



東風汽車集團股份有限公司
DONGFENG MOTOR GROUP COMPANY LIMITED*

Stock Code: 489



2021

INTERIM REPORT

* For identification purposes only

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Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors, I hereby present the 2021 interim report of the Group for your review.

In the first half of 2021, the COVID-19 epidemic situation in China has been alleviated, and consumption in China's automobile market has gradually rebounded. In the first half of the year, the industry sold approximately 12,890,500 units vehicles, with a year-on-year increase of approximately 25.6% and approximately 4.5% over the same period in 2019. Among which, the sales of passenger vehicles were 10,006,600 units, with a year-on-year increase of approximately 27.0%, which was basically the same as in 2019. The sales of commercial vehicles were 2,883,900 units and reached a record high, with a year-on-year increase of approximately 20.9% and approximately 31.3% over the same period in 2019.

In the first half of the year, the whole Group forged ahead to overcome various adverse factors such as the epidemic, "Chip Shortage" and rising raw material prices, and seized the opportunity of rapid recovery of the automobile market in the post-epidemic era to promote steady progress in operation. In the first half of the year, approximately 1,424,400 vehicles were sold, representing a year-on-year increase of 24.5%. The Group's independent passenger vehicles business made a breakthrough. The first product of Dongfeng high-intelligent energy brand "VOYAH FREE" was launched and delivered. The monthly sales of Dongfeng Motor Corporation Passenger Vehicles Company had been stable over 10,000 since May, representing a year-on-year increase of 79.8%. The sales of passenger vehicles business of Dongfeng Liuzhou Motor Company increased by 41.0% year on year, which was significantly better than the year-on-year increase of 27.0% in the passenger vehicles industry. The commercial vehicles business continued to create a leading advantage in commodities, and the self-developed "DragonGear Power" gold combination boosted sales. The Group's commercial vehicle sales increased by 33.2% year on year, representing a year-on-year increase of 1.2 percentage points in the market share. The Group's joint venture passenger vehicles business was exposed to enormous impact of "Chip Shortage". By actively adjusting the sales structure and cooperating with upstream and downstream suppliers of the industry, retail sales volume of the Group's joint venture passenger vehicles is approximately 1,002,000 units in the first half of the year, representing a year-on-year increase of approximately 28.1%, 7.2 percentage points higher than the growth rate of the joint venture passenger vehicles industry.

In the first half of the year, the Group continued to optimize the management system to improve management capacity and maintain high quality operation, maintaining decent key financial indicators. In the first half of the year, the total profit before tax was RMB10,555 million, creating a record high. The rate of return on net assets was 12.1%, significantly better than the level in the same period last year. We continued to increase R&D investment, representing a year-on-year increase of 31.0%. The operating capacity, operating efficiency and risk control ability continued to improve. The turnover days of "Two Funds" decreased considerably by 30 days year on year, the interest bearing liabilities decreased by RMB8.633 billion year on year, and the asset-liability ratio decreased by 2.9 percentage points compared with the end of last year.

Chairman's Statement (Continued)

In the first half of the year, the Group actively carried out strategic layout for the "14th Five-Year Plan". On 17th April, the Group released the "Rising Dongfeng" plan to help the Dongfeng brand become the backbone of the national brand through the construction of "Quality Dongfeng, Intelligent Dongfeng and Joyful Dongfeng", so as to achieve the "14th Five-Year Plan" goal of "1 million commercial vehicles, 1 million independent passenger vehicles and 1 million new energy vehicles", enabling the Group to become a leader in the innovation and development of the automotive industry and a partner for customers, society and employees to create value. Through the "Leap Forward Action" of innovation in the field of science and technology, the Group independently controlled the industrialization layout of three electric core powertrain technology, independently developed the exclusive ESSA modular structure of new energy, and mastered the core technology of hydrogen raw materials to actively promote the application of scenarios, and scale up the application of L4 intelligent connected vehicles.

In the second half of the year, the external uncertainties faced by the automobile market continue to exist. The market competition will become more intense. The Group will continue to adhere to the concept of high quality development and promote the sustainable development of the Company by focusing on the following work:

The Group will actively respond to the impact of shortage of chips with continuous adjustment in product structure, actively seize the market to meet customers' demands, and start to formulate long-term solutions for chip shortage. The whole value chain will be expanded to reduce costs and increase efficiency by striving to absorb the impact of the price rise of bulk raw materials, and improvement measures for one enterprise and one policy will be formulated to maintain the high quality operation.

The Group will continue to promote rapid development of its own business, ensure the successful launching of "VOYAH FREE" to promote the Dongfeng brand, and build VOYAH business into an experimental field for Dongfeng reform. The Group will pay close attention to the three-year action plan for state-owned enterprise reform with a focus on key tasks to achieve results, improve the market-oriented operation mechanism and market-oriented incentive mechanism. The Group will continue to advance scientific and technological innovation, create a source of original technology, focus on new energy, intelligent driving and other key areas that enhance the ability of independent innovation, and strive to become the leader in the development direction and the supporter of the improvement of the basic capacity of the automobile industry.

The Group will continue to listen to the voice of the market, earnestly return to shareholders and increase dividends. Considering the Group's profitability and future development, the board of directors proposed to distribute a special dividend of RMB0.4 per share (tax included) to all shareholders.

All employees of the Group will show their love for the home country as automotive talents. The Company will forge ahead to face the difficulties and manage to complete all objectives and tasks in the start of the "14th Five-Year Plan".

Zhu Yanfeng
Chairman

Wuhan, the PRC
26 August 2021

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	Special No. 1 Dongfeng Road Wuhan Economic and Technology Development Zone Wuhan, Hubei 430056, PRC
PRINCIPAL PLACE OF BUSINESS IN HONG KONG	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong SAR
COMPANY WEBSITE	www.dfm.com.cn
COMPANY SECRETARIES	Yin Yaoliang Yuen Wing Yan, Winnie (FCG, FCS)
AUDITORS	Pricewaterhouse Coopers
HONG KONG H SHARE REGISTRAR	Computershare Hong Kong Investor Services Limited Shops 1712–1716 17th Floor, Hopewell Centre, 183 Queen's Road East Wan Chai, Hong Kong SAR
PLACE OF LISTING	The Stock Exchange of Hong Kong Limited
STOCK CODE	00489

I. BUSINESSES 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).

The commercial vehicle business of Dongfeng Motor Group is mainly operated by Dongfeng Commercial Vehicles Co., Ltd., Dongfeng Motor Co., Ltd., Dongfeng Liuzhou Motor Co., Ltd. and Dongfeng Special Commercial Vehicle Co., Ltd..

Dongfeng Motor Group's passenger vehicle business is currently operated by Dongfeng Passenger Vehicle Company (Branch), Dongfeng Liuzhou Motor Co., Ltd., Dongfeng Motor Co., Ltd., Dongfeng Peugeot Citroën Automobile Co., Ltd. and Dongfeng Honda Automobile Co., Ltd..

In recent years, Dongfeng Motor Group has accelerated the development of the new business layout of "Five Megatrends" of automobiles. At present, such businesses are principally operated by Dongfeng Motor Co., Ltd., Dongfeng Special Commercial Vehicle Co., Ltd., Dongfeng Passenger Vehicle Company (Branch), Zhixin Technology Co., Ltd., VOYAH Automobile Technology Co., Ltd. and eGT New Energy Automotive Co., Ltd..

The financing service business of Dongfeng Motor Group is currently operated by the following companies: Dongfeng Motor Finance Co., Ltd. (a wholly-owned subsidiary of the Company), Dongfeng Nissan Auto Finance Co., Ltd., Dongfeng Nissan Financial Leasing Co., Ltd., Dongfeng Peugeot Citroën Auto Finance Co., Ltd., Chuang'ge Financial Leasing Co., Ltd. (a wholly-owned subsidiary of the Company) and Dongfeng Peugeot Citroën Financial Leasing Co., Ltd..

Report of the Directors (Continued)

(II) Principal Business Operations during the First Half of 2021

As at 30 June 2021, the production and sales volumes for whole vehicles of the Dongfeng Motor Group were approximately 1,421,000 units and 1,424,400 units respectively. According to statistics published by the China Association of Automobile Manufacturers, the Dongfeng Motor Group had a market share of approximately 11.0% in terms of sales volume of commercial and passenger vehicles made by domestic manufacturers in the first half of 2021. 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 the first half of 2021:

	Production Volumes <i>(units)</i>	Sales Volumes <i>(units)</i>	Market share <i>(%)¹</i>
Commercial Vehicles	330,860	349,150	12.1
Trucks	317,582	335,645	12.7
Buses	13,278	13,505	5.2
Passenger Vehicles	1,090,098	1,075,261	10.7
Basic passenger cars	537,187	531,289	11.4
MPVs	51,481	51,827	11.2
SUVs	501,430	492,145	10.4
Total	<u>1,420,958</u>	<u>1,424,411</u>	<u>11.0</u>

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 2021:

Business	Sales revenue <i>(RMB millions)</i>	Contribution to the Group's sales revenue <i>(%)</i>
Passenger Vehicles	10,639	15.2
Commercial vehicles	54,519	78.1
Financing service	4,465	6.4
Corporate and others	497	0.7
Elimination	(264)	(0.4)
Total	<u>69,856</u>	<u>100.0</u>

(III) Business Outlook

In the first half of 2021, under the effective control of the domestic epidemic situation, China's economy and automobile industry recovered rapidly. The GDP for the first quarter recorded a year-on-year increase of 18.3% due to the low base in the same period. In the second quarter, with the acceleration of domestic vaccination, the impact of the epidemic on the economy gradually weakened, the service industry and overall employment have been improved with strong export momentum. The GDP increased by 7.9% year-on-year and continued to maintain high-speed growth. In general, the cumulative GDP grew by 12.7% in the first half of 2021, with an average annual growth rate of 5.3% in two years. China's economy has gradually stepped out of the negative impact brought by COVID-19. The annual GDP growth rate is expected to be over 8% and the continuous development trend of China's economy expects no change.

