half of 2022, and international business has become an important part of the Group. In order to avoid or reduce potential risks such as exchange losses in international trade, various financial means were used and various preventive measures were taken in advance.

#### MITIGATION MEASURES:

The Group adopted cross-border Renminbi as settlement currency for business transactions in areas with sufficient Renminbi so as to further reduce currency exchange risks. For long-term letters of credit, the Group took the initiative to adopt forfaiting, accelerating the collection of trade receivables, thus avoiding the adverse impact of forward exchange rate fluctuations.

Research on exchange rate fluctuations was strengthened and close attention was paid to changes in market exchange rates. The Group continued to conduct exchange settlements in batches at favorable time according to capital needs and changes in market exchange rates. When signing foreign trade contracts, where there is a possibility of exchange rate inversion, the Group adopted forward exchange rate accounting in a timely manner to lock in contract profits. Based on export business volume and collection plan, the Group estimated the amount of monthly receipts, and on this basis, cooperated with relevant banks on the financial products with locked forward exchange rates to the exchange losses that may be caused by exchange rate fluctuations.

### BUSINESS STRATEGIES AND PROSPECTS

Looking forward to the second half of 2022, global economic growth will gradually fall back to normal, supply chain bottlenecks will exacerbate inflationary pressures, the risk of global "stagflation" will increase, fiscal support for major economies will weaken, monetary policies will be tightened, and international financial market volatility will intensify. From the perspective of the domestic economic situation, as the rebound of the epidemic is effectively controlled, the Chinese economy will continue to adhere to the general principle of seeking progress while maintaining stability, various policies of the central government to stabilize the economy will be further implemented and take effect, and the recovery momentum will continue to be maintained in the second half of the year. Earlier implementation of infrastructure investment and proactive fiscal policy will provide solid guarantee for economy to operate within a reasonable range.

From the perspective of the commercial vehicle industry, as the economic situation stabilizes and improves, the demand for freight will continue to grow steadily, and the control over excess and limit driven by source management continuously reinforced promoting the replacement demand for lightweight products and bringing a permutational increment. In addition, the release of the policy of carbon peak and carbon neutrality brings new opportunities and challenges. New energy and intelligent network vehicles will become the iconic and leading products in the new round of science-tech revolution and industrial transformation. The penetration rate of new energy commercial vehicles will continue to rise.

In general, the sales volume of the HDTs industry and LDTs industry in 2022 will experience a structural with some uncertain factors, and demand is expected gradually pick up in the second half of the year.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group insists on “customer satisfaction” as our core value, and aims to achieve our enterprise vision as a world-class enterprise in terms of all series of commercial vehicles. In the second half of 2022, the Group will strive to perform well in the following three areas:

1. Seize opportunities in overseas markets and increase market segment development. Continue to consolidate some traditional advantageous markets in Africa and Southeast Asia, and accelerate the development of advantageous markets for European and American brands; focus on key national markets, and develop segmented market models such as cargo trucks, high-end dump trucks, and medium- and long-distance tractors to further increase overseas market share.
2. Continuously consolidate the traditional dominant market position and break through weak markets. The Group will seize the demand opportunities arising from economic recovery, consolidate the dominant market of tipper trucks and mixer trucks, continue to increase the development of various market segments, and search for breakthrough point by focusing on markets such as composite and coal, high-horsepower tractor trucks, gas vehicles, and 4×2 trucks and achieve incremental improvement.
3. Comprehensively enhance systematic marketing capabilities. By improving the whole value chain marketing system of custody services, second-hand cars, Internet of Vehicles, intelligent driving, financial insurance, etc., the Group will develop an in-depth capability in identifying fleet-type customers, gradually form a value ecological chain, enhance marketing capabilities and brand premiums, and accelerate the realization of value marketing transformation.
4. Make every effort to achieve strategic market breakthroughs. The Group will continue to increase investment in research and development to ensure breakthroughs in new technologies and new formats such as new energy, Internet of Vehicles, and intelligent driving, and achieve comprehensive leadership in high-end technologies. The Group will focus on developing customized products around typical scenarios such as ports, steel mills, muck

transportation, cement mixing, municipal sanitation, urban distribution logistics, etc., to enhance the core competitiveness of new energy vehicle products, speed up commercialization and create new growth points.

## FINANCIAL REVIEW

### REVENUE, GROSS PROFIT AND GROSS PROFIT MARGIN

The Group’s revenue for the Period was RMB29,028 million, representing a decrease of RMB36,141 million or 55.5% HoH. The decrease in the revenue was due to the economic slowdown and the disrupted logistics due to the complicated and fluctuating Covid-19 pandemic situations, which together resulted in a significant year-on-year drop in truck demand in the PRC and, in turn, resulted in a relatively large drop in the sales volume of all kinds of trucks and Products Revenue. The Group’s gross profit for the Period was RMB4,913 million, representing a decrease of RMB5,902 million or 54.6% HoH. The decrease in gross profit was mainly due to the significant decrease in sales in trucks and reduction of production scale. Gross profit margin for the Period was 16.9% (gross profit divided by revenue), representing an increase of 0.3 percentage points HoH. The increase in the gross profit margin was mainly due to the increase of contribution to total gross profit by the Finance Segment which had higher gross profit margin.

### SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses for the Period was RMB1,189 million, representing a decrease of RMB2,033 million or 63.1% HoH and such decrease was due to the decrease in the sales volume of trucks resulting the decrease in transportation costs and the decrease in warranty expenses. During the Period, the ratio of selling and distribution expenses to Products Revenue was 4.2%, representing a decrease of 0.8 percentage points HoH. Warranty expenses accounted for 0.4% of Products Revenue for the Period, representing a decrease of 1.8 percentage points HoH. The decrease was mainly due to the fact that the Group speeded up the timeliness of quality claims of heavy duty trucks during the Period and, hence, reduced the Group’s warranty expenses.

## MANAGEMENT DISCUSSION AND ANALYSIS

### ADMINISTRATIVE EXPENSES

Administrative expenses for the Period was RMB2,061 million, representing a decrease of RMB479 million or 18.9% HoH. During the Period, administrative expenses to revenue ratio was 7.1%, representing an increase of 3.2 percentage points HoH. The increase in the ratio was mainly due to the fact that research and development expenses did not decrease even sales declined, and continued to be incurred according to the research and development plans.

### NET IMPAIRMENT LOSSES OF FINANCIAL ASSETS

Net impairment losses of financial assets for the Period was RMB129 million, representing a decrease of RMB146 million or 53.1% HoH. The impairment losses of trade and financing receivables was RMB129 million, accounting for 0.4% of the total revenue for the Period. Further details of the trade and financing receivables are set out in the section headed "TRADE, FINANCING AND BILLS RECEIVABLES".

### OTHER INCOME AND GAINS AND OTHER EXPENSES

The net amount of other income and gains as well as other expenses for the Period was RMB403 million, representing a decrease of RMB58 million or 12.6% HoH. The decrease was mainly due to the significant drop in various other incomes, including income from disposal of scraps, government grants, fines, penalty income etc., and without the write-off of long-term accounts payable during the Period resulting the decrease by RMB214 million HoH while most of the decrease being offset by the net gains from foreign exchange differences and foreign exchange forward contracts.

### FINANCE INCOME - NET

Net finance income for the Period was RMB40 million, representing a decrease of RMB25 million or 38.5% HoH. The decrease in finance income was mainly due to the decrease in average amounts of fixed deposits.

### SHARE OF LOSSES OF ASSOCIATES

Share of losses of associates for the Period was loss at RMB9 million, as opposed to profits in the Previous Period, representing a drop of profits shared by RMB14 million or 280.0% HoH. The drop was mainly due to the share of losses from associates engaged in innovation and new technologies which are still in research and development stage.

### INCOME TAX EXPENSE

Income tax expense for the Period was RMB391 million, representing a decrease of RMB880 million or 69.2% HoH. The decrease was due to the decrease in profit before tax. The effective tax rate (profit before income tax but excluding share of losses of associates) for the Period was 19.8%, representing a decrease of 4.2 percentage points HoH.

### PROFIT FOR THE PERIOD AND EARNINGS PER SHARE

Profit for the Period was RMB1,576 million, representing a decrease of RMB2,461 million or 61.0% HoH. Net profit ratio (profit for the Period divided by revenue) was 5.4%, representing a decrease of 0.8 percentage points HoH. Profit attributable to owners of the Company for the Period was RMB1,283 million, representing a decrease of RMB2,340 million or 64.6% HoH. The basic earnings per share attributable to owners of the Company for the Period was RMB0.46, representing a decrease of RMB0.85 or 64.9% HoH.

## MANAGEMENT DISCUSSION AND ANALYSIS

### TRADE, FINANCING AND BILLS RECEIVABLES

In addition to granting standard credit period to certain privileged customers, the Group receives acceptance bills for settlement of trade receivables. As at 30 June 2022, the Aggregate Trade Balance amounted to RMB12,943 million, representing an increase of RMB1,359 million or 11.7% when compared to the balance as at 31 December 2021. The main reason for the increase in Aggregate Trade Balances was due to increase in export sales of trucks during the Period.

The Group grants large dealers with good repayment history credit period from 3 to 12 months and/or accepts the settlement by commercial or bank acceptance bills and, hence, their ageing of the Aggregate Trade Balances is longer than that of other customers.

The trade receivables turnover (average Aggregate Trade Balances divided by Products Revenue multiplied by 181 days (2021: 181 days)) for the Period was 78.3 days (2021: 39.8 days), representing an increase of 38.5 days.

As at 30 June 2022, the Aggregate Trade Balances aged not more than twelve months amounted to RMB11,995 million or 92.7% of the Aggregate Trade Balances.

The Group reviews the repayment progress of key customers or customers with higher risk of default in repayment on a monthly basis and assesses impairment loss by reference to their businesses, actual repayment information, etc. During the Period, the Group made impairment loss allowance for Aggregate Trade Balance at the amount of RMB83 million.

As at 30 June 2022, the net financing receivables was RMB16,134 million, representing a decrease of RMB5,407 million or 25.1% when compared to the balance as at 31 December 2021.

As at 30 June 2022, the net financing receivables aged not more than twelve months amounted to RMB9,224 million or 57.2% of the net financing receivables.

During the Period, the Group made impairment loss allowance for financing receivables at the amount of RMB46 million. Further details of the financing receivables and discounting bills are set out in the section headed "FINANCE SEGMENT".

### TRADE PAYABLES

As at 30 June 2022, the trade and bills payables amounted to RMB32,675 million, representing a decrease of RMB4,804 million or 12.8% when compared to the balance as at 31 December 2021. The trade payables turnover (average trade and bills payables balances divided by costs of Products Revenue multiplied by 181 days (2021: 181 days)) for the Period was 264.0 (2021:180.3 days), representing an increase of 83.7 days HoH.



## MANAGEMENT DISCUSSION AND ANALYSIS

### CASH FLOWS

Net cash inflow generated from operating activities for the Period was RMB1,562 million. Compared with the Previous Period, the Group significantly reduced the payment of income tax by RMB1,734 million. However, such cash outflow impact was partly offset by the decrease in cash generated from operations as a result of the decrease in profits. Compared with the net cash inflow in the Previous Period, the net cash inflow increased by RMB1,313 million.

Net cash outflow used in investing activities for the Period was RMB5,875 million. During the Period, the Group significantly increased the purchase of wealth management and finance products, as compared with the Previous Period, the net cash outflow increased by RMB4,249 million. Such cash outflow was partly offset by the decrease in payment of purchase of property, plant and equipment and land use right at RMB674 million and proceeds from disposal of subsidiaries at RMB259 million. Cash outflow in investing activities increased by RMB3,455 million as compared to the cash outflow in the Previous Period.

Net cash outflow used in financing activities for the Period was RMB246 million. Although the Group did not further repay the borrowings and reduced the payment of dividends to the non-controlling interests of subsidiaries during the Period which totally reduced cash outflow at RMB519 million, Ji'nan Truck Company carried out share buyback for the purpose of share reward scheme during the Period which spent RMB63 million and there was no capital injection from non-controlling interests (while cash at RMB5,528 million was injected in the Previous Period). As a result, net cash outflow used in financing activities increased by RMB5,051 million as compared to the cash inflow in the Previous Period.

### LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2022, the Group had cash and cash equivalents of RMB20,290 million, representing a decrease of RMB4,402 million or 17.8% when compared to the balance as at 31 December 2021. The Group's total borrowings were about RMB4,875 million as at 30 June 2022. Its gearing ratio (total borrowings divided by total assets) and debt-to-equity ratio (total borrowings divided by equity) as at 30 June 2022 were 4.8% and 11.5% respectively (31 December 2021: 3.3% and 8.2% respectively). As at 30 June 2022, current ratio (total current assets divided by total current liabilities) was 1.3 (31 December 2021: 1.3).

As at 30 June 2022, all borrowings were denominated in RMB (31 December 2021: all in RMB) and all borrowings were charged with reference to bank's preferential fixed rates. The maturity profile of all borrowings was as follows:

	<b>As at 30 June 2022 RMB million</b>	<b>As at 31 December 2021 RMB million</b>
Within one year	<b>4,875</b>	3,511
	<b>4,875</b>	3,511

As at 30 June 2022, total consolidated equity of the Company was RMB42,543 million, representing a decrease of RMB225 million or 0.5% when compared with the balance as at 31 December 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2022, the Company's market capitalization was RMB25,973 million (calculated based on the issued share capital of the Company: 2,760,993,339 Shares, closing price: HKD11.0 per Share and at the exchange rate of 1:0.85519 between HKD and RMB).

As at 30 June 2022, the unutilized credit facilities of the Group from the banks amounted to RMB24,243 million (31 December 2021: RMB27,728 million). An aggregate amount of RMB806 million (31 December 2021: RMB991 million) of security deposits and restricted bank deposits were pledged to secure various credit facilities. In addition, the finance segment mandatorily placed deposits of RMB2,096 million (31 December 2021: RMB2,594 million) to the PBOC for its financial operations. The Group meets its daily liquidity needs by matching operating cash flow patterns with funds on hand and enhances its liquidity by way of application for longer credit periods from suppliers, sufficient banking facilities and issuance of bills such as short-term commercial acceptance bills and bank acceptance bills.

### INVESTMENTS

The Group continues to pay attention to potential strategic investment opportunities in the market, and timely acquires or invests in those meet the Group's strategic development requirements.

### INVESTMENTS IN SUBSIDIARIES

In February 2022, the Group acquired 0.1497% equity interest in Sinotruk Finance Co., Ltd. at the consideration of RMB8 million.

In March 2022, the Group disposed of 66% equity interest of a wholly-owned subsidiary of the Company, Sinotruk Mianyang Special Vehicles Co., Ltd., at the consideration of RMB125 million. Thereafter, Sinotruk Mianyang Special Vehicles Co., Ltd. became as an associated company of the Company.

In May 2022, the Group finally disposed of its all interests in Sinotruk (Weihai) Commercial Vehicle Co., Ltd. at the consideration of RMB162 million. Details of the disposal was disclosed in the Company's announcement dated 29 April 2022.

### EQUITY INVESTMENTS FORMING PART OF THE GROUP'S OPERATIONS

The Group holds long-term equity investments forming part of its business operations:

#### a) Investments in associates

In January 2022, the Group completed the acquisition for 30% equity interest in Weichai Intelligent Technology Co., Ltd. at the cash consideration of RMB76 million. Details of the acquisition was disclosed in the Company's announcement dated 17 January 2022.

As mentioned above, Sinotruk Mianyang Special Vehicles Co., Ltd. became an associated company of the Company in March 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2022, the amount of interest in associates was RMB1,457 million, representing 1.4% of the total assets of the Group. Performance and details of investments accounted for using the equity method are disclosed in the section headed "SHARE OF LOSSES OF ASSOCIATES".

In July 2022, the Group injected RMB133 million to top up 40% equity interest in Chongyou Gaoke Fuel System Co., Ltd. Details of the injection was disclosed in the Company's announcement dated 22 June 2022.

### b) Other long term equity investments

As at 30 June 2022, the Group's unlisted equity investments for long term strategic investment purpose amounted to RMB32 million, representing less than 0.1% of the total assets of the Group. These investments were classified as financial assets at fair value through other comprehensive income.

### OTHER SECURITIES INVESTMENTS

For the purposes of increasing profitability of short term funds and managing the liquidity of the Group, the Group invests in short-term equity investments which consists of listed securities in Hong Kong and China. As at 30 June 2022, the Group had short term equity investment at RMB5 million, representing less than 0.1% of its total assets. Such equity investments are accounted for as equity investments in financial assets at fair value through profit or loss. Their fair values keep changing from time to time depending on factors including but are not limited to their operation results, economic situations and stock markets sentiments.

### CAPITAL COMMITMENT

As at 30 June 2022, the Group committed capital expenditure in respect of property, plant and equipment as well as other intangible assets amounting to RMB3,355 million which will be funded by internal resources and borrowing facilities.

### CHARGES ON GROUP ASSETS

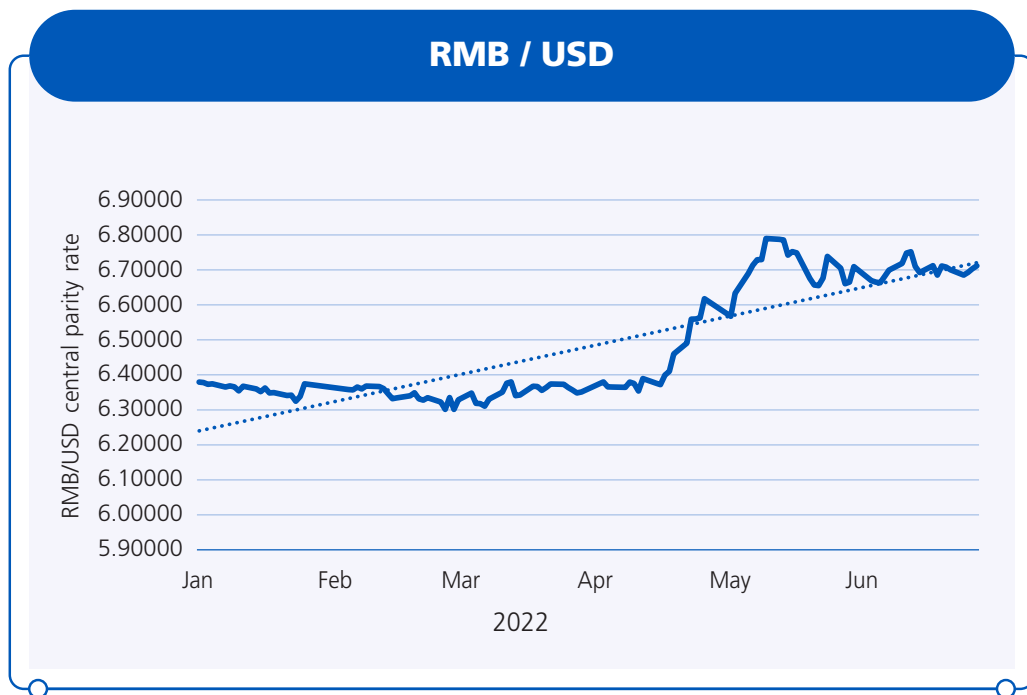
Save as disclosed in the section headed "LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE", as at 30 June 2022, there were no assets of the Group being pledged.

### FINANCIAL MANAGEMENT AND POLICY

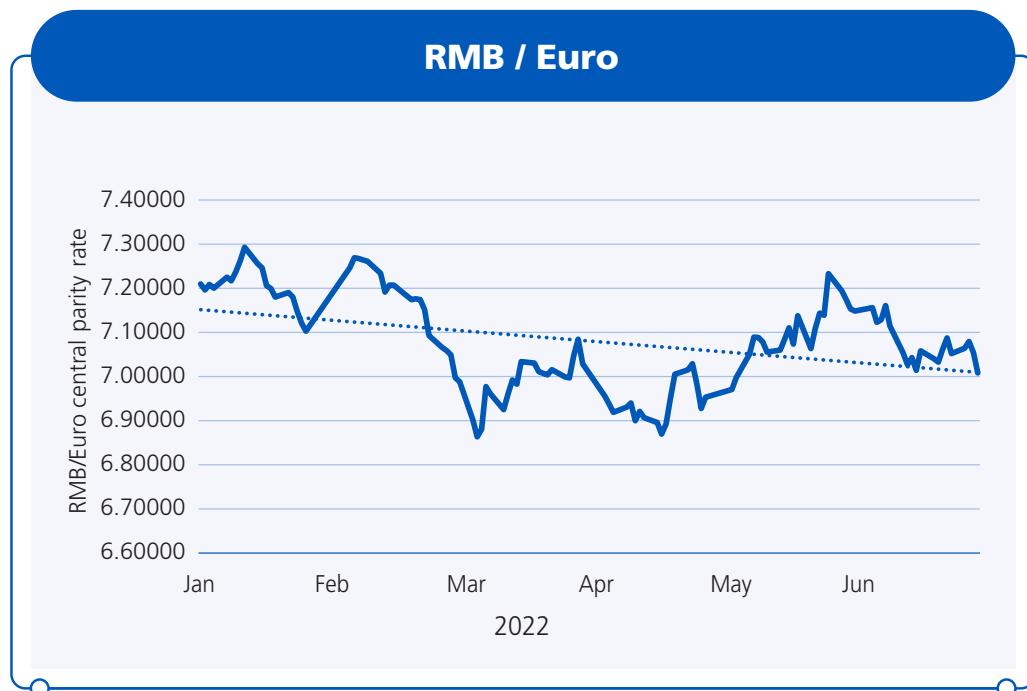
The finance department is responsible for the financial risk management of the Group. One of the primary objectives of financial policies of the Group is to manage exchange rate risk. The major foreign exchange risk exposure arises from its exporting and importing activities, business operations outside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

## MANAGEMENT DISCUSSION AND ANALYSIS

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



The RMB/USD central parity rate in the PRC as at 30 June 2022 was 6.71140, representing a depreciation of RMB by 5.27% when compared to the rate of 6.37570 as at 31 December 2021. RMB against USD central parity rates recorded a high of 6.78980 and a low rate of 6.30140 with volatility at 16.64% and showed a trend of gradual depreciation during the Period.



## MANAGEMENT DISCUSSION AND ANALYSIS

The RMB/Euro central parity rate in the PRC as at 30 June 2022 was 7.00840, representing an appreciation of RMB by 2.93% when compared the rate of 7.21970 as at 31 December 2021. RMB against Euro central parity rates recorded a high of 7.29320 and a low of 6.86340 with volatility at 10.86% and showed trend of gradual appreciation during the Period.

As at 30 June 2022, most of the Group's monetary assets and liabilities were denominated in RMB. As at 30 June 2022, the major non-RMB denominated net monetary assets were in USD and EURO. During the Period, the Group recorded foreign exchange gains of RMB251 million in operating profit and losses of RMB131 million on forward foreign exchange contracts (for hedging foreign exchange fluctuations). The material potential foreign exchange impacts to net monetary assets and liabilities of the Group as at 30 June 2022 are:

	USD denominated net assets	EURO denominated net assets
5% appreciation/ depreciation in RMB	Loss/gain before tax of RMB360 million	Loss/gain before tax of RMB55 million

### GOING CONCERN

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

### CONTINGENT LIABILITIES, LEGAL PROCEEDINGS AND POTENTIAL LITIGATION

Certain subsidiaries of the Company refer designated customers to other finance leasing companies to finance their customers to buy their trucks and guarantee the repayment obligation by these customers to the finance leasing companies by way of buyback of the trucks. As at 30 June 2022, the Group has commitment for providing such guarantees at a maximum aggregate amount of RMB40 million per year.

During the Period, the Group was not involved in any litigation, arbitration or administrative proceedings that could have a material adverse effect on the Group's financial conditions and results of operations. The total amount of claims of all lawsuits was approximately RMB303 million and provision for legal claims of approximately RMB40 million was made as at 30 June 2022.

