



中国重汽
SINOTRUK

Sinotruk (Hong Kong) Limited

中國重汽 (香港) 有限公司

(incorporated in Hong Kong with limited liability)

Stock Code : 3808

*Every Step Counts
for **Success***



Interim Report 2011



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Business

Sinotruk (Hong Kong) Limited (the “**Company**”) and its subsidiaries (together referred as the “**Group**”) specialises in the research, development, manufacture and sale of heavy duty trucks, light and medium duty trucks. Through our diverse product portfolio, we serve a wide range of customers from all major industries including infrastructure, construction, container transportation, logistics, mining, steel and chemical industries.

The Group mainly manufactures complete trucks and also produces key parts and components such as engines, cabins, axles and gearboxes. We are able to research, develop and manufacture truck as well as have a most complete production chain. In addition to own use, we also supply third parties truck engines and engines used in industrial and construction machineries. Our products are not only sold domestically but also exported to other countries and districts.

The Group’s businesses are classified into three operating segments according to the nature of products and services provided:

(i) Trucks

Our Trucks segment mainly comprises Sinotruk Jinan Truck Co., Ltd., Sinotruk Jinan Commercial Truck Co., Ltd., Sinotruk Jinan Axle & Transmission Co., Ltd., Sinotruk Import & Export Co., Ltd., Sinotruk Mianyang Special Vehicles Co., Ltd., Sinotruk Liuzhou Yunli Special Vehicles Co., Ltd., Sinotruk Hubei Huawei Special Vehicles Co., Ltd., Sinotruk Jining Commercial Truck Co., Ltd., Sinotruk Chengdu Wangpai Commercial Vehicles Co., Ltd., Sinotruk Fujian Haixi Vehicles Co., Ltd., Sinotruk Jinan Ganghao Bonded Logistics Co., Ltd. and etc. They are responsible for production of trucks and parts and components, domestic and export sales, truck refitting and production of special trucks.

(ii) Engines

The Engines segment mainly comprises Sinotruk Jinan Power Co., Ltd., Sinotruk Hangzhou Engine Co., Ltd., Sinotruk Jinan Fuqiang Power Co., Ltd., Sinotruk Chongqing Fuel System Co., Ltd. and etc. They are mainly responsible for production of engines, engine parts, gearboxes, various types of casting and forging as well as sales of engines.

(iii) Finance

Sinotruk Finance Co., Ltd. is the key subsidiary in carrying out financial services to our Group. It provides financial services to the Group’s members and parent group companies. The financial services include deposits taking, borrowings, notes and bills discounting and provision for guaranteed vehicle consumer loans.

Corporate Information

BOARD OF DIRECTORS

Executive Directors:

Ma Chunji (*Chairman*)
Cai Dong (*President*)
Wei Zhihai (*Vice President*)
Wang Haotao (*Vice President*)
Tong Jingen (*Chief Economist*)
Wang Shanpo (*Chief Engineer*)
Pan Qing (*Vice President*)

Non-executive Directors:

Georg Pachta-Reyhofen
Jörg Schwitalla
Lars Wrebo

Independent Non-executive Directors:

Shao Qihui
Lin Zhijun
Ouyang Minggao
Hu Zhenghuan
Chen Zheng
Li Xianyun

EXECUTIVE COMMITTEE

Ma Chunji (*Chairman*)
Cai Dong
Wei Zhihai
Wang Haotao
Tong Jingen
Wang Shanpo
Pan Qing

STRATEGY AND INVESTMENT COMMITTEE

Ma Chunji (*Chairman*)
Cai Dong
Shao Qihui
Ouyang Minggao
Hu Zhenghuan
Wang Haotao
Wang Shanpo

REMUNERATION COMMITTEE

Chen Zheng (*Chairman*)
Lin Zhijun
Li Xianyun
Wei Zhihai
Tong Jingen

AUDIT COMMITTEE

Lin Zhijun (*Chairman*)
Ouyang Minggao
Chen Zheng
Tong Jingen

HEAD QUARTER

165 Yingxiongshan Road
Jinan, Shandong Province
China
Postal code: 250002

REGISTERED OFFICE IN HONG KONG

Units 2102-2103
China Merchants Tower
Shun Tak Centre, 168-200
Connaught Road Central
Hong Kong

COMPANY SECRETARIES AND AUTHORIZED REPRESENTATIVES

Tong Jingen
Kwok Ka Yiu

PRINCIPAL BANKERS

Industrial and Commercial Bank of
China - Jinan Branch, Tianqiao
Sub-branch
Bank of China - Jinan Branch
Agricultural Bank of China - Jinan
Branch, Huaiyin Sub-branch
China Construction Bank - Jinan
Branch, Tianqiao Sub-branch

LEGAL ADVISERS

Hong Kong
Sidley Austin

PRC
DeHeng Law Offices

AUDITOR

PricewaterhouseCoopers

SHARE REGISTRAR

Computershare Hong Kong Investor
Services Limited

COMPANY WEBSITE

www.sinotruk.com

STOCK CODE

3808

INVESTOR RELATIONS

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PUBLIC RELATIONS CONSULTANT

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Highlights

- Turnover at RMB 21,939 million, 1.4% decrease year on year
- Heavy duty truck sales volume at 77,045 units, 8.8% decrease year on year while export volume at 9,089 units, 98.5% increase year on year; light and medium duty truck sales volume at 12,261 units
- Profit attributable to equity holders at RMB 994 million, 18.3% increase year on year
- Basic earnings per share at RMB 0.36, 20% increase year on year

KEY INTERIM RESULTS FIGURES	2011	2010	increase/ (decrease)
Operating results (RMB million)			
Turnover	21,939	22,248	(309)
Earnings before interest and tax	1,698	1,401	297
Profit attributable to equity holders of the Company	994	840	154
Profitability			
Gross profit margin	16.2%	15.9%	0.3%
Operating profit margin	7.3%	5.9%	1.4%
Net profit margin	5.0%	4.7%	0.3%
Liquidity			
Current ratio (time)	1.4	1.4	–
Inventory turnover (days)	135.9	74.9	61.0
Trade receivable turnover (days)	115.4	74.7	40.7
Trade payable turnover (days)	137.5	104.4	33.1
Per share data			
Earnings per share - basic (RMB)	0.36	0.30	0.06
Share information (as at 30 June)			
Number of issued shares (million)	2,761	2,761	–
Market capitalisation (RMB million)	12,468	14,982	(2,514)

Management Discussion and Analysis

MARKET OVERVIEW

In the first half of 2011, according to the China Association of Automobile Manufacturers (「中國汽車工業協會」), domestic heavy duty trucks (of more than 14 tons) sales by the entire industry decreased by 7.04% year on year to 543,400 units because of the following factors affecting the market demand of heavy duty trucks: 1) infrastructure construction slowed down as the Chinese government adopted tighter macroeconomic control measures, 2) the transportation sector faced a heavier cost burden because transportation fees did not keep pace with increases in oil prices, and 3) automobile consumption loans were restricted as a result of the credit crunch.

REVIEW OF OPERATIONS

During the period under review, the Group's revenue decreased by 1.4% year on year to RMB 21,939 million from RMB 22,248 million in the same period of the previous year. Profit before tax rose by 10.2% year on year to RMB 1,357 million from RMB 1,231 million of the same period of the previous year. The Group was able to raise profitability despite an adverse effect of the entire market's decreased demand on its sales. This is because the Group has enhanced internal management, optimized product mix and controlled operating costs.

Trucks Segment

During the period under review, the Group's heavy duty truck sales volume decreased by 8.8% year on year to 77,045 units. Light and medium duty truck sales volume were 12,261 units. Revenues of truck sales (including inter-segment revenue) decreased by 1.2% year on year to RMB 20,821 million.

Domestic Business

The Group has set the strategic goal of becoming a comprehensive commercial vehicle manufacturer which develops and makes heavy duty trucks, light and medium duty trucks and coaches after a thorough study of the trends of the commercial vehicle market. It laid a solid foundation for its future development by adjusting its product mix and business portfolio in the first half of 2011.

The Group maintained its leadership in heavy duty truck industry in terms of product technology and production capability. However, it needs to strengthen its capabilities for developing and producing light and medium duty trucks. In order to improve in these areas, the Group acquired and restructured some leading makers of light and medium duty trucks in 2010. It established Sinotruk Chengdu Wangpai Commercial Vehicles Co., Ltd. ("**Chengdu Wangpai**", 中國重汽集團成都王牌商用車有限公司) in Sichuan and Sinotruk Fujian Haixi Vehicles Co., Ltd. ("**Fujian Haixi**", 中國重汽集團福建海西汽車有限公司) in Fujian, and has been building a light duty truck production base in Jinan, Shandong. In the first half of 2011, the construction of the factories of Fujian Haixi and light duty truck production base in Jinan was on schedule while the new production plant of Chengdu Wangpai was completed and the production facilities have already been installed. Chengdu Wangpai leveraged the Group's technological advantages to develop a new series of light duty trucks and introduce them into the market. The light duty trucks were well received by the market for their design, accessories, performance, and comfort. Chengdu Wangpai also won a bid in the tender in May 2011 to supply light duty trucks for use as commercial vehicles at the Universiade Shenzhen 2011. This helped build a brand image for the light duty trucks, paving the way for future market expansion. During the period under review, Chengdu Wangpai consolidated, improved and expanded its marketing and sales network to support the sales of its products. Presently, Chengdu Wangpai has 537 distributors, 576 service outlets and 18 spare parts sales centres.