In terms of the vehicle industry, due to the domestic economic recovery and the improvement of residents' income and consumer confidence, combined with the low base in 2020, China's automobile market rebounded rapidly, with a year-on-year increase of 25.6% in industry sales in the first half of 2021. In the second half of the year, the automobile industry is expected to continue the high-quality growth, however attention shall be paid to various uncertainties such as local epidemic rebound and chip supply risks.

In respect of the whole year, the automobile market is expected to end the three consecutive years of decline and achieve positive growth in 2021. Taking into consideration of other relevant factors, it is predicted that the growth rate of the industry can reach 6.9%.

II. CORPORATE GOVERNANCE

1. 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.

Report of the Directors (Continued)

2. Corporate Governance Code

During the period, the Company has complied with the code provisions as set out the Corporate Governance Code (the “Code”) of Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

3. 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.

4. Independent Non-executive Directors

The Board of Directors of the Company consists of seven Directors, including three Independent Non-executive Directors. Mr. Leung Wai Lap, Philip, an Independent Non-executive Director, has the qualification and experience of accounting and financial management. The composition of the Board of Directors of the Company is in compliance with the requirement of the Listing Rule 3.10(1) that “every board of directors of a listed issuer must include at least three independent non-executive directors”, the Listing Rule 3.10A that “an issuer must appoint independent non-executive directors representing at least one-third of the board” and the Listing 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”.

5. Board Meeting

Five board meetings were held by the Company in the first half of 2021 and the major matters covered were as follows:

- To consider and approve the financial budget for 2021 of the Company;
- To consider and approve the annual cap for bank credit for 2021 of the Company;
- To consider and approve the interim business plan for 2021 of the Company;
- To consider and approve the annual investment plan for 2021 of the Company;
- To consider and approve the proposal for establishing the proceeds specialty of Shuangyan Project;
- To consider and approve the proposal for purchasing relevant services of Dongfeng Motor Group Co., Ltd.;

Report of the Directors (Continued)

- To consider and approve the proposal for the adjustment of the remuneration packages of Directors and Supervisors;
- To consider and approve the proposal for maturity financing of the Company's Hong Kong Corporate Euro bonds;
- To consider and approve the 2020 annual report;
- To consider and approve the issuance and allotment of shares;
- To consider and approve the Company's 2021 Connected Transaction Plan;
- To consider and confirm the independence of Independent Non-executive Directors;
- To consider and approve the 2020 Environmental, Social and Governance Report of Dongfeng Motor Group Co., Ltd.;
- To consider and approve the proposal for establishing VOYAH Automobile Technology Co., Ltd.;
- To consider and approve the 2021 remuneration packages of Directors and Supervisors;
- To consider and approve the proposal for cooperation with Binli;
- To consider and approve the proposal for adjustment of the Company's senior management personnel;
- Proposal for the approval of the Company to acquire Dongfeng Peugeot Citroën Automobile Co., Ltd.'s equity in Dongfeng Peugeot Citroën Group Financial Leasing Company Ltd.;
- Proposal for the approval of the Company's capital increase to Dongfeng Nissan Financial Leasing Co., Ltd.;
- Proposal for the approval of the relevant continuing connected transaction agreements and transaction caps of commercial vehicle companies;
- Proposal for the agreement on disposal of assets of Dongfeng Motor (Wuhan) Co., Ltd. to Daan Testing Center;
- Proposal for the approval of the Company to acquire the equity interests of Dongfeng Hongtai Sales Company;
- Proposal for the approval to adjust the registered capital and investment ratio of VOYAH Automobile Company.

Report of the Directors (Continued)

The Board meetings allow effective discussion and prompt and prudent decision. As at 30 June 2021, the attendance of directors at the Board meetings is as follows:

Members of the Board of Directors	Attendance/Number of Meetings	Attendance Rate
Executive Directors		
Zhu Yanfeng	5/5	100%
Yang Qing (re-designated as Executive Director on 18 June 2021)	1/1	100%
You Zheng	5/5	100%
Non-executive Directors		
Yang Qing (re-designated as Executive Director on 18 June 2021)	4/4	100%
Huang Wei (appointed on 18 June 2021)	1/1	100%
Independent Non-executive Directors		
Zong Qingsheng	5/5	100%
Leung Wai Lap, Philip	5/5	100%
Hu Yiguang	5/5	100%

The management of the Company is responsible for providing the Board with relevant data and information 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.

6. Committees under the Board

1) Audit and Risk Management Committee

The Company has established the Audit and Risk Management Committee in accordance with Rules 3.21 and 3.22 of the Listing Rules. The Audit and Risk Management Committee is mainly responsible for reviewing and monitoring the financial reporting process of the Company, evaluating and determining the nature and level of risks encountered by the Company, reviewing the financial supervision, risk management and internal control system of the Company, and making suggestions and advices to the Board. The Audit and Risk Management Committee is composed of three members, all of whom are Independent Non-executive Directors of the Company. The member of the Audit and Risk Management Committee is Mr. Leung Wai Lap, Philip, an Independent Non-executive Director who has possessed the professional qualification as required under Rule 3.10(2) of the Listing Rules. The other two members are Mr. Zong Qingsheng and Mr. Hu Yiguang, the Independent Non-executive Directors.

The Audit and Risk Management Committee has reviewed the unaudited financial report of the Group for the six months ended 30 June 2021.

Report of the Directors (Continued)

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 with a majority of Independent Non-executive Directors. The chairman of the committee is Mr. Zong Qingsheng, an Independent Non-executive Director, and the other two members are Mr. Hu Yiguang, an Independent Non-executive Director, and Mr. Yang Qing, an Executive Director.

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. Zong Qingsheng, an Independent Non-executive Director, is the chairman of the Nomination Committee. The other two members of the committee are Mr. Zhu Yanfeng, an Executive Director, and Mr. Leung Wai Lap, Philip, an Independent Non-executive Director.

7. Internal Control

In the first half of 2021, the Board has fully evaluated the effectiveness of the internal control system of the Company through the Audit and Risk Management 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 on the internal control system, 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.

Report of the Directors (Continued)

III. MAJOR MATTERS

Interim Results

The results for the six months ended 30 June 2021 of the Group and the financial position of the Group as at that date are set out in the unaudited interim condensed consolidated financial statements on page 26 to 32 of this interim report.

Special Dividend and Extraordinary General Meeting

The Board of Directors declared a special dividend of RMB0.4 per share (tax included) to the shareholders whose names appear on the register of members of the Company on Sunday, 26 September 2021. The special dividend will be distributed on Monday, 25 October 2021.

The first Extraordinary General Meeting (“EGM”) for the year 2021 of the Company has been held on Wednesday, 15 September 2021. The proposed special dividend has been approved by the shareholders of the Company at the EGM.

Major Acquisitions and Disposals of Subsidiaries, Joint Ventures and Associates

For the six months ended 30 June 2021, the Company has no major acquisitions and disposals of subsidiaries, joint ventures and associates.

Material Legal Proceedings

For the six months ended 30 June 2021, Dongfeng Motor Group was not involved in any material litigation or arbitration and no material litigation or claim was pending or threatened or made against Dongfeng Motor Group as far as the Group was aware.

Share Capital

As at 30 June 2021, the total share capital of the Company was RMB8,616,120,000, divided into 8,616,120,000 ordinary shares with a par value 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.

Report of the Directors (Continued)

Interests of Substantial Shareholders

As at 30 June 2021, 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:

The percentage is calculated based on the number of ordinary shares in issue as of 30 June 2021.

