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 2013

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DEFINITIONS

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

"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors
"Chengdu Wangpai"	Sinotruk Chengdu Wangpai Commercial Vehicles Co., Ltd., a non wholly owned subsidiary of the Company
"China" or "PRC"	the People's Republic of China, and for the purpose in this interim report, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"CNHTC"	中國重型汽車集團有限公司(China National Heavy Duty Truck Group Company Limited), a state-owned enterprise organized under the laws of the PRC with limited liability, being the ultimate holding of the Company and the controlling shareholder (as defined in the Listing Rules) of the Company
"CNHTC Group"	CNHTC and its subsidiaries other than the Group
"Companies Ordinance"	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
"Company" or "Sinotruk"	Sinotruk (Hong Kong) Limited
"Director(s)"	the director(s) of the Company
"Fujian Haixi"	Sinotruk Fujian Haixi Vehicles Co., Ltd., a non wholly owned subsidiary of the Company
"Group"	the Company and its subsidiaries
"HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of PRC
"Ji'nan Truck"	Sinotruk Ji'nan Truck Co., Ltd., a non wholly owned subsidiary of the Company and its shares listed on the Shenzhen Stock Exchange in PRC

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"MAN Group"	MAN SE and its subsidiaries
"MAN SE"	MAN SE, a company incorporated under the laws of Germany, the shares of which are listed on the German Stock Exchange in Frankfurt, Germany (ISIN DE 0005937007, WKN 593700) and the beneficiary owner of 25% of the issued share capital of the Company plus one Share
"Period"	the six months ended 30 June 2013
"PBOC"	The Peoples' Bank of China
"Remuneration Committee"	the remuneration committee of the Company
"RMB"	Renminbi, the lawful currency of PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) in the Company's capital with a nominal value of HKD0.10 each
"Shareholder(s)"	holder(s) of the Share(s) from time to time
"Sinotruk Finance"	Sinotruk Finance Co., Ltd., a non wholly owned subsidiary of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

OVERVIEW OF THE GROUP

BUSINESS

The Group is one of the leading heavy duty truck manufacturers in PRC which specialises in the research, development and manufacture of heavy duty trucks, light duty trucks and buses together with related key parts and components. 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 trucks and also produces key parts and components such as engines, cabins, axles, steel frames and gearboxes. The Group has capabilities for developing and manufacturing trucks as well as has a complete production chain. Besides for own use, the Group supplies truck engines and engines used in industrial and construction machineries to third parties. The Group's products are not only sold domestically but also exported to other countries and regions.

OPERATIONS

The Group's businesses are classified into four operating segments:

(i) Heavy Duty Trucks Segment

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

(ii) Light Duty Trucks and Buses Segment

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

(iii) Engines Segment

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

(iv) Finance Segment

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

SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of the Company are CNHTC and MAN SE. CNHTC is a PRC state-owned heavy duty truck manufacturing enterprise and indirectly holds 51% of the issued share capital of the Company. MAN SE indirectly holds 25% of the issued share capital of the Company plus one Share. The MAN Group is one of Europe's leading manufacturers of commercial vehicles, engines and mechanical engineering equipment with its revenue of approximately Euro 7.5 billion for the first half of 2013 and around 53,800 employees worldwide.

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)*
Kong Xiangquan *(Group Financial Controller)*

Non-executive Directors:

Georg Pachta-Reyhofen
Anders Olof Nielsen
Jörg Astalosch

Independent Non-executive Directors:

Lin Zhijun
Ouyang Minggao
Chen Zheng

REMUNERATION COMMITTEE

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

AUDIT COMMITTEE

Lin Zhijun *(Chairman)*
Ouyang Minggao
Chen Zheng

HEAD QUARTER

165 Yingxiongshan Road
Ji'nan, Shandong Province
PRC
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 - Ji'nan Branch, Tianqiao Sub-branch
Bank of China - Ji'nan Branch
Agricultural Bank of China - Ji'nan Branch, Huaiyin Sub-branch
China Construction Bank - Ji'nan Branch, Tianqiao Sub-branch

LEGAL ADVISERS

Hong Kong
Sidley Austin

PRC
DeHeng Law Offices

AUDITOR

PricewaterhouseCoopers

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

COMPANY WEBSITE

www.sinotruk.com

STOCK CODES

Equity: 3808.hk
Debt: 85900.hk

INVESTOR RELATIONS

Securities Department

PRC: Tel (86) 531 8866 3808
Fax (86) 531 8558 2545
Hong Kong: Tel (852) 3102 3808
Fax (852) 3102 3812
Email: securities@sinotrukhk.com

PUBLIC RELATIONS CONSULTANT

Christensen
Tel: (852) 2117 0861
Email: sinotruk@christensenir.com

HIGHLIGHTS

KEY INTERIM RESULTS FIGURES	2013	2012	Increase/(Decrease)	
				%
Operating results (RMB million)				
Turnover	14,863	14,969	(106)	(0.7)
Earnings before interest and tax	597	560	37	6.6
Profit attributable to equity holders of the Company	193	182	11	6.0
Profitability (%)				
Gross profit margin	16.6	14.9	1.7	11.4
Operating profit margin	3.7	3.2	0.5	15.6
Net profit margin	1.8	1.3	0.5	38.5
Liquidity				
Current ratio (time)	1.4	1.3	0.1	7.7
Inventory turnover (days)	119.7	142.5	(22.8)	(16.0)
Trade receivable turnover (days)	156.9	162.4	(5.5)	(3.4)
Trade payable turnover (days)	114.7	128.8	(14.1)	(10.9)
Sales Volume (units)				
Heavy duty trucks				
— Domestic	36,312	35,586	726	2.0
— Export (including affiliated export)	10,318	12,337	(2,019)	(16.4)
Total	46,630	47,923	(1,293)	(2.7)
Light duty trucks	24,530	17,331	7,199	41.5
Buses	520	445	75	16.9
Trucks sold under consumer credit	2,920	3,232	(312)	(9.7)
Per share data				
Earnings per share - basic (RMB)	0.07	0.07	—	—
Share information (as at 30 June)				
Number of issued shares (million)	2,761	2,761	—	—
Market capitalisation (RMB million)	8,357	10,399	(2,042)	(19.6)

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

During the first half of 2013, China's growth rate continued to slow down from quarter to quarter as a result of the economic structural adjustments and economic cyclical trends. During the Period, the sales volume of heavy duty trucks in China grew slightly due to growing investment in infrastructure, the continued development of inter-city logistics networks and the purchase in advance of trucks before the anticipated implementation of China's National IV emission standards.

REVIEW OF OPERATIONS

During the Period, the Group's sales were recorded at RMB 14,863 million, a decrease of RMB 106 million year on year compared with RMB 14,969 million in the same period last year. Profit before income tax was RMB 358 million, an increase of RMB 107 million year on year compared with RMB 251 million in same period last year. The increase was primarily due to the cost controls implemented by the Group.

Heavy Duty Trucks Segment

During the Period, the Group's heavy duty truck sales volume decreased by approximately 2.7% year on year to 46,630 units.

Domestic Business

During the Period, the Group gained momentum in the efforts to optimize the product mix. The foundations with focus on heavy duty trucks supplemented with light duty trucks and buses were preliminarily developed. Leveraging our advanced technology, the Group's competitiveness in the medium and high-end market segments further grew. SITRAK, jointly developed by the Group and MAN Group, is one of the Group's high-end brands and has been launched recently. The brand and product quality of SITRAK are gradually gaining customer approval. The Group's engineering and specialty vehicles enjoy significant advantages and have maintained its leading status in the heavy duty truck industry. In view of advanced technology in natural gas engines and reliable quality, sales volume of the Group's natural gas vehicles increased constantly. In early 2013, the heavy duty trucks – HOWO-T7H and Haohan were launched and have since received positive customer reviews.