Management Discussion and Analysis

In the first half of 2011, the Group's heavy duty truck business continued to improve its four networks of sales and marketing, after-sales services, component sales and refitting. Specifically, it focused on four areas: 1) finer segmentation of sales networks by markets and by categories and provision of professional services; 2) boosting sales by selling tractor trucks where they are produced and placing spare trucks in the refitting companies to reduce the delivery time; 3) stimulating finished truck sales with consumer credit business, and 4) enhanced staff training in order to raise the standards of its sales and after-sales services.

As at 30 June 2011, there were 866 domestic distributors selling the Group's heavy duty trucks, including 231 4S centres and 231 stores specializing in products of the Group's own brand. In addition, there were 1,589 services stations providing quality after-sales services for users of the Group's products, 99 regional parts and components sales centres, 570 second-tier outlets which procured parts and components from these regional parts and components sales centres, and 292 refitting companies which provided refitting services for the Group's customers. All these outlets formed a comprehensive sales and marketing network.

International Business

During the period under review, the global economy was recovering despite a number of adverse factors, including the sovereign bonds crisis in Europe and global inflation. Faster economic development in emerging markets and a booming mining industry in African countries boosted demand for heavy duty trucks.



To capture the business opportunities, the Group actively expanded its presence in overseas markets, and tailored its marketing and sales strategy and services according to the characteristics of different overseas markets. The Group divided the global market into six regions and established representative offices in 24 foreign countries to handle the planning and set-up of the sales and service networks in their respective countries. More than 100 staffs were posted to foreign countries to take charge of sales and after-sales service. Presently, the Group has more than 70 distributors, more than 200 sales outlets, and about 300 service outlets providing sales service and after-sales service. In the first half of 2011, the Group continued to consolidate its presence and expand its share in its traditional overseas markets including countries in Africa, and at the same time actively explored emerging markets including countries in South America. The Group's heavy duty truck sales in overseas markets such as Africa, Southeast Asia, South America and Central Asia increased significantly year on year. The Group continued to rank first in China's heavy duty truck exports as it exported 9,089 units, up 98.5% year on year.

Engines Segment

During the period under review, the Group had annual production capacity of 200,000 engines, which satisfied both the demand within the Group and its related parties as well as those from other manufacturers of heavy duty trucks, coaches and construction machinery. The Group raised the proportion of external sales in its engine sales and expanded its domestic market share. These moves expanded its income source.

During the period under review, the engines segment's sales volume decreased by 17.5% year on year to 94,224 units. Revenue (including sales of components and inter-segment revenue) decreased by 19.3% year on year to RMB 5,673 million. External sales accounted for 18.7% of the engine segment's revenue, representing an increase of 1.1 percentage points compared with 17.6% last year same period.

The Group's engines are one of the most advanced in China in terms of quality and fuel saving as a result of years of development and improvement. The new-generation 12-litre engines with large horse power were installed in trucks for sales. Sales of such trucks have been increasing since its launch into the market. The Group also developed the 10-litre natural gas engine and 12-litre natural gas engine with a horse power range of 230 Ps to 420 Ps, which were used in medium and heavy duty trucks as well as various types of coaches. The Group's natural gas trucks, which are one of the most advanced of their kind and of stable quality in China, were well received by both overseas and domestic markets and recorded good sales, enhancing their brand recognition.

The project of localizing MAN's engine technology has been progressing on schedule. It aims at meeting China's increasingly stricter emission standards and will enhance the Group's competitive strength in engine and truck markets when completed.



Management Discussion and Analysis

Finance Segment

In the first half of 2011, the external revenue of the finance segment increased from RMB 37 million by RMB 60 million to RMB 97 million. The increase was due to the expansion of the consumer credit business, the growth in interest income from lending and the increase in bills discounting income.

During the review period, the credit availability contracted in China, making it more difficult for consumers to get truck loans. In order to satisfy the users' demand for truck purchase and boost sales of the Group's products, Sinotruk Finance Co., Ltd. expanded its network of consumer credit business while taking a prudent approach towards credit risk control. As at 30 June 2011, Sinotruk Finance Co., Ltd. had already set up 18 regional offices and extended its consumer credit business coverage to over 20 provinces, covering most parts of China. A vehicle consumer credit network was thus established. In the first half of 2011, the Group sold 1,563 finished trucks involving consumer credit.

Technological Upgrade and Production Capacity

During the period under review, capital expenditure was RMB 1.53 billion. The major investment and construction projects included the introduction of the MAN's engines, TGA cabin, the localization of the parts production. The launch of the light and medium duty truck projects enhanced the production technology and product quality, enabling the Group to achieve balanced capacities for producing trucks, engines and gearbox. It also increased the Group's forged parts production capacity, enhanced the product quality standards and research and development capabilities.

The introduction of MAN's production technology and product localization were carried out according to the agreement between the Group and MAN.

The project of light duty truck production base at Jinan, the light and medium duty truck production projects of Chengdu Wangpai and Fujian Haixi and the cabin production project of Sinotruk Jining Commercial Truck Co., Ltd. are progressing smoothly, laying a solid foundation for product technology upgrade and diversification.

Presently, the Group is capable for producing 160,000 heavy trucks, 40,000 light and medium duty trucks and 200,000 engines annually. It also has research and development centres and production plants of trucks and parts in Jinan, Hangzhou and Chengdu. The Group will be able to meet the demand with its optimized product mix and production capacity level.

Research and Development

The Group places strong emphasis on maintaining its competitive advantage through advanced technology and therefore continues to increase investment in research and development. It leveraged its skilled vehicle technicians, advanced research and development facilities and laboratory equipments to develop new technology and products to meet market demand. It has built a most comprehensive product portfolio in the country including HOWO-A7, HOWO, Jin Wangzi and Haoyun, which are among its top 10 model series. In the first half of 2011, it launched such new models as HOWO low carrying saddle tractor, HOWO mining tipper, and a new series of light duty trucks. It also introduced to the market such parts and components as D12 China III emission standard natural gas engine, assembled high torsion clutch, and HOWO, HOKA and Jin Wangzi cabins. The Group is focusing its research and development efforts on commercial vehicles including heavy duty truck, light and medium duty truck.



Management Discussion and Analysis

The Group and MAN jointly introduced the new SITRAK T7H brand at the 14th Shanghai International Automotive Industry Exhibition. SITRAK T7H, positioned as an international version of a China-made heavy duty truck, was jointly developed and equipped with the world-class advanced MAN engine. The model will be launched in 2012.



The National High Technology and Development Program “Natural Gas Engine Development” undertaken by the Group under the “Eleventh Five-year Plan” in Jinan received certification from an expert group of the Ministry of Science and Technology. The natural gas engine which meets the China IV emission standard is a breakthrough in terms of power, cost effectiveness, environmental protection standards, and was awarded two national patents.

As of 30 June 2011, the Group and its parent company jointly participated in setting 28 standards for China’s heavy duty truck industry, and together were granted 1,466 patents out of 1,640 patent applications. As a result, the Group remained number one in terms of number of patents in the country’s heavy truck industry.

During the period under review, the Group offered 1,745 models of China III emission standard to meet the demand.

PROSPECTS

In the second half of 2011, we expect that the domestic and international economic environments will remain uncertain and that our industry will be increasingly competitive. The Group will carefully monitor market developments and take appropriate measures to continue its healthy development.

First, the Group will press ahead with the implementation of its cooperation program with MAN, accelerate the process of importing technologies and product localization, and prepare for assembling and testing the production line, as well as mass production. By doing this, the Group will reach an advanced international level and prepare effectively for marketing these new products next year.

Second, the Group will continue to implement its “Actively Expanding Overseas Markets” strategy. The Group aims to further establish and improve its brand image and expand exports by speeding up the development of its international marketing network, international sales system, international refitting system, international KD production system, and international network of accessory services.

Third, the Group will keep innovating domestic marketing and sales methods. It will cultivate four types of abilities, set up four systems and implement further development of the “One-Through-Line” system. Four sorts of abilities include 1) ability to increase the synergy effect of consolidation of marketing network, refitting network, spare parts sales network and service network with “One Through-Line” (“Four Networks and One Line”) by developing 4S stores; 2) ability to find and develop more key clients for building up long-term strategic relationships; 3) ability to penetrate regional markets by provision for different products mix to match each region’s needs and 4) ability to upgrade the Group’s star-graded after sales service. Four systems refer to 1) performance assessment system over regional sales network, 2) maintenance system to enhance relationships with key clients, 3) supporting system to promote the development and improvement of sales network, and 4) training system including online system to develop staff’s skills in marketing research, marketing and sales as well as quality service. It will implement operation and sales information sharing in the areas of marketing management controls and training services via the “One Through-Line” project.

Fourth, the Group will promote management innovation to enhance the enterprise’s management level and risk prevention capabilities, implement and expand lean management from the on-site management to operation procedures, establish a leading-edge logistics management system and improve the management information system in respect of productions materials and spare parts and increase risk prevention efforts by taking measures addressing risks in all positions and system.

DIVIDENDS

The board of the directors (the “**Directors**”) of the Company (the “**Board**”) does not propose interim dividends for the six months ended 30 June 2011.