### DISCLAIMER NON-GAAP FINANCIAL MEASURES

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

## OTHER INFORMATION

### CORPORATE GOVERNANCE

On 28 February 2022, the Company announced that SHIG had completed the registration of its holding of 65% of equity interest in CNHTC and, thereafter, become the ultimate holding company of the Company.

### CORPORATE GOVERNANCE PRACTICES

The Board and senior management of the Company commit to maintain a high standard of corporate governance, formulate good corporate governance practice for improvement of accountability and transparency in operations, and strengthen the internal control system from time to time so as ensure to meet with the expectations of the Shareholders. The Company has adopted the corporate governance codes as set out in Part 2 of Appendix 14 "Corporate Governance Code and Corporate Governance Report" (the "**CG Code**") to the Listing Rules as its own code of corporate governance.

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

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

### BOARD

The Board is responsible for formulating group policies and business and strategic directions, establishing good corporate governance practices and procedures and monitoring risk management, internal controls and operation performances. The EDs and the Executive Committee are delegated with the responsibilities of the day-to-day management of the Group and making operational and business decisions within the control of and delegation framework of the Group. The NEDs and INEDs contribute valuable views and proposals for the Board's deliberation and decisions.

As at 30 June 2022, the Board had a total number of seventeen Directors including seven EDs, four NEDs and six INEDs. Seven EDs included Mr. Cai Dong, Mr. Liu Zhengtao, Mr. Liu Wei, Mr. Richard von Braunschweig, Ms. Li Xia, Mr. Sun Shaojun and Mr. Wang Chen. Four NEDs included Mr. Jiang Kui, Mr. Alexander Albertus Gerhardus Vlaskamp, Mr. Karsten Oellers and Mr. Mats Lennart Harborn. Six INEDs included Dr. Lin Zhijun, Dr. Wang Dengfeng, Mr. Zhao Hang, Mr. Liang Qing, Mr. Lyu Shousheng and Mr. Zhang Zhong.

Mr. Li Shaohua and Mr. Dai Lixin resigned as the EDs on 4 March 2022 and 29 June 2022, respectively and Dr. h.c. Andreas Tostmann resigned as NED on 21 March 2022. Each of Mr. Li Shaohua, Mr. Dai Lixin and Dr. h.c. Andreas Tostmann has confirmed that he has no disagreement with the Board and nothing relating to the affairs of the Company needed to be brought to the attention of the Shareholders.

### EXECUTIVE COMMITTEE

The Executive Committee has been formed by all the EDs as appointed from time to time and is responsible for implementing the decisions made by the Board including but not limit to financing operations, operating strategies, business development, etc. and managing daily operations and the effective implementation of corporate strategy and policies.

As at 30 June 2022, the Executive Committee comprised seven members, namely, Mr. Cai Dong, Mr. Liu Zhengtao, Mr. Liu Wei, Mr. Richard von Braunschweig, Ms. Li Xia, Mr. Sun Shaojun and Mr. Wang Chen. Mr. Cai Dong is the chairman of the Executive Committee.

### STRATEGY AND INVESTMENT COMMITTEE

The Strategy and Investment Committee is mainly responsible for the formulation of medium and long term strategic plans and business development strategies of the Group including the study and recommendation of significant investment financing initiatives and significant capital operations and asset operation projects.

## OTHER INFORMATION

As at 30 June 2022, the Strategy and Investment Committee comprised five members, namely, Mr. Cai Dong, Mr. Liu Zhengtao, Mr. Richard von Braunschweig, Ms. Li Xia and Mr. Zhao Hang. Mr. Cai Dong, Mr. Liu Zhengtao, Mr. Richard von Braunschweig and Ms. Li Xia are EDs while Mr. Zhao Hang is an INED. Mr. Cai Dong is the chairman of the Strategy and Investment Committee.

### REMUNERATION COMMITTEE

The Remuneration Committee is mainly responsible for the appraisal of the Directors and senior management performance and making recommendation to the Board on their remuneration including the formulation of performance assessment standards, procedures, major proposals and mechanisms of the assessment systems, rewards and penalties. The Remuneration Committee also supervises the remuneration and other benefits offered by the Group to the Directors.

As at 30 June 2022, the Remuneration Committee comprised five members, namely, Mr. Lyu Shousheng, Dr. Lin Zhijun, Mr. Liang Qing, Mr. Zhang Zhong and Mr. Liu Wei. Mr. Lyu Shousheng, Dr. Lin Zhijun, Mr. Liang Qing and Mr. Zhang Zhong are INEDs while Mr. Liu Wei is an ED. Mr. Lyu Shousheng is the chairman of the Remuneration Committee.

### AUDIT COMMITTEE

The Audit Committee is mainly responsible for reviewing and monitoring the financial control, internal control, risk management systems, including reassessment of the financial and accounting policies, review of interim reports, annual reports and financial statements, review of the risk management and internal control systems, the effectiveness of the internal audit function, etc. In addition, the Audit Committee is responsible for the appointment, re-appointment and removal of external auditor, and for reporting to the Board on the recommendation, review and supervision of the external auditor in respect of its independence and objectivity, the effectiveness of

the audit procedures, review of the scope and amount of the provision of non-audit services by the external auditor as well as the impact to the independence of 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 2022, the Audit Committee comprised three members, namely, Dr. Lin Zhijun, Dr. Wang Dengfeng and Mr. Lyu Shousheng who are all INEDs. Dr. Lin Zhijun is the chairman of the Audit Committee.

### NOMINATION COMMITTEE

The Nomination Committee are responsible for reviewing the Board's structure, size, composition (including the skills, knowledge and experience) and diversity regularly and making any changes to complement the Company's corporate strategy, including the selection of individuals nominated for directorships, the appointment or re-appointment of Directors, succession planning for Directors and accessing the independence of independent non-executive Directors.

As at 30 June 2022, the Nomination Committee comprised three members, namely, Mr. Zhang Zhong, Mr. Jiang Kui and Mr. Lyu Shousheng. Mr. Zhang Zhong and Mr. Lyu Shousheng are INEDs while Mr. Jiang Kui is NED. Mr. Zhang Zhong is the chairman of the Nomination Committee.

### DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted Appendix 10 - Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules as the code of conduct for securities transactions by the Directors. The Company has made specific enquiries with all Directors and all Directors confirm that they have complied with the standards required by the Model Code during the Period.

## OTHER INFORMATION

### CHANGES IN DIRECTORS' INFORMATION

Mr. Wang Chen was appointed as the duty general manager of CNHTC with effect from 30 June 2022. Mr. Zhao Hang resigned as an independent non-executive director of Sun.King Technology Group Limited (stock code: 00580) with effect from 1 January 2022.

### DIVIDENDS

The Board resolved not to declare any interim dividends for the six months ended 30 June 2022.

### REVIEW OF INTERIM RESULTS AND REPORT

This unaudited interim condensed consolidated financial information of the Company for the six months ended 30 June 2022 and this report have been reviewed by the Audit Committee and by Ernst and Young, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by Hong Kong Institute of Certified Public Accountants.

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

The Company has not redeemed any of its Shares during the Period. Neither the Company nor any of its subsidiaries has purchased or sold any Shares during the Period.

### PUBLIC FLOAT

Based on publicly available information and within the Directors' knowledge, as at 19 September 2022, being the latest practicable date prior to the issue of the report, approximately 24% of the Shares were held by the public.

### SHAREHOLDING ANALYSIS

As at 30 June 2022, the major shareholders of the Company were SHIG and FPFPS. SHIG indirectly holds 51% of the entire issued capital of the Company. The SHIG Group is one of the leading automobile and equipment manufacturing groups in the PRC and its major businesses includes automobile, engineering machinery, powertrain system, intelligent logistics, luxury yacht and financial service. Its commercial vehicles brands comprises of Sinotruk, Shannxi, Yangzhou Yaxing. FPFPS indirectly holds 25% of the entire issued share capital of the Company plus one Share. The FPFPS Group, comprising Volkswagen Group, is one of the world's leading automobile manufacturers in commercial vehicles and passenger cars. Volkswagen Group comprises of twelve brands from seven European countries: Volkswagen Passenger Cars, Audi, SEAT, ŠKODA, Bentley, Bugatti, Lamborghini, Porsche, Ducati, Volkswagen Commercial Vehicles, Scania and MAN.

The Company's market capitalisation and shareholding distribution as at 30 June 2022 are set out in the section headed "Shareholder Information" of this report.

### INVESTOR RELATIONS

The Board Office is responsible for promoting investor relations, enhancing 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. To develop good relationship with Shareholders and potential investors, the Board office and the management have participated in a number of one-on-one meetings, investors' conferences and 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](http://www.sinotruk.com) for the latest information available in respect of the Group including information on the financial conditions and the latest business developments of the Group.



## OTHER INFORMATION

The Board and senior management are well aware of their important tasks of acting on behalf of the interests of all the Shareholders and improving the Shareholders' returns. The Board considers that AGM is an important opportunity for direct communication with the Shareholders.

The 2022 AGM was held on 28 June 2022 at Level 22, Nexus Building, 41 Connaught Road Central, Hong Kong. Certain members of the Board and external auditors of Company attended the 2022 AGM and communicated with the Shareholders via video conferencing system. Details of the voting particulars were disclosed in the Company's announcement dated 28 June 2022.

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2022, the interests or short positions (if any) of the Directors and chief executives of the Company or their associates (as defined in the Listing Rules) in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

#### ASSOCIATED CORPORATION

Ordinary A shares in Weichai Power Co., Ltd. — a fellow subsidiary of the Company

##### Long positions

Name of Director	Nature of interest	Number of ordinary shares held	Approximate percentage of shareholding in the class
Mr. Sun Shaojun	Beneficial owner	13,684,324	0.20%

Ordinary A shares in Shantui Construction Machinery Co., Ltd. — a fellow subsidiary of the Company

##### Long positions

Name of Director	Nature of interest	Number of ordinary shares held	Approximate percentage of shareholding in the class
Mr. Jiang Kui	Beneficial owner	42,697	0.00%

## OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2022, other than the interests of the Directors and chief executives of the Company as disclosed above, the Company has been notified of the following interests in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO:

#### (A) THE COMPANY

##### Long position

Name of Shareholder	Capacity in which interests are held	Note	Number of Shares held	Approximate percentage of shareholding
SHIG	Interest in controlled corporation	(a)	1,408,106,603	51%
CNHTC	Interest in controlled corporation	(b)	1,408,106,603	51%
Sinotruk (BVI) Limited	Beneficial owner		1,408,106,603	51%
FPFPS	Interest in controlled corporation	(c)	690,248,336	25%
Ferdinand Porsche Familien-Holding GmbH	Interest in controlled corporation	(d)	690,248,336	25%
Ferdinand Alexander Porsche GmbH	Interest in controlled corporation	(e)	690,248,336	25%
Familie Porsche Beteiligung GmbH	Interest in controlled corporation	(f), (k)	690,248,336	25%
Porsche Automobil Holding SE	Interest in controlled corporation	(g), (l)	690,248,336	25%
Volkswagen AG	Interest in controlled corporation	(h)	690,248,336	25%
Volkswagen Finance Luxemburg S.A.	Interest in controlled corporation	(i)	690,248,336	25%
TRATON SE	Interest in controlled corporation	(j)	690,248,336	25%
MAN Finance and Holding S.A.	Beneficial owner		690,248,336	25%

