中国重汽
SINOTRUK

SINOTRUK (HONG KONG) LIMITED
中 國 重 汽 (香 港) 有 限 公 司

(incorporated in Hong Kong with limited liability)
(Stock Code: 3808)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

RESULTS

The Board is pleased to announce the consolidated results of Sinotruk (Hong Kong) Limited and its subsidiaries for the year ended 31 December 2013 together with the comparative figures for the previous year as follows:

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2013

	Note	**2013**	2012
		Audited	Audited
		RMB'000	RMB'000
Turnover	3	**30,409,787**	27,888,431
Cost of sales	4	**(25,318,995)**	(23,737,351)
Gross profit		**5,090,792**	4,151,080
Distribution costs	4	**(2,237,779)**	(1,947,278)
Administrative expenses	4	**(2,075,425)**	(1,998,452)
Other gains – net	5	**209,958**	632,252
Operating profit		**987,546**	837,602
Finance income		**83,715**	114,676
Finance costs		**(478,968)**	(631,840)
Finance costs – net		**(395,253)**	(517,164)
Profit before income tax		**592,293**	320,438
Income tax expense	6	**(152,738)**	(148,957)
Profit for the year		**439,555**	171,481

Consolidated Statement of Comprehensive Income (Continued)
For the year ended 31 December 2013

	Note	**2013**	2012
		Audited	Audited
		RMB'000	RMB'000
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of termination and post-employment benefits		**(5,410)**	-
Items that may be reclassified to profit or loss			
(Losses)/gains on currency translation		**(17,909)**	1,140
Total comprehensive income for the year		**416,236**	172,621
Profit attributable to:			
— equity holders of the Company		**271,387**	122,969
— non-controlling interests		**168,168**	48,512
		439,555	171,481
Total comprehensive income attributable to:			
— equity holders of the Company		**248,068**	124,109
— non-controlling interests		**168,168**	48,512
		416,236	172,621
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in RMB per share)			
— basic and diluted	7	**0.10**	0.04

Consolidated Balance Sheet
As at 31 December 2013

	Note	2013	2012
		Audited	Audited
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Land use rights		**1,545,785**	1,464,106
Property, plant and equipment		**12,681,507**	12,835,865
Investment properties		**180,023**	214,754
Intangible assets		**672,195**	546,714
Goodwill		**3,868**	3,868
Deferred income tax assets		**952,781**	880,956
Investment in an associate		**2,319**	4,564
Trade receivables and other receivables	8	**423,897**	360,321
		16,462,375	16,311,148
Current assets			
Inventories		**7,803,963**	7,560,531
Trade receivables, other receivables and other current assets	8	**16,124,932**	13,930,524
Financial assets at fair value through profit and loss		**1,236**	1,489
Amounts due from related parties		**16,512**	12,694
Cash and bank balances		**5,288,229**	5,933,177
		29,234,872	27,438,415
Total assets		**45,697,247**	43,749,563

Consolidated Balance Sheet (continued)
As at 31 December 2013

	Note	2013	2012
		Audited	Audited
		RMB'000	RMB'000
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**261,489**	261,489
Reserves			
- Proposed final dividend		**87,481**	33,463
- Others		**18,515,166**	18,354,150
		18,864,136	18,649,102
Non-controlling interests		**1,948,236**	1,806,010
Total equity		**20,812,372**	20,455,112
LIABILITIES			
Non-current liabilities			
Borrowings		**753,400**	5,618,988
Deferred income tax liabilities		**29,870**	48,807
Termination and post-employment benefits		**21,470**	22,580
Deferred income		**294,914**	394,383
Long-term payable		**4,920**	7,902
Amounts due to related parties		**85,268**	170,069
		1,189,842	6,262,729
Current liabilities			
Trade payables, other payables and other current liabilities	9	**13,810,802**	10,718,796
Current income tax liabilities		**60,353**	20,549
Borrowings		**9,019,237**	5,388,247
Amounts due to related parties		**448,276**	599,937
Provisions for other liabilities		**356,365**	304,193
		23,695,033	17,031,722
Total liabilities		**24,884,875**	23,294,451
Total equity and liabilities		**45,697,247**	43,749,563
Net current assets		**5,539,839**	10,406,693
Total assets less current liabilities		**22,002,214**	26,717,841

Notes:

1. General information

The Company was incorporated in Hong Kong on 31 January 2007 as a limited liability company and its shares are listed on the Main Board of the Stock Exchange since 2007.