Management Discussion and Analysis

FINANCIAL REVIEW

Turnover, Gross Profit and Gross Profit Margin

For the six months ended 30 June 2011, the Group's turnover recorded RMB 21,939 million, compared with that of 2010 at RMB 22,248 million, representing a decrease of RMB 309 million or 1.4%. The decrease in the turnover primarily resulted from the reduction in sales volume.

Gross profit for the six months ended 30 June 2011 increased by RMB 3 million or 0.1%, from that of 2010 at RMB 3,542 million to RMB 3,545 million. Gross profit margin increased by 0.3 percentage points year on year to 16.2%. Gross profit and gross profit margin increased mainly due to the timely increase in truck selling price, effective control over the purchase costs and the cost reduction from technology improvement.

Distribution Costs

Distribution costs increased from RMB 1,135 million for the six months ended 30 June 2010 to RMB 1,195 million for the six months ended 30 June 2011, rising by RMB 60 million or 5.3%. The increase in distribution costs was primarily attributable to the higher delivery costs as a result of the increase in fuel prices resulting in the increase in transportation costs and the growth of export volume resulting in the increase in sea freight.

Administrative Expenses

Administrative expenses increased from RMB 729 million for the six months ended 30 June 2010 to RMB 891 million for the six months ended 30 June 2011, growing by RMB 162 million or by 22.2%. The increase was mainly attributable to the increasing scale of operations, increase in provision for impairment loss of trade and other receivables and increase in amortization of intangible assets.

Other Gains / (Losses) – Net

The Group recorded net other gains at RMB 144 million during the period under review while it recorded net other losses at RMB 366 million in the first half of 2010. The turnaround from net other losses to net other gains was mainly attributable to the realized exchange gains from the conversion of Euro funds and revaluation gain from Euro deposits as Euro against RMB was appreciated. The Group has closely monitored and analyzed the trend of the movement of Euro against RMB and take actions on a timely manner.

Finance Costs – Net

Net finance costs increased from RMB 81 million to RMB 247 million, representing an increase of RMB 166 million or 204.9%, during the period under review. The increase in net finance costs was a result of the increase in borrowings and the interest rates, and the increase in interest expense.

Income Tax Expense

The income tax expense of the first half of 2011 was RMB 252 million, an increase of RMB 56 million or 28.6% from that of 2010 at RMB 196 million. The increase was due to the increase in profit before income tax and the expiry of certain tax preferential policies leading the increase in effective income tax rate.

Profit for the Period Under Review and Earnings Per Share

Profit for the six months ended 30 June 2011 increased by 6.8% from RMB 1,035 million to RMB 1,105 million. The basic earnings per share attributable to the equity holders of the Company for the period under review increased from RMB 0.30 in 2010 to RMB 0.36, representing an increase of 20%.

Cash Flow

During the six months ended 30 June 2011, net cash outflow from operating activities was about RMB 2,610 million and compared with net cash outflow in the same period in 2010 at RMB 2,474 million, there was an increase of cash outflow by RMB 136 million (considering the increase in bank acceptance notes at RMB 3,118 million at the end of the period under review, the Group recorded cash inflow of RMB 508 million in the period under review). The increase of net operating cash outflow was due to the extent of the increase in trade payables in the period under review being less than that of last year same period.

Net cash outflow from investing activities for the first half of 2011 was RMB 1,263 million, representing an increase of RMB 1,155 million compared to that of 2010. The increase was mainly due to current period capital expenditure spent and the repayment of parts of long term liabilities arisen from the acquisition of intangible assets last year.

The cash inflow from financing activities for the six months ended 30 June 2011 was RMB 583 million, representing a decrease of RMB 1,345 million compared to that of the same period of year 2010. The decrease was due to lesser borrowings made by the Group.

Liquidity and Financial Resources

The Group had cash and cash equivalents of RMB 8,330 million and bank acceptance notes of RMB 11,064 million at 30 June 2011. Cash and cash equivalents decreased by RMB 3,231 million and bank acceptance notes increased by RMB 3,118 million as compared with those at the beginning of 2011. The Group's total borrowings (including long-term and short-term borrowings) were about RMB 15,060 million as at 30 June 2011. Its gearing ratio (total borrowings divided by total assets) was 25.2% (at 31 December 2010: 26.4%). All borrowings were made in RMB (at 31 December 2010: 99.0% in RMB). Most of the borrowings had floating rates, which were no more than the bank benchmark interest rate, and were due within one year. The current ratio (total current assets divided by total current liabilities) as at 30 June 2011 was 1.4 (at 31 December 2010: 1.4).



Management Discussion and Analysis

As at 30 June 2011, total available credit facilities of the Group amounted to RMB 42,405 million, of which RMB 14,841 million had been utilised. An aggregate amount of RMB 2,132 million of the Group's deposits and bank deposits was pledged to secure credit facilities. In addition, Sinotruk Finance Co., Ltd. has made mandatory deposits of RMB 474 million to People's Bank of China for its financial operations. The Group meets the daily liquidity needs by matching operating cash flow patterns with funds on hand and enhances its liquidity by way of application for longer credit periods from suppliers, utilization of banking facilities and issue of bills such as short-term commercial acceptance notes and bank acceptance notes.

Financial Management and Policy

The finance department is responsible for financial risk management of the Group. One of our key financial policies is to manage exchange rate risk. Any speculative activity is prohibited under the financial policy of the Group. As at 30 June 2011, most of the Group's assets and liabilities were denominated in RMB, except for restricted cash and bank deposits which in total are equivalent to approximately RMB 133 million, accounts receivable of approximately RMB 749 million, accounts payable of approximately RMB 1 million, and long-term payable of approximately RMB 422 million, all of which were denominated in currencies other than RMB.

Capital Structure

As at 30 June 2011, owner's equity of the Group was RMB 20,484 million, representing an increase of RMB 724 million or 3.7% when compared with that at the end of year 2010 at RMB 19,760 million.

As at 30 June 2011, the Company's market capitalisation was RMB 12,468 million (calculated by issued share capital: 2,760,993,339 shares, closing price: HKD 5.43 per share and at the exchange rate of 0.83162 between HKD and RMB).

GOING CONCERN

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

CONTINGENT LIABILITIES, LEGAL PROCEEDINGS AND POTENTIAL LITIGATION

During the period under review, the Group was not involved in any litigation, arbitration or administrative proceedings that could have a materially adverse effect on its financial condition and results of operations. The Group estimates that the total amount of claims of all lawsuits is approximately RMB 48 million. During the period under review, the Group did not make any additional provision for legal claims.

HUMAN RESOURCES

As at 30 June 2011, the Group had a total of 22,059 employees. The Group had improved dynamic human resources management regarding the positions. For instances, it implemented a merit-based staff promotion system and staff promotion system for non-leadership positions. It also conducted an open selection of talent for middle management, and reformed the reward compensation system as incentives to the employees. It enhanced staff training through on-site training. The Group also provided overseas training for staff to support its internationalization strategy.

Other Information

CORPORATE GOVERNANCE

Corporate Governance Practice

The Board and senior management of the Company commit to maintain a high standard of corporate governance, to formulate good corporate governance practice for improvement of accountability and transparency in operations, and to strengthen the internal control system from time to time so as to ensure to meet with the expectations of the Company's shareholders. The Company has adopted the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing of the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as its own code of corporate governance ("**CG Code**"). During the period under review, the Company has been in compliance with the CG Code.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as the code of conduct for securities transactions by the Directors (the "**Model Code**"). The Company has made specific enquiries with all Directors and all Directors have confirmed that they have complied with the standards required by the Model Code for the six months ended 30 June 2011.

Board of Directors

The Board is responsible for formulating group policies and business directions, and monitoring internal controls and performances. As at 30 June 2011, the Board had a total of 16 Directors comprising 7 executive Directors, Mr Ma Chunji, Mr Cai Dong, Mr Wei Zhihai, Mr Wang Haotao, Mr Tong Jingen, Mr Wang Shanpo and Mr Pan Qing; 3 non-executive Directors, Dr Georg Pachta-Reyhofen, Mr Jörg Schwitalla and Mr Lars Wrebo and 6 independent non-executive Directors, Dr Shao Qihui, Dr Lin Zhijun, Dr Ouyang Minggao, Dr Hu Zhenghuan, Mr Chen Zheng and Mr Li Xianyun. Mr Ma Chunji is the chairman of the Board and Mr Cai Dong is the president of the Company.

The Board has set up 4 committees responsible for different nature of work.



Other Information

Executive Committee

The Executive Committee is responsible for implementing the decisions made by the Board. The committee is formed by all executive Directors.

Strategy and Investment Committee

The Strategy and Investment Committee is mainly responsible for the formulation of medium and long term strategic planning and business development strategies including the studying and provision for recommendations of significant financing options, significant capital operations and asset operation projects. The committee currently comprises 7 members, namely, Mr Ma Chunji, Mr Cai Dong, Dr Shao Qihui, Dr Ouyang Minggao, Dr Hu Zhenghuan, Mr Wang Haotao and Mr Wang Shanpo. Mr Ma Chunji is the chairman of the committee.