## OTHER INFORMATION

### Notes:

- (a) SHIG holds 65% interest in CNHTC. SHIG is deemed to have interest in all the Shares held (or deemed to be held) by CNHTC under the SFO.
- (b) CNHTC holds the entire issued share capital of Sinotruk (BVI) Limited. CNHTC is deemed to have interest in all the Shares held (or deemed to be held) by Sinotruk (BVI) Limited under the SFO.
- (c) FPFPS holds 90% interest in Ferdinand Porsche Familien-Holding GmbH. FPFPS is deemed to have interest in all the Shares held (or deemed to be held) by Ferdinand Porsche Familien-Holding GmbH under the SFO.
- (d) Ferdinand Porsche Familien-Holding GmbH holds 73.85% interest in Ferdinand Alexander Porsche GmbH. Ferdinand Porsche Familien-Holding GmbH is deemed to have interest in all the Shares held (or deemed to be held) by Ferdinand Alexander Porsche GmbH under the SFO.
- (e) Ferdinand Alexander Porsche GmbH holds 100% interest in Familie Porsche Beteiligung GmbH. Ferdinand Alexander Porsche GmbH is deemed to have interest in all the Shares held (or deemed to be held) by Familie Porsche Beteiligung GmbH under the SFO.
- (f) Familie Porsche Beteiligung GmbH holds 51.69% interests in Porsche Automobil Holding SE. Familie Porsche Beteiligung GmbH is deemed to have interest in all the Shares held (or deemed to be held) by Porsche Automobil Holding SE under the SFO.
- (g) Porsche Automobil Holding SE holds 50.73% interest in Volkswagen AG. Porsche Automobil Holding SE is deemed to have interest in all the Shares held (or deemed to be held) by Volkswagen AG under the SFO.
- (h) Volkswagen AG holds 100% interest in Volkswagen Finance Luxemburg S.A. Volkswagen AG is deemed to have interest in all the Shares held (or deemed to be held) by Volkswagen Finance Luxemburg S.A. under the SFO.
- (i) Volkswagen Finance Luxemburg S.A. holds 89.72% voting interest in TRATON SE. Volkswagen Finance Luxemburg S.A. is deemed to have interest in all the Shares held (or deemed to be held) by TRATON SE under the SFO.
- (j) TRATON SE holds 100% voting interest in MAN Finance and Holding S.A. TRATON SE is deemed to have interest in all the Shares held (or deemed to be held) by MAN Finance and Holding S.A. under the SFO.
- (k) Notwithstanding the information recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO, the Company has been informed that, as at 30 June 2022, Familie Porsche Beteiligung GmbH held a 27.73% interest in the capital of Porsche Automobil Holding SE and had a voting interest of 55.46% in this entity.
- (l) Notwithstanding the information recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO, the Company has been informed that, as at 30 June 2022, Porsche Automobil Holding SE held a 31.4% interest in the capital of Volkswagen AG and had a voting interest of 53.3% in this entity.

## OTHER INFORMATION

### (B) MEMBERS OF THE GROUP

Long position

Name of equity holder	Nature of interests	Name of the member of the Group	Approximate percentage of equity interest held
Liuzhou Yunli Investment Co., Ltd.	Beneficial owner	Sinotruk Liuzhou Yunli Special Vehicles Co., Ltd.	40%
Yongan Fudi Investment Co., Ltd.	Beneficial owner	Sinotruk Fujian Haixi Vehicles Co., Ltd.	20%
Chengdu Qingbaijiang District State-owned Assets Investment and Management Co., Ltd.	Beneficial owner	Sinotruk Chengdu Wangpai Commercial Vehicles Co., Ltd.	20%
Suizhou Huawei Investment Holdings Co., Ltd.	Beneficial owner	Sinotruk Hubei Huawei Special Vehicles Co., Ltd.	40%
Kodiak America LLC.	Beneficial owner	Sinotruk Liuzhou Yunli Kodiak Machinery Co., Ltd.	49%
Shandong International Trust Co., Ltd.	Beneficial owner	Sinotruk Auto Finance Co., Ltd.	6.5%

Save as disclosed above, as at 30 June 2022, no other persons had any interests or short positions in the shares or underlying shares of the Company recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO or who were directly or indirectly interested in 5% or more of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

### CONSTITUTIONAL DOCUMENTS

There has been no changes to the Articles during the Period.

By order of the Board

**Mr. Cai Dong**

*Chairman of the Board*

Ji'nan, PRC, 31 August 2022

# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

## 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 44 to 88, which comprises the condensed consolidated statement of financial position of Sinotruk (Hong Kong) Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2022 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and 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* ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made 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 HKICPA. 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 HKAS 34.

## Ernst & Young

*Certified Public Accountants*

Hong Kong

31 August 2022

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

(All amounts in RMB thousands unless otherwise stated)

	Notes	2022 (Unaudited)	2021 (Unaudited)
<b>REVENUE</b>	5	29,028,227	65,169,107
Cost of sales		(24,115,544)	(54,353,863)
<b>Gross profit</b>		4,912,683	10,815,244
Other income and gains		535,760	560,338
Selling and distribution expenses		(1,189,009)	(3,222,191)
Administrative expenses		(2,061,176)	(2,539,900)
Impairment losses on financial assets, net		(128,766)	(275,448)
Other expenses		(132,761)	(99,782)
<b>Operating profit</b>		1,936,731	5,238,261
Finance income		45,126	71,150
Finance costs		(5,476)	(6,402)
Finance income, net		39,650	64,748
Share of (losses)/profits of associates		(8,840)	5,359
<b>PROFIT BEFORE TAX</b>	6	1,967,541	5,308,368
Income tax expense	7	(391,426)	(1,271,486)
<b>PROFIT FOR THE PERIOD</b>		1,576,115	4,036,882
<b>Attributable to:</b>			
Owners of the Company		1,282,538	3,623,069
Non-controlling interests		293,577	413,813
		1,576,115	4,036,882
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
(expressed in RMB per share)			
basic and diluted	9	0.46	1.31

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022  
(All amounts in RMB thousands unless otherwise stated)

	2022 (Unaudited)	2021 (Unaudited)
<b>PROFIT FOR THE PERIOD</b>	<b>1,576,115</b>	4,036,882
<b>OTHER COMPREHENSIVE LOSS</b>		
<i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:</i>		
Changes in fair value of financial assets at fair value through other comprehensive income	<b>(7,107)</b>	(13,954)
Share of other comprehensive income/(loss) of associates	<b>1,985</b>	(1,067)
Exchange differences on translation of foreign operations	<b>1,324</b>	(2,033)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	<b>(3,798)</b>	(17,054)
<i>Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:</i>		
Remeasurements of termination and post-employment benefit obligations	<b>2,489</b>	(382)
<b>OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX</b>	<b>(1,309)</b>	(17,436)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>1,574,806</b>	4,019,446
<b>Attributable to:</b>		
Owners of the Company	<b>1,282,715</b>	3,615,533
Non-controlling interests	<b>292,091</b>	403,913
	<b>1,574,806</b>	4,019,446

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

(All amounts in RMB thousands unless otherwise stated)

	Notes	30 June 2022 (Unaudited)	31 December 2021 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	14,190,203	14,215,393
Investment properties		806,357	753,520
Right-of-use assets		2,336,853	2,553,656
Goodwill		68,933	121,428
Other intangible assets	11	256,675	269,512
Investments in associates		1,456,634	1,338,382
Equity investments designated at fair value through other comprehensive income	12	31,925	31,925
Trade and financing receivables	13	7,094,207	5,007,345
Prepayments and other assets	14	311,778	522,477
Deferred tax assets		2,367,116	2,222,779
Total non-current assets		28,920,681	27,036,417
<b>CURRENT ASSETS</b>			
Inventories	15	15,855,358	16,667,158
Trade, financing and bills receivables	13	16,784,911	24,063,467
Prepayments, other receivables and other assets	14	5,568,459	3,911,611
Financial assets at fair value through other comprehensive income	16	5,199,922	4,057,928
Financial assets at fair value through profit or loss		5,818,271	2,976,855
Cash and cash equivalents and restricted cash	17	23,191,896	28,306,498
Total current assets		72,418,817	79,983,517
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	18	32,674,775	37,478,557
Other payables and accruals	19	17,693,344	19,378,305
Derivative financial instruments		99,085	—
Borrowings	20	4,875,435	3,510,514
Lease liabilities		2,160	3,298
Tax payable		320,882	311,397
Provisions	21	1,876,762	2,206,567
Total current liabilities		57,542,443	62,888,638
<b>NET CURRENT ASSETS</b>		<b>14,876,374</b>	<b>17,094,879</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>43,797,055</b>	<b>44,131,296</b>



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

(All amounts in RMB thousands unless otherwise stated)

	Notes	30 June 2022 (Unaudited)	31 December 2021 (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		167	1,078
Deferred tax liabilities		106,779	127,238
Termination and post-employment benefit obligations	22	584,674	577,844
Deferred income		562,636	657,049
Total non-current liabilities		1,254,256	1,363,209
<b>Net assets</b>		<b>42,542,799</b>	42,768,087
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	23	16,717,024	16,717,024
Other reserves		2,773,798	2,763,305
Retained earnings		15,908,572	16,190,815
		35,399,394	35,671,144
<b>Non-controlling interests</b>		<b>7,143,405</b>	7,096,943
<b>Total equity</b>		<b>42,542,799</b>	42,768,087

The interim condensed consolidated financial information on pages 44 to 88 was approved by the board of directors on 31 August 2022 and was signed on its behalf by:

**Cai Dong**  
Director

**Li Xia**  
Director

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

(All amounts in RMB thousands unless otherwise stated)

	Unaudited										Non-controlling interests	Total equity
	Attributable to owners of the Company											
	Share capital	Capital reserve	Revaluation reserve	comprehensive income	Statutory reserve	Discretionary reserve	Merger reserve	Translation and other reserves	Retained earnings	Total		
At 1 January 2021	16,717,024	(3,612,554)	41,743	(17,265)	3,501,606	104,294	480,081	(17,648)	14,917,727	32,115,008	3,564,399	35,679,407
Profit for the period	—	—	—	—	—	—	—	—	3,623,069	3,623,069	413,813	4,036,882
Other comprehensive loss for the period:												
Changes in fair value of financial assets at fair value through other comprehensive income	—	—	—	(4,072)	—	—	—	—	—	(4,072)	(9,882)	(13,954)
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	(2,033)	—	(2,033)	—	(2,033)
Share of other comprehensive loss of associates	—	—	—	—	—	—	—	(1,067)	—	(1,067)	—	(1,067)
Remeasurements of termination and post-employment benefit obligations	—	—	(364)	—	—	—	—	—	—	(364)	(18)	(382)
Total comprehensive income for the period	—	—	(364)	(4,072)	—	—	—	(3,100)	3,623,069	3,615,533	403,913	4,019,446
Transactions with owners in their capacity as owners:												
Dividends of the Company relating to 2020	8	—	—	—	—	—	—	—	(2,413,171)	(2,413,171)	—	(2,413,171)
Capital injection from new non-controlling interests	—	1,698,788	—	—	—	—	—	—	—	1,698,788	3,829,239	5,528,087
Changes in ownership interests in a subsidiary without change of control	—	907	—	—	—	—	—	—	—	907	(7,573)	(6,666)
Dividends of subsidiaries distributed to non-controlling interests	8	—	—	—	—	—	—	—	—	—	(279,619)	(279,619)
Total transactions with owners in their capacity as owners	—	1,699,695	—	—	—	—	—	—	(2,413,171)	(713,476)	3,542,107	2,828,631
Appropriation to reserves	—	—	—	—	70,846	—	—	—	(70,846)	—	—	—
At 30 June 2021	16,717,024	(1,912,859)	41,379	(21,337)	3,572,452	104,294	480,081	(20,748)	16,056,719	35,017,665	7,510,419	42,527,484

Note

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

(All amounts in RMB thousands unless otherwise stated)

