DONGFENG MOTOR GROUP COMPANY LIMITED*

東風汽車集團股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 489)

2018 INTERIM RESULTS ANNOUNCEMENT

The Board of Directors (the "Board") of Dongfeng Motor Group Company Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group" or the "Dongfeng Motor Group") for the six months ended 30 June 2018 together with the comparative figures of the corresponding period of 2017. The 2018 interim financial information has been reviewed by the Company's audit and risk management committee and the Company's auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standards 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.

In this announcement, unless otherwise specified, all references to business, including manufacture, research and development, outputs and sales volume, market share, investment, sales network, employee, motivation, social responsibility, corporate governance includes all relating to Dongfeng Motor Group, subsidiaries, joint ventures and associates (including subsidiaries, joint ventures and associates of the Company in which the members of the Group have direct or indirect equity interests).

Interim Condensed Consolidated Statement of Profit or Loss
For the six months ended 30 June 2018

	Notes	Six months ended 30 June **2018** **RMB million** **(Unaudited)**	2017 RMB million (Unaudited and Restated)
Revenue	2	**57,922**	57,749
Cost of sales		**(49,872)**	(49,733)
Gross profit		**8,050**	8,016
Other income	3	**1,254**	1,043
Selling and distribution expenses		**(2,839)**	(3,670)
Administrative expenses		**(1,983)**	(1,953)
Net impairment losses on financial assets		**(197)**	(94)
Other expenses		**(2,907)**	(2,363)
Finance expenses - net	5	**(1)**	(467)
Share of profits and losses of:			
Joint ventures		**6,088**	6,101
Associates		**1,749**	1,218
PROFIT BEFORE INCOME TAX	4	**9,214**	7,831
Income tax expense	6	**(933)**	(517)
PROFIT FOR THE PERIOD		**8,281**	7,314
Profit attributable to:			
Equity holders of the company		**8,068**	7,023
Non-controlling interests		**213**	291
		8,281	7,314
Earnings per share attributable to ordinary equity holders of the Company:	8		
Basic and diluted for the period		**93.64 cents**	81.51cents

Interim Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	RMB million	RMB million
	(Unaudited)	(Unaudited and Restated)
PROFIT FOR THE PERIOD	**8,281**	7,314
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss		
Share of other comprehensive income of investments accounted for using the equity method	**134**	70
Others	**(20)**	61
	114	131
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	**(235)**	641
Share of other comprehensive expense of investments accounted for using the equity method	**(96)**	(169)
	(331)	472
Income tax effect		
Item that will not be reclassified subsequently to profit or loss	**5**	(15)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**(212)**	588
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**8,069**	7,902
Total comprehensive income attributable to:		
Equity holders of the Company	**7,868**	7,587
Non-controlling interests	**201**	315
	8,069	7,902

Interim Condensed Consolidated Statement of Financial Position
As at 30 June 2018

	Notes	**30 June 2018 RMB million (Unaudited)**	31 December 2017 RMB million (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	9	**15,343**	15,088
Lease prepayments		**1,180**	1,224
Intangible assets		**4,247**	4,237
Goodwill		**1,763**	1,763
Investments in joint ventures		**46,929**	39,858
Investments in associates		**15,738**	14,614
Available-for-sale financial assets		**-**	174
Financial assets at fair value through other comprehensive income		**102**	-
Other non-current assets		**19,250**	18,269
Deferred income tax assets		**2,598**	2,532
Total non-current assets		**107,150**	97,759
Current assets			
Inventories		**10,888**	10,657
Trade receivables	10	**7,352**	6,354
Bills receivable		**14,859**	14,730
Prepayments, deposits and other receivables		**30,049**	26,760
Due from joint ventures		**6,423**	13,590
Pledged bank balances and time deposits	11	**5,157**	10,617
Financial assets at fair value through profit or loss		**9,627**	-
Cash and cash equivalents	11	**25,709**	33,441
Total current assets		**110,064**	116,149
TOTAL ASSETS		**217,214**	213,908
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Issued capital		**8,616**	8,616
Reserves		**15,198**	14,605
Retained profits		**89,944**	85,294
Non-controlling interests		**6,771**	6,809
TOTAL EQUITY		**120,529**	115,324

Interim Condensed Consolidated Statement of Financial Position (Continued)
As at 30 June 2018

	Notes	**30 June 2018 RMB million (Unaudited)**	31 December 2017 RMB million (Restated)
Non-current liabilities			
Interest-bearing borrowings	13	**2,528**	2,398
Other long term liabilities		**1,555**	1,438
Government grants		**761**	771
Deferred income tax liabilities		**1,803**	1,555
Provisions		**635**	652
Total non-current liabilities		**7,282**	6,814
Current liabilities			
Trade payables	12	**18,510**	21,571
Bills payable		**23,832**	22,563
Other payables and accruals		**15,770**	17,512
Contract liabilities		**2,658**	-
Due to joint ventures		**11,371**	13,630
Interest-bearing borrowings	13	**15,509**	14,381
Income tax payables		**627**	828
Provisions		**1,126**	1,285
Total current liabilities		**89,403**	91,770
TOTAL LIABILITIES		**96,685**	98,584
TOTAL EQUITY AND LIABILITIES		**217,214**	213,908

Interim Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 June 2018

	Attributable to owners of the company						
	Issued capital RMB million (Unaudited)	**Capital reserves RMB million (Unaudited)**	**Statutory reserves RMB million (Unaudited)**	**Retained profits RMB million (Unaudited)**	**Total RMB million (Unaudited)**	**Non-controlling interests RMB million (Unaudited)**	**Total equity RMB million (Unaudited)**
For the six months ended 30 June 2018							
As at 31 December 2017							
As previously reported	**8,616**	**3,062**	**11,503**	**85,020**	**108,201**	**6,795**	**114,996**
Restatement for business combination under common control (Note 1.3)	**-**	**20**	**20**	**274**	**314**	**14**	**328**
As restated	**8,616**	**3,082**	**11,523**	**85,294**	**108,515**	**6,809**	**115,324**
Change in accounting policy - IFRS 9	**-**	**(47)**	**-**	**(18)**	**(65)**	**(6)**	**(71)**
As at 1 January 2018	**8,616**	**3,035**	**11,523**	**85,276**	**108,450**	**6,803**	**115,253**
2017 final dividend	**-**	**-**	**-**	**(2,154)**	**(2,154)**	**-**	**(2,154)**
Total comprehensive income for the period	**-**	**(200)**	**-**	**8,068**	**7,868**	**201**	**8,069**
Transfer to reserves	**-**	**-**	**1,229**	**(1,229)**	**-**	**-**	**-**
Share of associates' other equity changes	**-**	**(14)**	**-**	**-**	**(14)**	**-**	**(14)**
Dividends paid to non-controlling shareholders	**-**	**-**	**-**	**-**	**-**	**(258)**	**(258)**
Consideration for business combination under common control (Note 1.3)	**-**	**(375)**	**-**	**-**	**(375)**	**-**	**(375)**
Changes in ownership interests in subsidiaries without change of control	**-**	**-**	**-**	**(17)**	**(17)**	**25**	**8**
As at 30 June 2018	**8,616**	**2,446**	**12,752**	**89,944**	**113,758**	**6,771**	**120,529**