Remuneration Committee

The Remuneration Committee is mainly responsible for the appraisal of the senior management performance and making recommendation on their remuneration including formulating performance appraisal standards and procedures, mainly commenting proposals of the appraisal mechanisms, rewarding system and penalties as well as staff option schemes. The committee will also supervise the remuneration and other benefits offered by the Group to Directors. The committee currently comprises 5 members, namely, Mr Chen Zheng, Dr Lin Zhijun, Mr Li Xianyun, Mr Wei Zhihai and Mr Tong Jingen. Mr Chen Zheng is the chairman of the committee.

Audit Committee

The Audit Committee is mainly responsible for reviewing and monitoring the financial control, internal control systems and risk management systems, including assessment of the financial and accounting policies, review of interim reports, annual reports and accounts and etc. In addition, the committee is responsible for the appointment, re-appointment and removal of external auditor, and for reporting to the Board on the recommendation, assessment and supervision of the external auditor in respect of its independence and objectivity, the effectiveness of the audit procedures, formulation of policies on the provision of non-audit services by the external auditor, the handling of any issues related to the resignation of auditor or the removal of such auditor, and the communication with the external auditor on auditing matters. The committee currently comprises 4 members, namely, Dr Lin Zhijun, Dr Ouyang Minggao, Mr Chen Zheng and Mr Tong Jingen. Dr Lin Zhijun is the chairman of the committee.

REVIEW OF INTERIM RESULTS

This unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2011 has been reviewed by the audit committee of the Company and by PricewaterhouseCoopers, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by Hong Kong Institute of Certified Public Accountants.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

COMMUNICATIONS WITH SHAREHOLDERS

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

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

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

As at 30 June 2011, so far is known to the Directors, none of the Directors or chief executive of the Company had any interests or short positions in the shares of the Company (the "Shares"), underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions therein that they shall be deemed to have pursuant to such provisions of the SFO), or any interests or short positions which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or any interests or short positions which have to be notified to the Company and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.



Other Information

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

As at 30 June 2011, so far as it is known to the Directors, the persons (other than a Director or chief executive of the Company) who had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register of the Company required to be kept under section 336 of the SFO was as follows:

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

Notes:

- 1) Sinotruk (BVI) Limited is a company incorporated in the British Virgin Islands whose entire share capital is held by CNHTC. CNHTC is deemed to have an interest in all the Shares held by Sinotruk (BVI) Limited under the SFO.
- 2) MAN Finance and Holding S.à.r.l. is a company incorporated in Luxembourg whose entire issued share capital is held by MAN SE, a company incorporated under the laws of Germany and listed on the Frankfurt Stock Exchange. MAN SE is deemed to have an interest in all the Shares held by MAN Finance and Holding S.à.r.l. under the SFO.

Save as disclosed above, as at 30 June 2011, so far as it is known to the Directors, there was no other person (other than a Director or chief executive of the Company) who had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register of the Company required to be kept under section 336 of the SFO.

By order of the Board
Ma Chunji
Chairman
 Jinan, PRC, 26 August 2011



羅兵咸永道

TO THE BOARD OF DIRECTORS OF SINOTRUK (HONG KONG) LIMITED*(incorporated in Hong Kong with limited liability)***Introduction**

We have reviewed the interim financial information set out on pages 20 to 56, which comprises the condensed consolidated balance sheet of Sinotruk (Hong Kong) Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2011 and the related condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated cash flows statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 26 August 2011

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2011

(All amounts in RMB thousands unless otherwise stated)

		Unaudited	
		Six months ended 30 June	
	Note	2011	2010
Turnover	6	21,938,926	22,247,760
Cost of sales		(18,393,563)	(18,705,875)
Gross profit		3,545,363	3,541,885
Distribution costs		(1,195,230)	(1,134,888)
Administrative expenses		(891,008)	(728,601)
Other gains/(losses) – net		144,306	(366,310)
Operating profit	8	1,603,431	1,312,086
Finance income		94,077	88,491
Finance costs		(340,934)	(169,741)
Finance costs – net		(246,857)	(81,250)
Profit before income tax		1,356,574	1,230,836
Income tax expense	9	(251,593)	(196,098)
Profit for the period		1,104,981	1,034,738
Other comprehensive income			
Losses on currency translation		(14,531)	(3,485)
Total comprehensive income for the period		1,090,450	1,031,253

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2011
(All amounts in RMB thousands unless otherwise stated)

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		Unaudited	
		Six months ended 30 June	
	Note	2011	2010
Profit attributable to:			
– equity holders of the Company		993,959	839,615
– non-controlling interests		111,022	195,123
		1,104,981	1,034,738
Total comprehensive income attributable to:			
– equity holders of the Company		979,428	836,130
– non-controlling interests		111,022	195,123
		1,090,450	1,031,253
Earnings per share for profit attributable to the equity holders of the Company (expressed in RMB per share)			
– basic and diluted	10	0.36	0.30

The notes on pages 26 to 56 form an integral part of this condensed consolidated interim financial information. Details of dividends of the Company are set out in Note 11 to this condensed consolidated interim financial information.

Condensed Consolidated Balance Sheet

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As at 30 June 2011

(All amounts in RMB thousands unless otherwise stated)

	Note	Unaudited 30 June 2011	Audited 31 December 2010
ASSETS			
Non-current assets			
Land use rights	12	1,570,810	1,398,436
Property, plant and equipment	12	10,188,716	9,359,943
Investment properties	13	6,515	6,492
Intangible assets	12	738,856	761,093
Goodwill		3,868	3,868
Deferred income tax assets		1,018,440	842,264
Investment in an associate		6,056	6,196
		13,533,261	12,378,292
Current assets			
Inventories		14,095,780	13,381,835
Trade receivables, prepayments and other receivables	14	20,727,209	14,311,029
Financial assets at fair value through profit or loss		1,101	1,089
Amounts due from related parties	22(b)	54,288	30,837
Restricted cash		3,089,610	2,245,064
Cash and cash equivalents		8,330,265	11,561,472
		46,298,253	41,531,326
Total assets		59,831,514	53,909,618
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	15	261,489	261,489
Reserves		18,429,335	17,865,889
		18,690,824	18,127,378
Non-controlling interests		1,793,111	1,632,693
Total equity		20,483,935	19,760,071

Condensed Consolidated Balance Sheet

As at 30 June 2011

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(All amounts in RMB thousands unless otherwise stated)

	Note	Unaudited 30 June 2011	Audited 31 December 2010
LIABILITIES			
Non-current liabilities			
Borrowings	16	4,123,366	2,686,240
Deferred income tax liabilities		34,036	35,188
Termination and post-employment benefits	17	35,280	39,840
Deferred income		488,706	504,297
Long-term payable		17,333	—
Amounts due to related parties	22(b)	405,076	380,115
		5,103,797	3,645,680
Current liabilities			
Trade payables, advances and other payables	18	21,815,051	17,645,026
Current income tax liabilities		368,256	487,038
Borrowings	16	10,936,292	11,520,934
Amounts due to related parties	22(b)	500,184	308,714
Provisions for other liabilities	19	623,999	542,155
		34,243,782	30,503,867
Total liabilities		39,347,579	34,149,547
Total equity and liabilities		59,831,514	53,909,618
Net current assets		12,054,471	11,027,459
Total assets less current liabilities		25,587,732	23,405,751

The notes on pages 26 to 56 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2011

(All amounts in RMB thousands unless otherwise stated)

	Unaudited											Non-controlling interests	Total equity
	Attributable to equity holders of the Company												
	Share capital	Share premium	Capital redemption reserve	Other capital reserve	Property revaluation reserve	Statutory reserve	Discretionary reserve	Merger reserve	Translation reserve	Retained earnings	Total		
Balance as at 1 January 2011	261,469	16,444,600	10,935	(3,691,986)	1,053	613,955	104,294	1,144,582	(13,450)	3,251,936	18,127,378	1,632,693	19,760,071
Total comprehensive income for the period	-	-	-	-	-	-	-	-	(14,531)	993,959	979,428	111,022	1,090,450
Transactions with owners in their capacity as owners	-	-	-	-	-	-	-	-	-	(415,982)	(415,982)	-	(415,982)
Dividends of the Company relating to 2010	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends of subsidiaries to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	(41,092)	(41,092)
Capital injection from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	90,488	90,488
Total transactions with owners	-	-	-	-	-	-	-	-	-	(415,982)	(415,982)	49,396	(366,586)
Appropriation to reserves	-	-	-	-	-	48,836	-	-	-	(48,836)	-	-	-
Balance as at 30 June 2011	261,469	16,444,600	10,935	(3,691,986)	1,053	662,791	104,294	1,144,582	(27,981)	3,781,047	18,690,824	1,783,111	20,483,935
Balance as at 1 January 2010	261,469	16,444,600	10,935	(3,691,986)	1,053	457,420	104,294	1,102,330	6,099	2,196,783	16,893,017	1,283,832	18,176,849
Total comprehensive income for the period	-	-	-	-	-	-	-	-	(3,485)	839,615	836,130	195,123	1,031,253
Transactions with owners in their capacity as owners	-	-	-	-	-	-	-	-	-	(145,623)	(145,623)	-	(145,623)
Dividends of the Company relating to 2009	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends of subsidiaries to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	(16,220)	(16,220)
Effect of business combination of a subsidiary under common control	-	-	-	-	-	-	-	(81,212)	-	-	(81,212)	-	(81,212)
Total transactions with owners	-	-	-	-	-	-	-	(81,212)	-	(145,623)	(226,835)	(16,220)	(243,055)
Appropriation to reserves	-	-	-	-	-	29,364	-	-	-	(29,364)	-	-	-
Balance as at 30 June 2010	261,469	16,444,600	10,935	(3,691,986)	1,053	486,784	104,294	1,021,118	2,614	2,861,411	17,502,312	1,462,735	19,965,047

The notes on pages 26 to 56 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Cash Flows Statement

For the six months ended 30 June 2011
(All amounts in RMB thousands unless otherwise stated)

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	Unaudited	
	Six months ended 30 June	
	2011	2010
Net cash used in operating activities	(2,610,404)	(2,474,241)
Net cash used in investing activities	(1,262,771)	(107,560)
Net cash generated from financing activities	582,792	1,927,902
Net decrease in cash and cash equivalents	(3,290,383)	(653,899)
Cash and cash equivalents at beginning of the period	11,561,472	11,538,194
Exchange gains/(losses)	59,176	(336,640)
Cash and cash equivalents at end of the period	8,330,265	10,547,655

The notes on pages 26 to 56 form an integral part of this condensed consolidated interim financial information.