Note	Unaudited										Non-controlling interests	Total equity
	Attributable to owners of the Company											
	Share capital	Capital reserve	Revaluation reserve	comprehensive income	Statutory reserve	Discretionary reserve	Merger reserve	Translation and other reserves	Retained earnings	Total		
At 1 January 2022	16,717,024	(1,976,664)	40,775	(13,342)	4,137,418	104,294	480,081	(9,357)	16,190,815	35,671,144	7,096,943	42,768,087
Profit for the period	—	—	—	—	—	—	—	—	1,282,538	1,282,538	293,577	1,576,115
Other comprehensive income/(loss) for the period:												
Changes in fair value of financial assets at fair value through other comprehensive income	—	—	—	(5,243)	—	—	—	—	—	(5,243)	(1,864)	(7,107)
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	1,324	—	1,324	—	1,324
Share of other comprehensive income of associates	—	—	—	—	—	—	—	1,985	—	1,985	—	1,985
Remeasurements of termination and post-employment benefit obligations	—	—	2,111	—	—	—	—	—	—	2,111	378	2,489
Total comprehensive income for the period	—	—	2,111	(5,243)	—	—	—	3,309	1,282,538	1,282,715	292,091	1,574,806
Transactions with owners in their capacity as owners:												
Dividends of the Company relating to 2021	—	—	—	—	—	—	—	—	(1,555,910)	(1,555,910)	—	(1,555,910)
Changes in ownership interests in a subsidiary without change of control	—	1,445	—	—	—	—	—	—	—	1,445	(9,635)	(8,190)
Dividends of subsidiaries distributed to non-controlling interests	—	—	—	—	—	—	—	—	—	—	(172,706)	(172,706)
Total transactions with owners in their capacity as owners	—	1,445	—	—	—	—	—	—	(1,555,910)	(1,554,465)	(182,341)	(1,736,806)
Treasury stock of a subsidiary	—	—	—	—	—	—	—	—	—	—	(63,288)	(63,288)
Appropriation to reserves	—	—	—	—	8,871	—	—	—	(8,871)	—	—	—
At 30 June 2022	16,717,024	(1,975,119)	42,886	(18,385)	4,146,289	104,294	480,081	(6,048)	15,208,572	35,399,394	7,143,405	42,542,799

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

(All amounts in RMB thousands unless otherwise stated)

	Notes	2022 (Unaudited)	2021 (Unaudited)
<b>Cash flows from operating activities</b>			
Cash generated from operations		1,636,050	2,060,347
Interest paid		(79)	(2,831)
Income tax paid		(74,438)	(1,808,424)
<b>Net cash flows generated from operating activities</b>		<b>1,561,533</b>	249,092
<b>Cash flows from investing activities</b>			
Interest received		53,750	75,538
Dividends received from an associate		—	9,326
Dividends received from financial assets at fair value through profit or loss		96	162
Purchase of items of property, plant and equipment		(1,040,565)	(1,674,364)
Proceeds from disposal of items of property, plant and equipment		8,045	16,324
Proceeds from government grants		49,220	67,505
Purchase of other intangible assets		(20,717)	(60,782)
Proceeds from disposal of subsidiaries	24	258,605	—
Purchase of financial assets at fair value through profit or loss		(5,692,170)	(19,391,731)
Proceeds from disposal of financial assets at fair value through profit or loss		2,892,331	18,530,997
Acquisition of an associate		(76,008)	(20,000)
Proceeds from disposal of associates		—	26,564
Proceeds from disposal of part of the equity in an associate		1,968	—
Purchase of financial assets at amortised cost		(6,766,964)	—
Proceeds from disposal of financial assets at amortised cost		4,456,918	—
<b>Net cash used in investing activities</b>		<b>(5,875,491)</b>	(2,420,461)
<b>Cash flows from financing activities</b>			
Repayments of borrowings		—	(411,840)
Principal portion of lease payment		(2,049)	(24,857)
Dividends paid to the non-controlling interests of subsidiaries	8	(172,706)	(279,619)
Purchase of treasury stock of a subsidiary		(63,288)	—
Acquisition of non-controlling interests		(8,190)	(6,666)
Capital injection from non-controlling interests		—	5,528,087
<b>Net cash (used in)/generated from financing activities</b>		<b>(246,233)</b>	4,805,105
<b>Net (decrease)/increase in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of period		24,692,404	26,049,064
Effect of foreign exchange rate changes, net		157,645	(30,572)
<b>Cash and cash equivalents at end of period</b>	17	<b>20,289,858</b>	28,652,228

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

(All amounts in RMB thousands unless otherwise stated)

## 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 reorganization of China National Heavy Duty Truck Group Company Limited (“CNHTC”). The address of the Company’s registered office is Units 2102-03, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company and its subsidiaries (collectively referred to the “Group”) is principally engaged in the research, development and manufacture of heavy duty trucks, medium-heavy duty trucks, light duty trucks, etc. and related key assemblies, parts and components including engines, cabins, axles, steel frames and gearboxes, and the provision of financial services.

## 2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021.

The financial information relating to the year ended 31 December 2021 that is included in the interim condensed consolidated financial information as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered those financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance. The Company’s auditors have reported on those financial statements for the year ended 31 December 2021. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

## 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period’s financial information.

Amendments to HKFRS 3  
Amendment to HKFRS 16

*Reference to the Conceptual Framework*  
*Covid-19-Related Rent Concessions beyond 30 June 2021* (early adopted)

Amendment to HKFRS 16  
Amendments to HKAS 37

*Property, Plant and Equipment: Proceeds before Intended Use*  
*Onerous Contracts - Cost of Fulfilling a Contract*

*Annual Improvements to HKFRSs 2018-2020*

Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

(All amounts in RMB thousands unless otherwise stated)

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

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

- (a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the Conceptual Framework for Financial Reporting issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) *Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:
  - HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.
  - HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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(All amounts in RMB thousands unless otherwise stated)

### 4. OPERATING 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 of the Company (the “Executive Committee”) to execute. The Executive Committee reviews the 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 business from both the geographical and business perspective. From the geographical perspective, the Executive Committee assesses the revenue from China and overseas. From the business perspective, the Executive Committee assesses the performance of heavy duty trucks, light duty trucks and others, 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 others – Manufacture and sale of light duty truck, other vehicles, and related components;
- (iii) Engines – Manufacture and sale of engines and related parts; and
- (iv) Finance – Provision for deposit taking, borrowings, bills discounting, issue of bills and entrustment loans to the members of the Group and members of CNHTC and its subsidiaries excluding the Group (“CNHTC Group”) as well as the provision for auto and supply chain financing services to the public.

The Executive Committee assesses the performance of the operating segments based on a measure of revenue and operating profit.

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 consolidated statement of financial position. Segment assets consist primarily of right-of-use assets, investment properties, property, plant and equipment, other intangible assets, inventories, investments in associates, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, trade, financing and bills receivables, prepayments, other receivables and other assets, and operating cash. They exclude deferred tax assets and prepaid income tax.

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 exclude deferred tax liabilities and tax payable.

Unallocated assets mainly represent deferred tax assets, prepaid income tax and the Company’s assets. Unallocated liabilities mainly represent borrowings, deferred tax liabilities, tax payable and the Company’s liabilities.

Sales between segments are carried out on terms mutually agreed amongst these operating segments.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

(All amounts in RMB thousands unless otherwise stated)

### 4. OPERATING SEGMENT INFORMATION (CONTINUED)

The segment results for the six months ended 30 June 2022 are as follows:

	Unaudited					Total
	Heavy duty trucks	Light duty trucks and others	Engines	Finance	Elimination	
<b>External revenue</b>						
Sales of goods	23,393,147	4,112,092	359,229	—	—	27,864,468
Rendering of services	474,845	—	—	—	—	474,845
Provision of financial services	—	—	—	688,914	—	688,914
<b>Total external revenue</b>	<b>23,867,992</b>	<b>4,112,092</b>	<b>359,229</b>	<b>688,914</b>	<b>—</b>	<b>29,028,227</b>
Inter-segment revenue	231,194	432,247	5,358,186	247,144	(6,268,771)	—
<b>Total segment revenue</b>	<b>24,099,186</b>	<b>4,544,339</b>	<b>5,717,415</b>	<b>936,058</b>	<b>(6,268,771)</b>	<b>29,028,227</b>
Operating profit/(loss) before unallocated expenses	1,165,879	(135,907)	377,554	440,077	96,497	1,944,100
Unallocated expenses						(7,369)
<b>Operating profit</b>						<b>1,936,731</b>
Finance income, net						39,650
Share of losses of associates						(8,840)
<b>Profit before tax</b>						<b>1,967,541</b>
Income tax expense						(391,426)
<b>Profit for the period</b>						<b>1,576,115</b>



## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

(All amounts in RMB thousands unless otherwise stated)

### 4. OPERATING SEGMENT INFORMATION (CONTINUED)

The segment results for the six months ended 30 June 2021 are as follows:

	Unaudited					Total
	Heavy duty trucks	Light duty trucks and others	Engines	Finance	Elimination	
External revenue						
Sales of goods	56,718,789	5,934,833	750,166	—	—	63,403,788
Rendering of services	882,235	—	—	—	—	882,235
Provision of financial services	—	—	—	883,084	—	883,084
Total external revenue	57,601,024	5,934,833	750,166	883,084	—	65,169,107
Inter-segment revenue	854,557	562,882	11,937,773	280,714	(13,635,926)	—
Total segment revenue	58,455,581	6,497,715	12,687,939	1,163,798	(13,635,926)	65,169,107
Operating profit/(loss) before unallocated expenses	4,228,149	(141,849)	1,709,702	368,739	(918,684)	5,246,057
Unallocated expenses						(7,796)
Operating profit						5,238,261
Finance income, net						64,748
Share of profits of associates						5,359
Profit before tax						5,308,368
Income tax expense						(1,271,486)
Profit for the period						4,036,882

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

(All amounts in RMB thousands unless otherwise stated)

### 4. OPERATING SEGMENT INFORMATION (CONTINUED)

The segment assets and liabilities as at 30 June 2022 are as follows:

	Unaudited					
	Heavy duty trucks	Light duty trucks and others	Engines	Finance	Unallocated	Total
<b>Segment assets</b>	68,733,207	10,307,413	24,036,873	53,869,362	2,470,876	159,417,731
Elimination						(58,078,233)
<b>Total assets</b>						<b>101,339,498</b>
<b>Segment liabilities</b>	44,910,177	9,010,643	10,490,124	43,986,861	1,998,844	110,396,649
Elimination						(51,599,950)
<b>Total liabilities</b>						<b>58,796,699</b>

Reconciled to entity assets and liabilities as at 30 June 2022 as follows:

	Unaudited	
	Assets	Liabilities
<b>Segment assets/liabilities after elimination</b>	<b>98,868,622</b>	<b>56,797,855</b>
Unallocated:		
Deferred tax assets/liabilities	2,367,116	106,779
Prepaid income tax/tax payable	51,497	320,882
Other assets/liabilities	52,263	1,571,183
	<b>2,470,876</b>	<b>1,998,844</b>
<b>Total</b>	<b>101,339,498</b>	<b>58,796,699</b>

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

(All amounts in RMB thousands unless otherwise stated)

### 4. OPERATING SEGMENT INFORMATION (CONTINUED)

The segment assets and liabilities as at 31 December 2021 are as follows:

	Audited					Total
	Heavy duty trucks	Light duty trucks and others	Engines	Finance	Unallocated	
Segment assets	71,133,279	9,447,042	26,255,789	61,019,461	2,865,044	170,720,615
Elimination						(63,700,681)
Total assets						107,019,934
Segment liabilities	47,359,631	9,029,109	12,819,800	51,378,114	448,528	121,035,182
Elimination						(56,783,335)
Total liabilities						64,251,847

Reconciled to entity assets and liabilities as at 31 December 2021 as follows:

	Audited	
	Assets	Liabilities
Segment assets/liabilities after elimination	104,154,890	63,803,319
Unallocated:		
Deferred tax assets/liabilities	2,222,779	127,238
Prepaid income tax/tax payable	496,045	311,397
Other assets/liabilities	146,220	9,893
	2,865,044	448,528
Total	107,019,934	64,251,847

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

(All amounts in RMB thousands unless otherwise stated)

### 5. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Revenue from contracts with customers	28,339,313	64,286,023
Revenue from other sources		
Provision of financial services	688,914	883,084
	<b>29,028,227</b>	<b>65,169,107</b>

#### DISAGGREGATED REVENUE INFORMATION FOR REVENUE FROM CONTRACTS WITH CUSTOMERS

##### Timing of revenue recognition

	For the six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Transferred at a point in time	28,011,639	64,027,385
Transferred over time	327,674	258,638
Total revenue from contracts with customers	<b>28,339,313</b>	<b>64,286,023</b>

##### Geographical markets

	For the six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
China	17,997,302	58,176,180
Overseas	10,342,011	6,109,843
Total	<b>28,339,313</b>	<b>64,286,023</b>

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

(All amounts in RMB thousands unless otherwise stated)

### 6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Cost of inventories sold	21,772,055	49,707,065
Employee benefit expenses	2,209,669	2,638,360
Warranty expenses, net	100,907	1,441,446
Write-down of inventories to net realisable value	188,346	138,324
Impairment of trade receivables, net (note 13(a))	97,840	83,981
Impairment of financing receivables, net (note 13(b))	45,551	200,582
Reversal of impairment of bills receivable, net (note 13(c))	(14,473)	—
Reversal of impairment of financial assets included in prepayments, other receivables and other assets, net	(152)	(9,115)
Depreciation of right-of-use assets	29,706	38,066
Depreciation of property, plant and equipment (note 10)	668,598	674,840
Amortisation of other intangible assets (note 11)	33,507	36,679
Gains on disposal of items of property, plant and equipment	(85)	(4,617)
Foreign exchange differences, net	(250,667)	57,364
Government grants	(53,188)	(126,571)
Income on disposal of scraps	(48,642)	(111,444)

### 7. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Current income tax		
– Hong Kong profits tax	225	336
– PRC corporate income tax	528,246	1,254,706
	528,471	1,255,042
Deferred income tax	(137,045)	16,444
	391,426	1,271,486

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

(All amounts in RMB thousands unless otherwise stated)

### 7. INCOME TAX EXPENSE (CONTINUED)

Taxation on profits has been calculated on the estimated assessable profits during the six months ended 30 June 2022 at the rates of taxation prevailing in the countries/districts in which the Group operates.