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 Company	Domestic Share	5,760,388,000(L)	100.00(L)	66.86
SCMB Overseas Limited	H Share	242,282,000(L)	8.48(L)	2.81
Standard Chartered Asia Limited	H Share	242,282,000(L)	8.48(L)	2.81
Standard Chartered Bank	H Share	242,282,000(L)	8.48(L)	2.81
Standard Chartered Holding Limited	H Share	242,282,000(L)	8.48(L)	2.81
Standard Chartered Holdings (International) B.V.	H Share	242,282,000(L)	8.48(L)	2.81
Standard Chartered MB Holdings B.V.	H Share	242,282,000(L)	8.48(L)	2.81
Standard Chartered Private Equity Limited	H Share	242,282,000(L)	8.48(L)	2.81
Edinburgh Partners Limited	H Share	153,514,000(L)	5.38(L)	1.78
Brown Brothers Harriman & Co.	H Share	256,657,918(L)	8.99(L)	2.98
		256,657,918(P)	8.99(S)	2.98
Reynolds Margaret (Meg)	H Share	253,993,038(L)	8.89(L)	2.94
Ward Bryan	H Share	253,993,038(L)	8.89(L)	2.94
Westwood Global Investments, LLC	H Share	253,993,038(L)	8.89(L)	2.94
Citigroup Inc.	H Share	179,385,328(L)	6.28(L)	2.08
		1,282,000(S)	0.04(S)	0.01
		174,552,054(P)	6.11(P)	2.02
FIL Limited	H Share	197,746,000(L)	6.92(L)	2.30
Pandanus Associates Inc.	H Share	197,746,000(L)	6.92(L)	2.30
Pandanus Partners L.P.	H Share	197,746,000(L)	6.92(L)	2.30
Invesco Asset Management Limited	H Share	170,674,867(L)	5.97(L)	1.98
Fidelity Funds	H Share	142,976,000(L)	5.01(L)	1.65

Notes:

L—Long Position

S—Short Position

P—Lending Pool

Report of the Directors (Continued)

Directors' and Supervisors' Interests in the Share Capital of the Company

As at 30 June 2021, the interest and short positions of the Directors and Supervisors of the Company, as recorded in the register required to be kept by the Company pursuant to Section 352 of the Securities and Futures Ordinance are set out below:

Name	Position	Class of Shares	Nature of interest	Number of shares held	Percentage in	Percentage
					the class of issued share capital	in the total share capital
					%	%
He Wei	Supervisor	H Shares	Beneficial interest	100,000(L)	0.00	0.00
Zheng Hongyi	Employee Supervisor	H Shares	Beneficial interest	60,000(L)	0.00	0.00

* Notes: (L) – Long Position, (S) – Short Position, (P) – Lending Pool

Purchase, Sale or Redemption of Listed Securities of the Company

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

I. OPERATING ENVIRONMENT

In mid-2021, the overall situation of China economy remained a momentum of growth when the COVID-19 epidemic brought a serious impact on the global economy. The growth rate of China's GDP in the first half of the year increased by 12.7% year-on-year. By quarters, the growth rate increased by 18.3% year-on-year in the first quarter and increased by 7.9% year-on-year in the second quarter. China's economy has gradually overcome the adverse impacts of the epidemic, showing a trend of recovery growth and steady recovery, seeing more resilience and vitality in its development. Major economic indicators also showed recovery growth.

Consumption in the automobile market continued to rebound and the whole automobile production and sales volume continued to grow, achieving the volume of 12,569,500 units and 12,890,500 units, and representing a year-on-year increase of 24.2% and 25.6%, respectively. The performance was better than expected and China is still the biggest producer and distributor of the world.

The passenger vehicles market maintained rapid growth. However, due to factors such as base number and chip shortage, the passenger vehicles market showed a year-on-year decrease in May and June, with a sales volume of 10,006,600 units, representing a year-on-year increase of 27.0%. Among which, the sales volume of SUV increased by 28.6% year-on-year, the sales volume of MPV increased by 25.2% year-on-year and the sales volume of basic vehicles increased by 26.2% year on year.

The commercial vehicle sales maintained sustainable growth. In the first half of the year, the production and sales volumes of commercial vehicles were 2,729,800 units and 2,883,900 units, respectively, representing a year-on-year increase of 15.7% and 20.9%, respectively. In terms of the production and sales of different models, the production and sales volumes of buses represented a year-on-year increase of 39.0% and 39.7%, respectively, and the production and sales volumes of trucks represented a year-on-year increase of 13.7% and 19.4%, respectively.

The new energy vehicle market grew strongly, with sales of 1,206,000 new energy vehicles in the first half of the year, representing a year-on-year increase of 209.5%, among which, the sales of new energy passenger vehicles were 1,140,000, with a year-on-year increase of 217.4%, accounting for 11.4% of total passenger vehicle sales. A total of 66,000 new energy commercial vehicles were sold in the first half of the year, representing a year-on-year increase of 61.5%, accounting for 2.3% of the total commercial vehicle sales.

Management Discussion and Analysis (Continued)

II. OPERATION ANALYSIS

In mid-2021, all units of the Group seized the opportunities of the expansion and market segmentation of automobile consumption after the epidemic, actively responded to difficulties and challenges, overcame the huge impact of “Chip Shortage” and the rise in price of commodities and precious metals in overall operation, achieved rapid improvement in quality, and continued to promote the recovery of operation. In the current period, the sales volume of the Group was approximately 1,424,400 units, with sales revenue of approximately RMB69,856 million and profit attributable to shareholders of approximately RMB8,629 million.

The sales volume of the passenger vehicle of the Company was 1,075,300 units, representing a year-on-year increase of approximately 21.9%. Among which, the sales volume of passenger vehicle business of joint ventures was approximately 933,300 units, representing a year-on-year increase of 20.4%.

Dongfeng brand is one of the most favorite and preferred choice of commercial vehicles in China. In the first half of the year, the sales volume of commercial vehicles of Dongfeng brand were approximately 349,200 units, with a year-on-year increase of approximately 33.2%, which was 12.3 percentage points higher than that of the industry.

In the first half of the year, the Group's sales of new energy vehicles were outstanding, with sales of approximately 45,000 units of new energy vehicles, representing a year-on-year increase of approximately 288.7%. Among which, the sales volume of new energy passenger vehicles were 38,600 units, with a year-on-year increase of approximately 447.7%, and the sales volume of new energy commercial vehicles were 6,400 units, with a year-on-year increase of approximately 41.6%.

Management Discussion and Analysis (Continued)

III. FINANCIAL ANALYSIS

1. Revenue

The revenue of the Group for mid-2021 was approximately RMB69,856 million, representing an increase of approximately RMB19,280 million, or approximately 38.1%, as compared with approximately RMB50,576 million for the corresponding period of last year. The increase in revenue was mainly from Dongfeng Commercial Vehicle Co., Ltd., Dongfeng Liuzhou Motor Co., Ltd., Dongfeng Peugeot Citroën Automobile Sales Co., Ltd. and Dongfeng Finance Company Limited.

	The first half of 2021	The first half of 2020
	Sales Revenue	Sales Revenue
	RMB million	RMB million
Passenger vehicles	10,639	7,606
Commercial vehicles	54,519	39,314
Financing service	4,465	3,479
Corporate and others	497	305
Elimination	(264)	(128)
Total	69,856	50,576

1.1 Passenger Vehicle Business

The sales revenue of passenger vehicles of the Group for mid-2021 increased by approximately RMB3,033 million, or approximately 39.9%, to approximately RMB10,639 million from approximately RMB7,606 million of the corresponding period of last year. The increase in revenue was mainly from Dongfeng Peugeot Citroën Automobile Sales Co., Ltd., Dongfeng Motor Corporation Passenger Vehicle Company and the passenger vehicle business of Dongfeng Liuzhou Motor Co., Ltd..

1.2 Commercial Vehicle Business

Commercial vehicle business of the Group remained a strong rise momentum. In the current period, the sales revenue of commercial vehicle business increased by approximately RMB15,205 million, or approximately 38.7%, to approximately RMB54,519 million from approximately RMB39,314 million of the corresponding period of last year. The increase in revenue was mainly from Dongfeng Commercial Vehicle Co., Ltd., the commercial vehicle business of Dongfeng Liuzhou Motor Co., Ltd. and Dongfeng Special Commercial Vehicle Co., Ltd..

Management Discussion and Analysis (Continued)

1.3 Auto Financing Service Business

Finance company of the Group carried out financial business transformation, extended the value exploration of the automotive aftermarket, and improved the sales support for the automobiles business. The financial business remained stable with a trend of steady rise.

The revenue of auto financing service of the Group for mid-2021 increased by approximately RMB986 million, or approximately 28.3%, to approximately RMB4,465 million from approximately RMB3,479 million of the corresponding period of last year. The Group's financing service business maintained its steady growth.

2. Cost of Sales and Gross Profit

The total cost of sales of the Group for mid-2021 was approximately RMB59,656 million, representing an increase of approximately RMB16,896 million, or approximately 39.5%, as compared with approximately RMB42,760 million of the corresponding period of last year. The total gross profit was approximately RMB10,200 million, representing an increase of approximately RMB2,384 million, or approximately 30.5%, as compared with approximately RMB7,816 million of the corresponding period of last year. The comprehensive gross profit margin for the current period was approximately 14.6%.

3. Other Income

The total other income of the Group for mid-2021 amounted to approximately RMB2,807 million, representing an increase of approximately RMB1,252 million compared with approximately RMB1,555 million of the corresponding period of last year.

The increase in other income was mainly due to the dividends received from Stellantis for the current period.

4. Selling and Distribution Expenses

The selling and distribution expenses of the Group for mid-2021 increased by approximately RMB826 million to approximately RMB2,896 million from approximately RMB2,070 million of the corresponding period of last year.