1 General information

Sinotruk (Hong Kong) Limited (the “Company”) was incorporated in Hong Kong on 31 January 2007 as a limited liability company as a result of a group reorganisation of China National Heavy Duty Truck Group Company Limited (“CNHTC”). The Company’s shares were listed on The Stock Exchange of Hong Kong Limited.

The Company together with its subsidiaries are hereinafter collectively referred to as the Group. The Group is principally engaged in the manufacturing and sales of heavy duty trucks, light and medium duty trucks, engines, and the provision of finance services. The address of the Company’s registered office is Units 2102-2103, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

This condensed consolidated interim financial information has not been audited.

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2011 has been prepared in accordance with HKAS 34, ‘Interim financial reporting’. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

3 Accounting policies

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2010, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2011.

- HKAS 24 (Revised), ‘Related Party Disclosures’ is effective for annual period beginning on or after 1 January 2011. It introduces an exemption from all of the disclosure requirements of HKAS 24 for transactions among government related entities and the government. Those disclosures are replaced with a requirement to disclose:
 - o The name of the government and the nature of their relationship;
 - o The nature and amount of any individually significant transactions; and
 - o The extent of any collectively-significant transactions qualitatively or quantitatively.

It also clarifies and simplifies the definition of a related party. See note 22 for disclosures of transactions among government related entities.

3 Accounting policies (Continued)

(a) New and amended standards adopted by the Group (Continued)

- Amendment to HKAS 34 'Interim financial reporting' is effective for annual periods beginning on or after 1 January 2011. It emphasizes the existing disclosure principles in HKAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting policy only results in additional disclosures.

(b) Amendments and interpretations to existing standards effective in 2011 but not relevant to the Group

- Amendment to HKAS 32 'Classification of rights issues' is effective for annual periods beginning on or after 1 February 2010.
- Amendment to HK(IFRIC) - Int 14 'Prepayments of a minimum funding requirement' is effective for annual periods beginning on or after 1 January 2011.
- HK(IFRIC) - Int 19 'Extinguishing financial liabilities with equity instruments' is effective for annual periods beginning on or after 1 July 2010.
- Third improvements to Hong Kong Financial Reporting Standards (2010) were issued in May 2010 by the HKICPA, except for amendment to HKAS 34 'Interim financial reporting' as disclosed in note 3(a) and the clarification to allow the presentation of an analysis of the components of other comprehensive income by item within the notes, all are not currently relevant to the Group. All improvements are effective in the financial year of 2011.

(c) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted

- HKFRS 9 'Financial instruments' addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption.
- HKAS 12 (Amendment) 'Deferred tax: Recovery of underlying assets' introduces an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012 with early adoption permitted.
- HKFRS 7 (Amendment) 'Disclosures – Transfers of financial assets' introduces new disclosure requirement on transfers of financial assets. The amendment is applicable to annual periods beginning on or after 1 July 2011 with early adoption permitted.

4 Estimates

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

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2010, with the exception of changes in estimates that are required in determining the provision for income taxes (see Note 9).

5 Financial risk management

5.1 Financial risk factors

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

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2010.

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

5.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

5.3 Fair value estimation

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

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

5 Financial risk management (Continued)

5.3 Fair value estimation (Continued)

The following table presents the Group's financial assets that are measured at fair value at 30 June 2011.

	Unaudited			Total
	Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss	1,101	—	—	1,101

The following table presents the Group's assets that are measured at fair value at 31 December 2010.

	Audited			Total
	Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss	1,089	—	—	1,089

In 2011, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets.

In 2011, there were no reclassifications of financial assets.

6 Segment information

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

The Executive Committee considers the operating segments from both a geographic and business perspective. From a geographic perspective, the Executive Committee assesses the revenue from mainland China and overseas. From a business perspective, the Executive Committee assesses the performance of trucks segment, engines segment and finance segment.

- (i) Trucks – Manufacture and sale of trucks and related components;
- (ii) Engines – Manufacture and sale of engines and related parts; and
- (iii) Finance – Taking deposits from member companies, facilitating borrowings for member companies, discounting notes held and issued by member companies and providing entrusted loan and entrusted investment between member companies.

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

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

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 balance sheet. Segment assets consist primarily of land use rights, property, plant and equipment, intangible assets, inventories, receivables and operating cash. They exclude income tax assets.

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

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

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

6 Segment information (Continued)

The segment results for the six months ended 30 June 2011 are as follows:

	Unaudited				Total
	Trucks	Engines	Finance	Elimination	
Turnover					
External segment revenue	20,779,331	1,062,539	97,056	—	21,938,926
Inter-segment revenue	41,467	4,610,721	7,283	(4,659,471)	—
Revenue	20,820,798	5,673,260	104,339	(4,659,471)	21,938,926
Operating profit before unallocated gains	967,571	698,395	87,126	(170,766)	1,582,326
Unallocated gains					21,105
Operating profit					1,603,431
Finance costs - net					(246,857)
Profit before income tax					1,356,574
Income tax expense					(251,593)
Profit for the period					1,104,981

Notes to the Condensed Consolidated Interim Financial Information

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(All amounts in RMB thousands unless otherwise stated)

6 Segment information (Continued)

The segment results for the six months ended 30 June 2010 are as follows:

	Trucks	Engines	Unaudited Finance	Elimination	Total
Turnover					
External segment					
revenue	20,977,081	1,234,063	36,616	—	22,247,760
Inter-segment revenue	93,497	5,795,890	16,473	(5,905,860)	—
Revenue	21,070,578	7,029,953	53,089	(5,905,860)	22,247,760
Operating profit before unallocated costs	1,637,523	596,154	41,347	(754,027)	1,520,997
Unallocated costs					(208,911)
Operating profit					1,312,086
Finance costs - net					(81,250)
Profit before income tax					1,230,836
Income tax expense					(196,098)
Profit for the period					1,034,738

6 Segment information (Continued)

	Unaudited			
	Trucks	Engines	Finance	Total
As at 30 June 2011				
Segment assets	40,675,648	17,153,495	4,847,812	62,676,955
Inter-segment elimination				(8,176,195)
Unallocated				5,330,754
Total assets				59,831,514
	Audited			
	Trucks	Engines	Finance	Total
As at 31 December 2010				
Segment assets	33,045,591	16,504,649	3,532,112	53,082,352
Inter-segment elimination				(5,137,643)
Unallocated				5,964,909
Total assets				53,909,618

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

	Unaudited	
	For the six months ended	
	30 June 2011	30 June 2010
Mainland China	19,957,639	21,343,289
Overseas	1,981,287	904,471
Total	21,938,926	22,247,760

7 Business combinations

There is no business combination in this interim period. The information of business combinations occurred in the six months ended 30 June 2010 was disclosed in note 6 of the Group's 2010 annual financial statements.

Notes to the Condensed Consolidated Interim Financial Information

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(All amounts in RMB thousands unless otherwise stated)

8 Operating profit

The following items have been charged/(credited) to the operating profit during the six months ended 30 June 2011:

	Unaudited	
	For the six months ended	
	30 June 2011	30 June 2010
Inventory write-downs	125,559	235,022
Gain on disposal of property, plant and equipment	(803)	(34)
Amortisation of land use rights (Note 12)	16,317	12,430
Depreciation of property, plant and equipment (Note 12)	419,876	359,102
Amortisation of intangible assets (Note 12)	65,616	45,194
Foreign exchange (gain)/loss, net	(69,444)	391,950
Government grants	(22,252)	(24,840)
Disposal of scraps	(9,470)	(42,987)

9 Income tax expense

	Unaudited	
	For the six months ended	
	30 June 2011	30 June 2010
Current income tax		
– Hong Kong profits tax	—	—
– PRC corporate income tax	428,921	372,132
	428,921	372,132
Deferred income tax	(177,328)	(176,034)
	251,593	196,098

The Company and Sinotruk (Hong Kong) International Investment Limited are subject to Hong Kong profits tax at the rate of 16.5% (2010: 16.5%) on their estimated assessable profit. In addition, the Company is determined as Chinese-resident enterprise and, accordingly, is subject to corporate income tax of the People's Republic of China ("PRC"), which has been calculated based on the corporate income tax rate of 25% (2010: 25%).

