東風汽車集團股份有限公司

DONGFENG MOTOR GROUP COMPANY LIMITED*

Stock Code: 489

2015
Interim Report

*For reference only

Contents

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors, I hereby present the interim report of the Company for 2015 for your review.

In the first half of 2015, the development trend of China's economy under the New Normal became more prominent. GDP maintained reasonable growth at 7% over the corresponding period of last year. However, the growth of investments declined continuously, the growth rate of consumption witnessed a downward trend and the environment for foreign trade was tough. The general slowdown of these three fundamental drivers of economic growth resulted in increasing risk of a decline in economic growth.

In the first half of the year, the auto industry grew moderately. The production and sales of vehicles were approximately 12,090,000 units and 11,850,000 units respectively, representing an increase of 2.6% and 1.4% over the corresponding period of last year respectively. However, the growth in total sales dropped 7 percentage points as compared with that of the corresponding period of last year.

In the first half of the year, under the pressure of slowdown in auto industry, Dongfeng Motor Group exerted more efforts in market expansion and enhancing its internal management. The overall operation was stable, supporting the achievement of the annual target to maintain growth. Highlights of the Group's operation were as follows: (i) total number of vehicles produced and sold by the Group was approximately 1,330,000 units and 1,340,000 units respectively. The wholesale volume slightly dropped when comparing with the last year; (ii) sales volume of self-owned brand passenger vehicles amounted to 252,000 units, representing an increase of 3.4% over the corresponding period of last year; (iii) sales volume of medium and heavy trucks amounted to 93,000 units, accounting for a market share of 24%, representing an increase of 2.5 percentage points. The sales volume outperformed other operators in the industry, further enhancing the Group's market position; (iv) total export volume of vehicles was 15,000 units, which was higher than that of other operators in the industry. The Group also expanded to new strategic markets including Iran, Venezuela and Vietnam and achieved new breakthroughs; (v) sales performance of new products gained momentum and achieved significant breakthrough, showing promising prospects for future sales growth; (vi) inventory of the Group was managed at a reasonable level under the effective strategy to reduce inventory; (vii) overall operation of safety production and energy saving and emission reduction remained stable.

In the second half of the year, the Group is still facing various challenges, such as the downturn of macro-economy, restriction on vehicle purchase, China IV Emission Standards and fluctuation of stock market. Operation of the Company is under high pressure. Nonetheless, China's economy remains stable and is growing at a slow pace under the increasing strategic support from the "Four Key Regions" consisting of the Eastern region, Western region, Central region and Northeastern region, as well as the "Three Pillars" including "One Belt and One Road", Yangtze River Economic Belt and Synergetic Development of Beijing-Tianjin-Hebei Region. Policies of "China Manufacturing 2025", "Internet+" and international cooperation on construction projects have also achieved significant progress. In the second half of the year, government policies to maintain stable growth, adjust structure and promote economic transformation to improve people's livelihood will gradually take effects.

In this regard, the Group will focus on the following areas in the second half of the year: (i) the Group will actively optimize its product structure and adopt other active measures to ensure the achievement of its operating goals; (ii) the Group will earnestly prevent and control risks to maintain sound operation; (iii) the Group will increase income and reduce expenditure and strengthen governance of subsidiaries recording losses; (iv) the Group will prioritize quality control and push forward the "three transformations"; (v) the Group will comprehensively improve competitiveness by speeding up the development of its proprietary business; (vi) the Group will consolidate its business synergy by expanding business cooperation; (vii) the Group will seize significant opportunities as arising from "One Belt and One Road" to strategically support the development of the Group's overseas business; (viii) the Group will further develop and promote its business of new energy vehicles; (ix) the Group will continue to refine its management models and upgrade its management level; (x) the Group will earnestly perform its social responsibility with high focus on safety production and energy conservation and emission reduction.

With strong confidence and devotion, the Group will strive to boost the steady growth of operating results and achieve our annual business goals by implementing the above key measures.

Zhu Yanfeng
Chairman

Wuhan, the PRC
28 August 2015

Corporate Information

REGISTERED NAME

Dongfeng Motor Group Company Limited

REGISTERED ADDRESS

Special No. 1 Dongfeng Road
Wuhan Economic and Technology Development Zone
Wuhan, Hubei 430056 PRC

PRINCIPAL PLACE OF BUSINESS IN THE PRC

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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COMPANY WEBSITE

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COMPANY SECRETARIES

Lu Feng
Lo Yee Har Susan *(FCS, FCIS)*

AUDITORS

PricewaterhouseCoopers

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PLACE OF LISTING

The Stock Exchange of Hong Kong Limited

STOCK CODE

00489

Report of the Directors

I. BUSINESS OVERVIEW

(I) Major Businesses

Dongfeng Motor Group is principally engaged in the businesses of research and development, manufacturing and sales of commercial vehicles, passenger vehicles, vehicle engines and other auto parts, production of vehicle manufacturing equipment, and import and export of vehicles related products, logistics services, Auto finance, insurance agency and used car trading. The principal products include commercial vehicles (heavy duty trucks, medium trucks, light trucks, mini trucks and buses, special purpose vehicles, semi-trailers as well as commercial vehicles engines and auto parts) and passenger vehicles (sedans, MPVs, SUVs and passenger vehicles engines and auto parts).

1. Commercial vehicles

The commercial vehicles of the Dongfeng Motor Group are mainly manufactured by Dongfeng Commercial Vehicles Co., Ltd., Dongfeng Motor Co., Ltd, Dongfeng Liuzhou Motor Co., Ltd. and Dongfeng Special Commercial Vehicle Co., Ltd. The major products are heavy, medium and light trucks, large and medium sized bus, special purpose vehicles, special vehicles and military vehicles. As at 30 June 2015, Dongfeng Motor Group produced 42 series of major commercial vehicles, including 35 series of trucks and 7 series of buses.

Commercial vehicle engines produced by the Dongfeng Motor Group are mainly provided for internal use and external sales. Dongfeng Motor Co., Ltd and Dongfeng Automobile Co., Ltd mainly produce Dongfeng series and Dongfeng Cummins series diesel and petrol commercial vehicle engines.

2. Passenger vehicles

Dongfeng Motor Group's passenger vehicle business is principally operated by the Company (through Dongfeng Passenger Vehicle Company) , the subsidiary Dongfeng Peugeot Citroën Automobiles Sales Company Ltd and the following joint ventures: Dongfeng Motor Co., Ltd (including Dongfeng Infiniti), Dongfeng Peugeot Citroën Automobiles Co., Ltd (a joint venture of the Company and PSA Peugeot Citroën Group), Dongfeng Honda Automobile Co., Ltd (a joint venture of the Company and Honda Motor Co., Ltd, partly through Honda Motor (China) Investment Co., Ltd), Dongfeng Liuzhou Motor Co., Ltd. and Dongfeng Renault Automobile Co., Ltd. (a joint venture of the Company and Renault Automobile Co.,Ltd) The engines and auto parts of passenger vehicles businesses are mainly operated by the Company (through Dongfeng Commercial Vehicles Company), Dongfeng Motor Co., Ltd, Dongfeng Peugeot Citroën Automobiles Company Ltd, Dongfeng Honda Engine Co., Ltd., Dongfeng Honda Auto Parts Co., Ltd and Dongfeng Honda Automobile Co., Ltd. As at 30 June 2015, the Dongfeng Motor Group manufactured 51 series of passenger vehicles, including 31 series of sedans, 7 series of MPVs and 13 series of SUVs.

3. Auto parts and equipment

Dongfeng Motor Group's auto parts and equipment business is principally operated by Dongfeng Motor Co., Ltd, which mainly manufactures a range of auto parts for commercial vehicles, including power transmission systems (mainly comprised of gear box, clutch and transmission shaft), vehicle bodies (mainly comprised of stamping parts) and chassis (mainly comprised of axles, car frames and chassis parts), electronic components and other parts.

Dongfeng Motor Group is also engaged in the production of vehicle manufacturing equipment through Dongfeng Motor Co., Ltd. The vehicle manufacturing equipment produced by Dongfeng Motor Co., Ltd includes machine tools, coating equipment, die and forging moulds, and measuring and cutting tools. In addition, Dongfeng Motor Co., Ltd also provides equipment maintenance services. The engines of passenger vehicles produced by Dongfeng Motor Co., Ltd, Dongfeng Peugeot Citroën Automobiles Company Ltd and Dongfeng Honda Automobile Co., Ltd are mainly for internal use, while those produced by Dongfeng Honda Engine Co., Ltd. are mainly for external sales. In addition to engines, the Dongfeng Motor Group also manufactures a range of auto parts for passenger vehicles, including power transmission systems (mainly comprised of gear box, clutch and transmission shaft), vehicle bodies (mainly comprised of stamping parts) and chassis (mainly comprised of axles, car frames and chassis parts), electronic components and other parts.

4. Finance Business

The Dongfeng Motor Group's finance business is principally operated by Dongfeng Motor Finance Co., Ltd (a wholly-owned subsidiary of the Company), Dongfeng Peugeot Citroën Auto Finance Co., Ltd (a joint venture company between French Peugeot Citroën Holland Finance Co., Ltd, Dongfeng Peugeot Citroën Automobiles Company Ltd and the Company) and Dongfeng Nissan Auto Finance Co., Ltd (a joint venture company between the Company and Nissan Motor Co. Ltd).