Interim Condensed Consolidated Statement of Changes in Equity (Continued)
For the six months ended 30 June 2018

	Attributable to owners of the company						
	Issued capital RMB million (Unaudited and Restated)	Capital reserves RMB million (Unaudited and Restated)	Statutory reserves RMB million (Unaudited and Restated)	Retained profits RMB million (Unaudited and Restated)	Total RMB million (Unaudited and Restated)	Non-controlling interests RMB million (Unaudited and Restated)	Total equity RMB million (Unaudited and Restated)
For the six months ended 30 June 2017							
As at 1 January 2017							
As previously reported	8,616	2,809	9,907	75,394	96,726	6,912	103,638
Restatement for business combination under common control (Note 1.3)	-	20	18	279	317	17	334
As restated	8,616	2,829	9,925	75,673	97,043	6,929	103,972
2016 final dividend	-	-	-	(1,982)	(1,982)	-	(1,982)
Total comprehensive income for the period	-	564	-	7,023	7,587	315	7,902
Transfer to reserves	-	-	1,190	(1,190)	-	-	-
Contributions from non-controlling shareholders	-	-	-	-	-	75	75
Share of associates' other equity changes	-	9	-	-	9	-	9
Dividends paid to non-controlling shareholders	-	-	-	-	-	(797)	(797)
Consideration for business combination under common control	-	(63)	-	-	(63)	(3)	(66)
As at 30 June 2017	8,616	3,339	11,115	79,524	102,594	6,519	109,113

Interim Condensed Consolidated Statement of Cash Flows
For the six months ended 30 June 2018

	Note	Six months ended 30 June 2018 RMB million (Unaudited)	2017 RMB million (Unaudited and Restated)
Cash flows from operating activities			
Cash flows used in operating activities		**(10,291)**	(2,009)
Income tax paid		**(948)**	(784)
Cash flows used in operating activities – net		**(11,239)**	(2,793)
Cash flows from investing activities			
Acquisition of subsidiaries, joint ventures and associates		**(460)**	(67)
Dividends from joint ventures and associates		**7,520**	6,499
Other investing cash flows – net		**(5,881)**	(7,147)
Cash flows generated from /(used in) investing activities – net		**1,179**	(715)
Cash flows from financing activities			
Proceeds from borrowings and bonds		**4,189**	1,077
Repayments of borrowings and bonds		**(2,703)**	(1,806)
Dividends paid to minority shareholders		**(258)**	(797)
Other finance cash flows – net		**-**	77
Cash flows generated from/(used in) financing activities – net		**1,228**	(1,449)
Net decrease in cash and cash equivalents		**(8,832)**	(4,957)
Cash and cash equivalents at beginning of the period		**31,641**	29,782
Cash and cash equivalents at end of the period	11	**22,809**	24,825

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 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 29 August 2018.

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 as at 31 December 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

1.3 BUSINESS COMBINATION UNDER COMMON CONTROL

In March 2018, the Group acquired 100% equity interest of Dongfeng Automobile Trade Co., Ltd. ("Dongfeng Trade") from DMC. For this business combination under common control, the financial information of the Group and that of Dongfeng Trade has been combined, by using the pooling of interests method, as if the Group acquired Dongfeng Trade from the beginning of the earliest financial period presented. The net assets of the Group and Dongfeng Trade are combined using the existing book values from the controlling party's perspective. No amount is recognised in consideration for goodwill or excess of the Group's interest in the net fair value of Dongfeng Trade's identifiable assets, liabilities and contingent liabilities over the cost of acquisition at the time of common control combination. The difference between the consolidation and book value of Dongfeng Trade at the time of common control combination is taken to the reserves of the Group. Accordingly, the comparative figures of this condensed consolidated interim financial information have been restated.

1.4 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 2017 (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 2018.

(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:

- IFRS 9 Financial instruments, and
- IFRS 15 Revenue from contracts with customers.

The impact of the adoption of these standards and the new accounting policies are disclosed in Note 1.5 below.

The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

(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 2018 and have not been early adopted

		Effective for annual periods beginning on or after
IFRS 16	Leases	1 January 2019
IFRIC 23	Uncertainty over income tax treatments	1 January 2019
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
IFRS 17	Insurance contracts	1 January 2021

1.4 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 2018 and have not been early adopted (continued)

IFRS 16 Leases

Nature of change

IFRS 16 was issued in January 2016. It will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

Impact

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of RMB4,330 million. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

Date of adoption by the Group

Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

1.5 CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers on the Group's financial statements.

(i) Impact on the financial statements

IFRS 9 Financial Instruments was generally adopted without restating comparative information with the exception of certain aspects of hedge accounting. The Group used modified retrospective approach while adopting IFRS 9. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the restated balance sheet as at 31 December 2017, but are recognised in the opening balance sheet on 1 January 2018.

The Group adopted IFRS 15 using the modified retrospective approach which means that the cumulative impact of the adoption (if any) will be recognised in retained earnings as at 1 January 2018 and the comparatives figures for the year ended 31 December 2017 will not be restated.

The following tables show the adjustments recognised for each individual line item. The adjustments are explained in more detail by standard below.

1.5 CHANGES IN ACCOUNTING POLICIES (continued)

(i) Impact on the financial statements (continued)

	31 December 2017 As originally presented RMB Million	IFRS 9	IFRS 15	1 January 2018 Restated RMB Million
ASSETS				
Non-current assets				
Property, plant and equipment	15,088	-	-	15,088
Lease prepayments	1,224	-	-	1,224
Intangible assets	4,237	-	-	4,237
Goodwill	1,763	-	-	1,763
Investments in joint ventures	39,858	30	-	39,888
Investments in associates	14,614	(23)	-	14,591
Available-for-sale financial assets	174	(174)	-	-
Financial assets at fair value through other comprehensive income	-	121	-	121
Other non-current assets	18,269	-	-	18,269
Deferred income tax assets	2,532	-	-	2,532
Total non-current assets	97,759	(46)	-	97,713
Current assets				
Inventories	10,657	-	-	10,657
Trade receivables	6,354	(25)	-	6,329
Bills receivable	14,730	-	-	14,730
Prepayments, deposits and other receivables	26,760	-	-	26,760
Due from joint ventures	13,590	-	-	13,590
Pledged bank balances and time deposits	10,617	(6,202)	-	4,415
Financial assets at fair value through profit or loss	-	6,202	-	6,202
Cash and cash equivalents	33,441	-	-	33,441
Total current assets	116,149	(25)	-	116,124
TOTAL ASSETS	213,908	(71)	-	213,837
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the Company				
Issued capital	8,616	-	-	8,616
Reserves	14,605	(47)	-	14,558
Retained profits	85,294	(18)	-	85,276
Non-controlling interests	6,809	(6)	-	6,803
TOTAL EQUITY	115,324	(71)	-	115,253