The increase in selling and distribution expenses was mainly due to: 1. the increase in market expansion fees, advertising fees and dealer service station support fees brought about by the launch of new vehicle models; 2. the expenses rising from increase in the sales volume.

Management Discussion and Analysis (Continued)

5. Administrative Expenses

The administrative expenses of the Group for mid-2021 increased by approximately RMB686 million to approximately RMB2,513 million from approximately RMB1,827 million of the corresponding period of last year.

The increase in administrative expenses was mainly due to: 1. the gradual withdrawal of various preferential reduction and exemption measures for the pandemic in the previous year; 2. the increase in sales during the current period, and the corresponding increase in employee compensation, travel expenses and other expenses.

6. Impairment Losses on Financial Assets

The impairment of financial assets of the Group for mid-2021 increased by approximately RMB113 million to approximately RMB1,080 million from approximately RMB967 million of the corresponding period of last year.

The increase in impairment of financial assets was mainly due to the increase in the amount of provision for impairment losses as the loan balance increased.

7. Other Expenses

The net other expenses of the Group for mid-2021 amounted to approximately RMB2,861 million, representing a decrease of approximately RMB852 million as compared with approximately RMB3,713 million of the corresponding period of last year.

The decrease in net other expenses in the current period was mainly due to: the impairment loss of RMB540 million on the assets of Dinsin Powertrain Company (formerly Dongfeng Getrag Transmission Company) as a result of the Group's proactive disposal of non-performing and inefficient assets in the corresponding period of the previous year, and the provision for impairment of changes in the market value of part of PSA shares (10 million shares) held by the Group in the same period last year amounting to approximately RMB330 million.

8. Finance Expenses

The finance expenses of the Group for mid-2021 amounted to approximately RMB204 million, representing a decrease of approximately RMB395 million as compared with approximately RMB599 million of the corresponding period of last year.

The decrease in financial expenses in the current period was mainly due to the decrease of Euro to RMB exchange rate over the corresponding period and the increase in exchange gains on foreign currency loans.

Management Discussion and Analysis (Continued)

9. Share of Profits and Losses of Joint Ventures

Share of profits and losses of joint ventures of the Group for the interim period of 2021 increased by approximately RMB3,234 million to approximately RMB6,458 million from approximately RMB3,224 million of the corresponding period of last year. The main reasons are: the sales volume of joint ventures increased year on year. Including: the increase of RMB415 million from Dongfeng Motor Co., Ltd. over the same period, that the increase of RMB1,347 million from Dongfeng Honda Automobile Co., Ltd. over the same period, the decrease of loss of RMB199 million from Dongfeng Peugeot Citroën Automobile Co., Ltd. over the same period and the increase of RMB327 million from Dongfeng Honda Engine Co., Ltd. over the same period.

10. Share of Profits and Losses of Associates

Share of profits and losses of associates of the Group for the interim period of 2021 amounted to approximately RMB644 million, representing a decrease of approximately RMB317 million as compared with that of approximately RMB961 million of the corresponding period of last year. The main reasons are: the investment income of PSA Group was RMB526 million in the corresponding period of last year. In the current period, the Group's equity in Stellantis, which was formed by the merger of PSA and FCA, is no longer accounted for as long-term equity investment, and subsequent changes in fair value are included in owner's equity; and the investment income of Dongfeng Nissan Finance Company increased by RMB176 million over the same period.

11. Income Tax

The income tax expense of the Group for the interim period of 2021 increased by approximately RMB296 million to approximately RMB1,296 million from approximately RMB1,000 million in the corresponding period of last year. The effective tax rate for the period was approximately 12.3%.

12. Profit Attributable to Equity Holders of the Company for the Period

The profit attributable to the equity holders of the Group for the interim period 2021 was approximately RMB8,629 million, representing an increase of approximately RMB4,986 million, or approximately 136.9% as compared with that of approximately RMB3,643 million of the corresponding period of last year. The net profit margin (a percentage of profit attributable to the equity holders of the Company to total revenue) was approximately 12.4%, representing an increase of approximately 5.2 percentage points as compared with approximately 7.2% of the corresponding period of last year. The return on net assets (a percentage of profit attributable to equity holders to average net assets) was approximately 12.1%, representing an increase of approximately 6.4 percentage points as compared with approximately 5.7% of the corresponding period of last year.

Management Discussion and Analysis (Continued)

13. Total Assets

Total assets of the Group for the interim period 2021 amounted to approximately RMB324,707 million, representing an increase of approximately RMB8,186 million, or 2.6%, as compared with approximately RMB316,521 million as at the end of last year. The increase was mainly due to the increase in investments in joint ventures/associates and non-current financial assets at fair value through other comprehensive income of RMB11,399 million, the increase in property, plant and equipment, right-of-use assets and intangible assets of RMB916 million, the increase in loans granted by financial operations of RMB8,842 million, the decrease in inventories of RMB2,253 million, and the decrease in cash and cash equivalents, pledged bank balances and time deposits and financial assets at fair value through profit or loss of RMB12,599 million.

14. Total Liabilities

Total liabilities of the Group for the interim period of 2021 amounted to approximately RMB170,555 million, representing a decrease of approximately RMB4,840 million, or 2.8%, as compared with approximately RMB175,395 million as at the end of last year. The decrease was mainly due to the decrease in long-term and short-term interest-bearing borrowings and due to joint ventures, among which long-term and short-term interest-bearing borrowings decreased by RMB8,633 million and due to joint ventures decreased by RMB5,544 million.

15. Total Equity

Total equity of the Group for the interim period of 2021 amounted to approximately RMB154,152 million, representing an increase of approximately RMB13,026 million or 9.2%, as compared with approximately RMB141,126 million as at the end of last year. Among which, the equity attributable to equity holders of the Company amounted to approximately RMB148,790 million, representing an increase of approximately RMB12,982 million as compared with approximately RMB135,808 million as at the end of last year.

16. Liquidity and Sources of Capital

	Six months ended 30 June 2021 (RMB million)	Six months ended 30 June 2020 (RMB million)
Net cash flows used in operating activities	(11,466)	(3,414)
Net cash flows generated/(used in) from investment activities	10,240	(2,374)
Net cash flows (used in)/generated from financing activities	(8,468)	11,663
Net (decrease)/increase in cash and cash equivalents	(9,694)	5,875

Management Discussion and Analysis (Continued)

The Group's net cash outflows from operating activities was approximately RMB11,466 million. The amount mainly consisted of: (1) profit before taxation amounted to approximately RMB6,583 million, net of depreciation, impairment and other non-cash items; (2) increase of approximately RMB5,701 million in trade receivables; (3) increase of approximately RMB8,842 million in loans generated from financial services; (4) decrease of income tax payment by approximately RMB1,338 million.

The Group's net cash flows generated from investment activities was approximately RMB10,240 million. The amount mainly consisted of: (1) an increase in receipt of dividend from joint ventures and associates of approximately RMB6,693 million; (2) a net decrease of the balance of financial assets resulting in an increase of approximately RMB4,333 million.

The Group's net cash outflows from financing activities was approximately RMB8,468 million. This amount mainly reflected: (1) increase of bank borrowings resulting in a cash inflow of approximately RMB5,591 million; (2) repayment of bank borrowings and bonds, resulting in a cash outflow of approximately RMB13,062 million; (3) payment of dividends of approximately RMB976 million.

As a result of the above, the Group's cash and cash equivalents (excluding non-pledged time deposits with original maturity of three months or more when acquired) amounted to approximately RMB36,683 million as at 30 June 2021, representing a decrease of approximately RMB9,694 million as compared with approximately RMB46,377 million as at 31 December 2020. Cash and bank balances (including non-pledged time deposits with original maturity of three months or more when acquired) amounted to approximately RMB37,860 million, representing a decrease of approximately RMB9,780 million as compared with approximately RMB47,640 million as at 31 December 2020.

As at 30 June 2021, the inventory turnover days of the Group was 31 days, representing a decrease of 24 days as compared with the same period last year. The turnover days of accounts receivable was 32 days, representing a decrease of 6 days as compared with the same period last year; the turnover days of bills receivable was 60 days, representing an increase of 12 days as compared with the same period last year. The turnover days of accounts receivable (including bills receivable) was 93 days, representing an increase of 6 days as compared with the same period last year.

17. Major Financial Figures Based on Proportionate Consolidation

Based on proportionate consolidation, the interim revenue of the Group for 2021 was approximately RMB140,655 million, representing an increase of approximately RMB33,923 million, or approximately 31.8%, as compared with approximately RMB106,732 million of the corresponding period of last year. Profit before income tax was approximately RMB13,088 million, representing an increase of approximately RMB6,295 million, or approximately 92.7%, as compared with approximately RMB6,793 million of the corresponding period of last year. Total assets was approximately RMB398,586 million, representing a decrease of approximately RMB2,465 million, or approximately 0.6%, as compared with approximately RMB401,051 million as at the end of last year.