(II) Principal Business Operations during the First Half of 2015

As at 30 June 2015, the production and sales volumes for whole vehicles of the Dongfeng Motor Group were 1,325,304 units and 1,340,373 units respectively. According to statistics published by the China Association of Automobile Manufacturers, the Dongfeng Motor Group had a market share of approximately 11.3% in terms of sales volume of commercial and passenger vehicles made by domestic manufacturers in 2015. The following table sets out the production and sales volumes of commercial and passenger vehicles of the Dongfeng Motor Group as well as their respective market shares in terms of sales volume in 2015:

	Production Volumes (units)	Sales Volumes (units)	Market share (%)[1]
Commercial Vehicles	184,103	179,085	10.2
Trucks	164,695	159,551	10.8
Buses	19,408	19,534	6.9
Passenger Vehicles	1,141,201	1,161,288	11.5
Basic passenger cars	613,036	626,038	10.8
MPVs	111,785	125,188	12.3
SUVs	416,380	408,927	15.4
Cross type	0	1,135	0.2
Total	1,325,304	1,340,373	11.3

1 Calculated based on the statistics published by the China Association of Automobile Manufacturers

Revenue of the Group for the six months ended 30 June 2015:

Business	Sales revenue (RMB million)	Contribution to the Group's sales revenue (%)
Passenger vehicles	44,371	67.4
Commercial vehicles	20,350	30.9
Finance	964	1.5
Others	203	0.3
Elimination	(35)	(0.1)
Total	65,853	100

Based on the proportionate consolidation method, the revenue of the Group for six months ended 30 June 2015 is as follows:

Business	Sales revenue (RMB million)	Contribution to the Group's sales revenue (%)
Passenger vehicles	82,215	75.3
Commercial vehicles	25,132	23.0
Finance	1,238	1.1
Others	972	0.9
Elimination	(345)	(0.3)
Total	109,212	100

(III) Principal Business Achievements during the First Half of 2015

1. Steady and Sound Operation and Reasonable Performance of Indicators.

The total sales of the Dongfeng Motor Group for the first half of the year were approximately 1,340,400 vehicles, representing a decrease of approximately 4.9% over the corresponding period of last year, and the market share was approximately 11.3%, representing a decrease of 0.8 percentage point over the corresponding period of last year. Sales of passenger vehicles were approximately 1,161,300 units, representing a decrease of approximately 1.6% over the corresponding period of last year. Sales of commercial vehicles were approximately 179,100 units, representing a decrease of approximately 21.5% over the corresponding period of last year Based on the proportionate consolidation method, the sales revenue of the Group was approximately RMB109,212 million, representing an increase of approximately 15.0% as compared with the corresponding period of last year. Profit attributable to shareholders was approximately RMB6,885 million, representing a decrease of approximately 19.0% as compared with the corresponding period of last year. Despite of the decrease in overall sales volume and operation efficiency, the performance of indicators was reasonable.

2. **Open and Deep Cooperation and Improving Capability of International Operation**

As the Company expanded its strategic cooperation with PSA to cover the entire value chain, Dongfeng Peugeot Citroën Automobiles Company Ltd recorded a rapid growth and became the main driver of the growth of the Company. The Company cooperated with other companies and established overseas sales companies, which paved the way for the overseas expansion of our proprietary brands. Dongfeng Fengshen L60 was successfully launched and the Company became the pioneer in the industry to inject the Chinese parent brand into joint venture and implement a strategy of coordination of platform resources. The Company also exerted great efforts in establishing joint venture and cooperation. Dongfeng Commercial Vehicles Co., Ltd. commenced its operation, which laid a solid foundation for the core technology capacity and international competitiveness of Dongfeng Commercial Vehicles. Dongfeng Renault Automobile Company commenced its trial production and is expected to commerce operation as scheduled. The Company put a great effort in expanding overseas strategic markets and achieved remarkable results. In the first half of the year, despite of the decrease of 13.5% in export volume in the industry, the export volume of the Company slightly decreased by 3.6%, which was 10 percentage points lower than the decrease of the industry.

3. **Stable Growth of Sales Volume of Passenger Vehicles under Proprietary Brand and the Increase in Market Share of Heavy and Medium Trucks**

With the strengthening technological research and development capability of the Company, the passenger vehicles and commercial vehicles under proprietary brand achieved steady growth. The Company completed the research and development of various products, such as Dongfeng No. 1, AX3 and S500, enriching the product portfolio of proprietary brand. In the first half of the year, the sales volume of passenger vehicles under proprietary brand was 252,000 units, representing an increase of 3.4% as compared with the corresponding period of last year. Of which, SUVs recorded a rapid growth and the sales volume of SUVs exceeded 106,900 units, accounting for 42.4% of the total sales volume of passenger vehicles under proprietary brand. All product lines of passenger vehicles under proprietary brand recorded a satisfactory growth. The sales volume of Dongfeng Passenger Vehicle Company increased by 21.4% over the corresponding period of last year while the sales volume of Dongfeng Liuzhou Motor Co,Ltd recorded a year-on-year increase of 10.2%. The Company has upgraded the emission of its commercial vehicles and the leading advantages of commercial vehicles have been furthered consolidated. The market shares of heavy and medium trucks increased by 2.5 percentage points to 24.0%.

4. **Reasonable Inventory Control**

In the face of the downturn of the market, the Company proactively reduced its inventory by reasonably controlled its inventory. The total inventory coefficient of the whole vehicles of the Company was 2.33. The inventory coefficient of passenger vehicles and commercial vehicles was 2.28 and 2.65 respectively and was controlled within target range. The reasonable inventory control ensured the steady and sound growth of the Company.

5. Steady Progress of Safety Production and Environment Protection

In the first half of 2015, Dongfeng Motor Group strictly complied with Production Safety Law and Administrative Measures on the Production Safety of Dongfeng Motor Group and implemented “Four-level” safety accountability system. The Company also enhanced the management and control of production by formulating safety production plan for 2015–2019. Through the implementation of standards, standardizing the safety management, organizing “Anti-incompliance” campaign, carrying out special governance and “Safety Production Month”, operation of the Company was smooth. In the first half of the year, there were 14 cases of production safety accidents, representing a decrease of 8 cases as compared with the corresponding period last year. Among all accidents, there were 1 fatal and 13 minor cases.

In the first half of 2015, Dongfeng Motor Group strictly complied with national policies on energy-saving and environment protection and enhanced its basic management and process control. The Company also managed the energy-saving and environment protection for the entire value chan. Total energy consumption per ten-thousand of added value reduced by 6.6% and COD and SO_2 emission decreased by 4.0% and 69.5% respectively as compared with the corresponding period of 2014.

6. Implementation of the “Nurturing” Plan for Fulfilment of Social Responsibilities

In the first half of 2015, with an aim to position itself as a state-owned company fulfilling its social responsibilities, Dongfeng Motor Group further implemented the “Nurturing” plan. On 19 April 2015, Dongfeng Motor Group issued Business Ethics Convention (商業道德公約) in Shanghai, becoming a pioneer to issue relevant norms regarding business ethics and promote business ethics among all state-owned enterprises and automobile industry in China.

(IV) Business Outlook

The operating environment in the second half of 2015 will remain uncertain and Dongfeng Motor Group will continue to face a complicated business environment.

In respect of overall economic situation, the growth momentum of economy was weak in the first half of the year due to various factors, including the temporary adverse effects brought by restructuring, time lag of effectiveness of policies, inertia decline of investment, destocking and high bases. The GDP grew at a rate of 7% only. In the second of the year, the effectiveness of reformation and policies to stabilize growth will be gradually reflected. However, more efforts will be required for mitigating economic downturn pressure and achieving the growth target of the year.

In respect of the automobile industry, under the economic downturn pressure, the growth of the automobile market will be sluggish. During the year, the growth of automobile industry in China has been slowed down significantly. Furthermore, the market will be lacklustre due to restrictions on vehicle purchasing and driving and significant fluctuation in stock market. Under the slight growth of the market, the competition in the industry will be intensifying. Enterprises are expected to compete with each other in terms of pricing, which will result in a decrease in selling prices and affect their profitability. With the slow growth of the market, enterprises will face potential risks, excessive production capacity and other problems.

In respect of the operation of the Company, the Company adopted a series of measures to maintain its growth in the first half of the year. The overall operation of the Company was stable but more efforts shall be made for achieving the operation targets.

In light of the above factors, the Dongfeng Motor Group is cautious towards the general development of the industry in the second half of the year. The Group will be devoted to promoting the development of all major business segments with effective steps and focuses on maintaining steady growth in response to the market changes, so as to ensure the achievement of its annual business target.

II. CORPORATE GOVERNANCE

(I) Overview of Corporate Governance

The Company has been in compliance with the relevant requirements provided by the Company Law of the People's Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Corporate Governance Code of the Stock Exchange of Hong Kong. The Company supervises and regulates its daily operation in strict compliance with the Articles of Association of Dongfeng Motor Group Company Limited and various governing systems of the Company, and regularly reviews the operation and management of the Company. In addition, the Company recognises the importance of transparency in governance and accountability to the shareholders of the Company, and commits to continuously enhancing the standard and effectiveness of corporate governance to ensure that the Company is developing properly on the right path, and the interests of shareholders in the Company will continue to grow and be well protected.

(II) Corporate Governance Code

The Company had fully complied with the requirements of the provisions of the Corporate Governance Code throughout the period.

(III) Securities Transaction of the Directors

The Company has adopted a code of conduct regarding the directors' securities transactions on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"). After specific enquiries of all directors by the Company, all directors have confirmed that they had fully complied with the Model Code throughout the period.

(IV) Independent Non-executive Directors

The Board of Directors of the Company consists of ten Directors, including four Independent Non-executive Directors. Mr. Zhang Xiaotie, an Independent Non-executive Director, has the qualification of accounting and financial management. The composition of the Board of Directors of the Company is in compliance with the requirement of Rule 3.10(1) that "every board of directors of a listed issuer must include at least three independent non-executive directors", Rule 3.10A that "an issuer must appoint independent non-executive directors representing at least one-third of the board" and Rule 3.10(2) that "at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise".

(V) Board Meeting

Three board meetings were held by the Company in the first half of 2015 and the major matters covered were as follows:

- To consider and approve the interim business plan for 2014 of the Company;
- To consider and approve the financial budget for 2015 of the Company;
- To consider and approve the annual investment plan for 2015 of the Company;
- To consider and approve the delegation of authority to the Chairman of and/or the secretary to the Board of Directors to approve and issue voluntary and non-trading announcements;
- To consider and confirm the independence of Independent Non-executive Directors;
- To consider and approve the remuneration packages of Directors and Supervisors;
- To consider and approve the issue and allotment of shares;
- To consider and approve the annual report;
- To consider and approve lending limits and to authorize the provision of loans;
- To consider and approve the appointment of auditors;
- To consider and approve the convening of annual general meeting;
- To approve the connected transactions of Dongfeng Special Commercial Vehicle Co., Ltd.;
- To consider and approve the cooperation between Dongfeng Motor Corporation and Faurecia to jointly carry out auto parts and equipments business;
- To consider and approve the joint investment and establishment of research and development centre by the Company, PSA and Dongfeng Peugeot Citroen Automobile Company Ltd.;
- To consider and approve the connected transaction regarding the development of low-cost vehicles platform by the Company and PSA;
- To consider and approve the connected transaction regarding the transfer of Xiangyang Assets (襄陽資產) , the technology centre of the Company;
- To elect the Chairman of the Board of Directors and appoint members and chairmen of relevant committees of the Company.