1.5 CHANGES IN ACCOUNTING POLICIES (continued)

(i) Impact on the financial statements (continued)

	31 December 2017 As originally presented RMB Million	IFRS 9	IFRS 15	1 January 2018 Restated RMB Million
Non-current liabilities				
Interest-bearing borrowings	2,398	-	-	2,398
Other long term liabilities	1,438	-	-	1,438
Government grants	771	-	-	771
Deferred income tax liabilities	1,555	-	-	1,555
Provisions	652	-	-	652
Total non-current liabilities	6,814	-	-	6,814
Current liabilities				
Trade payables	21,571	-	-	21,571
Bills payable	22,563	-	-	22,563
Other payables and accruals	17,512	-	(2,963)	14,549
Contract liabilities	-	-	2,963	2,963
Due to joint ventures	13,630	-	-	13,630
Interest-bearing borrowings	14,381	-	-	14,381
Income tax payables	828	-	-	828
Provisions	1,285	-	-	1,285
Total current liabilities	91,770	-	-	91,770
TOTAL LIABILITIES	98,584	-	-	98,584
TOTAL EQUITY AND LIABILITIES	213,908	(71)	-	213,837

1.5 CHANGES IN ACCOUNTING POLICIES (continued)

(ii) IFRS 9 Financial Instruments – Impact of adoption

IFRS 9 replaces the provisions of International Accounting Standard 39 ("IAS 39") that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

On 1 January 2018 (the date of initial application of IFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial assets into the appropriate IFRS 9 categories, the majority of the Group's financial assets include:

- investments in companies previously classified as available-for-sale financial assets was reclassified to financial assets at fair value through other comprehensive income ("FVOCI"), because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. There is no longer any reclassification of accumulated amounts from reserves to profit or loss on the disposal of these investments；

- loans and receivables previously measured at amortised cost which meet the conditions for classification at amortised cost except for bills receivable.

- bills receivable which are held both by collecting contractual cash flows and selling of these assets, was classified as FVOCI; and

- certain investments in financial products issued by bank were classified to financial assets at fair value through profit or loss. They do not meet the IFRS 9 criteria for classification at amortised cost, because their cash flows do not represent solely payments of principal and interest.

The Group mainly has two types of financial assets that are subject to IFRS 9's new expected credit loss model:

- trade receivables for sales of goods or provision of services; and

- loans to related and third parties.

1.5 CHANGES IN ACCOUNTING POLICIES (continued)

(ii) IFRS 9 Financial Instruments – Impact of adoption (continued)

The Group was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. The new impairment model requires the recognition of impairment provisions based on expected credit losses model rather than only incurred credit losses model as is the case under IAS 39. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. For loans to related party and third parties, the Group applies the general approach under IFRS 9, as there is no significant increase in credit risk since initial recognition, a 12-month expected credit loss approach that results from possible default event within 12 months the reporting date is adopted by management. The impact of adoption of IFRS 9 has been disclosed in Note 1.5(i).

While cash and cash equivalents, pledged bank balances, time deposits and bills receivable are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

(iii) IFRS 15 Revenue from Contracts with Customers - Impact of adoption

The Group has assessed the effects of applying the new standard on the Group's financial statements and has identified the following areas that has been affected:

Some contracts include multiple deliverables. In these cases, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on the expected cost plus margin.

Advance from customers for sale of vehicles which was related to sale contracts previously in other payables and accruals were reclassified to contract liabilities.

As evaluated by management, the adoption of IFRS 15 did not result in a material impact to the financial statements as the Group did not have any complex sales transactions or long term contracts and the adoption of IFRS 15 did not have significant impact on timing and amount of revenue recognition on sales of products.

1.6 ESTIMATES

The preparation of this condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2017.

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 2017 and 2018, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

2. REVENUE AND SEGMENT INFORMATION (continued)

For the six months ended 30 June 2018

	Commercial vehicles RMB million (Unaudited)	Passenger vehicles RMB million (Unaudited)	Financing service RMB million (Unaudited)	Corporate and others RMB million (Unaudited)	Elimination RMB million (Unaudited)	Total RMB million (Unaudited)
Segment revenue						
Sales to external customers	31,480	24,469	1,826	147	-	57,922
Sales to internal customers	3	5	40	-	(48)	-
	31,483	24,474	1,866	147	(48)	57,922
Results						
Segment results	1,126	(682)	887	(884)	383	830
Interest income	358	143	1	459	(413)	548
Finance expenses-net						(1)
Share of profits and losses of:						
Associates	-	1,422	308	19	-	1,749
Joint ventures	(1,033)	7,346	146	(371)	-	6,088
Profit before income tax						9,214
Income tax expense						(933)
Profit for the period						8,281

2. REVENUE AND SEGMENT INFORMATION (continued)

For the six months ended 30 June 2017

	Commercial vehicles RMB million (Unaudited and Restated)	Passenger vehicles RMB million (Unaudited and Restated)	Financing service RMB million (Unaudited and Restated)	Corporate and others RMB million (Unaudited and Restated)	Elimination RMB million (Unaudited and Restated)	Total RMB million (Unaudited and Restated)
Segment revenue						
Sales to external customers	29,981	26,156	1,428	184	-	57,749
Sales to internal customers	32	4	17	-	(53)	-
	30,013	26,160	1,445	184	(53)	57,749
Results						
Segment results	882	(857)	817	(635)	336	543
Interest income	241	176	1	370	(352)	436
Finance expenses-net						(467)
Share of profits and losses of:						
Associates	-	938	264	16	-	1,218
Joint ventures	222	6,185	145	(451)	-	6,101
Profit before income tax						7,831
Income tax expense						(517)
Profit for the period						7,314

3. OTHER INCOME

	Six months ended 30 June	
	2018	2017
	RMB million	RMB million
	(Unaudited)	(Unaudited and Restated)
Interest income	**548**	436
Government grants and subsidies	**115**	135
Rendering of other services	**102**	110
Stationing fee received from the joint ventures	**136**	105
Others	**353**	257
	1,254	1,043

4. PROFIT BEFORE INCOME TAX

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

	Six months ended 30 June	
	2018	2017
	RMB million	RMB million
	(Unaudited)	(Unaudited and Restated)
Cost of inventories recognized as expense	**47,483**	47,475
Interest expense for financing services (included in cost of sales)	**233**	108
Provision against inventories	**82**	139
Depreciation	**894**	872
Amortisation of intangible assets	**226**	204
Amortisation of lease prepayment	**44**	44
Impairment of trade and other receivables	**197**	94

5. FINANCE EXPENSES-NET

	Six months ended 30 June	
	2018	2017
	RMB million	RMB million
	(Unaudited)	(Unaudited and Restated)
Interest on bank loans and other borrowings	**68**	46
Interest on short term notes and discounted bills	**44**	29
Exchange net (gain)/losses of financing activities	**(111)**	392
Finance expenses-net	**1**	467

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2018	2017
	RMB million	RMB million
	(Unaudited)	(Unaudited and Restated)
Current income tax	**746**	607
Deferred income tax	**187**	(90)
Income tax expense for the period	**933**	517

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 2018 and 30 June 2017.