During the Period, the Group continued to optimize the sales network for heavy duty trucks. As at 30 June 2013, the Group had a total of 1,085 heavy duty truck dealerships, of which 245 dealerships are 4S centers, 193 Sinotruk branded stores and 647 general dealerships while there were 1,994 service centers providing high quality after-sales services, 197 refitting companies offering refitting service and 66 accessories sales centers forming and supporting accessories networks for different customers. The sales network of all series products was steady.

International Business

During the first half of 2013, global economic conditions remained volatile. The progress of economic recovery in each region was different. Impacted by the increasing operational costs, the appreciation of RMB and the deterioration in trade and commerce environment, China's export has come under substantial pressure. As a result, the export of heavy duty trucks had been restricted and affected.

The performances in different overseas markets varied. The Group stably increased export to countries of southern Africa but recorded the drop in different amplitudes in other overseas markets due to local political turmoil and trade protectionism.

The Group continued to fulfill the Hong Kong order of 300 Euro V heavy duty trucks, marking the bulk sale of Group's Euro V heavy duty trucks in the Hong Kong market. This demonstrates that the Group's Euro V heavy duty trucks have gradually gained acceptance from the market. It will help the Group in export business.

As at 30 June 2013, the Group had overseas sales centers in more than 40 countries and regions along with 86 primary distributors and 145 secondary distributors in more than 80 countries. The Group also helped its overseas distributors to build a total of 343 service outlets and 319 accessories and components outlets. During the Period, the Group exported 10,318 heavy duty trucks (including affiliated export), a decrease of 16.4% when compared to that of same period last year and recorded export revenue (including affiliated export) at RMB 2,929 million, a decrease of 13.0% when compared to that of same period last year. The Group still maintained its leading status in the industry.

Light Duty Trucks and Buses Segment

During the Period, the Group's light duty truck sales volume increased by approximately 41.5% year on year to 24,530 units while bus sales volume increased by 16.9% year on year to 520 units.

During the Period, the "Golden-Triangle" of light duty truck products was forged. Light duty truck division in Ji'nan ("Ji'nan Light Duty Truck Division") accelerated the construction of its sales network, expanded and strengthened marketing activities and successfully introduced the HOWO light duty truck series to market. Chengdu Wangpai continued to innovate technologically and expand its marketing capabilities with the launch of its "7 series" products which lead to increased sales growth both domestically and internationally. Fujian Haixi production facilities and sales network developed as planned, which is making well preparation for the introduction of the Group's new "Fuluo" branded products. During the Period, the Group strengthened the exploration of buses business by putting more effort in developing the markets of school buses and light buses.

During the Period, sales and service network for light duty trucks and buses were preliminarily formed. The Group's Ji'nan Light Duty Truck Division and Fujian Haixi sales network have been integrated which had 860 sales outlets, of which 11 dealerships are 4S centers, 380 Sinotruk branded stores and 469 general dealerships while there were 1,419 service centers providing high quality after-sales services, 9 refitting companies offering refitting service and 641 accessories sales centers supporting accessories networks. Chengdu Wangpai had 601 stores and 907 service centers. The Group has 34 bus dealerships with 94 service stations providing after-sales services.

Engines Segment

During the Period, the Group's annual engine production capacity was 250,000 units. The engine business caters the Group's own truck segments and external third parties, including other manufacturers of heavy duty trucks, buses and construction machinery. The Group is dedicated to engine technological innovation and to deliver reliable, fuel efficient products to various customers. To diversify its sources of profits, the Group targets to increase revenue from external engine sales and expand its domestic market share.

During the Period, the engine sales volume was 58,909 units. Segment revenue increased by 5.9% to RMB 3,773 million. External sales accounted for 15.1% of the Engines Segment's revenue, a decrease of 7.6 percentage points.

The localization of MAN Group's engine technology progresses smoothly and is on schedule. Prototype engines for heavy duty trucks are produced, tested, examined and verified. Some products are ready for bulk production.

The Group is devoting resources towards the development of green energy-saving products, and is working constantly to improve the technologies behind its natural gas engines for heavy duty trucks and improve fuel efficiency of engines. Such green energy-saving products are equipped in different models and series of trucks to fit customers' needs. The market share of the Group's T12 natural gas engine was increasing due to its excellent performance and reputation among users.

Technological Upgrade

During the Period, the Group's major investment and construction projects were made for the national heavy duty automobile engineering technology research center project, light duty truck production facilities, the enhancement of production techniques and quality control standards, as well as the strengthening of innovation capabilities.

The construction of Ji'nan light duty trucks project of the Group is basically completed and ready for bulk production. Major investment and construction projects, including light duty truck projects of Chengdu Wangpai and Fujian Haixi, remain on schedule. These investments have created a solid foundation for the technological upgrade and enrichment of products of the Group.

Research and Development

The Group remains committed to its strategy of building the technological edge by leveraging finance and human resources, research and development platform, investment in development and upgrades on technology. By strengthening its cooperation with MAN Group in the development of technologically advanced engines, parts and components, the Group further enhanced its competitive strength. During the Period, the technology center completed a total of 186 projects, ranging from the research and development of trucks, key parts and components, to experiments and testing, and the trial-production of trucks.

As at 30 June 2013, the Group and CNHTC together participated in the formulation of 53 industry standards for China's heavy duty trucks and have been granted 2,403 patents; maintaining its leading position in the domestic heavy duty truck industry in terms of the number of patents owned.

During the Period, the Group was able to supply 4,999 products to serve various customers' needs.

Finance Segment

During the Period, external revenue of the Group's finance segment was RMB 107 million, a decrease of RMB 13 million compared to the RMB 120 million of the same period last year. The decrease was primarily due to the decrease in interest income from interbank deposits and the decrease in bills discounting income.

The Group pays attention to the development of sales model in respect of provision for auto finance services. In order to satisfy demand for financing for truck purchases and boost the Group's sales, Sinotruk Finance continued to expand its consumer credit business with various forms of consumer credit and leases financing while take a prudent approach towards credit risk management. As at 30 June 2013, Sinotruk Finance has established 19 regional offices and extended its consumer credit business coverage to over 20 provinces; covering most parts of China. During the Period, the Group sold 2,920 trucks through provision of consumer credit, a decrease of 9.7% when compared to that of the same period last year.

Quality Upgrade and Efficiency Enhancement

The Group puts quality as the first priority while efficiency is the key task. It continues to implement "Lean Management" in order to enhance and improve quality controls by carrying out the programs, "Quality and Efficiency Year" and "Performance Excellence Management Model" to strengthen our enterprise risk management ability and upgrade quality efficiency. The Group further increases employees' awareness of importance of quality, develops product quality improvement plans, focuses the roles of quality improvement committee of the Group, implements product quality improvement, optimizes product quality control system, performs effective quality checking, strengthens staff training, strictly implements quality evaluation system, and vigorously improves product quality. It carries out comprehensive cost reduction exercises, actively explores and implements new ways for cost reduction and efficiency improvement particularly during the manufacturing processes, optimizes personnel structure, improves equipment utilization, performs cost controls and lowers costs of finance. With the implementation of such quality improvement and efficiency enhancement programs, it improves the quality of the products and efficiency of the Group which attributes to the healthy development of the Group.