Meetings of Board of Directors allows effective discussion and prompt and prudent decision. As at 30 June 2015, the attendance of directors at meetings of Board of Directors is as follows:

Members	The Board	Meetings/Times Attendance	Note
Executive Directors			1. Mr. Xu Ping resigned on 19 June 2015;
Mr. Zhu Yanfeng	0/1	0	
Mr. Xu Ping	2/2	100%	
Mr. Zhu Fushou	3/3	100%	
Mr. Li Shaozhu	1/3	33.33%	2. Mr. Zhou Qiang resigned on 19 June 2015;
Non-executive Directors			
Mr. Tong Dongcheng	2/3	66.67%	
Mr. Ouyang Jie	3/3	100%	
Mr. Liu Weidong	0/3	0	3. Mr. Zhu Yanfeng was appointed on 19 June 2015.
Mr. Zhou Qiang	2/2	100%	
Independent Non-executive Directors			
Mr. Ma Zhigeng	3/3	100%	
Mr. Zhang Xiaotie	3/3	100%	
Mr. Cao Xinghe	1/3	33.33%	
Mr. Chen Yunfei	3/3	100%	

The management of the Company is responsible for providing the Board with relevant information and data necessary for the consideration of various resolutions and arranging officers to report on the progress of various tasks, especially updates on major projects of the Company, at the Board meetings.

(VI) Committees under the Board

1. Audit Committee

The Company has established the Audit Committee in accordance with Rules 3.21 and 3.22 of the Listing Rules. The Audit Committee is mainly responsible for reviewing and monitoring the financial reporting process and internal control system of the Company, and making suggestions and advices to the Board. The committee is composed of three members, all of whom are Non-executive Directors of the Company (including two Independent Non-executive Directors). The chairman of the committee is Mr. Zhang Xiaotie, who has possessed the professional qualification as required under Rule 3.10(2) of the Listing Rules. The other two members are Mr. Chen Yunfei and Mr. Ouyang Jie.

The Audit Committee has reviewed the unaudited financial report of the Group for the six months ended 30 June 2015.

2. Remuneration Committee

The Company has established the Remuneration Committee in accordance with Rules 3.25 and 3.26 of the Listing Rules. The Remuneration Committee is mainly responsible for formulating the remuneration proposals of Directors, Supervisors and senior management and medium and long term incentive schemes and submitting the same to the Board for approval. The committee is composed of three members, including two Independent Non-executive Directors. The chairman of the committee is Mr. Ma Zhigeng, and the other two members are Mr. Cao Xinghe and Mr. Li Shaozhu.

3. Nomination Committee

The Company has established the Nomination Committee in accordance with Rules A.5.1 to A.5.4 of Corporate Governance Code. The Nomination Committee is mainly responsible for nominating candidates of Directors, studying and reviewing the criteria and procedures for the nomination and selection of Director candidates, and making recommendations. The committee is composed of three members, a majority of whom are independent non-executive Directors. Mr. Zhu Yanfeng, the chairman of the Company, has been appointed as the chairman of the Nomination Committee from 19 June 2015 upon the approval of the seventeenth meeting of the fourth session of the Board of the Company. The other two members of the committee are Mr. Ma Zhigeng and Mr. Zhang Xiaotie, both of whom are Independent Non-executive Directors of the Company.

(VII) Internal Control

In the first half of 2015, the Board has fully evaluated the effectiveness of the internal control system of the Company through the Audit Committee and the audit department of the Company with focuses on the control environment, risk assessment, control activity, information and communication as well as supervision. According to the evaluation, the Board believes that, during the first half of the year, the Company had a complete and fully effective internal control system covering various aspects including corporate governance, operation, investment, finance, administration and human resources.

The Board also believes that the internal control system aims to manage potential risks instead of eliminating risks. Therefore, the internal control system of the Company provides reasonable protection, rather than absolute guarantee, for the Company to realize its operation goals.

III. MAJOR MATTERS

Interim results and dividends

The results for the six months ended 30 June 2015 of the Group and the financial states of affairs of the Group as at that date are set out in the unaudited interim condensed consolidated financial statements on page 32 to 38 of this interim report.

The Board of Directors resolved not to distribute any dividends for the earnings of the Company for the first half of 2015.

Major acquisitions and disposals of subsidiaries, joint ventures and associates

On 5 January 2015, the Company transferred 45% equity interest in Dongfeng Commercial Vehicle Co., Ltd. to Volvo (the “Equity Transfer Transaction”). Based on the disclosed pricing adjustment mechanism, the consideration for the Equity Transfer Transaction was RMB5,510,000,000 (equivalent to approximately HK$6,887,500,000). Following the completion of the Equity Transfer Transaction, the Company and Volvo hold 55% and 45% of the equity interest in Commercial Vehicle Co., Ltd., respectively.

On 25 March 2015, Dongfeng Motor Corporation and Dongfeng Special Commercial Vehicle Company entered into the Equity Transfer Agreement. Pursuant to the Equity Transfer Agreement, Dongfeng Motor Corporation agreed to transfer its special commercial vehicle business to Dongfeng Special Commercial Vehicle Company.

Material legal proceedings

In February 2014, Dongfeng Commercial Vehicle Co., Ltd. (“DFCV”), a wholly-owned subsidiary of the Company, was served with a notice of arbitration. The arbitration was initiated by the claimant of the arbitration in respect of dispute arising from an agreement and other relevant agreements entered into by the claimant with the Company and DFCV (the “Dispute”). The claimant sought damages totaling BRL1,670 million, together with related expenses. For details of the Dispute, please refer to the announcement of the Company dated 17 February 2014.

The Company and DFCV reached a settlement with the claimant. For details of the Compromise, please refer to the announcement of the Company dated 6 September 2015.

Share capital

As at 30 June 2015, the total share capital of the Company was RMB8,616,120,000 divided into 8,616,120,000 ordinary shares of RMB1 each, of which 5,760,388,000 shares were Domestic Shares, representing approximately 66.86% of the total number of shares in issue, and 2,855,732,000 shares were H Shares, representing approximately 33.14% of the total number of shares in issue.

Interests of substantial shareholders

As at 30 June 2015, the interest and short positions of the persons who hold 5% or more of the class shares in the issued share capital of the Company (other than directors and supervisors of the Company), as recorded in the register required to be kept by the Company pursuant to Section 336 of the Securities and Futures Ordinance are set out below:

Long Position and Lending Pool

Name	Class of Shares	Number of shares held	Percentage in the class of issued share capital (%)	Percentage in the total share capital (%)
Dongfeng Motor Corporation	Domestic shares	5,760,388,000	100	66.86
JPMorgan Chase & Co.	H Shares	285,628,979(L)	10.00(L)	3.31
		9,363,131(S)	0.32(S)	0.10
		224,737,431(P)	7.86(P)	2.60
SCMB Overseas Limited	H Shares	242,282,000(L)	9.76(L)	2.81
Standard Chartered Asia Limited	H Shares	242,282,000(L)	9.76(L)	2.81
Standard Chartered Bank	H Shares	242,282,000(L)	9.76(L)	2.81
Standard Chartered Holding Limited	H Shares	242,282,000(L)	9.76(L)	2.81
Standard Chartered Holdings (International) B.V.	H Shares	242,282,000(L)	9.76(L)	2.81
Standard Chartered MB Holdings B.V.	H Shares	242,282,000(L)	9.76(L)	2.81
Standard Chartered Private Equity Limited	H Shares	242,282,000(L)	9.76(L)	2.81
BlackRock, Inc.	H Shares	253,172,986(L)	8.87(L)	2.93
		2,000(S)	0.00(S)	0.00
Prudential plc	H Shares	168,965,093(L)	5.92(L)	1.96
Edinburgh Partners Limited	H Shares	153,514,000(L)	5.38(L)	1.78

Notes:

(L) — Long Position
(S) — Short Position
(P) — Lending Pool

Directors' and supervisors' interests in the share capital of the company

As at 30 June 2015, the Company is not aware of any interests in the share capital of the Company held by the directors or supervisors of the Company or any dealings in the equity interests of our Company conducted by them during the six months ended 30 June 2015.

Stock appreciation rights

The shareholders of the Company adopted a plan of stock appreciation rights, or SARs, for the core management and technicians of the Company. The plan is designed to link the financial interests of the Company's senior management with the future results of operations and the price and performance of H Shares of the Dongfeng Motor Group. No Shares are to be issued under the SAR plan. Consequently, the shareholdings of the Company's shareholders will not be diluted as a result of the granting of SARs.

The first and second rounds of share appreciation rights were fully expired, including those being exercised, waived and lapsed.

The Company granted the third round of share appreciation rights on 16 July 2013. In this round, 40,198,000 units of share appreciation rights were granted at a grant price of HK$9.67. There is a minimum vesting period of two years from the date of grant before the share appreciation rights can be exercised subject to the following restrictions:

(a) in the third year following the date of grant, a maximum of 33% of the share appreciation rights granted may be exercised;

(b) in the fourth year following the date of grant, another 33% of the share appreciation rights granted may be exercised; and

(c) in the fifth year following the date of grant, the remaining 34% of the share appreciation rights granted may be exercised.

The third round of the share appreciation rights plan was approved at the meeting of the Board of Directors held on 27 March 2012, and the implementation of the grant has been approved by the State-owned Assets Supervision and Administration Commission of the State Council.

Purchase, sale or redemption of listed securities of the company

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

(I) ANALYSIS OF THE MAJOR BUSINESSES

The table below sets forth the comparison of interim financial information for 2015 based on proportionate consolidation and equity method:

	The Group (based on proportionate consolidation) RMB million	Joint ventures RMB million	The Group (based on equity method) RMB million
Revenue	109,212	43,359	65,853
Cost of sales	(88,957)	(31,530)	(57,427)
Other income	1,967	1,123	844
Selling and distribution costs	(5,691)	(2,110)	(3,581)
Administrative expenses	(3,212)	(1,611)	(1,601)
Other expenses, net	(4,217)	(1,934)	(2,283)
Finance income/(costs)	302	(55)	357
Share of profits and losses of associates	793	108	685
Share of profits and losses of joint ventures	—	(5,181)	5,181
Profit before tax	10,197	2,169	8,028
Income tax expenses	(2,486)	(1,777)	(709)
Profit for the year	7,711	392	7,319
Attributable to:			
Equity holders of the parent	6,885	—	6,885
Non-controlling interests	826	392	434
Total assets	218,165	60,693	157,472
Total liabilities	(128,537)	(57,111)	(71,426)
Net assets	89,628	3,582	86,046
Equity attributable to equity holders of the parent	79,915	—	79,915
Non-controlling interests	9,713	3,582	6,131

1. Revenue

After a continuous and rapid growth for a decade, the growth of automobile market in China slowed down significantly. The automobile market is increasingly affected by a number of factors, including the changing in consumption pattern, concern of energy reservation and environment protection and the application of internet technology. On the other hand, the government has introduced stricter standards on automotive products in respect of safety, fuel efficiency and environment protection. Some local governments have even restricted the use and purchase of cars with a view to easing the problem of deteriorating traffic condition. The competition in the industry has been increasingly intense.