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.

7. DIVIDEND

	Six months ended 30 June	
	2018	2017
	RMB million	RMB million
	(Unaudited)	(Unaudited and Restated)
Proposed interim dividend RMB0.1 (2017: RMB0.1) per ordinary share	**862**	862

On 29 August 2018, the Board of Directors has declared an interim dividend of RMB0.1 per share (2017: RMB0.1 per share), amounting to RMB862 million (2017: RMB862 million). The interim financial information does not reflect this liability.

A dividend of RMB2,154 million that was related to the period to 31 December 2017 will be distributed on or about Friday, 31 August 2018.

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

The calculation of basic earnings per share is based on:

	Six months ended 30 June	
	2018	2017
	RMB million	RMB million
	(Unaudited)	(Unaudited and Restated)
Earnings:		
Profit for the period attributable to ordinary equity holders of the Company	**8,068**	7,023
	Number of shares	
	million	million
Shares:		
Weighted average number of ordinary shares in issue during the period	**8,616**	8,616
Earnings per share	**93.64 cents**	81.51 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 2018 and 30 June 2017.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired property, plant and equipment in an aggregate amount of approximately RMB1,214 million (2017: RMB1,255 million) and disposed of property, plant and equipment with an aggregate net book value of approximately RMB56 million (2017: RMB74 million), resulting in a net gain on disposal of approximately RMB1 million (2017: a net gain RMB7 million). Depreciation is approximately RMB894 million (2017: RMB872 million) and RMB9 million impairment was accrued for the six months ended 30 June 2018 (2017: nil).

10. TRADE RECEIVABLES

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

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

	30 June 2018 RMB million (Unaudited)	31 December 2017 RMB million (Restated)
Within three months	**4,208**	4,224
More than three months but within one year	**2,671**	1,595
More than one year	**473**	535
	7,352	6,354

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

	Notes	**30 June 2018 RMB million (Unaudited)**	31 December 2017 RMB million (Restated)
Cash and bank balances		**17,906**	18,161
Time deposits	(a)	**12,960**	25,897
Fixed term deposits (within one year)	(b)	**1,300**	1,000
Fixed term deposits (more than one year)	(c)	**700**	2,000
		32,866	47,058
Less: Pledged bank balances and time deposits for securing general banking facilities		**(5,157)**	(10,617)
Less: Fixed term deposits (within one year)	(b)	**(1,300)**	(1,000)
Less: Fixed term deposits (more than one year)	(c)	**(700)**	(2,000)
Cash and cash equivalents in the interim condensed consolidated statement of financial position		**25,709**	33,441
Less: Non-pledged time deposits with original maturity of three months or more when acquired		**(2,900)**	(1,800)
Cash and cash equivalents in the interim condensed consolidated statement of cash flow		**22,809**	31,641

(a) As at 30 June 2018, time deposits included RMB200 million (31 December 2017: RMB200 million) placed by the Company in an associate which is involved in the provision of financing services and RMB2,600 million (31 December 2017: RMB1,600 million) placed by the Company in a joint venture which is involved in the provision of financing services.

(b) As at 30 June 2018, fixed term deposits (within one year) include RMB1,300 million (31 December 2017: nil) placed by the Company in an associate which is involved in the provision of financing services and no deposit (31 December 2017: RMB1,000 million) placed by the Company in a joint venture.

(c) As at 30 June 2018, fixed term deposits (more than one year) include RMB700 million (31 December 2017: RMB2,000 million) placed by the Company in an associate which is involved in the provision of financing services.

12. TRADE PAYABLES

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

	30 June 2018 RMB million (Unaudited)	31 December 2017 RMB million (Restated)
Within three months	**16,591**	19,262
More than three months but within one year	**1,518**	1,696
More than one year	**401**	613
	18,510	21,571

13. INTEREST-BEARING BORROWINGS

Interest expense on borrowings for the six months ended 30 June 2018 was RMB112 million (2017: RMB75 million).

New bonds (the "bonds") were issued in the aggregate principal amount of RMB300,000,000 on 30 January 2018 and were offered in the denomination of RMB100 each and to be expired in 3 years. The bonds bear interest from 31 January 2018 at a rate of 5.49% per annum. Interest on the bonds is payable annually on 31 January in each year, commencing with the first interest payment date falling on 31 January 2019. The bonds have been listed on the centralized quotation trading system and fixed-income securities comprehensive electronic trading platform of Shanghai Stock Exchange.

The guaranteed notes (the "Notes") were issued in the aggregate principal amount of EUR500,000,000 (equivalent to approximately RMB3,825,750,000) on 28 October 2015 and were registered in the denomination of EUR100,000 each and to be expired in 3 years. The Notes bear interest from 28 October 2015 at a rate of 1.60% per annum. Interest on the Notes is payable annually on 28 October each year, commencing with the first interest payment date falling on 28 October 2016. The Notes have been listed on the Irish Stock Exchange.

14. COMMITMENTS

(a) Operating lease commitments as lessee

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

	30 June 2018 RMB million (Unaudited)	31 December 2017 RMB million (Restated)
Within one year	**131**	193
After one year but not more than five years	**509**	687
More than five years	**3,690**	5,069
	4,330	5,949

(b) Capital commitments

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

	30 June 2018 RMB million (Unaudited)	31 December 2017 RMB million (Restated)
Contracted, but not provided for:		
Property, plant and equipment	**1,529**	1,755

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I hereby present the interim report of the Group for 2018 for your review.

In the first half of 2018, China's supply-side structural reform continued to deepen and the macro economy maintained a stable and sound growth, with GDP growing by 6.8% year on year. The stable economic operation provided a good economic environment for the development of the automobile industry. However, factors such as the tightened capital liquidity and unilateralism of the United States in the first half of the year caused uncertainty to the development of the automobile industry. Meanwhile, the intensive introduction of regulations and policies such as the liberalization of the share ratio, the dual credit policy (CAFC and NEV credit), new-energy subsidy policy and tax adjustment accelerated the transformation and upgrading of the automobile industry.