The Company, Sinotruk (Hong Kong) International Investment Limited and Sinotruk (Hong Kong) Hongye Limited are subject to Hong Kong profits tax at the rate of 16.5% (2021: 16.5%) on their estimated assessable profits for the period. The Company is determined as a Chinese-resident enterprise and, is subject to corporate income tax at a rate of 25% (2021: 25%) according to the Corporate Income Tax Law of the People's Republic of China (the "CIT Law"). Sinotruk (Hong Kong) Capital Holding Limited is a qualifying entity under the two-tiered profits tax rates regime in Hong Kong. Its first HKD2 million assessable profits is taxed at a rate of 8.25% and the rest at 16.5% (2021: first HKD2 million assessable profits taxed at a rate of 8.25% and the rest at 16.5%).

Sinotruk Hubei Huawei Special Vehicles Co., Ltd. has been recognised as the High New Tech Enterprise in 2019 and has applied the renewal of its High New Tech Certificate. Sinotruk Ji'nan Power Co., Ltd., Sinotruk Hangzhou Engines Co., Ltd. and Sinotruk Datong Gear Co., Ltd. have been recognised as the High New Tech Enterprises in 2020. These companies are entitled to a reduced corporate income tax rate of 15% (2021:15%) according to the tax incentives of the CIT Law for the High New Tech Enterprises.

Sinotruk Liuzhou Yunli Special Vehicles Co., Ltd., Sinotruk Chengdu Wangpai Commercial Vehicles Co., Ltd., Sinotruk (Chongqing) Light Vehicle Co., Ltd. and Sinotruk Liuzhou Yunli Kodiak Machinery Co., Ltd. are subject to corporate income tax at a rate of 15% (2021:15%) according to the Western Development tax incentives of the CIT Law.

SINOTRUK RUS Limited Liability Company is subject to a corporate income tax at a rate of 20% (2021: 20%) according to Tax Code of the Russian Federation.

Sinotruk South Africa (Pty) Ltd. is subject to a corporate income tax at a rate of 28% (2021: 28%) according to South Africa Tax Law.

Sinotruk Kazakhstan Limited Liability Partnership is subject to a corporate income tax at a rate of 20% (2021: 20%) according to Kazakhstan Tax Law.

Sinotruk (Kenya) Limited is subject to a corporate income tax rate of 30% (2021: 30%) according to Kenya Tax Law.

The remaining subsidiaries in the PRC are subject to a corporate income tax at a rate of 25% (2021: 25%) according to the CIT Law.

### 8. DIVIDENDS

The Board does not recommend an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil). The final dividend of the Company for the year ended 31 December 2021 was either HKD0.68 or RMB0.55 (year 2020 final dividend: either HKD1.04 or RMB0.88) per share of the Company with total amount of approximately RMB1,555,910,000 (year 2020 final dividend: approximately RMB2,413,171,000). The 2021 final dividend and the corresponding withholding dividend tax will be paid in September 2022.

During the six months ended 30 June 2022, certain non-wholly owned subsidiaries of the Company have approved the dividends to non-controlling interests amounting to approximately RMB172,706,000 (six months ended 30 June 2021: approximately RMB279,619,000).

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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(All amounts in RMB thousands unless otherwise stated)

### 9. EARNINGS PER SHARE

	For the six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Profit attributable to owners of the Company	1,282,538	3,623,069
Weighted average number of ordinary shares in issue (in thousand shares)	2,760,993	2,760,993
Basic earnings per share (RMB per share)	0.46	1.31

Diluted earnings per share equals basic earnings per share as the Company had no dilutive potential ordinary shares for the six months ended 30 June 2022 and 30 June 2021.

### 10. PROPERTY, PLANT AND EQUIPMENT

	For the six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
At 1 January	14,215,393	12,438,433
Additions	1,136,271	1,251,619
Transfers	(52,332)	(2,773)
Disposal of subsidiaries (note 24)	(432,282)	—
Disposals	(8,249)	(11,707)
Depreciation (note 6)	(668,598)	(674,840)
At 30 June	14,190,203	13,000,732

As at 30 June 2022, the Group's aggregate carrying value of the buildings without ownership certificates was approximately RMB1,370,927,000 (31 December 2021: approximately RMB1,453,902,000). In the opinion of the directors, the Group is entitled to lawfully and validly occupy and/or use these buildings for its daily operations, notwithstanding the fact that the related building ownership certificates have not yet been obtained.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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(All amounts in RMB thousands unless otherwise stated)

### 11. OTHER INTANGIBLE ASSETS

	For the six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
At 1 January	269,512	314,921
Additions	20,717	137,275
Disposal of subsidiaries (note 24)	(47)	—
Amortisation (note 6)	(33,507)	(36,679)
At 30 June	256,675	415,517

### 12. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Equity investments	31,925	31,925

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.



## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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(All amounts in RMB thousands unless otherwise stated)

### 13. TRADE, FINANCING AND BILLS RECEIVABLES

	<b>30 June 2022 (Unaudited)</b>	<b>31 December 2021 (Audited)</b>
Trade receivables	<b>8,591,208</b>	7,911,108
Provision for impairment	<b>(1,123,291)</b>	(1,134,084)
Trade receivables, net (a)	<b>7,467,917</b>	6,777,024
Financing receivables	<b>16,957,170</b>	22,319,921
Provision for impairment	<b>(823,430)</b>	(778,442)
Financing receivables, net (b)	<b>16,133,740</b>	21,541,479
Bills receivable	<b>283,126</b>	772,447
Provision for impairment	<b>(5,665)</b>	(20,138)
Bills receivable (c)	<b>277,461</b>	752,309
	<b>23,879,118</b>	29,070,812
<i>Current portion</i>		
Trade receivables	<b>7,283,543</b>	6,524,402
Financing receivables	<b>9,223,907</b>	16,786,756
Bills receivable	<b>277,461</b>	752,309
	<b>16,784,911</b>	24,063,467
<i>Non-current portion</i>		
Trade receivables	<b>184,374</b>	252,622
Financing receivables	<b>6,909,833</b>	4,754,723
	<b>7,094,207</b>	5,007,345

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

(All amounts in RMB thousands unless otherwise stated)

### 13. TRADE, FINANCING AND BILLS RECEIVABLES (CONTINUED)

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

As at 30 June 2022, approximately RMB1,770,709,000 (31 December 2021: approximately RMB921,325,000) of the Group's trade receivables are secured by letters of credit issued by overseas third parties. As at 30 June 2022, approximately RMB2,051,686,000 (31 December 2021: RMB1,666,131,000) were guaranteed by China Export and Credit Insurance Corporation.

An ageing analysis of the trade receivables, based on the invoice date at the respective dates of the statement of financial position, net of the provision for impairment, is as follows:

	<b>30 June 2022 (Unaudited)</b>	<b>31 December 2021 (Audited)</b>
Less than 3 months	<b>3,638,678</b>	1,632,241
3 months to 6 months	<b>1,407,467</b>	2,715,164
6 months to 12 months	<b>1,473,327</b>	1,127,599
1 year to 2 years	<b>272,004</b>	323,354
2 years to 3 years	<b>244,887</b>	503,988
Over 3 years	<b>431,554</b>	474,678
	<b>7,467,917</b>	6,777,024

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

(All amounts in RMB thousands unless otherwise stated)

### 13. TRADE, FINANCING AND BILLS RECEIVABLES (CONTINUED)

(a) (Continued)

The movements in provision for impairment of trade receivables are as follows:

	For the six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
At 1 January	1,134,084	1,236,456
Impairment losses, net (note 6)	97,840	83,981
Amounts written off as uncollectible	(90,603)	(27,871)
Disposal of subsidiaries	(18,030)	—
At 30 June	1,123,291	1,292,566

(b) An ageing analysis of the financing receivables, based on the maturity date at the respective dates of the statement of financial position, net of the provision for impairment, is as follows:

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Less than 3 months	1,021,931	5,451,878
3 months to 6 months	1,472,879	4,499,349
6 months to 12 months	6,729,097	6,835,529
1 year to 2 years	5,617,083	4,468,320
2 years to 3 years	1,292,750	286,403
	16,133,740	21,541,479

Financing receivables represent loans to CNHTC Group and end-users, dealers and suppliers of the Group and CNHTC Group, as well as lease financing to individuals and entities when they purchase commercial vehicles of the Group from dealers. Receivables from those who purchased commercial vehicles of the Group from dealers were secured by the vehicles and most of these receivables were provided with guarantees from these dealers and their relevant parties.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

(All amounts in RMB thousands unless otherwise stated)

### 13. TRADE, FINANCING AND BILLS RECEIVABLES (CONTINUED)

(b) (Continued)

The movements in provision for impairment of financing receivables are as follows:

	For the six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
At 1 January	778,442	513,246
Impairment losses, net (note 6)	45,551	200,582
Amounts written off as uncollectible	(563)	—
At 30 June	823,430	713,828

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

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
	Discounted bills	2,016
Commercial acceptance bills	281,110	768,735
Provision for impairment of commercial acceptance bills	(5,665)	(20,138)
	277,461	752,309

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

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
	Less than 3 months	136,551
3 months to 6 months	138,379	79,921
6 months to 12 months	2,531	200
	277,461	752,309

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

(All amounts in RMB thousands unless otherwise stated)

### 13. TRADE, FINANCING AND BILLS RECEIVABLES (CONTINUED)

(c) (Continued)

The movement in provision for impairment of bills receivables is as follows:

	For the six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
At 1 January	20,138	—
Reversal of impairment losses, net (note 6)	(14,473)	—
At 30 June	5,665	—

### 14. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
<i>Current portion</i>		
Prepayments	904,671	860,962
Deposits	660,878	361,005
Financial assets at amortised cost	3,020,199	658,305
Others	1,005,612	2,063,116
	5,591,360	3,943,388
Provision for impairment	(22,901)	(31,777)
	5,568,459	3,911,611
<i>Non-current portion</i>		
Long-term prepayments	137,204	387,028
Contingent consideration	15,796	15,796
Others	158,778	119,653
	311,778	522,477
	5,880,237	4,434,088

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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### 15. INVENTORIES

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Raw materials	2,981,806	3,435,044
Work in progress	1,560,437	2,072,181
Finished goods - engines, parts and components	205,397	324,840
Finished goods - trucks and others	11,474,939	11,193,627
	<b>16,222,579</b>	17,025,692
Less: Write-down of inventories to net realisable value	<b>(367,221)</b>	(358,534)
	<b>15,855,358</b>	16,667,158