In the first half of 2015, in face of the challenges brought by the slowdown of economy and automobile industry, the Group adhered to its prudent operation strategy and enhanced the collaboration among all business segments. The Group also exerted efforts in expanding its domestic and overseas markets and maintained its leading position in the industry. The passenger vehicles market maintained moderate growth due to rigid demand. The commercial vehicles market remained lackluster. However, China was still the largest car market in the world. As of 30 June 2015, a total of approximately 11,850,300 vehicles were sold, representing an increase of approximately 1.4% over the corresponding period last year. Sales volume of passenger vehicle was approximately 10,095,600 units, representing an increase of approximately 4.8% over the corresponding period last year while the sales volume of commercial vehicles was approximately 1,754,700 units, representing a decrease of 14.4% over the corresponding period last year.

In the first half of 2015, the Group managed to overcome various risks and challenges and achieved steady growth. The total sales of the Group for the period were approximately 1,340,400 units, representing a decrease of approximately 4.9% over the corresponding period last year. Sales of passenger vehicles were approximately 1,161,300 units, representing a decrease of approximately 1.6% over the corresponding period last year. Sales of commercial vehicles were approximately 1,791,000 units, representing a decrease of approximately 21.5% over the corresponding period last year. The Group had a domestic market share of approximately 11.3% in terms of sales volume, representing a decrease of 0.8 percentage point over the corresponding period last year. The market share of its passenger vehicles was approximately 11.5%, representing a decrease of approximately 0.8 percentage point over the corresponding period last year. The market share of its commercial vehicles was 10.2%, representing a decrease of approximately 0.9 percentage point over the corresponding period last year. The Group will further expand its market, improve its product quality and enhance its brand recognition.

The revenue of the Group based on proportionate consolidation was approximately RMB109,212 million, representing an increase of approximately RMB14,204 million, or 15.0%, as compared with approximately RMB95,008 million of the corresponding period last year. The increase was mainly due to the change in basis of consolidation and the increase in sales of new models of passenger vehicles.

The revenue of the Group based on equity method was approximately RMB65,853 million, representing an increase of approximately RMB33,316 million, or 102.4%, as compared with approximately RMB32,537 million of the corresponding period of last year. The increase was mainly due to the change in basis of consolidation and the increase in sales of new models of passenger vehicles.

	The first half of 2015		The first half of 2014	
	Sales revenue (based on proportionate consolidation) RMB million	Sales revenue (based on equity method) RMB million	Sales revenue (based on proportionate consolidation) RMB million	Sales revenue (based on equity method) RMB million
Passenger vehicles	82,215	44,371	66,292	7,516
Commercial vehicles	25,132	20,350	27,440	24,235
Finance	1,238	964	879	727
Others	972	203	810	90
Elimination	(345)	(35)	(413)	(31)
Total	109,212	65,853	95,008	32,537

1.1 Passenger vehicle

The joint ventures engaging in whole vehicle business of the Group fully capitalized on the advantages of their brand and products and optimized their product portfolio and production capacity to meet market demands. Innovative marketing channels were introduced to meet various needs of customers. The proprietary brands of the Group put efforts in product development and enhanced the collaboration among all business segments for the establishment of a well-organized operation. The Group actively expanded the overseas market for its proprietary brands to consolidate its position in the overseas market. The revenue from the sales of passenger vehicles segment of the Group for the period based on proportionate consolidation increased by approximately RMB15,923 million, or 24.0%, to approximately RMB82,215 million from approximately RMB66,292 million of the corresponding period of last year. The revenue from sales of whole passenger vehicles for the period increased by approximately RMB17,660 million, or 30.0%, to approximately RMB76,604 million from approximately RMB58,944 million of the corresponding period of last year. The increase was mainly due to the change in basis of consolidation and the increase in sales of new models of passenger vehicles.

Based on equity method, the revenue from sales of passenger vehicles segment for the year increased by approximately RMB36,855 million, or 490.4%, to approximately RMB44,371 million from approximately RMB7,516 million of the corresponding period last year. The increase was mainly due to the change in basis of consolidation and the increase in sales of new models of passenger vehicles.

1.2 Commercial vehicle

The commercial vehicle market was significantly affected by the economic policies and regulations introduced by the government during the period. On the one hand, the rapid growth of the market could no longer sustain as a result of the slowdown of economic growth. On the other hand, the costs of vehicles increased due to stricter emission control, in particular the implementation of CN IV Standards (國IV法規) in 2015. The market of commercial market declined significantly.

In response to the changing commercial vehicle market, the Group implemented a number of measures to restructure product portfolio, to sell down stock, to control procurement cost, to improve product competitiveness and to expand overseas markets. The drop in revenue of the Group was less than the industry average. The sales volume of heavy trucks of the Group was the highest in the industry.

The revenue from sales of commercial vehicles segment of the Group based on proportionate consolidation decreased by approximately RMB2,308 million, or 8.4%, to approximately RMB25,132 from approximately RMB27,440 million of the corresponding period last year. The revenue from sales of whole commercial vehicles decreased by approximately RMB920 million, or 4.2%, to approximately RMB21,120 million from approximately RMB22,040 million of the corresponding period last year.

Based on equity method, the revenue from sales of commercial vehicles segment of the Group decreased by approximately RMB3,885 million, or 16.0%, to approximately RMB20,350 million from RMB24,235 million of the corresponding period last year.

A number of key government projects of highway, railway, airport and water resources will be launched in the second half of the year. The importance of investment and consumption in the economic structure has changed. The importance of consumption in economic growth has been increasing and will further increase. Consumption will drive up the demand of transportation, in particular land transportation, and the demand of commercial vehicles of the Group.

1.3 Financial Business

The revenue of financial business based on proportionate consolidation increased by approximately RMB359 million, or 40.8%, to approximately RMB1,238 million from approximately RMB879 million of the corresponding period last year.

During the year, the revenue of financial business based on equity method increased by approximately RMB237 million, or 32.6%, to approximately RMB964 million from RMB727 million of the corresponding period last year. The financial business of the Group maintained its rapid growth.

2. Cost of sales and gross profit

Total cost of sales of the Group for the first half of 2015 based on proportionate consolidation amounted to approximately RMB88,957 million, representing an increase of approximately RMB13,926 million, or 18.6%, as compared with approximately RMB75,031 million of the corresponding period last year.

Total cost of sales of the Group for the first half of 2015 based on equity method amounted to approximately RMB57,427 million, representing an increase of RMB29,429 million, or 105.1%, as compared with approximately RMB27,998 million of the corresponding period last year.

The total gross profit of the Group for the first half of 2015 based on proportionate consolidation was approximately RMB20,255 million, representing an increase of approximately RMB278 million, or 1.4%, as compared with approximately RMB19,977 million of the corresponding period last year. The comprehensive gross margin decreased by 2.5 percentage points to approximately 18.5%, as compared approximately 21.0% of the corresponding period last year.

The total gross profit of the Group for the first half of 2015 based on equity method was approximately RMB8,426 million, representing an increase of approximately RMB3,887 million, or 85.6%, as compared with approximately RMB4,539 million of the corresponding period last year. The comprehensive gross margin decreased by 1.2 percentage points to approximately 12.8% from approximately 14.0% of last year.

Striving to expand market and sales volume, the Group also proactively reduced costs and improved efficiency for higher profitability and the sustainability of operation results.

3. Other incomes

Total other incomes of the Group based on proportionate consolidation amounted to approximately RMB1,967 million, representing a increase of approximately RMB106 million as compared with approximately RMB1,861 million of the corresponding period last year.

Total other incomes of the Group based on equity method were approximately RMB844 million, representing an increase of approximately RMB212 million as compared with approximately RMB632 million of the corresponding period last year.

4. Selling and distribution costs

The selling and distribution costs of the Group based on proportionate consolidation increased by approximately RMB700 million to approximately RMB5,691 million from approximately RMB4,991 million of the corresponding period last year. The proportion of selling and distribution costs to sales revenue decreased by approximately 0.1 percentage point to approximately 5.2% from approximately 5.3% of the corresponding period last year.

The selling and distribution costs of the Group based on equity method increased by approximately RMB2,364 million to approximately RMB3,581 million from approximately RMB1,217 million of the corresponding period last year.

The increase in selling and distribution costs was mainly attributable to the additional advertisement expenses for new products.

5. Administrative expenses

The total administrative expenses of the Group based on proportionate consolidation increased by approximately RMB139 million to approximately RMB3,212 million from approximately RMB3,073 million of the corresponding period last year. The proportion of administrative expenses to sales revenue decreased by approximately 0.3 percentage point to approximately 2.9% from approximately 3.2% of the corresponding period last year.

The total administrative expenses of the Group based on equity method increased by approximately RMB148 million to approximately RMB1,601 million from approximately RMB1,453 million of the corresponding period last year.

The increase was mainly attributable to the change in consolidated bases, and the increase in labour cost and depreciation and amortization.

6. Other expenses, net

The net other expenses of the Group based on proportionate consolidation amounted to approximately RMB4,217 million, representing an increase of approximately RMB549 million as compared with approximately RMB3,668 million of the corresponding period last year.

The net other expenses of the Group based on equity method increased by approximately RMB1,056 million to approximately RMB2,283 million from approximately RMB1,227 million of the corresponding period last year.

The increase of other net expenses was mainly attributable to the additional expenses of technology development. The Company is committed to improve its research and development ability so as to maintain its leading position in core research ability. In the first half of 2015, the Group has introduced a number of new products. The Group has maintained its development ability successfully enhance its core competitiveness and brand position.

7. Staff costs

The staff costs (including directors' and supervisors' emoluments) of the Group based on proportionate consolidation amounted to approximately RMB5,727 million, representing an increase of approximately RMB694 million as compared with approximately RMB5,033 million of the corresponding period last year. The ratio of staff costs over sales revenue was 5.2%, a decrease of 0.1 percentage point as compared to 5.3% of the corresponding period last year.

The staff costs based on equity method was approximately RMB2,721 million, an increase of approximately RMB339 million when compared with approximately RMB2,382 million of the corresponding period last year.

The increase was mainly attributable to additional salaries and benefits as a result of a higher demand of labour in line with the increases in production and sales of vehicles. The increase in labour cost was also due to the regular wages adjustment.

8. Depreciation charges

The depreciation and amortization charges based on proportionate consolidation was approximately RMB2,737 million, an increase of RMB487 million when compared with approximately RMB2,250 million for the corresponding period last year.

The depreciation and amortization charges of the Group based on equity method amounted to approximately RMB823 million, representing an increase of approximately RMB178 million when compared with approximately RMB645 million of the corresponding period last year.

9. Finance income/(costs)

The finance costs of the Group based on proportionate consolidation amounted to approximately RMB-302 million, representing a decrease of approximately RMB613 million when compared with approximately RMB311 million of the corresponding period last year.

The finance costs of the Group based on equity method was approximately RMB-357 million, a decrease of approximately RMB593 million when compared with approximately RMB236 million of the corresponding period last year.