In the first half of 2018, the sales volume of China's automobile industry was approximately 14,066,500 units, representing a year-on-year increase of approximately 5.3%, which was approximately 1.5 percentage points faster than the corresponding period of previous year. Among them, the sales volume of passenger vehicles stood at approximately 11,775,300 units, representing a year-on-year increase of approximately 4.6%, which were approximately 3.0 percentage points faster than the corresponding period of previous year; the sales volume of commercial vehicle amounted to approximately 2,291,100 units, representing a year-on-year increase of approximately 9.1%, which was approximately 8.3 percentage points slower than the corresponding period of previous year.

In the first half of 2018, Dongfeng Motor Group deepened reform and speeded up innovation to drive the high-quality operation of the Company. In the first half of the year, the Group sold vehicles of approximately 1,510,100 units, increased by approximately 2.6% year on year, registered a market share of about 10.7%. In the first half of the year, the Group's sales revenue reached approximately RMB57,922 million, representing a year-on-year increase of approximately 0.3%. Profit attributable to shareholders was approximately RMB8,068 million, increased by approximately 14.9% as compared with the corresponding period of last year.

In the first half of the year, the main characteristics of the operation of Dongfeng Motor Group were set out as follows:

1. The operation continued to maintain high quality, with profit growing faster than sales volume; 2. Export targets and rapid growth were achieved; 3. The pace of new energy vehicles marketing was adjusted, with the outcome of dual credit policy better than the control target; 4. The objectives of safety and environmental protection were well controlled, which ensured stable production and operation.

Currently, the automobile market of China is undergoing a shift from medium-to-high growth to slight growth, with deepening technological revolution, ever-evolving industrial reform, profound changes in automobile ecology, more intense competition and more obvious differentiation and elimination tendencies. Under the trend of differentiation and elimination, the pace of industrial transformation and upgrading as well as opening up and cooperation centering on Five Megatrends (light weight, electrification, intelligent vehicle, smart connectivity, and car sharing) (五化) has been accelerated. In respect of passenger vehicles, affected by factors such as economic uncertainty and policy adjustment, the market of passenger vehicles experienced downward fluctuation and divergent tendency. Driven by consumption upgrade and new-energy policy, the growth rate of sedan market has changed from negative to positive, while the growth of SUV demand has arrived at an inflection point, with the explosive growth slowed down. At the same time, the change of business model has led to a decline in the demand for low end MPV, while consumption upgrade has promoted an increase in medium-to-high end demand. Sales of commercial vehicles continued to maintain its growth with polarized development of trucks. Demand upgrade has driven the rapid growth of high end light trucks, small trucks and pickup trucks. The pressures from policies such as the dual credit have promoted the rapid growth in the sales volume of new-energy vehicles, which have become a new driving force for market growth. It is predicted by Dongfeng Motor Group that the sales volume growth of the automobile industry will follow the trend of going high at first and then low later in the whole year, with an overall slight market increase. Despite that the wait-and-see consumption attitude in the industry has gradually weakened with the implementation of policies and consumption upgrade has promoted the demand of replacement, there is still a downward pressure on the economy as a whole.

In light of the above, Dongfeng Motor Group will focus on the following working areas during the second half of the year: 1. To accelerate marketing breakthroughs to promote the high-quality growth of operation, strengthen targeted marketing to improve brand influence, improve regional marketing network and accurately match vehicle models and resources to enhance the strength of distributors; 2. To pursue innovative development to continuously improve its independent core capacity, and strengthen innovation in Five Megatrends to deepen strategic cooperation; 3. To deepen supply-side structural reform to break through the bottleneck of reform and innovation, and improve the development orientation of joint venture companies to promote the achievement of their business plans through reform; 4. To strengthen compliance operation to improve the informatization level of management, continue to improve the compliance systems, follow up and implement mechanisms of the Company; 5. To continuously improve management system for safe production as well as energy conservation and environmental protection to ensure that all indicators are under good control.

At present, profound and complicated changes are taking place in the automobile industry, especially influenced by such factors as new entrants of vehicle manufacturing continuously springing up, disruptive innovation and cross-sector cooperation, together with capital market and media publicity. As a result, uncertainty features of the market are increasingly observed. Dongfeng Motor Group will enhance its sense of crisis and urgency, accelerate innovation-driven development, transformation and upgrading, expedite and deepen reform, and strive to lead the market to pay shareholders back with better performance.

Zhu Yanfeng
Chairman

Wuhan, the PRC
29 August 2018

BUSINESS OVERVIEW

(I) Major Businesses

Dongfeng Motor Group is principally engaged in the businesses of research and development, manufacturing and sales of commercial vehicles, passenger vehicles, engines and other auto parts, automobile equipment manufacturing, import and export of automobile products, logistics services, financing services, insurance agency and used car trading. The principal products include commercial vehicles (heavy 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 (basic passenger vehicles, MPV, SUV and passenger vehicles engines and auto parts).

The commercial vehicle business of Dongfeng Motor Group is mainly operated by Dongfeng Commercial Vehicle Co., Ltd. (a joint venture between the Company and Volvo Cars), Dongfeng Motor Co., Ltd. (a joint venture between the Company and Nissan Motor Co., Ltd. (through Nissan (China) Investment 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, Dongfeng Liuzhou Motor Co., Ltd. and Dongfeng Motor Co., Ltd. (through Dongfeng Nissan Passenger Vehicle Company, Dongfeng Infiniti Motor Co., Ltd. and Dongfeng Venucia Motor Co., Ltd.), Dongfeng Peugeot Citroën Automobile Co., Ltd. (a joint venture between the Company and the PSA Peugeot Citroën Group), Dongfeng Honda Automobile Co., Ltd. (a joint venture between the Company and Honda Motor Co., Ltd.) and Dongfeng Renault Automobile Co., Ltd. (a joint venture between the Company and Renault S.A.).

In recent years, Dongfeng Motor Group has accelerated the development of its new-energy vehicle business, which is principally operated by Dongfeng Motor Co., Ltd., Dongfeng Special Commercial Vehicle Co., Ltd., Dongfeng Passenger Vehicle Company and Dongfeng Electric Vehicle Co., Ltd.. eGT New Energy Automotive Co., Ltd. will also actively promote new-energy vehicle business in future.

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. (an associate company between the Company, Dongfeng Motor Co., Ltd., Nissan Motor Co. Ltd. and Nissan (China) Investment Co., Ltd.) and Dongfeng Peugeot Citroën Auto Finance Co., Ltd. (a joint venture between the Company, Peugeot Citroën Netherlands Finance Co., Ltd. and Dongfeng Peugeot Citroën Automobile Co., Ltd.).