Directors, Supervisors and Senior Management

During the disclosure date of 2021 interim report, the directors, supervisors and senior management of the Company include:

Zhu Yanfeng (竺延風)	Executive Director and Chairman of the Board of Directors
Yang Qing (楊青)	Executive Director and President
You Zheng (尤擘)	Executive Director and Vice President
Huang Wei (黃偉)	Non-Executive Director
Zong Qingsheng (宗慶生)	Independent Non-executive Director
Leung Wai Lap, Philip (梁偉立)	Independent Non-executive Director
Hu Yiguang (胡裔光)	Independent Non-executive Director

SENIOR MANAGEMENT

Qiao Yang (喬陽)	Vice President
Feng Changjun (馮長軍)	Vice President and Secretary to the Board of Directors
Yin Yaoliang (殷耀亮)	Joint Company Secretary

SUPERVISORS

He Wei (何偉)	Chairman of the Supervisory Committee
Bao Hongxiang (鮑洪湘)	Independent Supervisor
Zheng Hongyi (鄭紅藝)	Employee Supervisor

Directors, Supervisors and Senior Management (Continued)

HEADS OF DEPARTMENTS

The head of Office of the Company (Party committee of the Board) is Mr. Zhang Xiaofan

The head of Strategic Planning and Technology Development Department of the Company is Mr. Zhou Feng

The head of the Operation Management Department of the Company is Mr. Gao Guolin

The head of the Human Resource Department of the Company is Mr. Zheng Hongyi

The head of the Financial Accounting Controlling Department of the Company are Mr. Liao Xianzhi

The head of the International Business Department of the Company is Mr. Wei Wenqing

The head of the Compliance Audit Department of the Company is Mr. Hu Weidong

The head of the Corporate Culture Department of the Company is Mr. Jin Jun

The deputy head of the Discipline Inspection and Supervision Department (Discipline Inspection Commission) of the Company is Mr. Chen Tao

The head of the Staff Relation Department of the Company is Mr. Yuan Gang

The head of the Deepening Reform Promotion Office of the Company is Mr. Qiao Yang

The head of Public Relations Affairs of the Company is Mr. Qin Jie

The secretary of the Youth League Committee of the Company is Mr. Ge Zhe

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 26 to 55, 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 2021 and the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of 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 of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 26 August 2021

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 RMB million (Unaudited)	2020 RMB million (Unaudited and restated)
Revenue	2	69,856	50,576
Cost of sales		(59,656)	(42,760)
Gross profit		10,200	7,816
Other income	3	2,807	1,555
Selling and distribution expenses		(2,896)	(2,070)
Administrative expenses		(2,513)	(1,827)
Impairment losses on financial assets	6	(1,080)	(967)
Other expenses	7	(2,861)	(3,713)
Finance expenses	5	(204)	(599)
Share of profits and losses of:			
Joint ventures		6,458	3,224
Associates		644	961
PROFIT BEFORE INCOME TAX	4	10,555	4,380
Income tax expense	8	(1,296)	(1,000)
PROFIT FOR THE PERIOD		9,259	3,380
Profit attributable to:			
Equity holders of the Company		8,629	3,643
Non-controlling interests		630	(263)
		9,259	3,380
Earnings per share attributable to ordinary equity holders of the Company:	10		
Basic and diluted for the period		100.15 cents	42.28 cents

The notes on pages 33 to 55 form an integral part of this interim consolidated financial information.

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 <i>RMB million</i> (Unaudited)	2020 <i>RMB million</i> (Unaudited and restated)
PROFIT FOR THE PERIOD	9,259	3,380
OTHER COMPREHENSIVE INCOME		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Share of other comprehensive income of investments accounted for using the equity method	-	229
Changes in the fair value of financial assets at fair value through other comprehensive income	4,853	12
Others	(8)	(14)
	4,845	227
<i>Items that may be reclassified subsequently to profit or loss</i>		
Currency translation differences	(217)	435
Share of other comprehensive expense of investments accounted for using the equity method	702	(310)
	485	125
Income tax effect		
Item that will not be reclassified subsequently to profit or loss	(1,207)	1
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	4,123	353
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	13,382	3,733
Total comprehensive income attributable to:		
Equity holders of the Company	12,756	3,999
Non-controlling interests	626	(266)
	13,382	3,733

The notes on pages 33 to 55 form an integral part of this interim consolidated financial information.

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2021

	<i>Notes</i>	30 June 2021 RMB million (Unaudited)	31 December 2020 RMB million
ASSETS			
Non-current assets			
Property, plant and equipment	11	20,858	20,071
Right-of-use assets		4,300	4,231
Investment properties		135	148
Intangible assets		5,121	5,061
Goodwill		1,733	1,733
Investments in joint ventures		43,989	39,596
Investments in associates		12,564	28,774
Financial assets at fair value through other comprehensive income	13	23,422	206
Other non-current assets		44,065	41,295
Deferred income tax assets		3,268	2,928
Due from joint ventures		–	395
Total non-current assets		159,455	144,438
Current assets			
Inventories		10,271	12,524
Trade receivables	12	12,441	9,988
Bills receivable		647	1,427
Prepayments, deposits and other receivables		67,591	62,236
Financial assets at fair value through other comprehensive income	13	22,518	18,169
Due from joint ventures		5,163	8,519
Pledged bank balances and time deposits	14	4,975	3,463
Financial assets at fair value through profit or loss		3,786	8,117
Cash and bank balances	14	37,860	47,640
Total current assets		165,252	172,083
TOTAL ASSETS		324,707	316,521

The notes on pages 33 to 55 form an integral part of this interim consolidated financial information.

Interim Condensed Consolidated Statement of Financial Position (Continued)

As at 30 June 2021

	<i>Notes</i>	30 June 2021 RMB million (Unaudited)	31 December 2020 RMB million
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Issued capital		8,616	8,616
Reserves		24,418	20,293
Retained profits		115,756	106,899
		148,790	135,808
Non-controlling interests		5,362	5,318
TOTAL EQUITY		154,152	141,126
Non-current liabilities			
Interest-bearing borrowings	16	16,522	22,373
Lease liabilities		2,141	1,984
Other long term liabilities		2,929	3,166
Government grants		2,575	2,309
Deferred income tax liabilities		3,877	2,692
Provisions		813	805
Total non-current liabilities		28,857	33,329
Current liabilities			
Trade payables	15	24,425	21,015
Bills payable		38,266	36,882
Lease liabilities		194	138
Other payables and accruals		18,877	17,121
Contract liabilities		5,060	4,111
Due to joint ventures		16,429	21,973
Interest-bearing borrowings	16	35,494	38,276
Income tax payables		1,601	1,309
Provisions		1,352	1,241
Total current liabilities		141,698	142,066
TOTAL LIABILITIES		170,555	175,395
TOTAL EQUITY AND LIABILITIES		324,707	316,521

The notes on pages 33 to 55 form an integral part of this interim consolidated financial information.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Attributable to owners of the company					Non-	Total equity
	Issued capital	Capital reserves	Statutory reserves	Retained profits	Total	controlling interests	
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
For the six months ended							
30 June 2021							
As at 1 January 2021	8,616	2,931	17,362	106,899	135,808	5,318	141,126
Total comprehensive income for the period	-	4,127	-	8,629	12,756	626	13,382
Transfer to reserves	-	-	142	(142)	-	-	-
Share of capital reserve of investments accounted for using the equity method	-	218	-	-	218	-	218
Dividends declared to non-controlling interests	-	-	-	-	-	(591)	(591)
Capital contribution from non-controlling interests	-	-	-	-	-	18	18
Transactions with non-controlling interests	-	-	-	-	-	(12)	(12)
Other	-	(362)	-	370	8	3	11
As at 30 June 2021	<u>8,616</u>	<u>6,914</u>	<u>17,504</u>	<u>115,756</u>	<u>148,790</u>	<u>5,362</u>	<u>154,152</u>

The notes on pages 33 to 55 form an integral part of this interim consolidated financial information.