### 16. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Bank acceptance bills	5,199,922	4,057,928

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

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

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Less than 3 months	2,983,005	1,635,071
3 months to 6 months	2,186,656	1,748,665
6 months to 12 months	30,261	674,192
	<b>5,199,922</b>	4,057,928

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### 17. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	<b>30 June 2022 (Unaudited)</b>	<b>31 December 2021 (Audited)</b>
Cash and bank balances	20,236,771	22,594,267
Time deposits	53,087	2,098,137
Cash and cash equivalents	<b>20,289,858</b>	24,692,404
Restricted cash	<b>2,902,038</b>	3,614,094
	<b>23,191,896</b>	28,306,498

### 18. TRADE AND BILLS PAYABLES

	<b>30 June 2022 (Unaudited)</b>	<b>31 December 2021 (Audited)</b>
Trade payables	25,312,611	29,015,522
Bills payable	7,362,164	8,463,035
	<b>32,674,775</b>	37,478,557

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### 18. TRADE AND BILLS PAYABLES (CONTINUED)

An ageing analysis of the trade and bills payables, based on the invoice date at the respective dates of the statement of financial position, is as follows:

	<b>30 June 2022 (Unaudited)</b>	<b>31 December 2021 (Audited)</b>
Less than 3 months	21,511,679	29,662,715
3 months to 6 months	8,060,838	6,789,670
6 months to 12 months	2,606,574	945,449
1 year to 2 years	470,676	29,446
2 years to 3 years	6,736	21,785
Over 3 years	18,272	29,492
	<b>32,674,775</b>	<b>37,478,557</b>

### 19. OTHER PAYABLES AND ACCRUALS

	<b>30 June 2022 (Unaudited)</b>	<b>31 December 2021 (Audited)</b>
Other payables	9,214,212	9,111,842
Volume rebate	1,213,208	1,747,961
Contract liabilities	3,888,269	4,907,927
Accruals	699,798	771,489
Staff salaries and welfare	1,567,696	1,655,306
Termination and post-employment benefits due less than one year (note 22)	344,549	375,980
Other taxes and surcharge payables	765,612	807,800
	<b>17,693,344</b>	<b>19,378,305</b>



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### 20. BORROWINGS

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Unsecured		
Current	4,875,435	3,510,514
Analysed into:		
Borrowings repayable:		
Within one year	4,875,435	3,510,514

Movements in borrowings are analysed as follows:

	For the six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
At 1 January	3,510,514	1,711,840
Proceeds from borrowings	3,875,435	2,400,000
Repayments of borrowings	(2,510,514)	(1,211,840)
At 30 June	4,875,435	2,900,000

### 21. PROVISIONS

	For the six months ended 30 June 2022		
	Products warranties (Unaudited)	Legal claims (Unaudited)	Total (Unaudited)
At 1 January	2,161,971	44,596	2,206,567
Additional provisions	526,221	6,926	533,147
Disposal of subsidiaries (note 24)	(1,811)	(11,257)	(13,068)
Amounts utilised during the period	(849,596)	(288)	(849,884)
At 30 June	1,836,785	39,977	1,876,762

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### 21. PROVISIONS (CONTINUED)

	For the six months ended 30 June 2021		
	Products warranties (Unaudited)	Legal claims (Unaudited)	Total (Unaudited)
At 1 January	2,136,024	4,381	2,140,405
Additional provisions	1,861,569	1,558	1,863,127
Amounts utilised during the period	(1,409,851)	(4,057)	(1,413,908)
At 30 June	2,587,742	1,882	2,589,624

### 22. TERMINATION AND POST-EMPLOYMENT BENEFIT OBLIGATIONS

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Termination benefits	570,547	586,312
Post-employment benefits	358,676	367,512
	929,223	953,824
Less: current portion (note 19)	344,549	375,980
Non-current portion	584,674	577,844

The Group estimated the present value of the obligations of its above termination benefits and post-employment benefits with reference to future cash outflows based on average salary increase rate and mortality rate assumptions.

### 23. SHARE CAPITAL

Ordinary shares, issued and fully paid:

	(Unaudited)	
	Number of shares	Share capital
At 1 January 2022 and at 30 June 2022	2,760,993,339	16,717,024

	(Unaudited)	
	Number of shares	Share capital
At 1 January 2021 and at 30 June 2021	2,760,993,339	16,717,024

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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### 24. DISPOSAL OF SUBSIDIARIES

In March 2022, the Group disposed of 66% equity of a wholly-owned subsidiary, Sinotruk Mianyang Special Vehicles Co., Ltd. to Mianyang Investment Holding (Group) Ltd. at the consideration of approximately RMB124,646,000. After the completion of the disposal, Sinotruk Mianyang Special Vehicles Co., Ltd. changed from a subsidiary of the Company to an associate of the Company.

In May 2022, the Group disposed of 100% equity of a wholly-owned subsidiary, Sinotruk (Weihai) Commercial Vehicle Co., Ltd. ("Weihai Commercial Vehicle") to CNHTC at the consideration of approximately RMB162,257,000. After the completion of the disposal, Weihai Commercial Vehicle changed from a subsidiary of the Company to a related party controlled by Shandong Heavy Industry Group Co., Ltd. ("SHIG" which is the ultimate holding company of CNHTC).

	Notes	<b>For the six months ended 30 June 2022 (Unaudited)</b>
Net assets disposed of:		
Right-of-use assets		175,381
Property, plant and equipment	10	432,282
Other intangible assets	11	47
Goodwill		52,495
Deferred tax assets		1,143
Inventories		42,656
Trade, financing and bills receivables		4,517
Financial assets at fair value through other comprehensive income		1,636
Prepayments, other receivables and other assets		11,590
Cash and cash equivalents and restricted cash		29,727
Termination and post-employment benefit obligations		(16,695)
Trade and bills payables		(86,126)
Other payables and accruals		(172,511)
Borrowings		(35,000)
Provisions	21	(13,068)
Deferred income		(135,184)
		<b>292,890</b>
Gains on disposal of subsidiaries		54,477
		<b>347,367</b>
Satisfied by:		
Fair value of investments in associate		60,464
Cash and cash equivalents		286,903
		<b>347,367</b>

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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### 24. DISPOSAL OF SUBSIDIARIES (CONTINUED)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	<b>For the six months ended 30 June 2022 (Unaudited)</b>
Cash consideration received	286,903
Cash and cash equivalents disposed of	(28,298)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	<b>258,605</b>

### 25. CONTINGENT LIABILITIES

#### (a) REPAYMENT OBLIGATION

Certain subsidiaries refer designated customers to other finance leasing companies to finance their sales of trucks and undertakes repurchase obligations to these finance leasing companies in the event of customer's default in repayment or under certain specific conditions stipulated in the contract. As at 30 June 2022, the Group's maximum exposure to these obligations was RMB40,000,000 a year.

#### (b) OTHERS

The directors are of opinion that except for the provision for legal claims already made as disclosed in note 21, there is no other material contingent liability in respect of legal claims. The provision for guarantees of products warranties has been disclosed in note 21.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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### 26. CAPITAL COMMITMENTS

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

	<b>30 June 2022 (Unaudited)</b>	<b>31 December 2021 (Audited)</b>
Purchase of property, plant and equipment and other intangible assets	<b>3,355,301</b>	3,301,717

### 27. RELATED PARTY TRANSACTIONS

The immediate holding company of the Company is Sinotruk (BVI) Limited, a company incorporated in the British Virgin Islands. On 28 February 2022, the Company announced that SHIG had completed the registration of holding of a 65% of equity interest in CNHTC and, thereafter, become the ultimate holding company of the Company. SHIG is a state-owned company established in the PRC and is controlled by the PRC Government.

The CNHTC Group, Weichai Group Holdings Limited and its subsidiaries including Suzhou Tsintel Co., Ltd. and Chongyou Gaoke Fuel System Co., Ltd. (referred to as "Weichai Group"), Shantui Construction Machinery Co., Ltd. and its subsidiaries (referred to as "Shantui Group") and Shengrui Transmissio Co., Ltd. (referred to as "Shengrui Transmission") are subsidiaries of SHIG.

The Company is an associated company of MAN Finance and Holding S.A., a non-wholly owned subsidiary of Ferdinand Porsche Familien – Privatstiftung (referred to as "PFPS"). PFPS and its subsidiaries are referred to as the PFPS Group.

Prinx (Cayman) Holding Limited and its subsidiaries (referred to as "Prinx Cayman Group"), Shandong Changjiu Intelligence Logistics Co., Ltd. (referred to as "Changjiu Logistics" and before disposal of in 2021), Shengrui Transmission, Sinotruk Mianyang Special Vehicles Co., Ltd. (referred to as "Mianyang Special Vehicles" and after became as an associated company of the Company), Sinotruk Panzhihua Mining Truck Co., Ltd. (referred to as "Panzhihua Mining Truck"), UZ TRUCK AND BUS MOTORS Limited Liability Company, Suzhou Tsintel Co., Ltd., Chongyou Gaoke Fuel System Co., Ltd., Shandong Guochuang Fuel Cell Technology Innovation Center Co., Ltd., Chongqing Yunyang Automotive Manufacturing Co., Ltd. and Weichai Intelligent Technology Co., Ltd. are associated companies of the Company. Since Suzhou Tsintel Co., Ltd. and Chongyou Gaoke Fuel System Co., Ltd. are subsidiaries of Weichai Group Holdings Limited, their transactions amounts and balances in 2021 and 2022 are reclassified and grouped under the Weichai Group in current period presentation.

The directors consider that the major related parties are the CNHTC Group, the Wechai Group, the Shantui Group, the PFPS Group, all associated companies of the Company, the key management personnel of the Company and the holding companies of the Company as well as their close family members, and other PRC government-related entities ("Other State-owned Enterprises").

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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### 27. RELATED PARTY TRANSACTIONS (CONTINUED)

#### (a) SIGNIFICANT RELATED PARTY TRANSACTIONS

Financing activities with related parties

##### (i) CNHTC Group

	Highest balance during the six months ended 30 June 2022 (Unaudited)	Balance at 30 June 2022 (Unaudited)	Highest balance during the six months ended 30 June 2021 (Unaudited)	Balance at 30 June 2021 (Unaudited)
<b>Assets</b>				
Financing receivables	1,245,000	1,210,000	1,450,000	1,330,000
Loans	35,000	—	—	—
	<u>1,280,000</u>	<u>1,210,000</u>	<u>1,450,000</u>	<u>1,330,000</u>
<b>Liabilities</b>				
Deposit taking	3,009,203	1,048,941	2,334,713	1,602,208
Borrowings	—	—	16,000	—
	<u>3,009,203</u>	<u>1,048,941</u>	<u>2,350,713</u>	<u>1,602,208</u>

##### (ii) Weichai Group

	Highest balance during the six months ended 30 June 2022 (Unaudited)	Balance at 30 June 2022 (Unaudited)	Highest balance during the six months ended 30 June 2021 (Unaudited)	Balance at 30 June 2021 (Unaudited)
<b>Assets</b>				
Loans	35,000	35,000	—	—
<b>Liabilities</b>				
Deposit taking	120	120	—	—

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## 27. RELATED PARTY TRANSACTIONS (CONTINUED)

## (a) SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Financing activities with related parties (Continued)

## (iii) Mianyang Special Vehicles

	Highest balance during the six months ended 30 June 2022 (Unaudited)	Balance at 30 June 2022 (Unaudited)	Highest balance during the six months ended 30 June 2021 (Unaudited)	Balance at 30 June 2021 (Unaudited)
<b>Liabilities</b>				
Deposit taking	22,844	2,564	—	-

## (iv) Shengrui Transmission

	Highest balance during the six months ended 30 June 2022 (Unaudited)	Balance at 30 June 2022 (Unaudited)	Highest balance during the six months ended 30 June 2021 (Unaudited)	Balance at 30 June 2021 (Unaudited)
<b>Assets</b>				
Loans	75,000	75,000	—	—

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### 27. RELATED PARTY TRANSACTIONS (CONTINUED)