Significant Investments

During the Period, the Company injected approximately RMB 1.4 million in cash into and capitalized production equipment at approximately RMB 36.6 million to its wholly owned subsidiary, Sinotruk Ji'nan Power Co., Ltd. The Group had injected HKD 530.8 million in cash into Ji'nan Ganghao Development Co., Ltd., a wholly owned subsidiary and also injected approximately USD 7.4 million in cash into and capitalized production equipment, properties and land use rights at approximately USD 22.3 million to Sinotruk Ji'nan Fuqiang Power Co., Ltd., a wholly owned subsidiary.

HUMAN RESOURCES

As at 30 June 2013, the Group had a total of 23,044 employees. The Group highly values human resources. The Group continuously works to improve its employee portfolio for matching its development, focuses on talent management and training of technical personnel to uplift quality of employees, and continues the optimization of promotion opportunities through a performance assessment system and middle management promotion system. In addition, the Group enhanced its compensation system to provide further incentives to employees. In support of its expansion and personnel team, the Group adopts the open competition and merit-based recruitment system, hires high caliber senior management and technical professional, and develops employees' international perspective. In addition, to the extent necessary to protect the Group's intellectual property rights and other vital competitive interest, qualified employees may enjoy certain retirement and non-compete compensation.

PROSPECTUS

For the second half of 2013, the global economy is still complicated with uncertainties. China's economy will face the risks of slow economy growth. The Chinese government's efforts to enact economic reform are expected to accelerate both intensity and efficiency in order to stabilize economic conditions. In summary, the domestic and overseas demand of heavy duty truck industry will be sluggish under the slow recovery of the global economy and further lower of the growth rate of China economy. Under such circumstance, the Group will well prepare itself, adjust operational strategies from time to time and introduce various initiatives to ensure its operations being stable.

1. To further optimize product mix and develop full series of commercial vehicle platforms with focus on heavy duty trucks. Capitalizing on its technological advantages with proper product mix and market positioning, the Group will continue to upgrade the technology of all its products into a higher level so as to increase efforts in new product promotion, brand development, product awareness and product recognition as well as offer more competitive products to customers.

2. To vigorously promote innovation in marketing strategies and to pay more attention to quality of the sales network. The Group will further streamline and integrate sales resources with the aim to realize complementary advantages among the sales divisions, implement tailor-made marketing strategy by highlighting the unique characteristics of its products, increase the level of professionalism of its marketing staff in order to enhance its service quality and continue to innovate strategic marketing model by establishing strategic partnerships with major enterprises in the industry. The Group also boosts sales by way of provision for innovative financial support and expands its consumer credit business while maintaining stringent credit risk controls.

3. To adhere to the Group's international development strategy. The Group will work towards raising its brand equity, awareness and influence. This will aid the Group's expansion into overseas markets, develop overseas KD (Knock-down) assembly projects, and construct supply networks for key components and parts. In addition, the Group will improve the quality of overseas after-sales services, product promotion and enhance export sales. The Group will further consolidate and explore its traditionally strong markets, while taking proactive stance in exploring emerging markets such as South America. The Group is determined to strengthen cooperation with its international clients and enhance market presence in weak regions. By doing so, the Group hopes to achieve a stable global market composition, a more diversified client base and competitive edge in product sales as well as in after-sales services.

4. To continue improvement in quality and efficiency. The Group will strictly implement quality upgrade by improvement and optimization of its quality management systems, learn and practice advanced quality control concepts and management policies and enhance awareness of risk prevention. The Group believes these measures will help to further improve profitability by lower operational costs, increasing efficiency, better risk conscious as well as maintain a healthy development.

5. To continue to strengthen the cooperation with MAN Group. The Group will co-operate with MAN Group in the launch of the co-developed products into the market and further expand the scope and areas of the co-operation in accordance with the market needs.

FINANCIAL REVIEW

Turnover, Gross Profit and Gross Profit Margin

For the six months ended 30 June 2013, the Group's turnover recorded RMB 14,863 million, compared with that of 2012 at RMB 14,969 million, representing a decrease of RMB 106 million or 0.7%. The decrease in the turnover primarily resulted from the reduction in heavy duty truck sales volume.

Gross profit for the six months ended 30 June 2013 increased by RMB 241 million or 10.8%, from that of 2012 at RMB 2,232 million to RMB 2,473 million. Gross profit margin increased by 1.7 percentage points year on year to 16.6%. Gross profit and gross profit margin increased mainly due to the results of the costs efficiency exercises, reduction of purchase costs, reduction of controllable costs, etc.

Distribution Costs

Distribution costs increased from RMB 994 million for the six months ended 30 June 2012 to RMB 1,059 million for the six months ended 30 June 2013, increased by RMB 65 million or 6.5%. The increase was primarily due to optimization of marketing network and increase in sales promotion activities.

Administrative Expenses

Administrative expenses increased from RMB 949 million for the six months ended 30 June 2012 to RMB 959 million for the six months ended 30 June 2013, growing by RMB 10 million or 1.1%. The increase was mainly attributable to the increase in renumeration of administrative staff and research and development expenditure.

Other Gains – Net

Net other gains decreased from RMB 186 million for the six months ended 30 June 2012 to RMB 94 million for the six months ended 30 June 2013, decreased by RMB 92 million or 49.5%. The decrease was mainly attributable to the decrease in the government grants and net exchange losses.

Finance Costs – Net

Net finance costs decreased from RMB 224 million for the six months ended 30 June 2012 to RMB 190 million for the six months ended 30 June 2013, representing a decrease of RMB 34 million or 15.2%. The decrease in net finance costs was due to the reduction in borrowing scale and the optimization of borrowing portfolio which led to the drop in interest expenses.

Income Tax Expense

The income tax expense for the six months ended 30 June 2013 was RMB 94 million, an increase of RMB 36 million or 62.1% from that of 2012 at RMB 58 million. The increase was due to the increase in profit before income tax.

Profit for the Period and Earnings Per Share

Profit for the six months ended 30 June 2013 increased by 36.8% from RMB 193 million to RMB 264 million. Profit attributable to equity holders was RMB 193 million, increased by 6.0%. The basic earnings per share attributable to the equity holders of the Company was RMB 0.07 for the six months ended 30 June 2013 which was same as that of 2012.

Cash Flow

During the six months ended 30 June 2013, net cash outflow from operating activities was about RMB 487 million (with considering the amount of bank acceptances notes increased by RMB 1,066 million, the net cash inflow from operating activities during the Period was RMB 579 million) and compared with net cash outflow in the same period in 2012 at RMB 1,798 million, there was a reduction of cash outflow by RMB 1,311 million. The decrease of net operating cash outflow was due to the increase in the growth of current period trade and bills payables balances compared with that of same period last year.

Net cash outflow from investing activities for the six months ended 30 June 2013 was RMB 474 million, representing an increase in cash outflow by RMB 403 million compared to that of 2012. The increase was mainly due to the increase in current period capital expenditure payment.

The cash outflow from financing activities for the six months ended 30 June 2013 was RMB 860 million, compared with that of 2012 at RMB 3,382 million, representing a decrease of cash outflow by RMB 2,522 million. It was mainly due to the speed of reduction of size of bank borrowings being slower than the same period last year.