Interim Condensed Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 June 2021

	Attributable to owners of the company					Non-controlling interests	Total equity
	Issued capital	Capital reserves	Statutory reserves	Retained profits	Total		
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	(Unaudited)	(Unaudited and restated)	(Unaudited)	(Unaudited and restated)	(Unaudited and restated)	(Unaudited)	(Unaudited and restated)
For the six months ended 30 June 2020							
As at 1 January 2020	8,616	2,727	15,609	100,829	127,781	6,187	133,968
2019 final dividend	-	-	-	(2,154)	(2,154)	-	(2,154)
Total comprehensive income for the period	-	356	-	3,643	3,999	(266)	3,733
Transfer to reserves	-	-	874	(874)	-	-	-
Share of capital reserve of investments accounted for using the equity method	-	54	-	-	54	-	54
Dividends declared to non-controlling interests	-	-	-	-	-	(3)	(3)
Capital contribution from non-controlling interests	-	5	-	-	5	71	76
Other	-	57	-	-	57	(7)	50
As at 30 June 2020	<u>8,616</u>	<u>3,199</u>	<u>16,483</u>	<u>101,444</u>	<u>129,742</u>	<u>5,982</u>	<u>135,724</u>

The notes on pages 33 to 55 form an integral part of this interim consolidated financial information.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Note	Six months ended 30 June	
		2021 RMB million (Unaudited)	2020 RMB million (Unaudited)
Cash flows from operating activities			
Cash flows used in operating activities		(10,128)	(2,535)
Income tax paid		(1,338)	(879)
Cash flows used in operating activities – net		(11,466)	(3,414)
Cash flows from investing activities			
Acquisition of subsidiaries, joint ventures and associates – net		(503)	481
Dividends from joint ventures and associates		6,693	7,863
Other investing cash flows – net		4,050	(10,718)
Cash flows generated from/(used in) investing activities – net		10,240	(2,374)
Cash flows from financing activities			
Proceeds from borrowings and bonds		5,591	19,398
Repayments of borrowings and bonds		(13,062)	(7,737)
Dividends paid to non-controlling interests		(976)	(3)
Other finance cash flows – net		(21)	5
Cash flows (used in)/generated from financing activities – net		(8,468)	11,663
Net (decrease)/increase in cash and cash equivalents		(9,694)	5,875
Cash and cash equivalents at beginning of the period		46,377	26,133
Cash and cash equivalents at end of the period	14	36,683	32,008

The notes on pages 33 to 55 form an integral part of this interim consolidated financial information.

Notes to Interim Condensed Consolidated Financial Information

For the six months ended 30 June 2021

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 registered office of the Company is located at Special No. 1 Dongfeng Road, Wuhan Economic and Technology Development Zone, Wuhan, Hubei Province, 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.

This interim condensed consolidated financial information is presented in Renminbi (“RMB”), unless otherwise stated. This interim condensed consolidated financial information was approved for issue by the Board of Directors on 26 August 2021.

1.2 BASIS OF PRESENTATION

The unaudited interim condensed consolidated financial information has been prepared in accordance with International Accounting Standards (“IAS”) 34 Interim Financial Reporting issued by the International Accounting Standards Board (“IASB”).

The unaudited interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial information, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

1.3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual consolidated financial information of the Group for the year ended 31 December 2020 (referring to the annual financial statements in the relevant year), as described in those annual financial information except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings and the adoption of amendments to IFRSs effective for the financial year ending 31 December 2021.

(i) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies accordingly. The impact of adopting following standards are disclosed below:

	Effective for annual periods beginning on or after
Amendments to IFRS 9, IAS 39, IFRS 4 and IFRS 16	Interest rate benchmark reform – Phase 2 1 January 2021

The amendments standards did not have any significant impact on the Group's financial information and did not require retrospective adjustments.

1.3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- (ii) **New and amended standards that might be relevant to the Group have been issued but are not effective for the financial year beginning 1 January 2021 and have not been early adopted**

		Effective for annual periods beginning on or after
Amendments to IFRS 3	Update reference to the conceptual framework	1 January 2022
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Amendments to IAS 37	Onerous contracts – costs of fulfilling a contract	1 January 2022
Annual Improvements	Annual Improvements to IFRS Standards 2018–2020	1 January 2022
IFRS 17	Insurance contracts	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 1	Classification of liabilities as current or non-current	1 January 2023
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Amendments to IFRS 16	Covid-19 – Related Rent Concessions Beyond 30 June 2021	1 April 2021
Amendments to IAS 12	Deferred Tax Related to Assets and Liabilities Arising From a Single Transaction	1 January 2023

The Group is assessing the full impact of the new standards, new interpretations and amendments to standards and interpretations.

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

1.4 ESTIMATES

The preparation of this interim condensed consolidated 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 expenses. Actual results may differ from these estimates.

In preparing this interim condensed consolidated 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 2020.

1.5 RESTATEMENT OF THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

On 18 December 2019, the Group signed a stock repurchase agreement with PSA Peugeot Citroën Group (an associate of the Group, "PSA"), and both parties agreed to sell 30.7 million PSA shares held by the Group to PSA or a third party. According to the agreement, the sale of the shares is expected to be completed within one year after the signing of the stock repurchase agreement. Pursuant to this arrangement, the 30.7 million PSA shares held for sale met the classification condition of assets held for sale, thus presented as assets held for sale in the statement of financial position as of 31 December 2019 and stop equity method on these portion of investment since than in curriculum with the accounting standards.

In September 2020, the Group disposed 10 million PSA shares to a third party according to the agreement and signed a revised stock repurchase agreement with PSA on 25 September 2020 to extend the period of disposal of the remaining shares in circumstances of the economic condition, market environment and future business outlook. Pursuant to this revised agreement, the Group agreed to dispose the unsold shares (including the unsold 20.7 million PSA shares, or the shares of the combined entity held by the Group according to the relevant agreement after completion of merger between PSA and Fiat Chrysler Group ("FCA")) to one or multiple third parties through one or multiple transactions on or before 31 December 2022. As a consequence, the 20.7 million PSA shares no longer met the classification condition of assets held for sale and have to be accounted for as investments in associates accounted for using the equity method on a retrospective basis. Accordingly, the Group has restated the comparative information in the interim financial information.

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

1.5 RESTATEMENT OF THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

For the six months ended 30 June 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	As per originally reported <i>RMB million</i>	Retrospective adjustments <i>RMB million</i>	As restated <i>RMB million</i>
Revenue	50,576	–	50,576
Cost of sales	<u>(42,760)</u>	<u>–</u>	<u>(42,760)</u>
Gross profit	7,816	–	7,816
Other income	1,555	–	1,555
Selling and distribution expenses	(2,070)	–	(2,070)
Administrative expenses	(1,827)	–	(1,827)
Impairment losses on financial assets	(967)	–	(967)
Other expenses	(4,438)	725	(3,713)
Finance expenses	(599)	–	(599)
Share of profits and losses of:			
Joint ventures	3,224	–	3,224
Associates	<u>853</u>	<u>108</u>	<u>961</u>
Profit before income tax	<u>3,547</u>	<u>833</u>	<u>4,380</u>
Income tax expense	<u>(792)</u>	<u>(208)</u>	<u>(1,000)</u>
PROFIT FOR THE PERIOD	<u>2,755</u>	<u>625</u>	<u>3,380</u>
Profit attributable to:			
Equity holders of the Company	3,018	625	3,643
Non-controlling interests	<u>(263)</u>	<u>–</u>	<u>(263)</u>
	<u>2,755</u>	<u>625</u>	<u>3,380</u>

The above adjustments have no effect on the consolidated statement of position as at 31 December 2020.

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

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 sells commercial vehicles, and its related engines and other automotive parts;
- The passenger vehicles segment mainly manufactures and sells 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; and
- The corporate and others segment mainly manufactures and sells 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 information. However, Group financing (including finance costs) and income taxes are managed on a Group basis and are not allocated to operating segments.

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 2020 and 2021, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

2. REVENUE AND SEGMENT INFORMATION (CONTINUED)

For the six months ended 30 June 2021

	Commercial vehicles <i>RMB million</i> (Unaudited)	Passenger vehicles <i>RMB million</i> (Unaudited)	Financing service <i>RMB million</i> (Unaudited)	Corporate and others <i>RMB million</i> (Unaudited)	Elimination <i>RMB million</i> (Unaudited)	Total <i>RMB million</i> (Unaudited)
Segment revenue						
Sales to external customers	54,494	10,417	4,452	493	-	69,856
Sales to internal customers	25	222	13	4	(264)	-
	<u>54,519</u>	<u>10,639</u>	<u>4,465</u>	<u>497</u>	<u>(264)</u>	<u>69,856</u>
Results						
Segment results	<u>2,357</u>	<u>(1,137)</u>	<u>1,814</u>	<u>(550)</u>	<u>775</u>	<u>3,259</u>
Interest income	466	85	2	967	(1,122)	398
Finance expenses						(204)
Share of profits and losses of:						
Associates	25	5	590	24	-	644
Joint ventures	<u>265</u>	<u>6,270</u>	<u>92</u>	<u>(169)</u>	<u>-</u>	<u>6,458</u>
Profit before income tax						10,555
Income tax expense						<u>(1,296)</u>
Profit for the period						<u>9,259</u>

The revenue from the transfer of goods are mainly recognized at a point in time.

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

2. REVENUE AND SEGMENT INFORMATION (CONTINUED)

For the six months ended 30 June 2020

	Commercial vehicles <i>RMB million</i> (Unaudited)	Passenger vehicles <i>RMB million</i> (Unaudited and restated)	Financing service <i>RMB million</i> (Unaudited)	Corporate and others <i>RMB million</i> (Unaudited)	Elimination <i>RMB million</i> (Unaudited)	Total <i>RMB million</i> (Unaudited and restated)
Segment revenue						
Sales to external customers	39,279	7,555	3,440	302	–	50,576
Sales to internal customers	35	51	39	3	(128)	–
	<u>39,314</u>	<u>7,606</u>	<u>3,479</u>	<u>305</u>	<u>(128)</u>	<u>50,576</u>
Results						
Segment results	<u>1,474</u>	<u>(2,202)</u>	<u>1,197</u>	<u>(749)</u>	<u>706</u>	<u>426</u>
Interest income	348	69	2	691	(742)	368
Finance expenses						(599)
Share of profits and losses of:						
Associates	11	511	428	11	–	961
Joint ventures	<u>142</u>	<u>3,012</u>	<u>98</u>	<u>(28)</u>	<u>–</u>	<u>3,224</u>
Profit before income tax						4,380
Income tax expense						<u>(1,000)</u>
Profit for the period						<u>3,380</u>

The revenue from the transfer of goods are mainly recognized at a point in time.