The Group is principally engaged in the manufacturing and sales of commercial trucks including heavy duty trucks, light duty trucks and buses, and also produces and sells key parts and components such as engines, axles and cabins, and the provision of finance services. The registered office of the Company is situated at Units 2102-2103, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

2. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (the "**HKFRS**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and with the Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property, and financial assets (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

2. Basis of preparation (Continued)

Changes in accounting policy and disclosures

(1) New and amended standards adopted by the Group

The following new standards and amendments to standard are mandatory for the first time for the fiscal year beginning 1 January 2013 and relevant to the Group:

- Amendment to HKAS 1 'Financial statement presentation' is effective for annual periods beginning on or after 1 July 2012. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment has no significant impact on the Group's financial statements.

- Amendment to HKFRSs 10, 11 and 12 on transition guidance are effective for annual periods beginning on or after 1 January 2013. These amendments provide additional transition relief to HKFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before HKFRS 12 is first applied. These amendments have no significant impact on the Group's financial statements.

- HKFRS 10 'Consolidated financial statements'. The objective of HKFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity (an entity that controls one or more other entities) to present consolidated financial statements. Defines the principle of control, and establishes controls as the basis for consolidation. Set out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements.

2. Basis of preparation (Continued)

Changes in accounting policy and disclosures (continued)

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

- HKAS 27 (revised 2011) 'Separate financial statements' is effective for annual periods beginning on or after 1 January 2013. It includes the provisions on separate financial statements that are left after the control provisions of HKAS 27 have been included in the new HKFRS 10. It has no significant impact on the Group's financial statements.

- HKFRS 12 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

- HKFRS 13 'Fair value measurement' aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements, which are largely aligned between HKFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs or US GAAP.

- Amendment to HKAS 19 'Employee benefits' is effective for annual periods beginning on or after 1 January 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis.

There are no other amended standards or interpretations that are effective for the first time for this year and have a material impact on the Group.

2. Basis of preparation (Continued)

Changes in accounting policy and disclosures (Continued)

(2) New and amended standards have been issued but are not effective for the fiscal year beginning after 1 January 2014 and have not been early adopted

The Group's assessment of the impact of these new and amended standards is set out below:

Standards	Description	Effective date
Amendments to HKAS 32	'Financial instruments Presentation' on asset and liability offsetting	1 January 2014
Amendments to HKFRS 10, 12 and HKAS 27	'Consolidation for investment entities'	1 January 2014
Amendment to HKAS 36	'Impairment of assets' on recoverable amount disclosures	1 January 2014
Amendment to HKAS 39	'Financial Instruments: Recognition and Measurement'	1 January 2014
HK(IFRIC)-Int 21	'Levies'	1 January 2014
Amendment to HKAS 19	'Defined benefit plans'	1 July 2014
HKFRS 9	'Financial Instruments'	1 January 2015
Annual improvement 2012		1 July 2014
Annual improvement 2013		1 July 2014

None of these new and amended standards is expected to have a significant effect on the consolidated financial statements of the Group.

3. Turnover and segment information

The segment results for the year ended 31 December 2013 are as follows:

	Audited					
	Heavy duty trucks	Light duty trucks and buses	Engines	Finance	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
External segment revenue						
Sales of goods	25,683,664	2,824,777	1,111,784	-	-	29,620,225
Provision of financing services	-	-	-	217,126	-	217,126
Rendering of services	453,008	17,202	102,226	-	-	572,436
Total	26,136,672	2,841,979	1,214,010	217,126	-	30,409,787
Inter-segment revenue	73,847	28,917	6,154,041	46,642	(6,303,447)	-
Segment revenue	26,210,519	2,870,896	7,368,051	263,768	(6,303,447)	30,409,787
Operating profit/(loss) before unallocated expenses	719,404	(272,142)	260,592	187,946	117,225	1,013,025
Unallocated expenses						(25,479)
Operating profit						987,546
Finance costs – net						(395,253)
Profit before income tax						592,293
Income tax expense						(152,738)
Profit for the year						439,555

3. Turnover and segment information (Continued)

The segment results for the year ended 31 December 2012 are as follows:

	Audited					
	Heavy duty trucks	Light duty trucks and buses	Engines	Finance	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
External segment revenue						
Sales of goods	23,842,860	2,163,800	1,011,862	-	-	27,018,522
Provision of financing services	-	-	-	207,991	-	207,991
Rendering of services	362,914	5,643	293,361	-	-	661,918
Total	24,205,774	2,169,443	1,305,223	207,991	-	27,888,431
Inter-segment revenue	47,716	42,092	5,007,244	46,499	(5,143,551)	-
Segment revenue	24,253,490	2,211,535	6,312,467	254,490	(5,143,551)	27,888,431
Operating profit/(loss) before unallocated expenses	479,092	(230,838)	280,675	172,947	150,159	852,035
Unallocated expenses						(14,433)
Operating profit						837,602
Finance costs – net						(517,164)
Profit before income tax						320,438
Income tax expense						(148,957)
Profit for the year						171,481

Notes:

3. Turnover and segment information (Continued)

Other segment items included in the consolidated statement of comprehensive income for the year ended 31 December 2013:

	Audited					
	Heavy duty trucks	**Light duty trucks and buses**	**Engines**	**Finance**	**Unallocated**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Depreciation	**453,945**	**58,148**	**509,056**	**863**	**46**	**1,022,058**
Amortisation of intangible assets and land use rights	**49,525**	**7,838**	**122,306**	**69**	**19**	**179,757**

Other segment items included in the consolidated statement of comprehensive income for the year ended 31 December 2012:

	Audited					
	Heavy duty trucks	Light duty trucks and buses	Engines	Finance	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation	378,729	48,541	400,509	843	46	828,668
Amortisation of intangible assets and land use rights	52,629	6,122	108,067	66	19	166,903

The segment assets and liabilities as at 31 December 2013 and capital expenditure for the year then ended are as follows:

	Audited					
	Heavy duty trucks	**Light duty trucks and buses**	**Engines**	**Finance**	**Unallocated**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Segment assets	**27,164,787**	**3,273,124**	**11,869,463**	**5,521,798**	**6,279,281**	**54,108,453**
Elimination						**(8,411,206)**
Total assets						**45,697,247**
Segment liabilities	**9,973,869**	**2,369,783**	**2,838,884**	**4,264,243**	**9,931,230**	**29,378,009**
Elimination						**(4,493,134)**
Total liabilities						**24,884,875**
Segment capital expenditure	**549,745**	**372,964**	**343,523**	**44**	**5**	**1,266,281**

3. Turnover and segment information (Continued)

Segment assets and liabilities as at 31 December 2013 are reconciled to entity assets and liabilities as follows:

	Audited	
	Assets	**Liabilities**
	RMB'000	**RMB'000**
Segment assets/liabilities after elimination	**39,417,966**	**14,953,645**
Unallocated:		
Deferred tax assets/liabilities	**952,781**	**29,870**
Current tax assets/liabilities	**82,204**	**60,353**
Current borrowings	**-**	**9,019,237**
Non-current borrowings	**-**	**753,400**
Other assets/liabilities of the Company	**5,244,296**	**68,370**
Total	**45,697,247**	**24,884,875**

The segment assets and liabilities as at 31 December 2012 and capital expenditure for the year then ended are as follows:

	Audited					
	Heavy duty trucks	Light duty trucks and buses	Engines	Finance	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	24,610,025	3,167,640	11,846,110	5,716,050	6,801,383	52,141,208
Elimination						(8,391,645)
Total assets						43,749,563
Segment liabilities	8,223,071	1,985,758	2,503,754	4,337,293	11,159,012	28,208,888
Elimination						(4,914,437)
Total liabilities						23,294,451
Segment capital expenditure	810,601	595,976	957,033	218	10	2,363,838

3. Turnover and segment information (Continued)

Segment assets and liabilities as at 31 December 2012 are reconciled to entity assets and liabilities as follows:

	Audited	
	Assets	Liabilities
	RMB'000	RMB'000
Segment assets/liabilities after elimination	36,948,181	12,135,439
Unallocated:		
Deferred tax assets/liabilities	880,956	48,807
Current tax assets/liabilities	91,126	20,549
Current borrowings	-	5,388,247
Non-current borrowings	-	5,618,988
Other assets/liabilities of the Company	5,829,300	82,421
Total	43,749,563	23,294,451

Turnover from external customers by geographical area is based on the geographical location of the customers.

Turnover is allocated based on the countries in which the customers are located.

	2013	2012
	Audited	Audited
	RMB'000	RMB'000
Turnover		
Mainland China	**24,881,188**	23,247,048
Overseas	**5,528,599**	4,641,383
	30,409,787	27,888,431

3. Turnover and segment information (Continued)

Total assets are allocated based on where the assets are located.

	2013	2012
	Audited	Audited
	RMB'000	RMB'000
Total assets		
Mainland China	**37,204,393**	34,633,526
Overseas	**8,492,854**	9,116,037
	45,697,247	43,749,563

Non-current assets excluding deferred income tax assets are allocated based on where the assets are located.