The decrease was mainly attributable to the exchange gains of loans of the Group denominated in Euro and the decrease of interest due to the decrease of loans.

10. Income tax

The income tax of the Group based on proportionate consolidation amounted to approximately RMB2,486 million, representing an decrease of approximately RMB645 million when compared with approximately RMB3,131 million of the corresponding period last year. The effective tax rate was approximately 24.4% for the period, representing a decrease of approximately 1.5 percentage points when compared with 25.9% of the corresponding period last year.

The income tax of the Group based on equity method amounted to approximately RMB709 million, representing a decrease of approximately RMB168 million when compared with approximately RMB877 million for the corresponding period last year. The effective tax rate was 8.8% for the period, a decrease of 0.5 percentage point when capered with 9.3% of the corresponding period last year.

11. Profit for the year

As a result of the above, the profit attributable to shareholders of the Group based on proportionate consolidation amounted to approximately RMB7,711 million, representing a decrease of approximately RMB1,241 million, or 13.9%, when compared with approximately RMB8,952 million for the corresponding period last year. Earnings per share was approximately RMB89.49 cents, representing n decrease of approximately RMB14.41 cents, or 13.9%, when compared with approximately RMB103.90 cents for the corresponding period last year. The net profit margin (a percentage of profit attributable to shareholders to total revenue) was approximately 6.3%, representing a decrease of approximately 2.6 percentage points when compared with 8.9% of the corresponding period last year. The return on net assets (a percentage of profit attributable to shareholders to average of net assets) was approximately 17.9%, representing a decrease of 7.6 percentage points when comparing with approximately 25.5% of the corresponding period last year.

The profit attributable to shareholders of the Group based on equity method was approximately RMB7,319 million, representing a decrease of approximately RMB1,230 million, or 14.4 percentage points, when compared with that of approximately RMB8,549 million for the corresponding period last year. The net profit margin (a percentage of profit attributable to shareholders to total revenue) was approximately 10.5%, representing a decrease of approximately 15.6 percentage points when compared with approximately 26.1% of the corresponding period last year. The return on net assets (a percentage of profit attributable to shareholders to average net assets) was approximately 17.9%, representing a decrease of approximately 7.6 percentage points when compared with approximately 25.5% of the corresponding period last year.

12. Total assets

The total assets of the Group based on proportionate consolidation amounted to approximately RMB218,165 million, representing an increase of approximately RMB14,959 million when compared with approximately RMB203,170 million at the beginning of the year. The increase was mainly due to the increase in cash, receivables.

The total assets of the Group based on equity method was approximately RMB157,472 million, a decrease of approximately RMB10,496 million as compared to approximately RMB146,976 million as at the beginning of the year.

13. Total liabilities

Total liabilities of the Group for the period based on proportionate consolidation amounted to approximately RMB128,537 million, representing an increase of approximately RMB4,530 million when compared with approximately RMB124,007 million as at the beginning of the year. The increase was mainly due to the increase in payables and other payables.

Total liabilities was approximately RMB71,426 million based on equity method, representing a decrease of approximately RMB115 million as compared to approximately RMB71,541 million as at the beginning of the year.

14. Total equity

Total equity of the Group for the period based on proportionate consolidation amounted to approximately RMB89,628 million, representing an increase of approximately RMB10,465 million when compared with approximately RMB79,163 million at the beginning of the year. Equity attributable to equity holders of parent company amounted to approximately RMB79,915 million, representing an increase of approximately RMB6,099 million when compared with approximately RMB73,816 million at the beginning of the year.

Total equity of the Group based on equity method was approximately RMB86,046 million, an increase of approximately RMB10,611 million as compared to approximately RMB75,435 million as at the beginning of the year.

15. Liquidity and Sources of Capital

(Proportionated consolidation)	Six month ended 30 June 2015 (RMB million)	Six month ended 30 June 2014 (RMB million)
Net cash flows generated from operating activities	13,079	5,325
Net cash flows used in investing activities	(3,061)	(11,357)
Net cash flows generated from financing activities	1,471	13,998
Net increase in cash and cash equivalents	11,489	7,966

Net cash inflows from operating activities of the Group amounted to approximately RMB13,079 million. Net cash outflows from investing activities of the Group amounted to approximately RMB3,061 million. Net cash inflows from financing activities of the Group amounted to approximately RMB1,471 million.

(Equity method)	Six month ended 30 June 2015 (RMB million)	Six month ended 30 June 2014 (RMB million)
Net cash flows generated from/(used in) operating activities	3,784	(1,122)
Net cash flows generated from/(used in) investing activities	3,616	(5,943)
Net cash flows generated from financing activities	1,351	12,961
Net increase in cash and cash equivalents	8,751	5,896

Net cash inflows from operating activities of the Group amounted to approximately RMB3,784 million, reflecting mainly (1) profit before tax of approximately RMB2,264 million, net of non-cash items of depreciation and impairment; (2) increase of approximately RMB4,122 million in trading receivable, note receivable, prepayments, deposits and other receivables; (3) decrease of stock of approximately RMB1,259 million; (4) increase of approximately RMB3,843 million of trading payable, notes payable and other payable and accrued liabilities; (5) an increase of approximately RMB1,252 million resulting from the decrease in loans and receivables generated from financial business; (6) deposits of financial business increased by approximately RMB753 million; and (7) paid income tax of approximately RMB1,508 million.

Net cash inflows from investing activities of the Group amounted to approximately RMB3,616 million, mainly reflecting: (1) spending approximately RMB1,182 million on property, plants and facilities to increase productivity and develop new products; (2) payment of consideration of approximately RMB1,264 million in cash for the acquisition of equity interest in subsidiary;and (3) dividend of approximately RMB5,900 million from joint ventures and associated companies.

Net cash inflows from financing activities of the Group amounted to approximately RMB1,351 million, mainly reflecting (1) an decrease in net bank borrowings of approximately RMB1,184 million; (2) a decrease in bonds of approximately RMB2,611; (3) approximately RMB370 million dividend to shareholders; and (4) consideration of approximately RMB5,506 million in cash for the disposal of equity interest in subsidiary.

As a result of the above, the Group's cash and cash equivalents (excluding time deposits with an original maturity of three months or more) amounted to approximately RMB31,984 million based on equity method as at 30 June 2015, representing an increase of approximately RMB8,751 million when compared with approximately RMB23,233 million as at 31 December 2014. Cash and bank balances (including time deposits with an original maturity of three months or more) amounted to approximately RMB33,984 million, representing an increase of approximately RMB8,751 million when compared with approximately RMB25,233 million as at 31 December 2014. Net cash (cash and bank balances less borrowings) of the Group amounted to approximately RMB23,296 million, representing an increase of approximately RMB12,142 million when compared with approximately RMB11,154 million as at 31 December 2014.

As at 30 June 2015, the Group's equity ratio (percentage of total borrowings to total shareholders' equity) based on proportionate consolidation was approximately 27.1%, representing a decrease of approximately 4.6 percentage points as compared with approximately 31.7% as at 31 December 2014. The Group's liquidity ratio was approximately 1.15 times, representing a decrease of approximately 0.07 times from approximately 1.08 times as at 31 December 2014. The Group's quick ratio was approximately 1.00 times, representing an increase of 0.08 times from approximately 0.92 times as at 31 December 2014.

As at 30 June 2015, the Group's equity ratio, as a percentage of total borrowings to total shareholders' equity) based on equity method was approximately 17.8%, representing a decrease of approximately 6.2 percentage points as compared with approximately 24.0% as at 31 December 2014. The Group's liquidity ratio was approximately 1.17 times, representing an increase of approximately 0.14 times from approximately 1.03 times as at 31 December 2014. The Group's quick ratio was approximately 1.05 times, representing an increase of 0.17 times from approximately 0.88 times as at 31 December 2014.

Inventory turnover days of the Group for the period based on proportionate consolidation was approximately 36 days, representing an decrease of approximately 2 days over the turnover days of approximately 38 days for the corresponding period of last year. The Group's turnover days of receivables (including bills receivable) decreased by approximately 8 days to approximately 72 days from approximately 80 days for the corresponding period of last year, and the turnover days of receivables (excluding bills receivable) was approximately 14 days, as the same as approximately 14 days for the corresponding period of last year. The turnover days of bills receivable was approximately 58 days, representing a decrease of approximately 8 days over the turnover days of approximately 66 days for the corresponding period of last year.

Inventory turnover days of the Group for the period based on equity method was approximately 27 days, representing a decrease of approximately 13 days over the turnover days of approximately 40 days for the corresponding period of last year. The Group's turnover days of receivables (including bills receivable) decreased by approximately 25 days to approximately 57 days from approximately 82 days for the corresponding period of last year, and the turnover days of receivables (excluding bills receivable) was approximately 15 days, representing an decrease of approximately 2 days over the turnover days of approximately 17 days for the corresponding period of last year. The turnover days of bills receivable was approximately 42 days, representing a decrease of approximately 23 days over the turnover days of approximately 65 days for the corresponding period of last year. The Group adopts stringent polices for the management of bills receivable and only accepts applications by trustworthy banks and customers with financial strengths, while the credit risks related to bank promissory notes are assumed by the customers' banks.

(II) ANALYSIS OF CORE COMPETITIVENESS

Dongfeng Motor Group has maintained its industry leading position and achieved a steady growth momentum in an intense competitive market. Its core competitive edge is mainly reflected in the following aspects:

1. Strong industry influence

Dongfeng Motor Corporation, the parent of the Company, is a super large state-owned enterprise directly managed by SASAC. Dongfeng Motor Corporation has maintained its leading position in the largest vehicle market with the rapidest growth in the world, and has ranked second in the industry for consecutive years in term of production and sales of vehicle and ranked 113th in Fortune Global 500 in 2014 and 4th among all manufacturers in the PRC. It has strong industry influence in the PRC vehicle industry. The Company has been strongly supported by the government due to the great influence and importance of the vehicle industry on the economic development of the PRC and the leading position of Dongfeng Motor Corporation as a state-owned enterprise. The Company has acted as the platform for the operation of core assets and capital.

2. Leading position in the domestic commercial vehicles market

Dongfeng Motor Group is the most competitive manufacturer of commercial vehicles in China, and has set up a comprehensive value chain in the commercial vehicle sector. It maintains a leading position in China in terms of the system and capacity of research and development, auto parts, advanced production system and perfect sale services. Leveraging on the strategic cooperation with VOLVO group, the technologies and products quality, international development and resources cooperation of Dongfeng Commercial Vehicle Co., Ltd. have improved significantly. Furthermore, the strategies of "One Belt and One Road" and "going out" of the PRC brought valuable strategic opportunities to the international operation of Dongfeng Commercial Vehicle Co., Ltd.