Taxation on overseas profits has been calculated on the estimated assessable profit during the six months ended 30 June 2011 at the rates of taxation prevailing in the countries in which the Group operates.

Sinotruk Chongqing Fuel System Co., Ltd., Sinotruk Liuzhou Yunli Special Vehicles Co., Ltd. and Sinotruk Chengdu Wangpai Commercial Vehicles Co., Ltd. are subject to a corporate income tax rate of 15% (2010: 15%) according to the Western Development tax incentives of the Corporate Income Tax Law of the PRC (the "CIT Law").

Sinotruk Jinan Power Co., Ltd., Sinotruk Jinan Fuqiang Power Co., Ltd. and Sinotruk Hangzhou Engine Co., Ltd. have been recognised as the New/High Tech Enterprises in 2008. According to the tax incentives of the CIT Law for New/High Tech Enterprises, these companies are subject to a preferential corporate income tax rate of 15%.

Sinotruk Hubei Huawei Special Vehicles Co., Ltd. is subject to a corporate income tax rate of 25%. According to the Income Tax Law for Foreign Investment Enterprises and Foreign Enterprises and other policies related to income tax relief, Sinotruk Hubei Huawei Special Vehicles Co., Ltd. was exempted from corporate income tax for two years, starting from its first profitable year, which was 2006, and was then entitled to a 50% reduction in corporate income tax for three years thereafter until the end of 2010.

Remaining subsidiaries are subject to the PRC corporate income tax, which has been calculated based on the corporate income tax rate of 25%.

10 Earnings per share

Basic

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

	Unaudited	
	For the six months ended	
	30 June 2011	30 June 2010
Profit attributable to equity holders of the Company	993,959	839,615
Weighted average number of ordinary shares in issue (thousands)	2,760,993	2,760,993
Basic earnings per share (RMB per share)	0.36	0.30

Diluted

Diluted earnings per share equals basic earnings per share as the Company has no dilutive potential ordinary shares for the six months ended 30 June 2010 and 30 June 2011.

11 Dividends

The Board does not recommend an interim dividend for the six months ended 30 June 2011 (six months ended 30 June 2010: Nil). The final dividend of the Company for the year ended 31 December 2010 at approximately HKD 496,979,000 equivalent to approximately RMB 415,982,000 (for the year ended 31 December 2009: approximately HKD 165,660,000 equivalent to approximately RMB 145,623,000) was paid in May 2011.

During the six months ended 30 June 2011, certain Group's non-wholly owned subsidiaries have paid dividends to non-controlling shareholders of approximately RMB 41,092,000 (six months ended 30 June 2010: approximately RMB 16,220,000).

12 Capital expenditures

	Unaudited		
	Property, plant and equipment	Land use rights	Intangible assets
Six months ended 30 June 2011			
Balance as at 1 January 2011	9,359,943	1,398,436	761,093
Additions	1,318,741	166,262	47,898
Transfers	(22,429)	22,429	—
Disposals	(47,663)	—	(4,519)
Depreciation and amortisation (Note 8)	(419,876)	(16,317)	(65,616)
Balance as at 30 June 2011	10,188,716	1,570,810	738,856
Six months ended 30 June 2010			
Balance as at 1 January 2010	7,999,129	889,972	361,273
Additions	491,884	—	437,733
Transfers	(162,013)	105,545	56,468
Disposals	(7,756)	—	—
Depreciation and amortisation (Note 8)	(359,102)	(12,430)	(45,194)
Balance as at 30 June 2010	7,962,142	983,087	810,280

As at 30 June 2011, the Group is in the process of applying certificate of ownership for the land use rights with net book amount of approximately RMB 96,551,000 (31 December 2010: Nil).

13 Investment properties

	Unaudited Investment properties
Six months ended 30 June 2011	
Balance as at 1 January 2011	6,492
Fair value gain	23
Balance as at 30 June 2011	6,515
Six months ended 30 June 2010	
Balance as at 1 January 2010	5,609
Fair value gain	194
Balance as at 30 June 2010	<u>5,803</u>

The investment properties are located in Hong Kong and valued at fair value as at 30 June 2011 and 30 June 2010. The fair values of the investment properties were assessed by the management of the Group with reference to the market value.

14 Trade receivables, prepayments and other receivables

	As at	
	30 June 2011 Unaudited	31 December 2010 Audited
Accounts receivable	5,974,028	2,995,686
Less: Provision for impairment of accounts receivable	(133,675)	(111,399)
Accounts receivable – net	5,840,353	2,884,287
Notes receivable		
- Bank acceptance notes	11,064,474	7,946,519
- Commercial acceptance notes	245	81,878
Notes receivable - total	11,064,719	8,028,397
Trade receivables - net	16,905,072	10,912,684
Prepayments	1,002,581	1,300,203
Interest receivables	25,892	30,679
Prepaid taxes other than income tax	837,744	699,351
Prepaid income taxes	6,957	8,328
	1,873,174	2,038,561
Other receivables	2,064,703	1,477,895
Less: Provision for impairment of other receivables	(115,740)	(118,111)
Other receivables - net	1,948,963	1,359,784
	20,727,209	14,311,029

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(All amounts in RMB thousands unless otherwise stated)

14 Trade receivables, prepayments and other receivables (Continued)

Ageing analysis of net trade receivables at respective balance sheet dates are as follows:

	As at	
	30 June 2011 Unaudited	31 December 2010 Audited
Less than 3 months	8,284,839	8,829,047
3 months to 6 months	8,260,237	1,736,320
6 months to 12 months	286,995	131,597
1 year to 2 years	27,090	166,361
2 years to 3 years	45,911	49,359
	16,905,072	10,912,684

The credit policy of the Group generally requires customers to pay a certain amount of deposits when orders are made and settle full purchase price prior to deliver either in cash or bank acceptance notes with a tenure of usually three to six months, which represents the credit term granted to the customers who pay by bank acceptance notes. Credit terms in the range within 6 months are granted to those customers with good payment history.

As at 30 June 2011, accounts receivable of approximately RMB 937,535,000 (31 December 2010: RMB 565,818,000) are secured by certain letters of credit issued by overseas third parties. No provision is provided against these receivables as at 30 June 2011 and 31 December 2010.

15 Share capital

	Unaudited	
	Number of ordinary shares	Amount Share capital Share premium
Balance at 1 January 2011 and at 30 June 2011	2,760,993,339	261,489 16,444,600
Balance at 1 January 2010 and at 30 June 2010	2,760,993,339	261,489 16,444,600

The total authorised number of ordinary shares is 100,000 million shares with a par value of HKD 0.1 per share. All issued shares are fully paid.

16 Borrowings

	As at	
	30 June 2011 Unaudited	31 December 2010 Audited
Non-current		
Long-term bank borrowings -unsecured	1,433,500	—
RMB bond - unsecured	2,689,866	2,686,240
	4,123,366	2,686,240
Current		
Long-term bank borrowings, current portion- unsecured	840,000	1,946,850
Short-term bank borrowings		
– guaranteed	—	40,000
– secured (a)	1,837,292	140,403
– unsecured	8,259,000	9,393,681
	10,096,292	9,574,084
	10,936,292	11,520,934
Total borrowings	15,059,658	14,207,174

(a) As at 30 June 2011, bank borrowings of approximately RMB 1,837,292,000 (31 December 2010: RMB 140,403,000) are secured by certain letter of credit carrying at approximately RMB 1,837,292,000 (31 December 2010: secured by bank deposits at approximately RMB 197,324,000).

The Group's borrowings are repayable as follows:

	As at	
	30 June 2011 Unaudited	31 December 2010 Audited
Within 1 year	10,936,292	11,520,934
Between 1 year and 2 years	3,189,866	2,686,240
Between 2 years and 5 years	933,500	—
	15,059,658	14,207,174

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(All amounts in RMB thousands unless otherwise stated)

16 Borrowings (Continued)

Movements in borrowings are analyzed as follow:

	Unaudited
Six months ended 30 June 2011	
Balance as at 1 January 2011	14,207,174
Proceeds from borrowings	6,891,292
Repayments of borrowings	(6,037,929)
Foreign exchange gain	(879)
Balance as at 30 June 2011	15,059,658
Six months ended 30 June 2010	
Balance as at 1 January 2010	8,750,547
Proceeds from borrowings	9,443,502
Repayments of borrowings	(7,351,770)
Foreign exchange gain	(469)
Balance as at 30 June 2010	10,841,810

Interest expenses on borrowings for the six months ended 30 June 2011 were approximately RMB 343,659,000 (six months ended 30 June 2010: RMB 181,793,000), out of which approximately RMB 25,996,000 (six months ended 30 June 2010: RMB 27,042,000) arising on financing for the construction of plant and equipments were capitalised during the period and were included in “additions” in property, plant and equipment. A capitalisation rate of 5.36% per annum (six months ended 30 June 2010: 4.70% per annum) was used, representing the weighted average rate of the borrowing cost of the loans used to finance the projects.