Liquidity and Financial Resources

The Group had cash and cash equivalents of RMB 3,152 million and bank acceptance notes of RMB 7,291 million as at 30 June 2013. Cash and cash equivalents decreased by RMB 1,823 million and bank acceptance notes increased by RMB 1,065 million as compared with those at the beginning of 2013. The Group's total borrowings (including long-term and short-term borrowings) were about RMB 10,190 million as at 30 June 2013. Its gearing ratio (total borrowings divided by total assets) was 22.0% (31 December 2012: 25.2%).

As at 30 June 2013, all borrowings were made in RMB (31 December 2012: all in RMB). Most of the borrowings were charged with reference to banks' preferential floating rates and were due within one year to two years. The current ratio (total current assets divided by total current liabilities) as at 30 June 2012 was 1.4 (31 December 2012: 1.6).

As at 30 June 2013, total available credit facilities of the Group amounted to RMB 43,834 million, of which RMB 6,649 million had been utilised. An aggregate amount of RMB 889 million of the Group's deposits and bank deposits was pledged to secure credit facilities. In addition, Sinotruk Finance has made mandatory deposits of RMB 570 million to PBOC for its financial operations. The Group meets the daily liquidity needs by matching operating cash flow patterns with funds on hand and enhances its liquidity by way of application for longer credit periods from suppliers, utilization of banking facilities and issue of bills such as short-term commercial acceptance notes and bank acceptance notes.

Financial Management and Policy

The finance department is responsible for financial risk management of the Group. One of our key financial policies is to manage exchange rate risk. Our treasury policy prohibits the Group from participating in any speculative activities. As at 30 June 2013, most of the Group's assets and liabilities were denominated in RMB, except for restricted cash and bank deposits which in total were equivalent to approximately RMB 462 million, accounts receivable of approximately RMB 1,088 million and accounts payable of approximately RMB 271 million, all of which were denominated in currencies other than RMB.

Capital Structure

As at 30 June 2013, owner's equity of the Group was RMB 20,667 million, representing an increase of RMB 212 million or 1.0% when compared with RMB 20,455 million at the end of year 2012.

As at 30 June 2013, the Company's market capitalisation was RMB 8,357 million (calculated by issued share capital: 2,760,993,339 shares, closing price: HKD 3.8 per share and at the exchange rate of 0.79655 between HKD and RMB).

DIVIDENDS

The Board does not propose interim dividends for the six months ended 30 June 2013.

GOING CONCERN

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

CONTINGENT LIABILITIES, LEGAL PROCEEDINGS AND POTENTIAL LITIGATION

During the Period, the Group was not involved in any litigation, arbitration or administrative proceedings that could have a materially adverse effect on its financial condition and results of operations. The Group estimates that the total amount of claims of all lawsuits is approximately RMB 44 million. During the Period, the Group did not make any provision for legal claims.

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 Shareholders. The Company has adopted the corporate governance codes as set out in Appendix 14 "Corporate Governance Code and Corporate Governance Report" to the Listing Rules as its own code of corporate governance (the "**CG Code**").

During the Period, the Company has been in compliance with the CG Code, save for the deviations which are explained below.

The Company did not establish any nomination committee as the Board will, from time to time and at any time, appoint any person to be a Director for filling any vacant directorship or for increasing the number of Directors. In assessing the nominations for new Directors, the Board will consider their qualifications and biographical information, experience and potential contributions that may be brought to the Company.

All non-executive Directors and four independent non-executive Directors were unable to attend the annual general meeting of the Company held on 22 May 2013 due to other prior engagements.

Directors' Securities Transactions

The Company has adopted Appendix 10 "Model Code for Securities Transactions by Directors of Listed Issuers" to the Listing Rules as the code of conduct for securities transactions by the Directors (the "**Model Code**"). After the Company making specific enquires with all Directors, all Directors have confirmed that they have compiled with the standards required by the Model Code for the six months ended 30 June 2013.

Board

The Board is responsible for formulating group policies and business directions, and monitoring internal controls and performances. As at 30 June 2013, the Board had a total of 17 Directors comprising 8 executive Directors, Mr Ma Chunji, Mr Cai Dong, Mr Wei Zhihai, Mr Wang Haotao, Mr Tong Jingen, Mr Wang Shanpo, Mr Gao Dinggui and Mr Kong Xiangquan; 3 non-executive Directors, Dr Georg Pachta-Reyhofen, Mr Anders Olof Nielsen and Mr Jörg Astalosch; 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.

Remuneration Committee

The Remuneration Committee is mainly responsible for the appraisal of the senior management performance and making recommendation on their remuneration including formulating performance appraisal standards and procedures, mainly commenting proposals of the appraisal mechanisms, rewarding system and penalties as well as staff option schemes. The committee will supervise the remuneration and other benefits offered by the Group to Directors. In addition, the committee performs the Group's corporate government functions including the review of the compliance with the corporate governance and the disclosure in the corporate governance report in the annual report. As at 30 June 2013, the committee comprised 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 comprised 3 members, namely, Dr Lin Zhijun, Dr Ouyang Minggao and Mr Chen Zheng. Dr Lin Zhijun is the chairman of the committee.

REVIEW OF INTERIM RESULTS

This unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2013 has been reviewed by the Audit Committee and by PricewaterhouseCoopers, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by Hong Kong Institute of Certified Public Accountants.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

COMMUNICATIONS WITH SHAREHOLDERS

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

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

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

As at 30 June 2013, so far is known to the Directors, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions therein that they shall be deemed to have pursuant to such provisions of the SFO)), or any interests or short positions which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or any interests or short positions which have to be notified to the Company and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

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

As at 30 June 2013, so far as it is known to the Directors, the persons (other than a Director or chief executive of the Company) who had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register of the Company required to be kept under section 336 of the SFO or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group was as follows:

A) The Company

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

B) Members of the Group

Name of equity holder	Capacity	Name of member of the Group	Percentage of equity interest held
Liuzhou Yunli Assets Investment and Guarantee 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 Dachenggong Mechanics 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%

Save as disclosed above, as at 30 June 2013, 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.

SPECIFIC PERFORMANCE BY THE CONTROLLING SHAREHOLDER

On 19 March 2012, the Company had entered into a facility agreement ("RMB 1.8 Billion Facility Agreement") with Bank of China (Hong Kong) Limited ("BOCHK") and other financial institutions for the borrowing of RMB 1,800,000,000 for 24 months ("RMB 1.8 Billion Facility"). On 24 October 2012, the Company had entered into a facility agreement ("RMB 900 Million Facility Agreement") with BOCHK and other financial institutions for the borrowing of RMB 900,000,000 for 24 months ("RMB 900 Million Facility"). Thereafter RMB 1.8 Billion Facility Agreement and RMB 900 Million Facility Agreement collectively referred to "Facility Agreements" and RMB 1.8 Billion Facility and RMB 900 Million Facility are collectively referred to "Facilities".