(II) Principal Business Operations during the First Half of 2018

For the year ended 30 June 2018, the production and sales volumes for vehicles of Dongfeng Motor Group were 1,562,615 units and 1,510,136 units respectively. According to statistics published by the China Association of Automobile Manufacturers, Dongfeng Motor Group had a market share of approximately 10.7% in terms of sales volume of commercial and passenger vehicles made by domestic manufacturers in the first half of 2018. The following table sets out the production and sales volumes of commercial and passenger vehicles of Dongfeng Motor Group as well as their respective market shares in terms of sales volume in the first half of 2018:

	Production Volume (units)	Sales Volume (units)	Market Share (%)[1]
Commercial Vehicles	230,517	231,416	10.1
Trucks	217,824	218,863	10.6
Buses	12,693	12,553	5.5
Passenger Vehicles	1,332,098	1,278,720	10.9
Basic passenger cars	619,994	606,719	10.7
MPVs	89,331	90,591	10.3
SUVs	622,773	581,410	11.7
Total	1,562,615	1,510,136	10.7

[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 2018:

Business	Sales revenue (RMB million)	Contribution to the Group's sales revenue (%)
Passenger vehicles	24,474	42.3
Commercial vehicles	31,483	54.4
Financing service	1,866	3.2
Corporate and others	147	0.2
Elimination	(48)	(0.1)
Total	**57,922**	**100.0**

(III) Principal Business Achievements during the First Half of 2018

1. Operations continued to maintain high quality. The sales volume of Dongfeng Motor Group for the first half of the year was approximately 1,510,100 units, representing an increase of 2.6% year on year, achieved sales revenue of RMB57,922 million and profit attributable to shareholders of RMB8,068 million, representing an increase of 0.3% and 14.9%, profit growth was higher than sales growth. Dongfeng Motor Group continued to strengthen risk control in areas such as new energy automobiles, environmental protection, and dual credit policy, strengthened compliance evaluation management and maintained healthy operation as a whole.

2. The sales goals of commercial vehicles were fully achieved and the sales volume continued to maintain its growth. In the first half of the year, commercial vehicles registered a sales volume of approximately 231,400 units, representing an increase of 4.5% over the corresponding period of last year. The strategic projects of commercial items were orderly pushed forward. Massive production of the national Standard V vehicles was achieved. Meanwhile, the technical strategy of Five Megatrends was implemented, development of 7 pure electric products and sales of vehicles with intelligent-networked function were achieved.

3. Core capability continued to be improved. In the first half of the year, Dongfeng Motor Group positively seized and led the Five Megatrends while propelling innovation-driven development. Important results were achieved in the fields of light weight, electrification, intellectualization and network for commercial vehicles. In the area of autonomous passenger vehicles, new progresses have been made in terms of product enhancement, platform strategy and product life cycle management. The industrialized construction of "power battery, electric motor and electric control system" (三電) has achieved staged results, and the development and verification capabilities of new-energy vehicles have been further enhanced.

4. Reform was deepened. Dongfeng Motor Group actively carried out its mixed ownership reform pilot, and continued to deepen the reform of joint ventures. Dongfeng Commercial Vehicle Co., Ltd., Dongfeng Special Commercial Vehicle Co., Ltd., Dongfeng Motor Parts and Components (Group) Co. Ltd., Dongfeng Peugeot Citroën Automobile Co., Ltd. and other units increased the intensity of reform of systems and mechanisms to achieve internal mergers and reorganization, reduce management layers and continuously improve the efficiency of operations.

(IV) Business Outlook

In the first half of 2018, China's automobile market kept steady growth. In the second half of 2018, as the uncertainty of domestic and overseas economy environment increases, the overall downward pressure of the market would be intensified. It is predicted that the automobile market growth will follow the trend of going high at first and then low later and maintain the growth rate of 3% in the whole year. As for new-energy automobiles, we hold an optimistic attitude towards the future with the introduction of the *"Three-Year Action Plan on Defending the Blue Sky"* by the government.

In the 5-10 years to come, Dongfeng Motor Group will plan the development strategy with international vision and the notion of open mind and innovation. The Company will continue to actively push forward the orderly implementation of work by following the mission of "making Dongfeng a first-class excellent automobile enterprise in China" and adhering to the enterprise positioning of "excellent enterprises that provide users with all-directional, high-quality automobile products and services". The main development goals of the company are:

(1) To strive to expand the market share of automobile, and maintain the operation scale ranking at the second in the industry in China based on high-quality development;

(2) To forerun the industry in terms of operation quality and continue to improve profit rate;

(3) To aim the annual sales volume of owned brands at 1,575,000 units in 2020;

(4) To strive to reach advanced international level in terms of independent R&D capability, create core competitive edges of energy saving and new-energy automobiles and have the annual sales volume of new-energy automobiles in 2020 reach 250,000 units;

(5) To form globalized business network and resource distribution for overall business and complete the strategic network for intelligent connectivity and service businesses;

(6) To continuously promote our brand popularity and elevate the international influence of Dongfeng brand and strive to become a "domestically leading, world-class" global mainstream car brand.

MANAGEMENT DISCUSSION AND ANALYSIS

(I) Analysis of the Major Businesses

1. Revenue

In the first half of 2018, automobile production and sales showed a slight increase trend. Production and sales volumes registered approximately 14,057,700 units and 14,066,500 units respectively, up by 3.9% and 5.3% over the corresponding period of last year respectively.

With respect to the passenger vehicle market, the sales volume of approximately 11,775,300 units was achieved in the interim period of 2018, representing a year-on-year increase of 4.6%. Among them, the sales volume of basic sedans recorded a year-on-year increase of 5.5%, the sales volume of MPV dropped by 12.7% year on year, and that of SUV increased by 9.7% year on year, a continuation of growth momentum; the sales volume of cross passenger vehicles fell by a year-on-year decrease of 25.9%, representing continued market shrinkage.

As for the commercial vehicle market, the sales volume accumulated to 2,291,100 units during the interim period of 2018, representing a year-on-year increase of 9.1%. Among them, the sales volume of trucks increased by 9.8% year on year; and that of buses increased by 2.8% year on year.

During the interim period of 2018, the Group managed to overcome various risks and challenges, its operation remained steady. The total sales volume of the Group for the period was approximately 1,510,100 units, representing an increase of approximately 2.6% over the corresponding period of last year. Among them, the sales volume of passenger vehicles was approximately 1,278,700 units, representing an increase of approximately 2.3% over the corresponding period of last year. Sales volume of commercial vehicles was approximately 231,400 units, representing an increase of approximately 4.5% over the corresponding period of last year. The domestic market share of the Group in terms of sales volume was approximately 10.7%, representing a decrease of approximately 0.3 percentage points over the corresponding period of last year. The market share of its passenger vehicles was approximately 10.9%, representing a decrease of approximately 0.2 percentage points over the corresponding period of last year. The market share of its commercial vehicles was 10.1%, representing a decrease of approximately 0.4 percentage points over the corresponding period of last year.

During the interim period of 2018, the revenue of the Group was approximately RMB57,922 million, representing an increase of approximately RMB173 million, or 0.3%, as compared with approximately RMB57,749 million of the corresponding period of last year. The increase in revenue came mainly from the growth of sales volume of Dongfeng Commercial Vehicle Co., Ltd..