	2013	2012
	Audited	Audited
	RMB'000	RMB'000
Non-current assets other than deferred income tax assets		
Mainland China	**15,285,198**	15,178,186
Overseas	**224,396**	252,006
	15,509,594	15,430,192

Capital expenditure is allocated based on where the assets are located.

	2013	2012
	Audited	Audited
	RMB'000	RMB'000
Capital expenditure		
Mainland China	**1,266,231**	2,181,212
Overseas	**50**	182,626
	1,266,281	2,363,838

4. Expenses by nature

	2013	2012
	Audited	Audited
	RMB'000	RMB'000
Materials cost	**22,359,809**	20,282,912
Employee benefit expenses	**2,428,714**	2,043,736
Warranty expenses	**720,371**	680,051
Utilities expenses	**681,951**	593,201
Amortisation of land use rights	**36,951**	32,007
Depreciation of property, plant and equipment	**1,022,058**	828,668
Amortisation of intangible assets	**142,806**	134,896
Transportation expenses	**940,044**	867,348
Advertising costs	**94,486**	97,403
Travel and office expenses	**225,157**	254,903
Transaction taxes	**141,112**	146,675
Write-down of inventories to net realisable value	**192,454**	89,636
Auditor's remuneration	**13,438**	15,878
Provision for impairment of trade and other receivables	**62,867**	67,480
Rental expenses	**53,845**	84,840
Other charges	**516,136**	1,463,447
Total	**29,632,199**	27,683,081
Representing:		
Cost of sales	**25,318,995**	23,737,351
Distribution costs	**2,237,779**	1,947,278
Administrative expenses	**2,075,425**	1,998,452
Total	**29,632,199**	27,683,081

5. Other gains – net

	2013 Audited RMB'000	2012 Audited RMB'000
Losses from financial assets at fair value through profit or loss	**(241)**	(176)
Disposal of scraps	**63,598**	160,896
Government grants (a)	**222,231**	427,861
Fair value (losses) / gains on investment properties	**(20,746)**	25,977
Gains / (losses) on disposals of property, plant and equipment	**5,354**	(10,107)
Rental income	**15,334**	18,798
Loss on investment in an associate	**(2,245)**	(1,661)
Losses on disposals of investment properties	**-**	(8,865)
Foreign exchange losses - net	**(72,519)**	(1,519)
Others	**(808)**	21,048
Total	**209,958**	632,252

(a) Government grants were contributed from various government organizations to the Group in respect of relocation compensations, subsidies for research and development, overseas promotion activities and other incentives.

6. Taxation

The Company and Sinotruk (Hong Kong) International Investment Limited are subject to Hong Kong profits tax at the rate of 16.5% (2012: 16.5%) on their estimated assessable profit for the year. In addition, the Company is determined as a Chinese resident enterprise and, accordingly, is subject to corporate income tax of the PRC, which has been calculated based on the corporate income tax rate of 25% (2012: 25%).

Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

6. Taxation (Continued)

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

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

Sinotruk Russia Co., Ltd. is subject to a corporate income tax rate of 20% according to the Tax Code of the Russian Federation.

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

The amount of income tax expense charged to the consolidated statement of comprehensive income represents:

	2013	2012
	Audited	Audited
	RMB'000	RMB'000
Current tax:		
- Hong Kong profits tax	**5,068**	7,825
- PRC corporate income tax	**238,432**	195,798
Total current tax	**243,500**	203,623
Deferred tax	**(90,762)**	(54,666)
Income tax expense	**152,738**	148,957

7. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares.

	2013	2012
	Audited	Audited
Profit attributable to equity holders of the Company (RMB thousands)	**271,387**	122,969
Weighted average number of ordinary shares in issue (thousands)	**2,760,993**	2,760,993
Basic earnings per share (RMB per share)	**0.10**	0.04

Diluted earnings per share equals to basic earnings per share for the years ended 31 December 2013 and 2012 as there are no dilutive potential shares existed during the years.