The Group has the following undrawn borrowing facilities:

	As at	
	30 June 2011	31 December 2010
	Unaudited	Audited
Floating rate		
– expiring within one year	5,005,208	2,566,106

17 Termination and post-employment benefits

	As at	
	30 June 2011 Unaudited	31 December 2010 Audited
Termination benefits	26,230	30,210
Post-employment benefits	6,670	6,950
Post-employment medical insurance plan	2,380	2,680
	35,280	39,840

18 Trade payables, advances and other payables

	As at	
	30 June 2011 Unaudited	31 December 2010 Audited
Trade and bills payables	15,101,893	12,681,568
Advances from customers	4,021,037	2,312,501
Staff welfare and salaries payable	167,536	196,043
Taxes liabilities other than income tax	101,329	80,918
Accrued expenses	758,443	552,161
Other payables	1,664,813	1,821,835
	21,815,051	17,645,026

The ageing analysis of the trade and bills payables at respective balance sheet dates are as follows:

	As at	
	30 June 2011 Unaudited	31 December 2010 Audited
Less than 3 months	8,729,415	9,675,756
3 months to 6 months	6,223,405	2,407,597
6 months to 12 months	141,804	524,312
1 year to 2 years	4,505	51,667
2 years to 3 years	1,894	17,767
Over 3 years	870	4,469
	15,101,893	12,681,568

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(All amounts in RMB thousands unless otherwise stated)

19 Provision for other liabilities

	Legal claims	Unaudited Products warranties	Total
Six months ended 30 June 2011			
Balance as at 1 January 2011	3,030	539,125	542,155
Additional provisions	—	415,988	415,988
Utilised during the period	(3,030)	(311,114)	(334,144)
Balance as at 30 June 2011	—	623,999	623,999
Six months ended 30 June 2010			
Balance as at 1 January 2010	3,030	217,784	220,814
Additional provisions	—	502,554	502,554
Utilised during the period	—	(244,671)	(244,671)
Balance as at 30 June 2010	3,030	475,667	478,697

20 Contingent liabilities

The Group has certain contingent liabilities in respect of legal claims arising in the ordinary course of business. It is not anticipated that any material liability will arise from the contingent liabilities other than those provided as provisions in Note 19.

21 Capital commitments

Capital expenditure committed at the balance sheet date but not yet incurred are as follows:

	As at	
	30 June 2011 Unaudited	31 December 2010 Audited
Purchase of property, plant and equipment and intangible assets – Contracted but not provided for	1,357,765	1,144,852

22 Related party transactions

Sinotruk (BVI) Limited, a company incorporated in British Virgin Islands, is the immediate holding company of the Group. The ultimate holding company of the Group is CNHTC, a company incorporated in the PRC.

Related parties are those parties that have the ability to control the other party or exercise significant influence in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. The Group is subject to the control of the PRC government.

In accordance with HKAS 24 ‘Related Party Disclosures’, other state-owned enterprises and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group (“Other State-owned Enterprises”). On that basis, related parties include CNHTC and its subsidiaries (other than the Group), other state-owned entities and their subsidiaries, other entities and corporations in which the Group is able to control or exercise significant influence and key management personnel of the Company and CNHTC as well as their close family members.

22 Related party transactions (Continued)

Name of related party	Nature of relationship
CNHTC (中國重汽集團)	The ultimate holding company
Sinotruk (BVI) Limited (中國重汽(維爾京群島)有限公司)	The immediate holding company
CNHTC Special Vehicle Company (重汽集團專用汽車公司)	Subsidiary of CNHTC
CNHTC Jinan Bus Co., Ltd. (中國重汽集團濟南客車有限公司)	Subsidiary of CNHTC
CNHTC Taian Wuyue Special Truck Co., Ltd. (中國重汽集團泰安五嶽專用汽車有限公司)	Subsidiary of CNHTC
CNHTC Lease Firm (中國重型汽車集團租賃商社)	Subsidiary of CNHTC
CNHTC Jinan Investment Co., Ltd. (中國重汽集團濟南投資有限公司)	Subsidiary of CNHTC
CNHTC Real Estates Company (中國重汽集團房地產開發公司)	Subsidiary of CNHTC
CNHTC Wuzhishan Luohai Real Estates Co., Ltd. (中國重汽集團五指山濼海房地產有限公司)	Subsidiary of CNHTC
Shandong Xin Hai Guarantee Co., Ltd. (山東鑫海擔保有限公司)	Subsidiary of CNHTC
Jinan Tianqiao District Xin Hai Small-sum Loan Co., Ltd. (濟南市天橋區鑫海小額貸款有限公司)	Subsidiary of CNHTC
CNHTC Jinan Realty Co., Ltd. (中國重汽集團濟南物業有限公司)	Subsidiary of CNHTC
CNHTC Jinan Special Truck Co., Ltd. (中國重汽集團濟南專用車有限公司)	Subsidiary of CNHTC
Jinan Feicui Realty Management Co., Ltd. (濟南翡翠物業管理有限公司)	Subsidiary of CNHTC
CNHTC Datong Gear Co., Ltd. (中國重汽集團大同齒輪有限公司)	Subsidiary of CNHTC
CNHTC Jinan Construction Co., Ltd. (中國重汽集團濟南建設有限公司)	Subsidiary of CNHTC
Hangzhou Engine Factory (杭州發動機廠)	Subsidiary of CNHTC
Jinan Automobile Test Center (濟南汽車檢測中心)	Subsidiary of CNHTC
CNHTC Xingtai Special Truck Co., Ltd. (中國重汽集團邢台特種車製造有限公司)	Subsidiary of CNHTC
MAN Truck & Bus AG (formerly known as MAN Nutzfahrzeuge AG)	The directors of MAN Truck & Bus AG are the directors of the Company
Sinotruk Baotou Xinhongchang Special Vehicles Co., Ltd. (中國重汽集團包頭新宏昌專用車有限公司)	Associate of the Group

In addition to the related party information and transactions disclosed elsewhere in the condensed consolidated interim financial information, the following is a summary of significant related party transactions entered into the ordinary course of business between the Group and its related parties (excluding other State-own Enterprises).

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(All amounts in RMB thousands unless otherwise stated)

22 Related party transactions (Continued)

(a) Significant related party transactions

	Unaudited	
	For the six months ended	
	30 June 2011	30 June 2010
Sales of trucks		
CNHTC Special Vehicle Company	77,491	44,697
CNHTC Jinan Special Truck Co., Ltd.	37,382	128
CNHTC Jinan Investment Co., Ltd.	23,825	—
CNHTC Lease Firm	5,710	4,076
CNHTC Taian Wuyue Special Truck Co., Ltd.	4,677	89,897
CNHTC	974	—
	150,059	138,798

	Unaudited	
	For the six months ended	
	30 June 2011	30 June 2010
Purchases of trucks		
CNHTC Special Vehicle Company	211,290	297,961
CNHTC Jinan Investment Co., Ltd.	202,854	150,040
CNHTC Taian Wuyue Special Truck Co., Ltd.	118,096	161,540
Sinotruk Baotou Xinhongchang Special Vehicles Co., Ltd.	102,300	17,624
CNHTC Jinan Special Truck Co., Ltd.	94,853	87,430
	729,393	714,595

22 Related party transactions (Continued)

(a) Significant related party transactions (Continued)

	Unaudited	
	For the six months ended	
	30 June 2011	30 June 2010
Sales of spare parts		
CNHTC Jinan Investment Co., Ltd.	349,421	297,284
CNHTC Jinan Bus Co., Ltd.	9,632	197
CNHTC Taian Wuyue Special Truck Co., Ltd.	3,506	8,328
CNHTC Jinan Construction Co., Ltd.	2,312	15,918
CNHTC Datong Gear Co., Ltd.	896	6,869
CNHTC Jinan Special Truck Co., Ltd.	—	1,144
CNHTC Jinan Realty Co., Ltd.	—	331
Hangzhou Engine Factory	—	85
	365,767	330,156

	Unaudited	
	For the six months ended	
	30 June 2011	30 June 2010
Purchases of spare parts		
CNHTC Datong Gear Co., Ltd.	383,312	479,201
CNHTC Jinan Bus Co., Ltd.	99,196	86,258
CNHTC Jinan Investment Co., Ltd.	30,956	45,189
CNHTC Jinan Construction Co., Ltd.	12,908	18,457
MAN Truck & Bus AG	8,572	1,192
CNHTC Jinan Special Truck Co., Ltd.	181	—
CNHTC Taian Wuyue Special Truck Co., Ltd.	81	—
Jinan Automobile Test Center	47	—
CNHTC Jinan Realty Co., Ltd.	33	259
	535,286	630,556

22 Related party transactions (Continued)

(a) Significant related party transactions (Continued)

	Unaudited	
	For the six months ended	
	30 June 2011	30 June 2010
Supply of auxiliary production services		
CNHTC Jinan Bus Co., Ltd.	1,498	8
CNHTC Jinan Realty Co., Ltd.	599	1
CNHTC Jinan Construction Co., Ltd.	324	531
CNHTC Special Vehicle Company	212	126
CNHTC Jinan Investment Co., Ltd.	32	306
CNHTC Datong Gear Co., Ltd.	4	—
CNHTC Jinan Special Truck Co., Ltd.	—	34
	2,669	1,006