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

3. OTHER INCOME

	Six months ended 30 June	
	2021	2020
	<i>RMB million</i>	<i>RMB million</i>
	(Unaudited)	(Unaudited)
Investment (loss)/income from disposal of investments in joint ventures and associates	(48)	491
Interest income	398	368
Government grants and subsidies	202	125
Dividends from financial assets at fair value through other comprehensive income	1,684	–
Stationing fee received from the joint ventures	116	125
Others	455	446
	2,807	1,555

4. PROFIT BEFORE INCOME TAX

The Group's profit before income tax is arrived at after charging:

	Six months ended 30 June	
	2021	2020
	<i>RMB million</i>	<i>RMB million</i>
	(Unaudited)	(Unaudited)
Cost of inventories recognized as expense	56,404	39,851
Interest expense for financing services (included in cost of sales)	175	258
Provision against inventories	218	80
Depreciation of property, plant and equipment	1,201	993
Amortisation of intangible assets	514	438
Depreciation of right-of-use assets	131	111
Impairment losses on financial assets	1,080	967

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

5. FINANCE EXPENSES

	Six months ended 30 June	
	2021	2020
	<i>RMB million</i>	<i>RMB million</i>
	(Unaudited)	(Unaudited)
Interest expenses on bank loans and other borrowings	446	421
Interest expenses on lease liabilities	47	53
Exchange net (gain)/loss of financing activities	(289)	125
	<hr/>	<hr/>
Finance expenses	204	599
	<hr/> <hr/>	<hr/> <hr/>

6. IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Six months ended 30 June	
	2021	2020
	<i>RMB million</i>	<i>RMB million</i>
	(Unaudited)	(Unaudited)
Impairment losses of trade receivables	71	183
Impairment losses of other receivables	30	33
Impairment losses of loans and receivables from financing services	979	751
	<hr/>	<hr/>
	1,080	967
	<hr/> <hr/>	<hr/> <hr/>

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

7. OTHER EXPENSE

	Six months ended 30 June	
	2021	2020
	<i>RMB million</i>	<i>RMB million</i>
	(Unaudited)	(Unaudited and restated)
Impairment losses of non-financial assets	2	889
Research costs	2,344	1,789
Others	515	1,035
	<u>2,861</u>	<u>3,713</u>

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021	2020
	<i>RMB million</i>	<i>RMB million</i>
	(Unaudited)	(Unaudited and restated)
Current income tax	1,658	743
Deferred income tax	(362)	257
Income tax expense for the period	<u>1,296</u>	<u>1,000</u>

Under the PRC Corporate Income Tax Law and the respective regulations, the corporate income tax for the Company, its subsidiaries and jointly-controlled entities 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 2020 and 2021.

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

According to IAS 12 Income Taxes, deferred income 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.

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

9. DIVIDEND

	Six months ended 30 June	
	2021	2020
	RMB million	RMB million
	(Unaudited)	(Unaudited)
Proposed Special dividend RMB0.40 (2020: nil) per ordinary share	3,446	–
Proposed interim dividend – Nil (2020: RMB0.10) per ordinary share	–	862
	3,446	862

On 26 August 2021, the Board of Directors has declared a special dividend of RMB0.40 per share, amounting to RMB3,446 million, the interim financial information does not reflect the liability. On 28 August 2020, the Board of Directors has declared an interim dividend of RMB0.10 per share, amounting to RMB862 million.

10. 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	
	2021	2020
	RMB million	RMB million
	(Unaudited)	(Unaudited and restated)
Earnings:		
Profit for the period attributable to ordinary equity holders of the Company	8,629	3,643
	8,616	8,616
	100.15 cents	42.28 cents

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 2021 and 2020.

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired property, plant and equipment in an aggregate amount of approximately RMB2,075 million (for the six months ended 30 June 2020: RMB3,872 million) and disposed of property, plant and equipment with an aggregate net book value of approximately RMB38 million (for the six months ended 30 June 2020: RMB42 million), the net gain on disposal is approximately RMB5 million (for the six months ended 30 June 2020: a net gain less than RMB1 million). Intangible assets transferred from construction in progress is approximately RMB47 million (for the six months ended 30 June 2020: RMB17 million). Depreciation was approximately RMB1,201 million (for the six months ended 30 June 2020: RMB993 million) and approximately RMB2 million impairment was accrued for the six months ended 30 June 2021 (for the six months ended 30 June 2020: RMB407 million).

12. 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 aging analysis of the trade receivables, net of provision for impairment of the Group, based on the invoice date, is as follows:

	30 June 2021 <i>RMB million</i> (Unaudited)	31 December 2020 <i>RMB million</i>
Within three months	7,365	5,859
More than three months but within one year	3,181	1,961
More than one year	1,895	2,168
	12,441	9,988

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2021 <i>RMB million</i> (Unaudited)	31 December 2020 <i>RMB million</i>
Non-current:		
Listed equity investments at fair value through other comprehensive income		
– Stellantis (i)	22,284	–
– Faurecia (ii)	949	–
Unlisted equity investments at fair value through other comprehensive income	189	206
	23,422	206
Current:		
Unlisted debt instruments at fair value through other comprehensive income	22,518	18,169
	45,940	18,375

- (i) On January 16, 2021, the merger between PSA and FCA has been completed, which lead to the creation of Stellantis N.V. (“Stellantis”). On the merger date, the Group held 100,622,220 shares of PSA, with a shareholding ratio of 11.24%, and converted to holding 175,283,907 shares of Stellantis, with a shareholding ratio of 5.62%. After the conversion, the Group cannot directly participate in or influence over the financial and operating decisions of Stellantis. Therefore, the Group cannot exercise significant influence on Stellantis and the investment is accounted for financial assets at fair value through other comprehensive income. From the merger date to the end of June 30, 2021, the fair value recognized by the shares of Stellantis has increased by RMB5,018 million.
- (ii) On March 22, 2021, the Group received a stock dividend issued by Stellantis, 2,984,909 shares of Faurecia, with a shareholding ratio of 2.16%. After the issuance, the Group cannot directly participate in or influence over the financial and operating decisions of Faurecia. Therefore, the Group cannot exercise significant influence on Faurecia and the investment is accounted for financial assets at fair value through other comprehensive income. From the stock acquisition date to the end of June 30, 2021, the fair value recognized by the shares of Faurecia has decreased by RMB146 million.

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

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

	30 June 2021 <i>RMB million</i> (Unaudited)	31 December 2020 <i>RMB million</i>
Cash and bank deposits	35,702	45,272
Time deposits	7,133	5,831
	42,835	51,103
Less: Pledged bank balances and time deposits for securing general banking facilities	(4,975)	(3,463)
Cash and bank balances in the interim condensed consolidated statement of financial position	37,860	47,640
Less: Non-pledged time deposits with original maturity of three months or more when acquired	(1,177)	(1,263)
Cash and cash equivalents in the interim condensed consolidated statement of cash flow	36,683	46,377

15. TRADE PAYABLES

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

	30 June 2021 <i>RMB million</i> (Unaudited)	31 December 2020 <i>RMB million</i>
Within three months	21,554	18,714
More than three months but within one year	2,211	1,654
More than one year	660	647
	24,425	21,015

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

16. INTEREST-BEARING BORROWINGS

Interest expense on borrowings for the six months ended 30 June 2021 was RMB446 million (for the six months ended 30 June 2020: RMB421 million).

The Asset-Backed Security (ABS) with fixed interest rates were public issued in amount of RMB2,726 million on 17 July 2019, the ABS is divided into tranche A1, tranche A2 and tranche B. Tranche A1, A2, B bear interest from 19 July 2019 at the rate of 3.03%, 3.19% and 4%. Interest on the securities is payable monthly on 26th. The Company has already repaid RMB2,726 million by the end of 30 June 2021.

The Asset-Backed Security (ABS) with fixed interest rates were public issued in amount of RMB4,350 million on 21 October 2019, the ABS is divided into tranche A1 and tranche A2. Tranche A1, A2 bear interest from 23 October 2019 at the rate of 2.9% and 3.12%. Interest on the securities is payable monthly on 26th. The Company has already repaid RMB4,350 million by the end of 30 June 2021.

The Asset-Backed Security (ABS) with fixed interest rates were public issued in amount of RMB1,710 million on 14 January 2020, the ABS is divided into tranche A1 and tranche A2. Tranche A1, A2 bear interest from 16 January 2020 at the rate of 2.91% and 3.05%. Interest on the securities is payable monthly on 26th. The Company has already repaid RMB1,558 million by the end of 30 June 2021.