8. Trade receivables, other receivables and other current assets

	2013 Audited RMB'000	2012 Audited RMB'000
Non-current		
Accounts receivable	25,018	16,758
Loans and receivables from financing services	404,955	347,033
Less: Provision for impairment of loans and receivables from financing services	(6,076)	(3,470)
Loans and receivables from financing services - net	398,879	343,563
Trade receivables and other receivables	423,897	360,321
Current		
Accounts receivable	5,368,913	5,613,024
Less: Provision for impairment of accounts receivable	(227,583)	(174,196)
Accounts receivable - net	5,141,330	5,438,828
Notes receivable		
- Bank acceptance notes	8,675,848	6,225,560
- Commercial acceptance notes	35,611	32,000
Notes receivable - total	8,711,459	6,257,560
Trade receivables - net	13,852,789	11,696,388
Loans and receivables from financing services	1,232,793	1,041,129
Less: Provision for impairment from financing services	(20,584)	(16,592)
Loans and receivables from financing services - net	1,212,209	1,024,537
Other receivables	371,708	296,991
Less: Provision for impairment of other receivables	(4,603)	(1,768)
Other receivables - net	367,105	295,223
Interest receivables	20,766	12,049
Receivables and other current assets before prepaid items	15,452,869	13,028,197
Prepayments	271,070	412,945
Prepaid taxes other than income tax	318,789	398,256
Prepaid income taxes	82,204	91,126
Trade receivables, other receivables and other current assets - net	16,124,932	13,930,524

8. Trade receivables, other receivables and other current assets (Continued)

As at 31 December 2013 and 2012, the carrying amounts of the Group's receivables and other current assets before prepaid items approximated their fair values.

The ageing analysis of trade receivables – net at respective balance sheet dates are as follows:

	2013	2012
	Audited	Audited
	RMB'000	RMB'000
Less than 3 months	**7,523,947**	8,228,007
3 months to 6 months	**5,343,327**	2,770,116
6 months to 12 months	**136,570**	312,205
1 year to 2 years	**828,416**	340,188
2 years to 3 years	**41,843**	58,743
Over 3 years	**3,704**	3,887
	13,877,807	11,713,146

The credit policy of the Group generally requires customers to pay a certain amount of deposits when orders are made and settle full purchase price prior to delivery either in cash or bank notes with a tenure of usually 3 to 6 months, which represents the credit terms granted to the customers who pay by bank notes. Credit terms in the range within 6 months are granted to those customers with good payment history.

8. Trade receivables, other receivables and other current assets (Continued)

Loans and receivables from financing services – net at respective balance sheet dates are due in the following periods:

	2013	2012
	Audited	Audited
	RMB'000	RMB'000
Less than 3 months	**400,502**	318,917
3 months to 6 months	**336,987**	281,220
6 months to 12 months	**474,720**	424,400
1 year to 2 years	**387,865**	330,512
2 years to 3 years	**11,014**	12,640
Over 3 years	**-**	411
	1,611,088	1,368,100

Loans are granted to individuals and entities when they purchased commercial vehicles of the Group from dealers at an interest rate of 6%-8.96% per annum. These loans and receivables from financing services were secured by the vehicle licences together with guarantees provided by these dealers.

9. Trade payables, other payables and other current liabilities

	2013	2012
	Audited	Audited
	RMB'000	RMB'000
Trade and bills payables	**8,346,626**	6,445,515
Advances from customers	**1,706,698**	1,319,853
Accrued expenses	**367,212**	416,395
Staff welfare and salaries payable	**226,174**	194,907
Taxes liabilities other than income tax	**83,062**	151,477
Other payables	**3,081,030**	2,190,649
	13,810,802	10,718,796

9. Trade payables, other payables and other current liabilities (Continued)

As at 31 December 2013 and 2012, the ageing analysis of the trade and bills payables was as follows:

	2013	2012
	Audited	Audited
	RMB'000	RMB'000
Less than 3 months	**4,710,497**	5,168,978
3 months to 6 months	**3,561,271**	1,231,132
6 months to 12 months	**44,450**	25,297
1 year to 2 years	**25,843**	13,032
2 years to 3 years	**2,082**	5,595
Over 3 years	**2,483**	1,481
	8,346,626	6,445,515

Final Dividends for the Period

The Directors recommend the payment of a final dividend of HKD0.04 per Share for the year ended 31 December 2013 (the "**2013 Final Dividend**") with a sum of approximately HKD110,440,000 which is subject to shareholders' approval at the forthcoming 2014 annual general meeting of the Company to be held on 22 May 2014. The 2013 Final Dividend, if approved, will be distributed on or about 20 June 2014 to shareholders of the Company whose names appear on the register of members of the Company on 31 May 2014.