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

By order of the Board
Ma Chunji
Chairman
Ji'nan, PRC, 27 August 2013

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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 21 to 48, which comprises the interim condensed consolidated statement of financial position of Sinotruk (Hong Kong) Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2013 and the related interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated cash flows statement for the six months 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, 27 August 2013

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013
(All amounts in RMB thousands unless otherwise stated)

		Unaudited Six months ended 30 June	
	Note	2013	2012
Turnover	6	14,862,732	14,969,144
Cost of sales		(12,390,170)	(12,737,060)
Gross profit		2,472,562	2,232,084
Distribution costs		(1,058,551)	(993,519)
Administrative expenses		(959,218)	(949,051)
Other gains – net		93,706	185,774
Operating profit	7	548,499	475,288
Finance income		48,326	84,526
Finance costs		(238,744)	(309,005)
Finance costs – net		(190,418)	(224,479)
Profit before income tax		358,081	250,809
Income tax expense	8	(94,355)	(58,244)
Profit for the period		263,726	192,565
Other comprehensive income:			
(Losses)/gains on currency translation		(14,704)	2,990
Total comprehensive income for the period		249,022	195,555
Profit attributable to:			
– equity holders of the Company		193,496	182,291
– non-controlling interests		70,230	10,274
		263,726	192,565
Total comprehensive income attributable to:			
– equity holders of the Company		178,792	185,281
– non-controlling interests		70,230	10,274
		249,022	195,555
Earnings per share for profit attributable to the equity holders of the Company (expressed in RMB per share)			
– basic and diluted	9	0.07	0.07

The notes on pages 26 to 48 form an integral part of this condensed consolidated interim financial information.

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013
(All amounts in RMB thousands unless otherwise stated)

	Note	Unaudited 30 June 2013	Audited 31 December 2012
ASSETS			
Non-current assets			
Land use rights	11	**1,496,657**	1,464,106
Property, plant and equipment	11	**13,066,644**	12,835,865
Investment properties	12	**210,966**	214,754
Intangible assets	11	**483,926**	546,714
Goodwill		**3,868**	3,868
Deferred income tax assets		**933,317**	880,956
Investment in an associate		**3,836**	4,564
Other receivables	13	**379,298**	360,321
		16,578,512	16,311,148
Current assets			
Inventories	14	**8,699,201**	7,560,531
Trade receivables, other receivables and other current assets	13	**16,221,465**	13,930,524
Financial assets at fair value through profit or loss		**1,291**	1,489
Amounts due from related parties	23(b)	**88,168**	12,694
Cash and bank balances	15	**4,645,761**	5,933,177
		29,655,886	27,438,415
Total assets		**46,234,398**	43,749,563
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	16	**261,489**	261,489
Reserves		**18,533,371**	18,387,613
		18,794,860	18,649,102
Non-controlling interests		**1,871,683**	1,806,010
Total equity		**20,666,543**	20,455,112

(All amounts in RMB thousands unless otherwise stated)

	Note	Unaudited 30 June 2013	Audited 31 December 2012
LIABILITIES			
Non-current liabilities			
Borrowings	17	4,239,067	5,618,988
Deferred income tax liabilities		35,960	48,807
Termination and post-employment benefits	18	24,080	22,580
Deferred income		380,829	394,383
Long-term payable		6,470	7,902
Amounts due to related parties	23(b)	168,279	170,069
		4,854,685	6,262,729
Current liabilities			
Trade payables, other payables and other current liabilities	19	13,776,158	10,718,796
Current income tax liabilities		108,645	20,549
Borrowings	17	5,950,707	5,388,247
Amounts due to related parties	23(b)	510,370	599,937
Provisions for other liabilities	20	367,290	304,193
		20,713,170	17,031,722
Total liabilities		25,567,855	23,294,451
Total equity and liabilities		46,234,398	43,749,563
Net current assets		8,942,716	10,406,693
Total assets less current liabilities		25,521,228	26,717,841

The notes on pages 26 to 48 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 2013
(All amounts in RMB thousands unless otherwise stated)

	Unaudited												
	Attributable to equity holders of the Company											Non-controlling interests	Total equity
	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 2013	261,489	16,444,600	10,935	(3,672,258)	1,053	958,092	104,294	1,144,582	(57,719)	3,454,034	18,649,102	1,806,010	20,455,112
Total comprehensive income for the period	–	–	–	–	–	–	–	–	(14,704)	193,496	178,792	70,230	249,022
Transactions with owners in their capacity as owners													
Dividends of the Company relating to 2012	–	–	–	–	–	–	–	–	–	(33,034)	(33,034)	–	(33,034)
Dividends of subsidiaries to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	(4,557)	(4,557)
Total transactions with owners	–	–	–	–	–	–	–	–	–	(33,034)	(33,034)	(4,557)	(37,591)
Appropriation to reserves	–	–	–	–	–	16,798	–	–	–	(16,798)	–	–	–
Balance as at 30 June 2013	261,489	16,444,600	10,935	(3,672,258)	1,053	974,890	104,294	1,144,582	(72,423)	3,597,698	18,794,860	1,871,683	20,666,543
Balance as at 1 January 2012	261,489	16,444,600	10,935	(3,672,704)	63,245	739,886	104,294	1,144,582	(58,859)	3,712,171	18,749,639	1,818,961	20,568,600
Total comprehensive income for the period	–	–	–	–	–	–	–	–	2,990	182,291	185,281	10,274	195,555
Transactions with owners in their capacity as owners													
Dividends of the Company relating to 2011	–	–	–	–	–	–	–	–	–	(225,092)	(225,092)	–	(225,092)
Dividends of subsidiaries to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	(25,826)	(25,826)
Total transactions with owners	–	–	–	–	–	–	–	–	–	(225,092)	(225,092)	(25,826)	(250,918)
Appropriation to reserves	–	–	–	–	–	145,870	22,949	–	–	(168,819)	–	–	–
Balance as at 30 June 2012	261,489	16,444,600	10,935	(3,672,704)	63,245	885,756	127,243	1,144,582	(55,869)	3,500,551	18,709,828	1,803,409	20,513,237

The notes on pages 26 to 48 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED CASH FLOWS STATEMENT

For the six months ended 30 June 2013
(All amounts in RMB thousands unless otherwise stated)

		Unaudited Six months ended 30 June	
	Note	2013	2012
Net cash used in operating activities		**(487,201)**	(1,797,738)
Net cash used in investing activities		**(473,999)**	(71,403)
Net cash used in financing activities		**(859,658)**	(3,381,844)
Net decrease in cash and cash equivalents		**(1,820,858)**	(5,250,985)
Cash and cash equivalents at beginning of the period		**4,974,962**	9,576,878
Exchange losses on cash		**(1,757)**	(691)
Cash and cash equivalents at end of the period	15	**3,152,347**	4,325,202

The notes on pages 26 to 48 form an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts in RMB thousands unless otherwise stated)

1 GENERAL INFORMATION

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

The Group is principally engaged in the manufacturing and sales of commercial trucks including heavy duty trucks, light duty trucks and buses and also produces and sells key parts and components such as engines and axles, and the provision of finance services.

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

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2013 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, 'Interim Financial Reporting' issued by Hong Kong Institute of Certified Public Accountants ("HKICPA"). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2012, 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 2012, as described in those annual financial statements.

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

(b) The following new amendments to standards are mandatory for the first time for the financial year beginning 1 January 2013:

HKFRS 10	Consolidated financial statements
HKAS 27 (revised 2011)	Separate financial statements
HKFRS 11	Joint arrangements
HKAS 28 (revised 2011)	Associates and joint ventures
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurements
HKAS 19 (Amendment)	Employee benefits
HKFRS 1 (Amendment)	Government loans
HKFRS 7 (Amendment)	Financial instruments: Disclosures - Offsetting financial assets and financial liabilities
HK(IFRIC) - Int 20	Stripping costs in the production phase of a surface mine
The fourth annual improvements project published by HKICPA	

(All amounts in RMB thousands unless otherwise stated)

3 ACCOUNTING POLICIES (continued)

As at 30 June 2013, the Group considers these newly effective standards/amendments do not have material impact on the Group's financial information.