The Asset-Backed Security (ABS) with fixed interest rates were public issued in amount of RMB4,430 million on 20 May 2020, the ABS is divided into tranche A and tranche B. Tranche A, B bear interest from 22 May 2020 at the rate of 2.05%, 2.55%. Interest on the securities is payable monthly on 26th. The Company has already repaid RMB2,392 million by the end of 30 June 2021.

The Unsecured notes (the "Notes") were public issued in amount of RMB300 million on 30 January 2018 and were offered in the denomination of RMB100 each and to be expired in 3 years. The Notes bear interest from 31 January 2018 at the rate of 5.49% per annum. Interest on the Notes is payable annually on 31 January each year. The Notes have been listed on the Shanghai Stock Exchange.

The Guaranteed notes (the "Notes") were issued in the aggregate principal amount of EUR100 million on 23 October 2018 and were registered in the denomination of EUR100,000 each and to be expired in 5 years. The Notes bear interest from 23 October 2018 at the rate of 1.606% per annum. Interest on the Notes is payable annually on 23 October each year. The Notes have been listed on the Irish Stock Exchange.

The Guaranteed notes (the "Notes") were issued in the aggregate principal amount of EUR500 million on 23 October 2018 and were registered in the denomination of EUR100,000 each and to be expired in 3 years. The Notes bear interest from 23 October 2018 at the rate of 1.150% per annum. Interest on the Notes is payable annually on 23 October each year, commencing with the first interest payment date falling on 23 October 2018. The Notes have been listed on the Irish Stock Exchange.

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

16. INTEREST-BEARING BORROWINGS (CONTINUED)

The Unsecured notes (the “Notes”) were public issued in amount of RMB2,000 million on 5 December 2018 and were offered in the denomination of RMB100 each and to be expired in 3 years. The Notes bear interest from 6 December 2018 at the rate of 3.96% per annum. Interest on the Notes is payable annually on 6 December each year. The Notes have been listed on the Shanghai Stock Exchange.

The Unsecured notes (the “Notes”) were public issued in amount of RMB1,000 million on 5 December 2018 and were offered in the denomination of RMB100 each and to be expired in 5 years. The Notes bear interest from 6 December 2018 at the rate of 4.21% per annum. Interest on the Notes is payable annually on 6 December each year. The Notes have been listed on the Shanghai Stock Exchange.

The Unsecured notes (the “Notes”) were public issued in amount of RMB2,700 million on 20 March 2019 and were offered in the denomination of RMB100 each and to be expired in 3 years. The Notes bear interest from 21 March 2019 at the rate of 3.78% per annum. Interest on the Notes is payable annually on 21 March each year. The Notes have been listed on the Shanghai Stock Exchange.

The Unsecured notes (the “Notes”) were public issued in amount of RMB4,000 million on 16 October 2019 and were offered in the denomination of RMB100 each and to be expired in 3 years. The Notes bear interest from 17 October 2019 at the rate of 3.58% per annum. Interest on the Notes is payable annually on 17 October each year. The Notes have been listed on the Shanghai Stock Exchange.

The Unsecured notes (the “Notes”) were public issued in amount of RMB3,000 million on 26 February 2020 and were offered in the denomination of RMB100 each and to be expired in 3 years. The Notes bear interest from 27 February 2020 at the rate of 3.05% per annum. Interest on the Notes is payable annually on 27 December each year. The Notes have been listed on the Shanghai Stock Exchange.

17. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2021 <i>RMB million</i> (Unaudited)	31 December 2020 <i>RMB million</i>
Contracted, but not provided for:		
Property, plant and equipment	<u>1,192</u>	<u>1,405</u>

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

18. RELATED PARTY TRANSACTIONS

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

Save as disclosed elsewhere in this interim condensed consolidated financial information, during the six months ended 30 June 2021, the Group had the following significant transactions with its related parties:

	Six months ended 30 June	
	2021	2020
	RMB million	RMB million
	(Unaudited)	(Unaudited)
Purchases of automotive parts/raw materials from and the payment of royalty fee to:		
DMC, its subsidiaries, associates and joint ventures	286	367
Joint ventures	10,138	6,903
Associates	61	57
Subsidiaries' joint ventures	3,163	2,467
Non-controlling shareholders of a subsidiary and their subsidiaries	3	12
	13,651	9,806
Purchases of automobiles from:		
Joint ventures	4,482	1,887
Subsidiaries' joint ventures	-	2
	4,482	1,889
Purchases of items of property, plant and equipment and intangible assets from:		
DMC, its subsidiaries, associates and joint ventures	72	9
Joint ventures	513	197
	585	206

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

18. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) **Transactions with DMC, its subsidiaries, associates and joint ventures, the Group's joint ventures and associates, non-controlling shareholders of a subsidiary and their subsidiaries and subsidiaries' joint ventures (Continued)**

	Six months ended 30 June	
	2021	2020
	RMB million	<i>RMB million</i>
	(Unaudited)	(Unaudited)
Purchases of services from:		
DMC, its subsidiaries, associates and joint ventures	439	301
Joint ventures	272	170
Subsidiaries' joint ventures	10	–
Non-controlling shareholders of a subsidiary and their subsidiaries	3	18
	724	489
Sales of automotive parts/raw materials to:		
DMC, its subsidiaries, associates and joint ventures	173	76
Joint ventures	2,362	1,875
Associates	2	5
Subsidiaries' joint ventures	34	11
	2,571	1,967

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

18. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with DMC, its subsidiaries, associates and joint ventures, the Group's joint ventures and associates, non-controlling shareholders of a subsidiary and their subsidiaries and subsidiaries' joint ventures (Continued)

	Six months ended 30 June	
	2021	2020
	RMB million	<i>RMB million</i>
	(Unaudited)	(Unaudited)
Sales of automobiles to:		
DMC, its subsidiaries, associates and joint ventures	947	490
Joint ventures	375	90
Non-controlling shareholder of a subsidiary and their subsidiaries	585	448
	1,907	1,028
Provision of services to:		
DMC, its subsidiaries, associates and joint ventures	77	4
Joint ventures	163	95
Associates	1	1
Subsidiaries' joint ventures	-	2
	241	102
Interest expense paid to:		
DMC, its subsidiaries, associates and joint ventures	90	93
Joint ventures	48	55
Associates	1	-
Non-controlling shareholders of a subsidiary and their subsidiaries	4	-
	143	148

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

18. RELATED PARTY TRANSACTIONS (CONTINUED)

- (a) Transactions with DMC, its subsidiaries, associates and joint ventures, the Group's joint ventures and associates, non-controlling shareholders of a subsidiary and their subsidiaries and subsidiaries' joint ventures (Continued)

	Six months ended 30 June	
	2021	2020
	RMB million	<i>RMB million</i>
	(Unaudited)	(Unaudited)
Interest incomes from:		
DMC, its subsidiaries, associates and joint ventures	5	12
Joint ventures	23	23
Subsidiaries' joint ventures	4	3
	32	38
Fee and commission incomes from joint ventures	4	5
Dispatch Fee received from joint ventures	116	125
Interest expenses of lease liabilities to DMC	41	54

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

18. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties

	30 June 2021 <i>RMB million</i> (Unaudited)	31 December 2020 <i>RMB million</i>
Receivables from related parties included in trade receivables:		
DMC, its subsidiaries, associates and joint ventures	59	133
Associates	34	96
Non-controlling shareholders of a subsidiary and their subsidiaries	133	143
	226	372
Receivables from related parties included in prepayments, deposits, other receivables:		
DMC, its subsidiaries, associates and joint ventures	413	277
Associates	-	3
Non-controlling shareholders of a subsidiary and their subsidiaries	13	15
	426	295
Receivables from related parties included in other non-current assets:		
DMC, its subsidiaries, associates and joint ventures	-	170
Associates	346	489
	346	659
Payables to related parties included in trade payables:		
DMC, its subsidiaries, associates and joint ventures	524	447
Associates	62	39
	586	486

Notes to Interim Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2021

18. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balances with related parties (Continued)

	30 June 2021	31 December 2020
	RMB million	<i>RMB million</i>
	(Unaudited)	
Payables to related parties included in other payables and accruals and contract liabilities:		
DMC, its subsidiaries, associates and joint ventures	458	529
Non-controlling shareholders of a subsidiary and their subsidiaries	81	57
	539	586
Payables to DMC, its subsidiaries, associates and joint ventures included in lease liabilities	1,964	1,917
Payables to non-controlling shareholders of a subsidiary and their subsidiaries included in other long term liabilities	180	180
Payables to related parties included in Interest-bearing borrowings:		
DMC, its subsidiaries, associates and joint ventures	6,337	7,085
Associates	90	173
	6,427	7,258

(c) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2021	2020
	RMB thousand	<i>RMB thousand</i>
	(Unaudited)	(Unaudited)
Short-term employee benefits	3,437	4,386
Post-employment benefits	179	121
Total compensation to key management personnel	3,616	4,507

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-controlled Entities in which the Company, its subsidiaries or Jointly-controlled Entities (including their respective subsidiaries and Jointly-controlled Entities) have equity interests as at 30 June 2021;
“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”	東風汽車集團有限公司(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.