The Company has been determined as a Chinese resident enterprise. Pursuant to the "Enterprise Income Tax Law of the People's Republic of China"《中華人民共和國企業所得稅法》and the "Detailed Rules for the Implementation of the Enterprise Income Tax Law of the People's Republic of China"《中華人民共和國企業所得稅法實施條例》, a Chinese-controlled offshore incorporated enterprise shall withhold and pay enterprise income tax for its non-PRC resident enterprise shareholders. As the withholding and payment obligation lies with the Company, the Company will withhold and pay enterprise income tax for its non-PRC resident enterprise Shareholders to whom the Company pays the 2013 Final Dividend.

In respect of all the Shareholders whose names are not registered as natural persons (including HKSCC Nominees Limited, corporate nominees or trustees such as securities companies and banks, and other entities or organisations, which are all considered as non-PRC resident enterprise Shareholders), the Company will distribute the 2013 Final Dividend after deducting an enterprise income tax of 10% or other appropriate rates. The Company will not withhold and pay the income tax in respect of the 2013 Final Dividend payable to PRC resident enterprise Shareholders, exempted entities or any natural person Shareholders.

Closure of Register of Members

The annual general meeting of the Company will be held on 22 May 2014 and the register of members of the Company will be closed from 20 May 2014 to 22 May 2014 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify to attend and vote in the annual general meeting, holders of the Shares must lodge their share certificates together with the relevant share transfer documents with Computershare Hong Kong Investor Services Limited, the share registrar of the Company, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 19 May 2014.

For the distribution of the 2013 Final Dividend, the register of members of the Company will be closed from 28 May 2014 to 31 May 2014 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify to receive the proposed 2013 Final Dividend, holders of the Shares must lodge their share certificates together with the relevant share transfer documents with Computershare Hong Kong Investor Services Limited, the share registrar of the Company, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 27 May 2014.

Market Overview

In 2013, the market demand of heavy duty trucks in China rebounded due to the investment growth in infrastructure, increasing cargo turnover and the purchase in advance of trucks before the anticipated implementation of China's National IV emission standards. Benefiting from the increasing demand of domestic consumption, the improvement of logistic environment and the activity of inter-city logistics networks, the increasing cargo turnover drives the demand of tractors and other models for road transportation. The demand on road transportation vehicles became the main driver of the recovery of heavy duty trucks industry.

Review of Operations

Heavy Duty Trucks Segment

During the Period, the volume of heavy duty truck sold increased to 96,370 units, representing an increase of 6.7% year-over-year and the aggregate revenue of the heavy duty trucks segment increased to RMB26,211 million, representing an increase of 8.1% year-over-year.

Domestic Business

During the Period, as the Group's product mix and market positioning further optimized, the foundation of our future development – full series of commercial vehicles (heavy duty trucks, light duty trucks and buses) with heavy duty trucks focused – has been forged. A clear division of the Group's high-end, medium and economical types of products as such enables the Group to meet different demands of the customers. Leveraging their high quality and advanced technology, the Group was able to further reinforce its competitive strengths.

SITRAK, a high-end truck brand which is developed and innovated under the co-operation between the Group and MAN Group, gradually gained the market recognition through its superior qualities, including its high degree of comfort, reliability, safety, fuel efficiency, etc. The SITRAK heavy duty trucks series was successfully introduced into the domestic high-end heavy duty truck market with the help of the Group's integrated marketing, service and component networks.

The Group's engineering and specialty trucks enjoy competitive advantages and have maintained their leading status in the markets. Due to the weak economy environment, the exploitation of coals and other resources declines and the sales of mining trucks in China dropped significantly. The Group's mining truck business was also negatively impacted. However, we still maintained the industry's leading edge in terms of the sales volume of heavy duty trucks. Known for the advanced technology in natural gas engines and reliable quality, sales volume of the Group's natural gas trucks was kept at the leading status in the market.

During the Period, the Group increasingly strengthened its heavy duty truck sales network and, particularly, in upgrading the quality of the marketing activities.

As at 31 December 2013, the Group's heavy duty truck segment had a total of 989 heavy duty truck dealerships, including 267 4S centers and 184 Sinotruk branded dealerships, 1,820 service centers providing high quality after-sales services, and 162 refitting companies to help tailor the Group's truck for different customers. The sales and marketing network of all series of products of the Group were further strengthened.

International Business

In 2013, the global economy under the support of various fiscal and monetary policies kept its weak recovery. The economic growth of the developed economies tended to be upturning while the economic growth of the newly emerging economies recorded obviously downturn. The economic recovery in each country diverged. Impacted by the appreciation of RMB and the deterioration in trade and commerce environment, China's export came under substantial pressure.