	The first half of 2018 Sales revenue RMB million	The first half of 2017 Sales revenue RMB million (Restated)
Passenger vehicles	**24,474**	26,160
Commercial vehicles	**31,483**	30,013
Financing service	**1,866**	1,445
Corporate and others	**147**	184
Elimination	**(48)**	(53)
Total	**57,922**	57,749

1.1 Passenger Vehicle Business

The sales revenue of passenger vehicles of the Group decreased by approximately RMB1,686 million, or 6.4%, to approximately RMB24,474 million from approximately RMB26,160 million for the interim period of 2017. The decrease in revenue was mainly from Dongfeng Passenger Vehicle Company and the passenger vehicle business of Dongfeng Liuzhou Motor Co., Ltd..

1.2 Commercial Vehicle Business

The sales revenue of commercial vehicles of the Group increased by approximately RMB1,470 million, or 4.9%, to approximately RMB 31,483 million from approximately RMB30,013 million for the interim period of 2017. The increase in revenue was mainly due to the growth of Dongfeng Commercial Vehicles Co., Ltd. and the commercial vehicle business of Dongfeng Liuzhou Motor Co., Ltd..

1.3 Financing Service Business

The revenue of financing service of the Group increased by approximately RMB421 million, or 29.1%, to approximately RMB1,866 million from approximately RMB1,445 million for the interim period of 2017. The financing service business of the Group maintained its steady growth.

2. Cost of Sales and Gross Profit

The total cost of sales of the Group for the interim period of 2018 was approximately RMB49,872 million, representing an increase of approximately RMB139 million, or 0.3%, as compared with approximately RMB49,733 million in the corresponding period of last year. The total gross profit was approximately RMB8,050 million, representing an increase of approximately RMB34 million, or 0.4%, as compared with approximately RMB8,016 million in the corresponding period of last year. The comprehensive gross profit margin was approximately 13.9%, basically the same as the corresponding period of last year.

3. Other Income

The total other income of the Group for the interim period of 2018 amounted to approximately RMB1,254 million, representing an increase of approximately RMB211 million as compared with approximately RMB1,043 million in the corresponding period of last year.

The increase in other income was mainly due to the increase of interest income.

4. Selling and Distribution Expenses

The selling and distribution expenses of the Group for the interim period of 2018 decreased by approximately RMB831 million to approximately RMB2,839 million from approximately RMB 3,670 million in the corresponding period of last year.

The decrease in selling and distribution expenses was mainly due to the reduction of advertising fees.

5. Administrative Expenses

The administrative expenses of the Group for the interim period of 2018 increased by approximately RMB30 million to approximately RMB1,983 million from approximately RMB1,953 million in the corresponding period of last year.

The increase in administrative expenses was mainly due to an increase of staff cost arising from the increase of performance results.

6. Other Expenses

The other expenses of the Group for the interim period of 2018 amounted to approximately RMB2,907million, representing an increase of approximately RMB544 million as compared with approximately RMB2,363 million in the corresponding period of last year.

The increase in other expenses was mainly attributable to increase of research and development expenditure.

7. Staff Costs

The staff costs of the Group for the interim period of 2018 amounted to approximately RMB3,550 million, representing an increase of approximately RMB85 million as compared with approximately RMB3,465million in the corresponding period of last year.

The increase was mainly attributable to salaries and benefits as a result of a higher demand for labor in line with the increase in production and sales volumes of vehicles.

8. Finance Expenses - net

The net finance expenses of the Group for the interim period of 2018 amounted to approximately RMB1 million, representing a decrease of approximately RMB466 million as compared with approximately RMB467 million of the corresponding period of last year.

The decrease in net finance expenses was mainly due to the increase of exchange gain of the Group.

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 2018 amounted to approximately RMB6,088 million, representing a decrease of approximately RMB13 million as compared with that of approximately RMB6,101 million of the corresponding period of last year, mainly due to the facts that: 1. The sales volume of Dongfeng Motor Co., Ltd. increased by 13.5% year on year, the competitiveness of high-yielding models such as X-Trail, TENAN and Qashqai increased, sales prices remained stable, the new models business policy contracted appropriately and the investment income for the Group increased year-on-year; 2. The sales volume of Dongfeng Renault Automobile Co., Ltd. was basically the same as that of corresponding period of last year; 3. The investment income of the Group arising from Dongfeng Peugeot Citroën Automobile Co., Ltd. increased by approximately RMB185 million year on year, mainly due to the increase of sales volume of new models of vehicles such as Citroën C5 Aircross and Peugeot 5008 as compared with the corresponding period of last year; 4. The sales volume of Dongfeng Honda Motor Co., Ltd. declined by 4.1% year on year, and the net profit fell year on year, which was mainly affected by the recall issue. 5. Impairment of assets related to new-energy vehicle business has been recognized by Dongfeng Special Vehicle (Shiyan) Special Vehicle Co. Ltd..

10. Share of Profits and Losses of Associates

Share of profits and losses of associates of the Group for the interim period of 2018 amounted to approximately RMB1,749 million, representing an increase of approximately RMB531 million as compared with that of approximately RMB1,218 million of the corresponding period of last year, mainly due to the increase in investment income of RMB481 million for investing in PSA Peugeot Citroën Group.

11. Income Tax Expense

The income tax expense of the Group for the interim period of 2018 amounted to approximately RMB933 million, representing an increase of approximately RMB416 million as compared with approximately RMB517 million of the corresponding period of last year. The effective tax rate for the period was approximately 10.1%, representing an increase of approximately 3.5% as compared with approximately 6.6% in the corresponding period of last year.

12. Profit for the Period

The profit attributable to shareholders of the Group for the interim period of 2018 was approximately RMB8,068 million, representing an increase of approximately RMB1,045 million, or 14.9% as compared with that of approximately RMB7,023 million for the corresponding period of last year. The net profit margin (a percentage of profit attributable to shareholders to total revenue) was approximately 13.9%, representing an increase of approximately 1.7 percentage points as compared with approximately 12.2% of the corresponding period of last year. The return on net assets (a percentage of profit attributable to shareholders to average net assets) was approximately 14.5%, representing an increase of approximately 0.4 percentage points as compared with approximately 14.1% of the corresponding period of last year.

13. Total Assets

Total assets of the Group as at 30 June 2018 amounted to approximately RMB217,214 million, representing an increase of approximately RMB3,306 million as compared with approximately RMB213,908 million as at the end of last year. The increase was mainly due to the increase in investments in joint ventures/associates, trade receivables, bills receivables, prepayments, deposits and other receivables and property, plant and equipment.

14. Total Liabilities

Total liabilities of the Group as at 30 June 2018 amounted to approximately RMB96,685 million, representing a decrease of approximately RMB1,899 million as compared with approximately RMB98,584 million as at the end of last year. The decrease was mainly due to the decrease in trade payables and amount due to joint ventures, among which, the trade payables decreased by approximately RMB3,061 million and the deposit and security deposit taken by Dongfeng Motor Finance Co., Ltd. from joint ventures decreased by approximately RMB2,856 million.