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

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 information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2012 with the exception of changes in estimates that are required in determining the provision for income taxes.

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 and cash flow interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2012.

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

5.2 Liquidity risk

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

	Repayment period			
As at 30 June 2013	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 3 years**	**Total**
Borrowings	5,950,707	4,212,367	26,700	10,189,774
Interests payments on borrowings (a)	324,439	56,488	1,139	382,066
Trade and other payables (b)	11,710,336	—	—	11,710,336
Amounts due to related parties	510,370	84,139	84,140	678,649
	18,495,852	4,352,994	111,979	22,960,825

(All amounts in RMB thousands unless otherwise stated)

5 FINANCIAL RISK MANAGEMENT (continued)

5.2 Liquidity risk (continued)

	Repayment period					
As at 31 December 2012	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Total
Borrowings	5,388,247	5,538,888	26,700	26,700	26,700	11,007,235
Interests payments on borrowings (a)	371,466	164,163	1,802	1,202	601	539,234
Trade and other payables (b)	7,923,243	—	—	—	—	7,923,243
Amounts due to related parties	599,937	84,894	85,175	—	—	770,006
	14,282,893	5,787,945	113,677	27,902	27,301	20,239,718

(a) The interest on borrowings is calculated based on borrowings held as at 30 June 2013 and 31 December 2012 respectively without taking into account of future issues. Floating-rate interest is estimated using current interest rate as at 30 June 2013 and 31 December 2012 respectively.

(b) Trade and other payables include trade and bills payables, and other payables as stated in Note 19.

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)

(All amounts in RMB thousands unless otherwise stated)

5 FINANCIAL RISK MANAGEMENT (continued)

5.3 Fair value estimation (continued)

The following table presents the Group's assets that are measured at fair value at 30 June 2013.

	Unaudited			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss	**1,291**	—	—	**1,291**

The following table presents the Group's assets that are measured at fair value at 31 December 2012.

	Audited			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	1,489	—	—	1,489

During the six months ended 30 June 2013, 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 2013, there were no reclassifications of financial assets.

6 SEGMENT INFORMATION

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

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

(i) Heavy duty trucks – Manufacture and sale of heavy duty trucks and related components;

(ii) Light duty trucks and buses - Manufacture and sale of light duty trucks, buses, and related components;

(iii) Engines – Manufacture and sale of engines and related parts; and

(iv) Finance – Provision for deposits taking, borrowings, bills and notes discounting and entrustment loans to the Group's members and members of CNHTC and its subsidiaries excluding the Group ("CNHTC Group").

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. Since 2013, the Executive Committee separately reviews and monitors the performance of light duty trucks and buses and, accordingly, light duty trucks and buses is classified as a separate operating segment.

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.

(All amounts in RMB thousands unless otherwise stated)

6 SEGMENT INFORMATION (continued)

The segment results for the six months ended 30 June 2013 are as follows:

	Unaudited					
	Heavy duty trucks	Light duty trucks and buses	Engines	Finance	Elimination	Total
Turnover						
External segment revenue	12,510,337	1,676,673	568,274	107,448	—	14,862,732
Inter-segment revenue	25,008	17,764	3,204,231	22,891	(3,269,894)	—
Revenue	12,535,345	1,694,437	3,772,505	130,339	(3,269,894)	14,862,732
Operating profit/(loss) before unallocated expenses	457,356	(102,320)	223,573	88,197	(105,221)	561,585
Unallocated expenses						(13,086)
Operating profit						548,499
Finance costs - net						(190,418)
Profit before income tax						358,081
Income tax expense						(94,355)
Profit for the period						263,726

(All amounts in RMB thousands unless otherwise stated)

6 SEGMENT INFORMATION (continued)

The segment results for the six months ended 30 June 2012 are as follows:

	Unaudited					
	Heavy duty trucks	Light duty trucks and buses	Engines	Finance	Elimination	Total
Turnover						
External segment revenue	12,805,122	1,233,567	810,072	120,383	—	14,969,144
Inter-segment revenue	10,198	7,790	2,752,629	19,562	(2,790,179)	—
Revenue	12,815,320	1,241,357	3,562,701	139,945	(2,790,179)	14,969,144
Operating profit/(loss) before unallocated income	276,019	(143,177)	227,787	91,064	15,309	467,002
Unallocated income						8,286
Operating profit						475,288
Finance costs - net						(224,479)
Profit before income tax						250,809
Income tax expense						(58,244)
Profit for the period						192,565

(All amounts in RMB thousands unless otherwise stated)

6 SEGMENT INFORMATION (continued)

	Unaudited				
	Heavy duty trucks	**Light duty trucks and buses**	**Engines**	**Finance**	**Total**
As at 30 June 2013					
Segment assets	**27,079,322**	**3,171,685**	**12,421,681**	**5,325,741**	**47,998,429**
Inter-segment elimination					**(8,155,293)**
Unallocated					**6,391,262**
Total assets					**46,234,398**

	Audited				
	Heavy duty Trucks	Light duty trucks and buses	Engines	Finance	Total
As at 31 December 2012					
Segment assets	24,684,351	3,093,314	11,846,110	5,716,050	45,339,825
Inter-segment elimination					(8,391,645)
Unallocated					6,801,383
Total assets					43,749,563

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

	Unaudited Six months ended 30 June	
	2013	2012
Mainland China	**13,054,839**	13,071,587
Overseas	**1,807,893**	1,897,557
Total	**14,862,732**	14,969,144

(All amounts in RMB thousands unless otherwise stated)

7 OPERATING PROFIT

The following items have been charged/(credited) to the operating profit during the six months ended 30 June 2013:

	Unaudited Six months ended 30 June	
	2013	2012
Employee benefit expenses	**1,160,327**	996,339
Warranty expenses (Note 20)	**344,261**	347,095
Inventory write-downs	**49,412**	53,994
Gains on disposal of property, plant and equipment	**(4,093)**	(321)
Fair value losses on investment properties (Note 12)	**—**	8,378
Amortization of land use rights (Note 11)	**14,437**	14,295
Depreciation of property, plant and equipment (Note 11)	**439,052**	388,187
Amortization of intangible assets (Note 11)	**70,389**	67,431
Foreign exchange losses/(gains) – net	**35,395**	(40,371)
Government grants	**(36,552)**	(102,320)
Disposal of scraps	**(31,782)**	(26,651)

8 INCOME TAX EXPENSE

	Unaudited Six months ended 30 June	
	2013	2012
Current income tax		
– Hong Kong profits tax	**—**	1,069
– PRC corporate income tax	**159,564**	122,900
	159,564	123,969
Deferred income tax	**(65,209)**	(65,725)
	94,355	58,244

The Company and Sinotruk (Hong Kong) International Investment Limited are subject to Hong Kong profits tax at the rate of 16.5% (2012: 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% (2012: 25%).

Taxation on overseas profits has been calculated on the estimated assessable profit during the six months ended 30 June 2013 at the rates of taxation prevailing in the countries in which the Group operates.

8 INCOME TAX EXPENSE (continued)

Sinotruk Ji'nan Power Co., Ltd. and Sinotruk Hangzhou Engine Co., Ltd. have been recognised as the High New Tech Enterprises in 2011. Sinotruk Ji'nan Fuqiang Power Co., Ltd. has been recognised as the High New Tech Enterprises in 2012. According to the tax incentives of the Corporate Income Tax Law of the PRC (the "CIT Law") for High New Tech Enterprises, these companies are subject to a reduced corporate income tax rate of 15% for three years.