During the Period, in facing of the complicated international market environment, the Group took measures to develop new emerging markets while constantly consolidate and develop the traditional markets, through further building of its international brand image, improving its marketing network and after-sale service quality as well as innovation in its overseas cooperation mode. The Group had exported Euro V heavy duty trucks to Hong Kong and Taiwan markets which marks the first bulk sales of domestic heavy duty trucks in developed economy regions.

As at 31 December 2013, the Group had established overseas sales centers in more than 40 countries and regions while it had over 160 primary distributors, over 400 service outlets as well as over 300 accessories and components outlets in more than 80 countries, which formed an international marketing service network with a wide coverage, reasonable distribution and interactive responses. During the Period, the Group recorded the export (including affiliated export) of heavy duty trucks at 24,581 units, a decrease of 7.3% year-over-year with revenue at RMB6,978 million, a decrease of 3.1% year-over-year. The Group still maintained its leading status in the market in respect of export of the heavy duty trucks.

Light Duty Trucks and Buses Segment

During the Period, the Group's light duty truck sales increased by 28.5% year-over-year to 41,436 units and 1,381 buses, representing a 46.3% increase compared to last year. During the Period, the segment recorded aggregate revenue of RMB2,871 million, representing an increase of 29.8% year-over-year.

During the Period, the business of the light duty truck division developed smoothly with the "Golden-Triangle" of light duty truck products forged. The Group's light duty truck division in Ji'nan ("**Ji'nan Light Duty Truck Division**") strengthened the development of and promotion for new products, providing the clients with highly efficient and more economical logistics transportation trucks. It also launched innovative marketing activities and provided better after-sale services to promote HOWO light duty truck series which received a positive recognition from the market. Chengdu Wangpai further upgraded its product quality and after-sale services which realized the growth in both domestic and export sales. Fujian Haixi developed its production facilities and sales network on schedule, which provide a good foundation for the launch of new "Fuluo" products.

During the Period, the business of the buses division ran smoothly and the sales of buses maintained a positive growth. It achieved a smooth development and sales of special school buses and new energy buses. The progress of the research and development, testing, bulk production and sales of the buses equipped with MAN Group's technology went well. The Group improves the quality of its bus products by focusing on the quality control, upgrading its production technology, streamlining operation flow of production lines and improving logistics system for procurement. In the meantime, the Group continued to foster the brand awareness of HOWO buses in the market through actively developing and optimizing its sales and marketing network. So far for the market exploration, the Group actively developed the existing regional bus markets and also set up some presence in the potential markets and developed target oversea markets. It also provides better after-sale services to boost the sales of buses.

As at 31 December 2013, the Group's light duty trucks and buses segment had a total of 631 dealerships (including 11 4S centers), 103 Sinotruk branded dealerships, 1,349 service centers providing high quality after-sale services and 22 refitting companies providing light duty truck refitting services. The Group also had a total of 37 dealerships for buses sales and 89 service centers for after-sale services.

Engines Segment

The Group dedicated into the research and development of engine technology by putting quality resources and implementation of stringent quality control so as to deliver advanced, reliable, fuel efficient quality engines to the customers. The Group's engines segment caters to the Group's own truck segments and to external third parties, including other manufacturers of heavy duty trucks, buses, and construction machinery. Meanwhile, it also targets to increase the sales to external customers and rises domestic market shares so as to diversify its sources of revenue.

During the Period, the sales volume of engines increased by 12.2% to 103,278 units. Revenue (including components used during production and external sales as well as services rendered) increased by 16.7% year-over-year to RMB7,368 million. External sales accounted for 16.5% of the engines division's revenue, representing a decrease of 4.2 percentage points compared with 20.7% of last year.

The localization of MAN Group's engine technology continued to progress smoothly and on schedule. The production, testing, examination and certification of engines used for heavy duty trucks and medium-heavy duty trucks were completed. Certain products are ready for bulk production. The Group continues to test, examine and obtain certification of the bus engines equipped with MAN Group's technology, increasing the scope of the application of MAN Group's technology.

Technological Upgrade

During the Period, the capital expenditure of the Group amounted to RMB1,266 million. Major investments and construction projects included the construction of national heavy duty automobile engineering technology research center, the construction of light duty truck production facilities, the uplift of production techniques and quality control standards, and the enhancement of research, development and innovation capabilities.

The Group's Ji'nan light duty trucks project was successfully completed. Important investments and construction projects, including Sinotruk Wangpai's medium and heavy duty truck project, and Fujian Haixi's light duty truck project, continued to progress on schedule. These projects provide the foundation to uplift the production technology and enrich the product mix.