15. Total Equity

Total equity of the Group as at 30 June 2018 amounted to approximately RMB120,529 million, representing an increase of approximately RMB5,205 million as compared with approximately RMB115,324 million as at the end of last year. Among which, equity attributable to equity holders of the Company amounted to approximately RMB113,758 million, representing an increase of approximately RMB5,243 million as compared with approximately RMB108,515 million as at the end of last year.

16. Liquidity and Sources of Capital

	Six months ended 30 June 2018 (RMB million)	Six months ended 30 June 2017 (RMB million) (Restated)
Net cash flows used in operating activities	(11,239)	(2,793)
Net cash flows generated from/(used in) investing activities	1,179	(715)
Net cash flows generated from/(used in) financing activities	1,228	(1,449)
Net decrease in cash and cash equivalents	(8,832)	(4,957)

Net cash outflows used in operating activities of the Group amounted to approximately RMB11,239 million, mainly reflecting: (1) profit before taxation amounted to approximately RMB2,243 million, net of depreciation, impairment and other non-cash items; (2) decrease of approximately RMB3,061 million due to the balance of trade payables declined; (3) decrease of approximately RMB6,760 million due to the increase of loans and receivables generated from financial business; (4) decrease of approximately RMB231 million due to increase in inventory balance; (5) decrease of approximately RMB2,259 million due to the balance of due to joint ventures declined; (6) income tax payment of approximately RMB948 million;

Net cash inflows generated from investing activities of the Group amounted to approximately RMB1,179 million, mainly reflecting: (1) expenditure approximately RMB1,719 million on purchase of property, plant and equipment and intangible assets to increase productivity and develop new products; (2) receipt of dividend from joint ventures and associates, representing an increase of approximately RMB7,520 million; (3) increase in pledged bank balances and time deposits, representing a decrease of approximately RMB5,252 million; (4) receipt of deposit interest, representing an increase of approximately RMB424 million;

Net cash inflows generated from financing activities of the Group amounted to approximately RMB1,228 million, mainly reflecting: (1) cash inflow of approximately RMB3,889 million due to proceeds from bank borrowings increasing; (2) cash outflow of approximately RMB2,703 million due to repayment of bank borrowings.

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 RMB22,809 million as at 30 June 2018, representing a decrease of approximately RMB8,832 million as compared with approximately RMB31,641 million as at 31 December 2017. Cash and bank balances (including non-pledged time deposits with original maturity of three months or more when acquired) amounted to approximately RMB25,709 million, representing a decrease of approximately RMB7,732 million as compared with approximately RMB33,441 million as at 31 December 2017. Net cash (cash and bank balances less borrowings) of the Group amounted to approximately RMB22,456 million, representing a decrease of approximately RMB4,823 million when compared with approximately RMB27,279 million as at 31 December 2017.

As at 30 June 2018, the Group's equity ratio, as a percentage of total borrowings to total shareholders' equity, was approximately 15.9%, representing an increase of approximately 0.4 percentage points as compared with approximately 15.5% as at 31 December 2017. The Group's liquidity ratio was approximately 1.23 times, representing a decrease of approximately 0.04 times from approximately 1.27 times as at 31 December 2017. The Group's quick ratio was approximately 1.11 times, representing a decrease of 0.04 times from approximately 1.15 times as at 31 December 2017.

The inventory turnover days of the Group as at 30 June 2018 increased by approximately 5 days to approximately 40 days from approximately 35 days as at 31 December 2017. The Group's turnover days of receivables (including bills receivable) increased by approximately 9 days to approximately 70 days as at 30 June 2018 from approximately 61 days as at 31 December 2017. Among them, the turnover days of receivables (excluding bills receivable) increased by approximately 5 days to approximately 23 days from approximately 18 days as at 31 December

2017. The turnover days of bills receivable increased by approximately 4 days to approximately 47 days from approximately 43 days as at 31 December 2017. The Group adopts stringent policies for the management of bills receivable and only accepts applications by trustworthy banks and customers with financial strengths, while the credit risks related to bank promissory notes are assumed by the customers' banks.

17. Major Financial Figures Based on Proportionate Consolidation

Based on proportionate consolidation, the revenue of the Group for the first half of 2018 was approximately RMB128,160 million, representing an increase of approximately RMB6,969 million, or 5.8%, as compared with approximately RMB121,191 million of the corresponding period of last year. Profit before income tax was approximately RMB12,219 million, representing an increase of approximately RMB1,741 million, or 16.6%, as compared with approximately RMB10,478 million of the corresponding period of last year. Total assets was RMB296,165 million, representing a decrease of approximately RMB2,129 million, or 0.7%, as compared with approximately RMB298,294 million as at the end of last year.

INTERIM DIVIDENDS

The Board of Directors declared an interim dividend of RMB0.1 per share (2017: RMB0.1 per share) to the shareholders whose names appear on the register of members of the Company on Friday, 21 September 2018. The interim dividend will be distributed on Wednesday, 31 October 2018.

MAJOR ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

On 27 March 2018, Dongfeng Motor Corporation and Dongfeng Motor Group entered into the Equity Transfer Agreement. Pursuant to the Equity Transfer Agreement, Dongfeng Motor Corporation agreed to transfer 100% equity interest in Dongfeng Automobile Trade Co., Ltd. to Dongfeng Motor Group.

MATERIAL LEGAL PROCEEDINGS

As at 30 June 2018, 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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

CORPORATE GOVERNANCE

The Company has fully complied with the requirements of the Code Provisions of the Corporate Governance Code (the "**Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the period.

REVIEW OF THE ACCOUNTS

The audit and risk management committee has reviewed the unaudited financial statements of the Group for the six months ended 30 June 2018.

CLOSURE OF REGISTER OF MEMBERS

The register of member of the Company will be closed from Thursday, 13 September 2018 to Friday, 21 September 2018 (both days inclusive). In order to be entitled to the interim dividend, H shares shareholders who have not registered the transfer documents are required to deposit the transfer documents together with the relevant share certificates at Computershare Hong Kong Investor Services Limited, the H share registrar of the Company, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong at or before 4:30 p.m. on Wednesday, 12 September 2018 (Hong Kong time) , being the last share registration date.

BOARD OF DIRECTORS

As at the date of this announcement, Mr. Zhu Yanfeng and Mr. Li Shaozhu are the executive directors of the Company, and Mr. Ma Zhigeng, Mr. Zhang Xiaotie, Mr. Cao Xinghe and Mr. Chen Yunfei are the independent non-executive directors of the Company.

On behalf of the Board of Directors
Zhu Yanfeng
Chairman

Wuhan, the PRC
29 August 2018

* *For identification only*