3. Strong Dongfeng brand in China

The trademark of Dongfeng was the first well-known trademark in the vehicle industry of the PRC and Dongfeng brand is a well-known brand in the PRC. In 1997, Dongfeng brand was named as "Well-known Trademark in the PRC", which was the only honor that the vehicle industry in the PRC received at that time. In 2011, "Tianlong", the trademark of heavy truck of Dongfeng, was accredited as "Well-known Trademark in the PRC". Among the list of Top 500 Brands in the World announced by Brand Finance, 28 auto brands in the world were listed, among which, Dongfeng was the only Chinese auto brand. According to World Brand Lab, the brand value of Dongfeng amounted to approximately RMB67 billion among "Top 500 Most Valuable Brand in China" in 2014.

4. Most comprehensive products and best business network in the industry

Dongfeng Motor Group has the most comprehensive product mix in the domestic vehicle market with business lines in each major segment. The business scale of each segment was in line with the demand in vehicle industry in the PRC. With its comprehensive product lines, reasonable business structure and balanced development of segments, Dongfeng Motor Group is equipped with strong capability to overcome risks of industrial cycle.

5. Global vision and management philosophy

Dongfeng Motor Group adopts a strategy to explore business cooperation in the highly competitive auto industry with strong market awareness and global vision. Dongfeng Motor Group aims to achieve growth through business cooperation and organic development. Dongfeng Motor Group develops products and streamlines its business procedures according to the market trend and insists to maintain the quality of management while striving for rapid growth. Dongfeng Motor Group has established a distinctive management model by studying and learning from the advanced management experience and methods in the global market. Benefiting from the advanced management philosophy and global vision, Dongfeng Motor Group is able to expand overseas and enhance its international management level.

In 2014, the Company acquired equity interests in PSA and became one of its three largest shareholders. In addition to participating in the management of PSA Group, the Company also enhanced the all-rounded strategic cooperation between Dongfeng Group and PSA Group, which facilitated the rapid and sound growth of Dongfeng Peugeot Citroën Automobile Company Ltd and the proprietary business of the Company.

6. Satisfactory development of joint venture business

All joint venture business lines of Dongfeng Motor Group maintain steady and sound growth. The strategic mutual trust between Dongfeng Motor Group and its partners has been strengthening, and the shareholders provide more support to the joint ventures in the PRC market, the largest automobile market with the fastest growth in the world. As development of the joint ventures further expands, their product portfolio, distribution network, production capacity and research and development are constantly improving. The joint ventures maintain a leading position in the industry in terms of their profitability.

The sound development of joint venture business provides strong supports, including sufficient capital, professional teams and management supports, to the general business growth of Dongfeng Motor Group, especially to the growth of its proprietary brands.

7. Experienced management team and remarkable corporate culture

The management members of the Company are outstanding management talents with extensive experiences in operation and management of automobile business and excellent track records. Throughout its 46 years of healthy and unsurpassed development, the Company has cultivated outstanding and cohesive corporate culture, which directs its staff to adhere to the objectives and motivates the innovation and development of the Company. At present, the “Trinity” culture is the core value of the sustainable development of the Company.

Directors, Supervisors and Senior Management

During the disclosure period of 2015 interim report, the Directors, Supervisors and senior management of the Company include:

DIRECTORS

Zhu Yanfeng(竺延風)	Executive Director and Chairman of the Board of Directors
Zhu Fushou (朱福壽)	Executive Director and President
Li Shaozhu (李紹燭)	Executive Director
Tong Dongcheng (童東城)	Non-executive Director
Ouyang Jie (歐陽潔)	Non-executive Director
Liu Weidong (劉衛東)	Non-executive Director
Ma Zhigeng (馬之庚)	Independent Non-executive Director
Zhang Xiaotie (張曉鐵)	Independent Non-executive Director
Cao Xinghe (曹興和)	Independent Non-executive Director
Chen Yunfei (陳雲飛)	Independent Non-executive Director

SENIOR MANAGEMENT

Cai Wei (蔡瑋)	Vice President and the Secretary of the Board of Directors

SUPERVISORS

Ma Liangjie (馬良杰)	Chairman of the Supervisory Committee
Zhao Jun (趙軍)	Independent Supervisor
Zhong Bing (鐘兵)	Supervisor representing employees

HEADS OF DEPARTMENTS

The head of the Audit Department of the Company is Mr. Kang Li.

The head of the Personnel Department of the Company is Mr. He Wei.

The head of the Financial Accounting Department of the Company is Mr. Qiao Yang.

The head of the Technical Development Department of the Company is Mr. Li Jiangang.

The head of the Operation Management Department of the Company is Mr. Lei Ping.

The head of the Organization and Information Department of the Company is Mr. Lv Chuanwen.

The head of the International Business Department of the Company is Mr. Pan Chengzheng.

The head of the President's Office of the Company is Mr. Zhao Shuliang.

The head of the Strategic Planning Department of the Company is Mr. Liao Zhenbo.

The head of the Corporate Culture Department of the Company is Mr. Chen Yun.

The head of the Supervisory Department of the Company is Mr. Zhang Changdong.

The head of the Staff Relation Department of the Company is Mr. Zhong Bing.

The head of the Legal and Securities Affairs Department of the Company is Mr. Lu Feng.

The head of the Capital Operation Department of the Company is Mr. Lu Feng.

The representative at Beijing Office of the Company is Mr. Xu Yaosheng.

The Secretary for the Communist Youth League of the Company is Mr. Chen Bin.

Report on Review of Interim Financial Information

TO THE BOARD OF DIRECTORS OF DONGFENG MOTOR GROUP COMPANY LIMITED
(Incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 30 to 53, which comprises the interim condensed consolidated statement of financial position of Dongfeng Motor Group Company Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2015 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International 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 International Accounting Standard 34 "Interim Financial Reporting".

OTHER MATTERS

The condensed consolidated interim financial information includes comparative information as required by International Accounting Standard 34, "Interim financial reporting". The comparative information for the interim condensed consolidated statement of financial position is based on the audited financial statements as at 31 December 2014. The comparative information for the interim condensed consolidated statements of comprehensive income, changes in equity and cash flows, and related explanatory notes, for the period ended 30 June 2014 has not been audited or reviewed.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 August 2015

Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2015

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Six months ended 30 June 2015 RMB million (Unaudited)	2014 RMB million (Unaudited and restated)
Revenue	2	65,853	32,537
Cost of sales		(57,427)	(27,998)
Gross profit		8,426	4,539
Other income	3	844	632
Selling and distribution costs		(3,581)	(1,217)
Administrative expenses		(1,601)	(1,453)
Other expenses, net		(2,283)	(1,227)
Finance income/(costs)	5	357	(236)
Share of profits and losses of:			
Joint ventures		5,181	6,179
Associates		685	2,209
PROFIT BEFORE TAX	4	8,028	9,426
Income tax expense	6	(709)	(877)
PROFIT FOR THE PERIOD		7,319	8,549
Profit attributable to:			
Owners of the company		6,885	8,500
Non-controlling interests		434	49
		7,319	8,549
Earnings per share attributable to ordinary equity holders of the company:	8		
Basic for the period		79.91 cent	98.65 cent
Diluted for the period		79.91 cent	98.65 cent

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2015 RMB million (Unaudited)	2014 RMB million (Unaudited and restated)
PROFIT FOR THE PERIOD	**7,319**	8,549
OTHER COMPREHENSIVE INCOME		
Item that will not be reclassified subsequently to profit or loss		
Share of other comprehensive income of investments accounted for using the equity method	**156**	—
Items that may be reclassified to profit or loss		
Currency translation differences	**(604)**	—
Share of other comprehensive income of investments accounted for using the equity method	**233**	—
	(371)	—
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**(215)**	—
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**7,104**	8,549
Total comprehensive income attributable to:		
Equity holders of the company	**6,670**	8,500
Non-controlling interests	**434**	49
	7,104	8,549

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2015 RMB million (Unaudited)	31 December 2014 RMB million (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	9	12,350	11,862
Lease prepayments		980	984
Intangible assets		2,757	2,622
Goodwill		1,792	1,792
Investments in joint ventures		39,393	40,146
Investments in associates		9,795	9,360
Available-for-sale financial assets		189	190
Other non-current assets		7,126	8,378
Deferred tax assets		1,658	1,703
Total non-current assets		76,040	77,037
Current assets			
Inventories		8,615	9,874
Trade receivables	10	5,332	3,883
Bills receivables		15,177	12,273
Prepayments, deposits and other receivables		13,312	12,588
Due from joint ventures		1,508	2,463
Pledged bank balances and time deposits	11	3,504	3,625
Cash and cash equivalents	11	33,984	25,233
Total current assets		81,432	69,939
TOTAL ASSETS		157,472	146,976

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	Notes	30 June 2015 RMB million (Unaudited)	31 December 2014 RMB million (Restated)
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the company			
Issued capital		8,616	8,616
Reserves		10,193	9,213
Retained profits		61,106	54,262
Proposed final dividend		—	1,723
		79,915	73,814
Non-controlling interests		6,131	1,621
Total equity		86,046	75,435
Non-current liabilities			
Interest-bearing borrowings		173	350
Other non-current liabilities		647	698
Government grants		252	261
Due to joint ventures		—	1,265
Deferred tax liabilities		994	764
Total non-current liabilities		2,066	3,338
Current liabilities			
Trade payables	12	16,611	16,279
Bills payable		12,555	12,821
Other payables and accruals		15,470	12,640
Due to joint ventures		8,774	6,477
Interest-bearing borrowings	13	14,019	17,354
Income tax payables		301	1,375
Provisions		1,630	1,257
Total current liabilities		69,360	68,203
TOTAL LIABILITIES		71,426	71,541
TOTAL EQUITY AND LIABILITIES		157,472	146,976
Net current assets		12,072	1,736
Total assets less current liabilities		88,112	78,773

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the company						Non-controlling interests	Total equity
	Issued capital	Capital reserves	Statutory reserves	Retained profits	Proposed dividend	Total		
	RMB million (Unaudited and restated)	RMB million (Unaudited and restated)	RMB million (Unaudited and restated)	RMB million (Unaudited and restated)	RMB million (Unaudited and restated)	RMB million (Unaudited and restated)	RMB million (Unaudited and restated)	RMB million (Unaudited and restated)
As at 1 January 2015								
As previously reported	8,616	941	7,837	54,712	1,723	73,829	1,623	75,452
Restatement for business combination under common control	—	427	8	(450)	—	(15)	(2)	(17)
As restated	8,616	1,368	7,845	54,262	1,723	73,814	1,621	75,435
2014 final dividend declared	—	—	—	—	(1,723)	(1,723)	—	(1,723)
Total comprehensive income for the period	—	(215)	—	6,885	—	6,670	434	7,104
Transfer to reserves	—	—	41	(41)	—	—	—	—
Changes in ownership interests in subsidiaries without change of control	—	1,278	—	—	—	1,278	4,238	5,516
Share of Associates' other equity changes	—	3	—	—	—	3	—	3
Business combination under common control	—	(127)	—	—	—	(127)	208	81
Dividends paid to non-controlling shareholders	—	—	—	—	—	—	(370)	(370)
As at 30 June 2015	8,616	2,307	7,886	61,106	—	79,915	6,131	86,046