#### (a) SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Trading, servicing and other transactions with related parties

	For the six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
(i) CNHTC Group		
Purchases of trucks	1,273,058	1,010,244
Sale of spare parts	464,377	390,928
Disposal of a subsidiary	162,257	—
Sale of trucks	116,885	248,425
Aggregate of interest income for loan services	19,385	22,568
Interest expense for deposit taking services	11,503	24,279
Purchases of spare parts	11,411	5,479
Rental income	7,253	5,626
Purchases of general services	5,086	1,019
Supply of auxiliary production services	3,948	5,113
Supply of technology development	733	—
Purchases of construction and project management services	182	—
Sale of property, plant and equipment	62	—
Purchases of property, plant and equipment	15	—
Interest expenses for accepting loan services	—	151
Interest expense for leases	—	93
Fee income	—	16
	<b>2,076,155</b>	<b>1,713,941</b>



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### 27. RELATED PARTY TRANSACTIONS (CONTINUED)

#### (a) SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Trading, servicing and other transactions with related parties (Continued)

		For the six months ended 30 June	
		2022 (Unaudited)	2021 (Unaudited)
(ii)	Wechai Group		
	Purchases of spare parts	1,762,316	—
	Sale of trucks	22,680	—
	Sale of spare parts	11,198	—
	Interest expense for leases	20	—
	Purchases of general services	5	—
	Supply of auxiliary production services	4	—
		<b>1,796,223</b>	—
(iii)	Shantui Group		
	Sale of trucks	19,176	—
(iv)	FPFPS Group		
	Sale of spare parts	71,727	21,841
(v)	Prinx Cayman Group		
	Purchases of spare parts	71,148	28,468
	Sale of spare parts	9	—
		<b>71,157</b>	28,468
(vi)	Changjiu Logistics		
	Purchase of transportation services	—	134,842
(vii)	Shengrui Transmission		
	Interest income for loan services	1,621	—
	Purchase of spare parts	856	—
		<b>2,477</b>	—

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### 27. RELATED PARTY TRANSACTIONS (CONTINUED)

#### (a) SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Trading, servicing and other transactions with related parties (Continued)

	For the six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
(viii) Mianyang Special Vehicles		
Purchases of spare parts	4,424	—
Interest expense for deposits taking services	43	—
Supply of auxiliary production services	2	—
	<b>4,469</b>	—
(ix) Key management compensation		
Short-term employee benefits	4,469	4,927
Pension scheme contributions	133	96
	<b>4,602</b>	5,023

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(All amounts in RMB thousands unless otherwise stated)

### 27. RELATED PARTY TRANSACTIONS (CONTINUED)

#### (b) BALANCES WITH RELATED PARTIES

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Amounts due from related parties		
(i) CNHTC Group		
Financing receivables	1,210,000	1,090,000
Trade receivables	141,372	144,738
Prepayments	81,354	4,600
Other receivables	30	4
	<u>1,432,756</u>	<u>1,239,342</u>
(ii) Wechai Group		
Other receivables	106,058	64,809
Loans	35,000	—
Prepayments	25,713	—
Trade receivables	6,414	1,390
	<u>173,185</u>	<u>66,199</u>
(iii) Shengrui Transmission		
Loans	75,000	75,000
Prepayments	—	9
	<u>75,000</u>	<u>75,009</u>
(iv) Mianyang Special Vehicles		
Trade receivables	917	—

The interest rates of financing receivables to related parties are 3.60% to 3.69% (2021: 3.69%) per annum. The interest rates of loans to related parties are to 4.13% to 4.30% (2021: 4.30%) per annum.

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(All amounts in RMB thousands unless otherwise stated)

### 27. RELATED PARTY TRANSACTIONS (CONTINUED)

#### (b) BALANCES WITH RELATED PARTIES (CONTINUED)

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Amounts due to related parties		
(i) CNHTC Group		
Deposit taking	1,048,941	2,816,577
Trade payables	294,512	168,151
Other payables	25,543	20,534
Contract liabilities	—	17,522
	<b>1,368,996</b>	<b>3,022,784</b>
(ii) Wechai Group		
Trade payables	381,107	23,457
Other payables	5,931	100
Lease liabilities	869	—
Deposit taking	120	—
Contract liabilities	60	—
	<b>388,087</b>	<b>23,557</b>
(iii) Shantui Group		
Contract liabilities	540	—
(iv) FPFPS Group		
Contract liabilities	54,328	74,349
(v) Prinx Cayman Group		
Trade payables	81,106	51,324
Other payables	5,000	2,000
	<b>86,106</b>	<b>53,324</b>

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### 27. RELATED PARTY TRANSACTIONS (CONTINUED)

#### (b) BALANCES WITH RELATED PARTIES (CONTINUED)

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Amounts due to related parties (continued)		
(vi) Shengrui Transmission		
Trade payables	967	—
Contract liabilities	—	1,152
	<b>967</b>	<b>1,152</b>
(vii) Mianyang Special Vehicles		
Other payables	4,949	—
Trade payables	3,921	—
Deposit taking	2,564	—
	<b>11,434</b>	<b>—</b>
(viii) Panzihua Mining Truck		
Contract liabilities	33	33

As at 30 June 2022, except for deposits taking, loans and borrowings, amounts due from/to related parties were all unsecured and due within one year. As at 30 June 2021 and 31 December 2021, deposit taking from related parties, loans to related parties were unsecured, bearing interest at rates mutually agreed and due within one year.

As at 30 June 2022, trade receivables due from related parties were not past due or impaired.

Balances with other state-owned enterprises

As at 30 June 2022, majority of the Group's bank balances and borrowings were with state-owned banks.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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### 28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's non-current financial instruments are as follows:

	Carrying amounts		Fair values	
	30 June 2022 (Unaudited)	31 December 2021 (Audited)	30 June 2022 (Unaudited)	31 December 2021 (Audited)
<b>Financial assets</b>				
Equity investments designated at fair value through other comprehensive income	31,925	31,925	31,925	31,925
Contingent consideration	15,796	15,796	15,796	15,796
Trade and financing receivables	7,094,207	5,007,345	7,094,207	5,007,345
	<b>7,141,928</b>	<b>5,055,066</b>	<b>7,141,928</b>	<b>5,055,066</b>

Management has determined that the carrying amounts of cash and cash equivalents and restricted cash, the current portion of trade, financing and bills receivables, financial assets at fair value through other comprehensive income, financial assets included in prepayments and other receivables, trade and bills payables, the current portion of borrowings and financial liabilities included in other payables and accruals based on their notional amounts reasonably approximate to their fair values because these financial instruments are mostly short term in nature.

The Group invests in financial products issued by banks in China which are included in financial assets at fair value through profit or loss. The Group has estimated the fair value of the unlisted investments by using a discounted cash flow valuation model based on the market interest rate of instruments with similar terms and risks.

The Group enters into derivative financial instruments - foreign currency forward contracts with banks. The carrying amounts of these derivative financial instruments are the same as their fair values. The derivative financial instruments are measured using valuation techniques similar to forward pricing, using present value calculations. The models incorporate various market observable inputs including foreign exchange spot and forward rates. The carrying amounts of derivative financial instruments are the same as their fair values.

The fair values of the non-current portion of trade and financing receivables and contingent consideration have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

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### 28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

#### FAIR VALUE HIERARCHY

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

#### Assets measured at fair value:

##### As at 30 June 2022

	Fair value measurement using			Total (Unaudited)
	Quoted prices in active markets (Level 1) (Unaudited)	Significant observable inputs (Level 2) (Unaudited)	Significant unobservable inputs (Level 3) (Unaudited)	
Financial assets at fair value through profit or loss	4,890	—	5,813,381	5,818,271
Financial assets at fair value through other comprehensive income	—	5,199,922	31,925	5,231,847
Contingent consideration	—	—	15,796	15,796
	<u>4,890</u>	<u>5,199,922</u>	<u>5,861,102</u>	<u>11,065,914</u>

##### As at 31 December 2021

	Fair value measurement using			Total (Audited)
	Quoted prices in active markets (Level 1) (Audited)	Significant observable inputs (Level 2) (Audited)	Significant unobservable inputs (Level 3) (Audited)	
Financial assets at fair value through profit or loss	87,014	17,762	2,872,079	2,976,855
Financial assets at fair value through other comprehensive income	—	4,057,928	31,925	4,089,853
Contingent consideration	—	—	15,796	15,796
	<u>87,014</u>	<u>4,075,690</u>	<u>2,919,800</u>	<u>7,082,504</u>

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### 28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

#### FAIR VALUE HIERARCHY (CONTINUED)

The movements in fair value measurement within Level 3 during the period are as follows:

	For the six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Financial assets at fair value through profit or loss and other comprehensive income:		
At 1 January	2,919,800	5,431,578
Total gains recognised in the statement of profit or loss included in other income	61,542	10,305
Purchases	5,692,170	18,541,731
Disposal	(2,812,410)	(18,218,280)
At 30 June	5,861,102	5,765,334

#### Liabilities measured at fair value:

##### As at 30 June 2022

	Fair value measurement using			Total (Unaudited)
	Quoted prices in active markets (Level 1) (Unaudited)	Significant observable inputs (Level 2) (Unaudited)	Significant unobservable inputs (Level 3) (Unaudited)	
Derivative financial instruments	—	99,085	—	99,085

The Group did not have any financial liabilities measured at fair value as at 31 December 2021.



## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

(All amounts in RMB thousands unless otherwise stated)

### 28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

#### FAIR VALUE HIERARCHY (CONTINUED)

During the six months ended 30 June 2022, 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 2022, there were no reclassifications of financial assets, no transfers among different levels and no other changes in valuation techniques.

Level 1 financial assets at fair value through profit or loss comprise equity investment traded on The Stock Exchange of Hong Kong Limited and Shanghai Stock Exchange. Their fair values are based on closing prices.

Level 2 financial assets at fair value through other comprehensive income comprise bank acceptance bills that are held for collection of contractual cash flow and for selling the financial assets. The fair values are estimated by using a discounted cash flow approach with discount rates quoted in main state-owned banks.

Level 2 derivative financial instruments are foreign currency forward contracts. The fair values are measured using valuation techniques similar to forward pricing, using present value calculations.

Level 3 financial assets at fair value through profit or loss include wealth management products acquired from a trust company amounting to RMB195 million, with the principal and interest rates non-guaranteed, and from banks with aggregate amounting of RMB5,619 million, with the principals and interest rates non-guaranteed. Their fair values are estimated by using a discounted cash flow approach and main inputs used by the Group are estimated yield rates written in contracts by the counterparties.

Level 3 financial assets at fair value through other comprehensive income include equity investments that are not publicly traded, the Group uses its judgement to select a variety of valuation methods and make assumptions that are the mainly based on market conditions existing at each date of the statement of financial position. In connection with the investments in shares, the Group adopts a combination of income and market approaches. The income approach adopts a discounted cash flow method to assess the fair value of these financial assets. Under this methodology, fair value is determined by discounting the projected cash flow of the investee company to present worth based on profit and cash flow forecast and other relevant information provided by the investee company. The market approach adopts various sales/income multiples to assess the fair value of these financial assets. Under this methodology, fair value is determined by multiplying various sales/income of the investee company to multipliers with regard to the risks and nature of the business.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2022

(All amounts in RMB thousands unless otherwise stated)

### 28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Liabilities for which fair values are disclosed:

**As at 30 June 2022**

	Fair value measurement using			Total (Unaudited)
	Quoted prices in active markets (Level 1) (Unaudited)	Significant observable input (Level 2) (Unaudited)	Significant unobservable input (Level 3) (Unaudited)	
Borrowings	—	4,875,435	—	4,875,435

**As at 31 December 2021**

	Fair value measurement using			Total (Audited)
	Quoted prices in active markets (Level 1) (Audited)	Significant observable input (Level 2) (Audited)	Significant unobservable input (Level 3) (Audited)	
Borrowings	—	3,510,514	—	3,510,514

### 29. EVENTS AFTER THE REPORTING PERIOD

No significant subsequent events take place after the reporting period.





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