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

The remaining subsidiaries are subject to the PRC corporate income tax, which has been calculated based on the corporate income tax rate of 25% (2012: 25%).

9 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 Six months ended 30 June	
	2013	2012
Profit attributable to equity holders of the Company	**193,496**	182,291
Weighted average number of ordinary shares in issue (thousands)	**2,760,993**	2,760,993
Basic earnings per share (RMB per share)	**0.07**	0.07

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 2013 and 30 June 2012.

(All amounts in RMB thousands unless otherwise stated)

10 DIVIDENDS

The Board does not recommend an interim dividend for the six months ended 30 June 2013 (2012: Nil). The final dividend of the Company for the year ended 31 December 2012 of approximately HKD 41,415,000 (equivalent to approximately RMB 33,034,000) (2011: HKD 276,099,000 (equivalent to approximately RMB 225,092,000)) was paid in May 2013.

During the six months ended 30 June 2013, certain Group's non-wholly owned subsidiaries have paid dividends to non-controlling shareholders amounting to approximately RMB 4,557,000 (2012: RMB 25,826,000).

11 CAPITAL EXPENDITURES

	Unaudited		
	Land use rights	Property, plant and equipment	Intangible assets
Six months ended 30 June 2013			
Balance as at 1 January 2013	**1,464,106**	**12,835,865**	**546,714**
Additions	**1,960**	**735,960**	**4,250**
Transfers	**45,342**	**(48,693)**	**3,351**
Disposals	**(314)**	**(17,436)**	**—**
Depreciation and amortisation (Note 7)	**(14,437)**	**(439,052)**	**(70,389)**
Balance as at 30 June 2013	**1,496,657**	**13,066,644**	**483,926**
Six months ended 30 June 2012			
Balance as at 1 January 2012	1,394,774	11,603,387	675,967
Additions	70,542	1,093,266	1,978
Disposals	—	(1,058)	—
Depreciation and amortisation (Note 7)	(14,295)	(388,187)	(67,431)
Balance as at 30 June 2012	1,451,021	12,307,408	610,514

As at 30 June 2013, the Group is in the process of applying certificate of ownership for the buildings with net book amount of approximately RMB 34,599,000 (31 December 2012: RMB 58,427,000). As at the date of these condensed consolidated interim financial information were approved, the process is still undergoing.

(All amounts in RMB thousands unless otherwise stated)

12 INVESTMENT PROPERTIES

	Unaudited
Six months ended 30 June 2013	
Balance as at 1 January 2013	**214,754**
Exchange differences	**(3,788)**
Balance as at 30 June 2013	**210,966**
Six months ended 30 June 2012	
Balance as at 1 January 2012	266,501
Fair value losses (note 7)	(8,378)
Balance as at 30 June 2012	258,123

The investment properties are located in Hong Kong and valued at fair value as at 30 June 2013 and 30 June 2012. The fair values of the investment properties were assessed by the management of the Group with reference to the market value.

(All amounts in RMB thousands unless otherwise stated)

13 TRADE RECEIVABLES, OTHER RECEIVABLES AND OTHER CURRENT ASSETS

	As at	
	30 June 2013 Unaudited	31 December 2012 Audited
Non-Current		
Other receivables	**383,520**	363,791
Less: Provision for impairment of other receivables	**(4,222)**	(3,470)
Other receivables - net	**379,298**	360,321
Current		
Accounts receivable	**6,654,077**	5,613,024
Less: Provision for impairment of accounts receivable	**(209,104)**	(174,196)
Accounts receivable - net	**6,444,973**	5,438,828
Notes receivable		
– Bank acceptance notes	**7,291,383**	6,225,560
– Commercial acceptance notes	**7,700**	32,000
Notes receivable - total	**7,299,083**	6,257,560
Trade receivables - net	**13,744,056**	11,696,388
Other receivables	**1,685,710**	1,338,120
Less: Provision for impairment of other receivables	**(22,948)**	(18,360)
Other receivables - net	**1,662,762**	1,319,760
Interest receivables	**18,188**	12,049
Prepayments	**411,315**	412,945
Prepaid taxes other than income tax	**307,662**	398,256
Prepaid income taxes	**77,482**	91,126
Other current assets - total	**814,647**	914,376
Trade receivables, other receivables and other current assets - net	**16,221,465**	13,930,524

(All amounts in RMB thousands unless otherwise stated)

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

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

	As at	
	30 June 2013 Unaudited	31 December 2012 Audited
Less than 3 months	**10,712,091**	8,228,007
3 months to 6 months	**2,416,277**	2,770,116
6 months to 12 months	**244,913**	295,447
1 year to 2 years	**358,285**	340,188
Over 2 years	**12,490**	62,630
	13,744,056	11,696,388

The credit policy of the Group generally requires customers to pay a certain amount of deposits when orders are made and settle full purchase price prior to delivery either in cash or 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 six months are granted to those customers with good payment history.

As at 30 June 2013, trade receivables of approximately RMB 1,018,844,000 (31 December 2012: RMB 1,171,812,000) are secured by certain letters of credit. No provision is provided against these receivables as at 30 June 2013 and 31 December 2012.

(All amounts in RMB thousands unless otherwise stated)

14 INVENTORIES

	As at	
	30 June 2013 Unaudited	31 December 2012 Audited
Raw materials	**1,337,855**	1,488,440
Work in progress	**598,499**	836,871
Finished goods - parts and components	**542,080**	319,129
Finished goods - trucks	**6,491,423**	5,171,327
	8,969,857	7,815,767
Less: write-down of inventories to net realizable value	**(270,656)**	(255,236)
	8,699,201	7,560,531

15 CASH AND BANK BALANCES

	As at	
	30 June 2013 Unaudited	31 December 2012 Audited
Fixed deposits	**34,100**	64,000
Restricted bank deposits	**1,459,314**	894,215
Cash and cash equivalents	**3,152,347**	4,974,962
	4,645,761	5,933,177

(All amounts in RMB thousands unless otherwise stated)

16 SHARE CAPITAL

	Unaudited		
	Number of ordinary shares	Amount Share capital	Share premium
Balance at 1 January 2013 and at 30 June 2013	**2,760,993,339**	**261,489**	**16,444,600**
Balance at 1 January 2012 and at 30 June 2012	2,760,993,339	261,489	16,444,600

The total authorized 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.

17 BORROWINGS

	As at 30 June 2013 Unaudited	As at 31 December 2012 Audited
Non-current		
Long-term bank borrowings - unsecured	**2,445,238**	3,827,829
RMB bonds, unsecured (a)	**1,793,829**	1,791,159
	4,239,067	5,618,988
Current		
Long-term bank borrowings, current portion		
– unsecured	**1,286,700**	1,366,700
Short-term bank borrowings		
– secured (b)	**1,079,508**	800,000
– unsecured	**3,584,499**	3,221,547
	4,664,007	4,021,547
	5,950,707	5,388,247
Total borrowings	**10,189,774**	11,007,235

(a) On 1 August 2012, the Company issued RMB 1,800,000,000 bonds, due in August 2014. The bonds were unsecured and carried an effective interest rate of 5.3% per annum, with the interest being payable semiannually.

(b) As at 30 June 2013, bank borrowings of approximately RMB 149,998,000 were secured by certain restricted bank deposits, approximately RMB 800,000,000 by certain inventories, approximately RMB 129,510,000 by bank acceptance notes. As at 31 December 2012, bank borrowings of approximately RMB 800,000,000 were secured by certain inventories.