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	Attributable to owners of the company						Non-	
	Issued capital RMB million (Unaudited and restated)	Capital reserves RMB million (Unaudited and restated)	Statutory reserves RMB million (Unaudited and restated)	Retained profits RMB million (Unaudited and restated)	Proposed dividend RMB million (Unaudited and restated)	Total RMB million (Unaudited and restated)	controlling interests RMB million (Unaudited and restated)	Total equity RMB million (Unaudited and restated)
As at 1 January 2014								
As previously reported	8,616	1,541	6,574	44,853	1,551	63,135	899	64,034
Restatement for business combination under common control	—	433	1	(401)	—	33	11	44
As restated	8,616	1,974	6,575	44,452	1,551	63,168	910	64,078
2013 final dividend declared	—	—	—	—	(1,551)	(1,551)	—	(1,551)
Total comprehensive income for the period	—	—	—	8,500	—	8,500	49	8,549
Transaction with non-controlling shareholders	—	280	—	—	—	280	161	441
Share of Joint Ventures' other equity changes	—	(7)	—	—	—	(7)	—	(7)
Capital contribution from non-controlling shareholders	—	—	—	—	—	—	50	50
Dividends paid to non-controlling shareholders	—	—	—	—	—	—	(5)	(5)
As at 30 June 2014	8,616	2,247	6,575	52,952	—	70,390	1,165	71,555

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Six months ended 30 June 2015 RMB million (Unaudited)	2014 RMB million (Unaudited and restated)
Cash flows from operating activities			
Cash flows generated from operating activities		5,292	(372)
Income tax paid		(1,508)	(750)
Cash flows from/(used in) operating activities — net		3,784	(1,122)
Cash flows from investing activities			
Investments in associates, joint ventures and acquisition of control in subsidiaries		(1,309)	(9,405)
Dividends from joint ventures and associates		5,900	5,369
Other investing cash flow — net		(975)	(1,907)
Cash flows from/(used in) investing activities — net		3,616	(5,943)
Cash flows from financing activities			
Proceeds from changes in ownership interests in subsidiaries without change of control		5,506	—
Proceeds from borrowings and bonds		2,606	21,551
Repayments of borrowings and bonds		(6,401)	(8,611)
Dividends paid to minority shareholders		(370)	—
Other finance cash flows — net		10	21
Cash flows from financing activities — net		1,351	12,961
Net increase in cash and cash equivalents		8,751	5,896
Cash and cash equivalents at the beginning of the period		23,233	16,682
Cash and cash equivalents at end of the period	11	31,984	22,578

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1.1 CORPORATE INFORMATION

Dongfeng Motor Group Company Limited (the "Company") is a joint stock limited liability company incorporated in the People's Republic of China (the "PRC"). The register office of the Company is located at Special No.1 Dongfeng Road, Wuhan Economic Development Zone, Wuhan, the PRC.

During the period, the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in the manufacture and sale of automobiles, engines and other automotive parts and rendering of financing services.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Dongfeng Motor Corporation ("DMC"), a state-owned enterprise established in the PRC.

1.2 SIGNIFICANT ENVENTS

In January 2015, the Group transferred its 45% equity interest in Dongfeng Commercial Vehicles Company Limited ("DFCV") to AKTIEBOLAGET VOLVO ("Volvo"), for a cash consideration of RMB5,510 million approximately. Following this transfer, the Group and Volvo holds 55% and 45% equity interests in DFCV. This change in ownership interests in a subsidiary without change of control resulted in an increase of reserve of RMB1,270 million approximately.

In March 2015, the Group acquired certain businesses from DMC and its subsidiaries. For this business combination under common control, the financial information of the Group and that of the acquired businesses have been combined, by using the pooling of interests method, as if the Group acquired such businesses from the beginning of the earliest financial period presented. The net assets of the Group and the acquired business are combined using the existing book values from the controlling party's perspective. No amount is recognized in consideration for goodwill or excess of the Group's interest in the net fair value of the acquired business's identifiable assets, liabilities and contingent liabilities over the cost of acquisition at the time of common control combination. The difference between the consolidation and book value of the acquired business at the time of common control combination is deducted in the reserves of the Group. Accordingly, the comparative figures of this condensed consolidated interim financial information have been restated.

1.3 BASIS OF PRESENTATION

The unaudited interim condensed consolidated financial statements are prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting.

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

1.4 SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied and methods of computation are consistent with those of the annual financial statements for the year ended 31 December 2014, 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 2015.

- Annual improvements 2012 include changes from the 2010-2012 cycle of the annual improvements project, that affect 7 standards, only the below are effective for relevant transactions on or after 1 July 2014:

  Amendment to IFRS2, 'Share-based payment' clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'.

  Amendments to IFRS 3 'Business combinations', and consequential amendments to IFRS 9'Financial instruments', IAS 37 'Provisions, contingent liabilities and contingent assets', and IAS39 'Financial instruments – Recognition and measurement' clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32 'Financial instruments: Presentation'. All non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss.

  Amendments to IFRS8, 'Operating segments' requires disclosure of the judgements made by management in aggregating operating segments and a reconciliation of segment assets to the entity's assets when segment assets are reported.

  Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible assets' clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

  Amendment to IAS 24 'Related Party Disclosures' does not required the reporting entity to disclose the compensation paid by the management entity (as a related party) to the management entity's employee or directors, but requires to disclose the amounts charged to the reporting entity by the management entity for services provided.

1.4 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The Group assessed the adoption of this standard and concluded that it did not have a significant impact on the Group's results and financial position.

- Annual improvements 2013 include the following changes from the 2011–2013 cycle of the annual improvements project, are effective for annual periods beginning on or after 1 July 2014.

  Amendment to IFRS 3 'Business combinations' clarifies that IFRS 3 does not apply to the accounting for the formation of any joint arrangement under IFRS 11 in the financial statements of the joint arrangement.

  Amendment to IFRS 13 'Fair value measurement' clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9.

  Amendment to IAS 40 'Investment property' requires preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination.

  The Group assessed the adoption of this standard and concluded that it did not have a significant impact on the Group's results and financial position.

(b) The following new standards and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2015 and have not been early adopted

- IFRS 14 'Regulatory Deferral Accounts', effective for annual periods beginning on or after 1 January 2016.
- Amendments to IAS 16 and IAS 38 'Clarification of Acceptable Methods of Depreciation and Amortisation', effective for annual periods beginning on or after 1 January 2016.
- Amendments to IFRS 10, IFRS 12 and IAS 28 'Investment Entities: Applying the Consolidation Exception', effective for annual periods beginning on or after 1 January 2016.
- Amendments to IAS 1 'Disclosure Initiative', effective for annual periods beginning on or after 1 January 2016.
- Annual improvements 2014 that affect following standards: IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', IFRS 7 'Financial instruments: Disclosures', IAS 19 'Employee Benefits' and IAS 34 'Interim Financial Reporting', effective for annual periods beginning on or after 1 January 2016.

1.4 SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) The following new standards and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2015 and have not been early adopted (continued)

- IFRS15 'Revenue from Contracts with Customers', effective for annual periods beginning on or after 1 January 2018.

- IFRS 9 'Financial Instruments', effective for annual periods beginning on or after 1 January 2018.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

1.5 ESTIMATES

The preparation of this condensed interim financial information requires management to make judgments, 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 this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

2. REVENUE AND SEGMENT INFORMATION

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

— The commercial vehicles segment mainly manufactures and sales of commercial vehicles, and its related engines and other automotive parts

— The passenger vehicles segment mainly manufactures and sales of passenger vehicles, and its related engines and other automotive parts

— The financing service segment mainly provides financing services to external customers and companies within the Group

— The corporate and others segment mainly manufactures and sales of other automobile related products

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating segment profit or loss and is measured consistently with profit or loss in the consolidated financial statements. However, Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

2. REVENUE AND SEGMENT INFORMATION (continued)

As the chief operating decision maker of the Group considers that most of the Group's consolidated revenue and results are attributable to the market in the PRC, the Group's consolidated assets are mainly located inside the PRC, no geographical information is presented.

During the six months ended 30 June 2014 and 2015, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

For the six months ended 30 June 2015

	Commercial vehicles RMB million (Unaudited)	Passenger vehicles RMB million (Unaudited)	Financing service RMB million (Unaudited)	Corporate and others RMB million (Unaudited)	Elimination RMB million (Unaudited)	Total RMB million (Unaudited)
Revenue						
Sales to external customers	20,347	44,360	944	202	—	65,853
Inter segment revenue	3	11	20	1	(35)	—
	20,350	44,371	964	203	(35)	65,853
Results						
Segment results	84	911	511	(388)	269	1,387
Interest income	135	104	—	473	(294)	418
Finance costs						357
Share of profit and losses of:						
Associates	—	529	137	19	—	685
Joint ventures	268	5,854	49	(990)	—	5,181
Profit before tax						8,028
Income tax expense						(709)
Profit for the period						7,319

2. REVENUE AND SEGMENT INFORMATION (continued)

For the six months ended 30 June 2014

	Commercial vehicles RMB million (Unaudited and restated)	Passenger vehicles RMB million (Unaudited and restated)	Financing service RMB million (Unaudited and restated)	Corporate and others RMB million (Unaudited and restated)	Elimination RMB million (Unaudited and restated)	Total RMB million (Unaudited and restated)
Revenue						
Sales to external customers	24,220	7,516	713	88	—	32,537
Inter segment revenue	15	—	14	2	(31)	—
	24,235	7,516	727	90	(31)	32,537
Results						
Segment results	1,086	(364)	322	(283)	226	987
Interest income	265	96	—	192	(266)	287
Finance costs						(236)
Share of profit and losses of:						
Associates	—	28	114	2,067	—	2,209
Joint ventures	151	6,566	25	(563)	—	6,179
Profit before tax						9,426
Income tax expense						(877)
Profit for the period						8,549

3. OTHER INCOME

	Six months ended 30 June 2015 RMB million (Unaudited)	Six months ended 30 June 2014 RMB million (Unaudited and Restated)
Government grants and subsidies	69	66
Interest income	418	287
Rendering of other services	41	49
Management dispatch fees received from joint ventures	186	84
Others	130	146
	844	632

4. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2015 RMB million (Unaudited)	2014 RMB million (Unaudited and Restated)
Cost of inventories recognized as expense	**57,354**	27,921
Interest expense for financing services (included in cost of sales)	**73**	77
Write-down of inventories to net realizable value	**66**	50
Amortization of intangible assets	**101**	119
Depreciation	**668**	507
Amortization of lease prepayment	**54**	19
Impairment of trade and other receivables	**9**	32

5. FINANCE (INCOME)/COSTS

	Six months ended 30 June	
	2015 RMB million (Unaudited)	2014 RMB million (Unaudited and Restated)
Interest on bank loans and other borrowings wholly repayable:		
Within 5 years	**72**	159
Interest on discounted bills	**4**	8
Interest on short-term notes	**52**	69
Exchange gains from financing activities, net	**(485)**	—
Total interest expense	**(357)**	236

6. INCOME TAX

	Six months ended 30 June	
	2015 **RMB million** **(Unaudited)**	2014 RMB million (Unaudited and Restated)
Current income tax	**434**	517
Deferred income tax	**275**	360
Income tax charge for the period	**709**	877

Under the PRC Corporate Income Tax Law and the respective regulations, the corporate income tax for subsidiaries is calculated at the rates ranging from 15% to 25%, on their estimated assessable profits for the existing legislation, interpretations and practices in respect thereof.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the six months ended 30 June 2015 and 2014.