	Unaudited	
	For the six months ended	
	30 June 2011	30 June 2010
Purchases of general services		
CNHTC	31,054	29,785
CNHTC Jinan Realty Co., Ltd.	14,497	6,987
CNHTC Jinan Construction Co., Ltd.	4,947	4,671
CNHTC Jinan Investment Co., Ltd.	3,999	152
CNHTC Jinan Bus Co., Ltd.	2,034	1,110
CNHTC Datong Gear Co., Ltd.	259	—
Jinan Automobile Test Center	68	177
Jinan Feicui Realty Management Co., Ltd.	—	890
CNHTC Special Vehicle Company	—	100
	56,858	43,872

22 Related party transactions (Continued)

(a) Significant related party transactions (Continued)

	Unaudited For the six months ended	
	30 June 2011	30 June 2010
Rental income		
CNHTC Special Vehicle Company	3,595	3,600
CNHTC Jinan Bus Co., Ltd.	1,654	—
Jinan Automobile Test Center	315	315
CNHTC Jinan Special Truck Co., Ltd.	—	1,645
	5,564	5,560

	Unaudited For the six months ended	
	30 June 2011	30 June 2010
Rental expenses		
CNHTC	6,554	6,079
Hangzhou Engine Factory	—	2,330
CNHTC Special Vehicle Company	—	35
	6,554	8,444

	Unaudited For the six months ended	
	30 June 2011	30 June 2010
Purchases of construction and project management services		
CNHTC Jinan Construction Co., Ltd.	45,385	40,617

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(All amounts in RMB thousands unless otherwise stated)

22 Related party transactions (Continued)

(a) Significant related party transactions (Continued)

	Unaudited	
	For the six months ended	
	30 June 2011	30 June 2010
Provision for construction supervision design services		
CNHTC Datong Gear Co., Ltd.	4,427	—
CNHTC Special Vehicle Company	2,000	—
CNHTC Jinan Special Truck Co., Ltd.	200	—
CNHTC Jinan Investment Co., Ltd.	50	50
CNHTC	—	300
	6,677	350

	Unaudited	
	For the six months ended	
	30 June 2011	30 June 2010
Aggregate of interest expenses for deposits taking services		
CNHTC	210	168
CNHTC Real Estates Company	111	53
CNHTC Special Vehicle Company	77	43
CNHTC Taian Wuyue Special Truck Co., Ltd.	62	40
CNHTC Jinan Investment Co., Ltd.	39	31
CNHTC Jinan Special Truck Co., Ltd.	38	10
CNHTC Jinan Bus Co., Ltd.	29	28
Shandong Xin Hai Guarantee Co., Ltd.	24	3
CNHTC Datong Gear Co., Ltd.	21	10
Jinan Automobile Test Center	21	5
Tianqiao District Xin Hai Small-Sum Loan Co., Ltd.	19	—
CNHTC Jinan Realty Co., Ltd.	14	9
CNHTC Jinan Construction Co., Ltd.	6	7
CNHTC Wuzhishan Luohai Real Estates Co., Ltd.	1	—
Hangzhou Engine Factory	1	—
CNHTC Xingtai Special Truck Co., Ltd.	—	50
	673	457

22 Related party transactions (Continued)

(a) Significant related party transactions (Continued)

	Unaudited For the six months ended	
	30 June 2011	30 June 2010
Sales of fixed assets		
CNHTC Jinan Bus Co., Ltd.	552	—
CNHTC Jinan Special Truck Co., Ltd.	—	18
	552	18

	Unaudited For the six months ended	
	30 June 2011	30 June 2010
Purchases of fixed assets		
CNHTC Jinan Special Truck Co., Ltd.	176	—
CNHTC	29	—
Hangzhou Engine Factory	1	—
CNHTC Jinan Bus Co., Ltd.	—	73
	206	73

	Unaudited For the six months ended	
	30 June 2011	30 June 2010
Technology license agreement		
MAN Truck & Bus AG	—	495,300

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(All amounts in RMB thousands unless otherwise stated)

22 Related party transactions (Continued)

(a) Significant related party transactions (Continued)

	Unaudited	
	For the six months ended	
	30 June 2011	30 June 2010
Key management compensation		
Directors	2,597	2,376
Senior management	538	523
	3,135	2,899

(b) Balances with related parties

	As at	
	30 June 2011 Unaudited	31 December 2010 Audited
Amounts due from related parties		
Trade receivables	33,922	24,658
Prepayments	18,171	6,179
Other receivables	2,195	—
	54,288	30,837
Amounts due to related parties		
Trade payables	51,778	2,042
Other payables	138,735	4,739
Advances from customers	8,997	12,913
Long-term payables	405,076	380,115
Deposits taking	300,674	289,020
	905,260	688,829

22 Related party transactions (Continued)

(b) Balances with related parties (Continued)

	As at	
	30 June 2011 Unaudited	31 December 2010 Audited
Trade receivables		
CNHTC Jinan Special Truck Co., Ltd.	18,036	—
CNHTC Jinan Investment Co., Ltd.	10,926	23,839
CNHTC Jinan Construction Co., Ltd.	3,017	819
CNHTC Datong Gear Co., Ltd.	1,943	—
	33,922	24,658

The ageing of above trade receivables due from related parties are all within 1 year.

	As at	
	30 June 2011 Unaudited	31 December 2010 Audited
Prepayments		
Sinotruk Baotou Xinhongchang Special Vehicles Co., Ltd.	18,168	—
CNHTC Jinan Investment Co., Ltd.	3	—
MAN Truck & Bus AG	—	5,664
CNHTC Datong Gear Group Co.,Ltd.	—	515
	18,171	6,179

	As at	
	30 June 2011 Unaudited	31 December 2010 Audited
Other receivables		
Hangzhou Engine Factory	2,195	—

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(All amounts in RMB thousands unless otherwise stated)

22 Related party transactions (Continued)

(b) Balances with related parties (Continued)

	As at	
	30 June 2011 Unaudited	31 December 2010 Audited
Trade payables		
CNHTC Special Vehicle Company	40,523	90
CNHTC Datong Gear Co., Ltd.	7,847	—
CNHTC Jinan Construction Co., Ltd.	1,795	1,367
CNHTC Taian Wuyue Special Truck Co., Ltd.	1,465	—
CNHTC Jinan Special Truck Co., Ltd.	148	82
Sinotruk Baotou Xinhongchang Special Vehicles Co., Ltd.	—	503
	51,778	2,042

The ageing of above trade payables due to related parties are all within 1 year.

	As at	
	30 June 2011 Unaudited	31 December 2010 Audited
Other payables		
MAN Truck & Bus AG	70,144	—
CNHTC Jinan Construction Co., Ltd.	66,317	—
CNHTC Jinan Special Truck Co., Ltd.	889	889
CNHTC Taian Wuyue Special Truck Co., Ltd.	700	700
CNHTC Special Vehicle Company	523	523
CNHTC Jinan Realty Co., Ltd.	162	—
CNHTC	—	2,627
	138,735	4,739

22 Related party transactions (Continued)

(b) Balances with related parties (Continued)

	As at	
	30 June 2011 Unaudited	31 December 2010 Audited
Advances from customers		
CNHTC Special Vehicle Company	5,808	4,308
CNHTC Lease Firm	2,024	3,309
CNHTC Taian Wuyue Special Truck Co., Ltd.	943	822
Sinotruk Baotou Xinhongchang Special Vehicles Co., Ltd.	220	—
Hangzhou Engine Factory	2	—
CNHTC Jinan Special Truck Co., Ltd.	—	4,474
	8,997	12,913

	As at	
	30 June 2011 Unaudited	31 December 2010 Audited
Long-term payables		
MAN Truck & Bus AG	405,076	380,115

	As at	
	30 June 2011 Unaudited	31 December 2010 Audited
Deposits taking		
CNHTC	104,793	79,698
CNHTC Real Estates Company	68,572	54,926
CNHTC Datong Gear Co., Ltd.	28,141	5
CNHTC Jinan Special Truck Co., Ltd.	18,028	38,418
Jinan Automobile Test Center	17,994	18,313
Jinan Tianqiao District Xin Hai Small-sum Loan Co., Ltd.	16,623	4,001
CNHTC Jinan Realty Management Co., Ltd.	14,489	7,543
CNHTC Jinan Bus Co., Ltd.	11,891	16,922
CNHTC Taian Wuyue Special Truck Co., Ltd.	6,294	—
CNHTC Special Vehicle Company	6,094	8,168
CNHTC Wuzhishan Luohai Real Estates Company	4,001	—
CNHTC Jinan Construction Co., Ltd.	2,866	397
CNHTC Jinan Investment Co., Ltd.	546	4,424
Hangzhou Engine Factory	277	276
Shandong Xin Hai Guarantee Co., Ltd.	65	55,860
CNHTC Xingtai Special Truck Co., Ltd.	—	69
	300,674	289,020

22 Related party transactions (Continued)

(c) Balances and transactions with Other State-owned Enterprises

As at 30 June 2011 and 31 December 2010, majority of the Group's bank balances and borrowings are with state-owned banks. The Group also has transactions with Other State-owned Enterprises including but not limited to sales of products, purchases of raw material and services. The directors of the Company are of the opinion that these transactions are conducted in the ordinary business of the Group.

23 Comparative figures

Certain comparative figures have been reclassified to conform to the format and disclosure of the interim financial information for six months ended 30 June 2011.

24 Approval on the condensed consolidated interim financial information

This condensed consolidated interim financial information was approved for issue by the Board on 26 August 2011.



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