(All amounts in RMB thousands unless otherwise stated)

17 BORROWINGS (continued)

The Group's borrowings are repayable as follows:

	As at 30 June 2013 Unaudited	As at 31 December 2012 Audited
Within 1 year	**5,950,707**	5,388,247
Between 1 year and 2 years	**4,212,367**	5,538,888
Between 2 years and 5 years	**26,700**	80,100
	10,189,774	11,007,235

Movements in borrowings are analyzed as follow:

	Unaudited
Six months ended 30 June 2013	
Balance as at 1 January 2013	**11,007,235**
Proceeds from borrowings	**3,842,265**
Repayments of borrowings	**(4,659,726)**
Balance as at 30 June 2013	**10,189,774**
Six months ended 30 June 2012	
Balance as at 1 January 2012	15,605,610
Proceeds from borrowings	6,190,255
Repayments of borrowings	(9,320,224)
Balance as at 30 June 2012	12,475,641

Interest expenses on borrowings for the six months ended 30 June 2013 were approximately RMB 254,588,000 (2012: RMB 338,755,000), out of which approximately RMB 27,887,000 (2012: RMB 61,164,000) 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 5.38% per annum (2012: 5.74% 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 2013 Unaudited	As at 31 December 2012 Audited
Floating rate		
– expiring within one year	**4,216,979**	3,562,994

(All amounts in RMB thousands unless otherwise stated)

18 TERMINATION AND POST-EMPLOYMENT BENEFITS

	As at	
	30 June 2013 Unaudited	31 December 2012 Audited
Termination benefits	**15,250**	15,280
Post-employment benefits	**7,150**	5,810
Post-employment medical insurance plan	**1,680**	1,490
	24,080	22,580

19 TRADE PAYABLES, OTHER PAYABLES AND OTHER CURRENT LIABILITIES

	As at	
	30 June 2013 Unaudited	31 December 2012 Audited
Trade and bills payables	**9,136,742**	6,445,515
Advances from customers	**1,185,904**	1,319,853
Accrued expenses	**519,386**	416,395
Staff welfare and salaries payable	**243,115**	194,907
Taxes liabilities other than income tax	**117,417**	151,477
Other payables	**2,573,594**	2,190,649
	13,776,158	10,718,796

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

	As at	
	30 June 2013 Unaudited	31 December 2012 Audited
Less than 3 months	**6,973,591**	5,168,978
3 months to 6 months	**2,125,529**	1,231,132
6 months to 12 months	**23,446**	25,297
1 year to 2 years	**8,812**	13,032
Over 2 years	**5,364**	7,076
	9,136,742	6,445,515

(All amounts in RMB thousands unless otherwise stated)

20 PROVISIONS FOR OTHER LIABILITIES

Products warranties

	Unaudited
Six months ended 30 June 2013	
Balance as at 1 January 2013	**304,193**
Additional provisions (Note 7)	**344,261**
Utilised during the period	**(281,164)**
Balance as at 30 June 2013	**367,290**
Six months ended 30 June 2012	
Balance as at 1 January 2012	478,274
Additional provisions (Note 7)	347,095
Utilised during the period	(357,314)
Balance as at 30 June 2012	468,055

21 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.

22 CAPITAL COMMITMENTS

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

	As at	
	30 June 2013 Unaudited	31 December 2012 Audited
Purchase of property, plant and equipment and intangible assets		
– Contracted but not provided for	**1,226,845**	1,932,306

(All amounts in RMB thousands unless otherwise stated)

23 RELATED PARTY TRANSACTIONS

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

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

Sinotruk Baotou Xinhongchang Special Vehicles Co., Ltd. (中國重汽集團包頭新宏昌專用車有限公司) ("Baotou Xinhongchang") is an associated company of the Group.

The directors consider that the major related parties are CNHTC and its subsidiaries (other than the Group) ("CNHTC Group"), MAN Group, Baotou Xinhongchang, key management personnel of the Company and CNHTC as well as their close family members, and other PRC government-related entities ("Other State-owned Enterprises").

(a) Significant related party transactions

	Unaudited Six months ended 30 June	
	2013	2012
Transactions with related parties		
(i) CNHTC Group		
Sales of trucks	**59,015**	82,253
Purchases of trucks	**529,553**	682,480
Sales of spare parts	**199,505**	217,825
Purchases of spare parts	**293,349**	322,668
Supply of auxilliary production services	**807**	1,347
Purchases of general services	**43,422**	43,395
Rental income	**3,900**	5,793
Rental expenses	**11,433**	8,908
Purchases of construction and project management services	**12,682**	63,271
Provision for construction supervision design services	**2,000**	5,180
Aggregate of interest expenses for deposits taking services	**1,925**	1,269
Sales of fixed assets	**2,919**	2
Purchases of fixed assets	**—**	62
	1,160,510	1,434,453

(All amounts in RMB thousands unless otherwise stated)

23 RELATED PARTY TRANSACTIONS (Continued)

(a) Significant related party transactions (Continued)

	Unaudited Six months ended 30 June	
	2013	2012
(ii) MAN Group		
Purchases of spare parts	**3,028**	—
Purchases of technology license agreement	**1,481**	—
	4,509	—
(iii) Baotou Xinhongchang		
Purchases of trucks	**15,843**	61,059
(iv) Key management compensation		
Short-term employee benefits	**2,754**	3,290
Post-employment benefits	**153**	61
	2,907	3,351

(v) Other Stated-own Enterprises

The Group has transactions with Other State-owned Enterprises including but not limited to sales of products, purchase 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 and no disclosure is presented.

(All amounts in RMB thousands unless otherwise stated)

23 RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with related parties

	As at 30 June 2013 Unaudited	As at 31 December 2012 Audited
Amounts due from related parties		
(i) CNHTC Group		
Trade receivables	75,802	9,228
Prepayments	5,810	—
Other receivables	2,817	57
	84,429	9,285
(ii) MAN Group		
Prepayments	3,739	1,898
Other receivables	—	1,511
	3,739	3,409
	88,168	12,694
Amounts due to related parties		
Non-current		
(i) MAN Group		
Long-term payables under technology license agreement	168,279	170,069
Current		
(i) CNHTC Group		
Trade payables	56,123	12,066
Other payables	22,043	10,679
Advances from customers	5,335	2,308
Deposits taking	342,740	488,931
	426,241	513,984
(ii) MAN Group		
Long-term payables under technology license agreement	81,717	84,624
(iii) Baotou Xinhongchang		
Trade payables	432	349
Other payables	500	500
Advances from customers	1,480	480
	2,412	1,329
	510,370	599,937

23 RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with related parties (Continued)

As at 30 June 2013 and 31 December 2012, except for the long-term payables, amounts due from/to related parties were all unsecured, interest free and due within one year. As at 30 June 2013 and 31 December 2012, long-term payables to related parties were unsecured, interest free and due within 5 years. As at 30 June 2013 and 31 December 2012, deposits taking from related parties were unsecured, bearing interest at rates mutually agreed and due within one year.

As at 30 June 2013, trade receivables due from related parties were not past due or impaired (31 December 2012: Nil).

Balances with Other State-owned Enterprises

As at 30 June 2013 and 31 December 2012, majority of the Group's bank balances and borrowings are with state-owned banks.

24 APPROVAL ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

This condensed consolidated interim financial information was approved for issue by the Board on 27 August 2013.

中国重汽
SINOTRUK