Deferred tax assets were mainly recognized in respect of temporary differences relating to certain future deductible expenses for the purpose of corporate income tax.

According to IAS 12 Income Taxes, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the assets are realized or the liabilities are settled.

7. DIVIDEND

The board of directors does not recommend the payment of any interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share is based on:

	Six months ended 30 June	
	2015	2014
	RMB million	RMB million
	(Unaudited)	(Unaudited and Restated)
Earnings:		
Profit for the period attributable to ordinary equity holders of the company	**6,885**	8,500
	million	million
Shares:		
Weighted average number of ordinary shares in issue during the period	**8,616**	8,616

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

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group acquired property, plant and equipment in an aggregate amount of approximately RMB1,201 million (six months ended 30 June 2014: RMB1,113 million) and disposed of property, plant and equipment with an aggregate net book value of approximately RMB45 million (six months ended 30 June 2014: RMB3 million), resulting in a net loss on disposal of approximately RMB37 million (six months ended 30 June 2014: a net gain 2 million). Depreciation is approximately RMB668 million (six months ended 30 June 2014: RMB507 million).

10. TRADE RECEIVABLES

Sales of the Group's commercial and passenger vehicles are normally settled on an advance receipt basis, whereby the dealers are required to pay in advance either in cash or by bank acceptance drafts. However, in the case of long-standing customers with bulk purchases and a good repayment history, the Group may offer these customers credit terms that are generally between 30 and 180 days. For sales of engines and other automotive parts, the Group generally offers their customers credit terms that are generally between 30 and 180 days. Trade receivables are non-interest bearing.

An aged analysis of the trade receivables, net of provision for impairment of the Group, based on the invoice date, is as follows:

	30 June 2015 RMB million (Unaudited)	31 December 2014 RMB million (Restated)
Within three months	4,145	2,831
More than three months but within one year	1,143	892
More than one year	44	160
	5,332	3,883

11. CASH AND CASH EQUIVALENTS AND PLEDGED BANK BALANCES AND TIME DEPOSITS

	30 June 2015 RMB million (Unaudited)	31 December 2014 RMB million (Restated)
Cash and bank balances	21,307	11,564
Time deposits	16,181	17,294
	37,488	28,858
Less: Pledged bank balances and time deposits for securing general banking facilities	(3,504)	(3,625)
Cash and cash equivalents in the interim condensed consolidated statement of financial position	33,984	25,233
Less: Non-pledged time deposits with original maturity of three months or more when acquired	(2,000)	(2,000)
Cash and cash equivalents in the interim condensed consolidated cash flow statement	31,984	23,233

12. TRADE PAYABLES

An aged analysis of the trade payables of the Group, based on the invoice date, is as follows:

	30 June 2015 RMB million (Unaudited)	31 December 2014 RMB million (Restated)
Within three months	**14,438**	14,600
More than three months but within one year	**1,964**	1,427
More than one year	**209**	252
	16,611	16,279

13. INTEREST-BEARING BORROWINGS

On 5 June 2014, short-term notes with a principle amount of RMB4,000 million were issued to investors. The short-term notes were issued at a face value of RMB100 each with the term of maturity of 270 days. The short-term notes carried a fixed interest rate of 4.88% per annum and have been fully settled during the period ended 30 June 2015.

On 20 March 2015, short-term notes with a principle amount of RMB1,500 million were issued to investors. The short-term notes were issued at a face value of RMB100 each with the term of maturity of 270 days. The short-term notes carried a fixed interest rate of 4.68% per annum and have to be fully settled on 15 December 2015.

Interest expense on borrowings and loans for the six months ended 30 June 2015 is RMB128 million (30 June 2014: RMB228 million).

14. COMMITMENTS

(a) Operating lease commitments as lessee

The Group's future minimum rental payables under operating leases are as follows:

	30 June 2015 RMB million (Unaudited)	31 December 2014 RMB million (Restated)
Within one year	146	122
After one year but not more than five years	620	585
More than five years	4,926	5,000
	5,692	5,707

(b) Commitments

In addition to the operating lease commitments detailed in note 14(a) above, the Group had the following commitments at the end of the reporting period:

	30 June 2015 RMB million (Unaudited)	31 December 2014 RMB million (Restated)
Contracted, but not provided for:		
Property, plant and equipment	1,042	838

15. CONTINGENT LIABILITIES

On 16 January 2014, a Brazilian company (the "Claimant") filed an arbitration at the London Court of International Arbitration against the Company and its subsidiary in respect of a dispute (the "Dispute") arising out of an agreement and other relevant agreement (the "Agreements") entered into by the Claimant and the Company and its subsidiary. The Claimant seeks, among other things, damages totally approximately Brazilian Real 1.67 billion (equivalent to approximately RMB3.9 billion with the average middle rate of RMB to BRL as announced by the PBOC of 31 December 2014) for the alleged breach of certain agreements together with the costs.

As the outcome of the preliminary phase may be to discharge the Company from the proceedings, after taking into consideration of the legal advice obtained, the directors of the Company believe that the outcome of the Dispute will not give rise to a significant loss to the Group.

16. RELATED PARTY TRANSACTIONS

(a) Transactions with DMC, its subsidiaries, DMC's joint ventures, the Group's joint ventures, associates, and non— controlling shareholders of subsidiaries.

Same as disclosed elsewhere in this condensed interim financial information, during the period, the Group had the following significant transactions with their related parties:

	Six months ended 30 June	
	2015 RMB million (Unaudited)	2014 RMB million (Unaudited and Restated)
Purchases of automotive parts/raw materials from:		
DMC, its subsidiaries and associates	296	229
Joint ventures	6,020	5,788
	6,316	6,017
Purchases of automobiles from:		
DMC, its subsidiaries and associates	—	3
Joint ventures	28,217	164
	28,217	167
Purchases of water, steam and electricity from DMC	270	304
Rental expenses to DMC	61	59
Rental income from subsidiaries of DMC	6	6
Purchases of services from:		
DMC and its subsidiaries	168	88
Joint ventures	55	32
	223	120
Purchases of property, plant and equipment from:		
DMC, its subsidiaries and associates	112	104
Joint ventures	21	67
	133	171
Interest expense paid to:		
DMC and its subsidiaries	28	19
Joint ventures	16	69
	44	88

16. RELATED PARTY TRANSACTIONS (continued)

(a) (continued)

	Six months ended 30 June 2015 RMB million (Unaudited)	2014 RMB million (Unaudited and Restated)
Royalty fee paid to:		
DMC	13	—
An associate	594	—
	607	—
Sales of automotive parts/raw materials to:		
DMC, its subsidiaries and associates	113	86
Joint ventures	1,416	1,885
	1,529	1,971
Sales of automobiles to:		
Subsidiaries of DMC	2,165	961
Joint ventures	396	144
A non-controlling shareholder of a subsidiary	182	410
	2,743	1,515
Provision of services to joint ventures	29	35
Interest income from:		
DMC, its subsidiaries and associates	3	9
Joint ventures	7	7
	10	16
Fee and commission income from:		
DMC, its subsidiaries and associates	—	1
Joint ventures	4	7
	4	8

16. RELATED PARTY TRANSACTIONS (continued)

(b) Outstanding balances with related parties

	30 June 2015 RMB million (Unaudited)	31 December 2014 RMB million (Restated)
Receivables from related parties included in trade receivables:		
DMC, its subsidiaries and joint ventures	326	239
A non-controlling shareholder of a subsidiary	21	26
	347	265
Receivables from related parties included in prepayments, deposits and other receivables:		
DMC, its subsidiaries and associates	18	35
Associates	15	27
	33	62
Payables to related parties included in trade payables:		
DMC, its subsidiaries and associates	212	209
Associates	27	76
	239	285
Payables to related parties included in other payables, deposit taking and accruals:		
An associate	594	—
DMC, its subsidiaries and associates	208	167
A non-controlling shareholder of a subsidiary	2	44
	804	211

(c) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2015 RMB thousand (Unaudited)	2014 RMB million (Unaudited and Restated)
Short-term employee benefits	4,950	11,294
Post-employment benefits	296	377
Stock appreciation rights expenses recognized in the income statement	1,579	2,287
Total compensation to key management personnel	6,825	13,958

Definitions

In this interim report, unless the context otherwise requires, the following terms shall have the meanings set out below.

"Company"	東風汽車集團股份有限公司 (Dongfeng Motor Group Company Limited), a joint stock limited company registered in the PRC on 12 October 2004 in accordance with the laws of the PRC or where the context refers to any time prior to the date of incorporation, those entities and businesses which were contributed to and conducted by the Company upon its establishment
"Dongfeng Joint Venture Companies"	Jointly-venture Entities in which the Company, its subsidiaries or Jointly-venture Entities (including their respective subsidiaries and Jointly-venture Entities) have equity interests as at 30 June 2015.
"Group" or "Dongfeng Motor Group"	the Company and its subsidiaries, the Dongfeng Joint Venture Companies and their respective subsidiaries and associates.
"Joint Venture Company"	A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control, is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.
"Dongfeng Motor Corporation"or "DMC"	東風汽車公司 (Dongfeng Motor Corporation) , a state-owned enterprise incorporated under the laws of the PRC and the parent of the Company.
"PRC" or "China"	the People's Republic of China. Except where the context requires, geographical references in this interim report to the PRC or China exclude Hong Kong, Macau or Taiwan
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time