Research and Development

The Group remains committed to its strategy of building the technological edge – enhance its competitive strengths through investment and upgrades on technology. By leveraging its research and development capabilities and strengthening the cooperation with MAN Group in the development of quality and technology engines, parts and components as well as trucks, the Group further enhanced its competitive strengths. During the Period, the technology center has completed a total of 186 projects, ranging from the development of trucks, key parts and components, to experiments, testing and fine tuning.

As at 31 December 2013, the Group and its Parent Company together participated in the formulation of 65 industry standards for China's heavy duty trucks and had been granted with 2,614 patents, which maintained a leading position in the domestic heavy duty truck industry in terms of the number of patents owned.

During the Period, the Group was able to supply 4,616 product models to serve various customers' needs.

During the Period, CNHTC had obtained the certification of environmental management system (GB/T24001-2004/ISO 14001:2004) and occupational health and safety management system (GB/T 28001-2011) in organising its group member companies (including the Group) in the research and development of all types of vehicles and related activities. The certification marks the completion of a milestone by the Group in environmental management and occupational health and safety management and plays a progress role in promoting the Group's internal and external reputation.

Finance Segment

During the Period, the external revenue of the finance segment of the Group increased by RMB10 million from RMB254 million to RMB264 million. The increase was primarily due to the expansion of the consumer credit business and the growth in interest income from financing services.

During the Period, in order to satisfy the demand for taking a loan for truck purchases, Sinotruk Finance took full advantage of the support from government policy and continued to expand its scope of consumer credit business, with various forms of consumer credit and finance leases, to encourage sales while taking a prudent approach towards credit risk management. As at 31 December 2013, Sinotruk Finance has established 19 regional offices and extended its consumer credit business coverage to over 20 provinces; covering most parts of China. In 2013, the Group sold 6,147 trucks through providing consumer credit, representing an increase of 2.0% compared to last year.

Significant Investments

Sinotruk Russia Co., Ltd. has a registered capital of RUB15,000,000 with RUB14,700,000 and RUB300,000 contributed by Sinotruk (Hong Kong) International Investment Co., Ltd. and Ji'nan Ganghao Development Co., Ltd. in cash, respectively. During the Period, Sinotruk Ji'nan Gangxin Automobile Parts & Components Co., Ltd. was merged with Sinotruk Ji'nan Axle & Transmission Co., Ltd. which was subsequently deregistered.

Human Resources

As at 31 December 2013, the Group had a total of 23,193 employees. The Group constantly developed innovative methods in human resources management and optimized and speeded up the allocation of human resources so as to match the sustainable development of the Group. The Group highly values human resources, team building, cultivation and development of talent of employees and optimization of human resources structure. Moreover, the Group continued to reform its performance assessment system and compensation system to provide incentives to employees. In addition, to the extent necessary to protect the Group's intellectual property rights and other vital competitive interest, qualified employees may enjoy certain retirement and non-compete compensation.

Prospects

In 2014, the global economy is expected to experience a moderate recovery but still clouded with uncertainties. Although China's economy will face various difficulties and challenges, a series of economic policies enacted by the Chinese government seeking to reform economy in an innovative and stable manner are expected to ensure a steady growth in economy. Urbanization plan and the implementation of China's National IV emission standards will result in new opportunities and enlarge the demand for heavy duty trucks market. Under complex and volatile domestic and overseas circumstances, the Group will continue to enhance its competence, to timely adjust its operational strategies, and to adopt various measures to ensure a sound and robust development by:

1. Focusing on brand positioning strategy for an upgrade of "Sinotruk" brand. The Group will assign the brand building activities as management tasks and combine the target of uplift of brand positioning with quality control programs so as to promote "Sinotruk" being the images of high grade quality and reliability.

2. Developing innovative sales and marketing strategy and breaking through current sales force. The Group will pay greater efforts in quality and effectiveness of sales and marketing network by integrating sales resources and realizing synergy effects among the different sales forces. It will also set up unique targets in each regional market and tailor-made marketing strategy. In addition, the Group will exert greater efforts on planning and coordinating abilities and enrich sales and marketing activities of different series and models products. Moreover, more training will be provided so as to improve product and services knowledge of salespersons and customer service staff. The Group also boosts sales and enhances market shares by way of provision for innovative financial support and expands its consumer credit business while maintaining stringent credit risk controls.

3. Adhereing to the Group's internationalization strategy by exploring overseas markets and through the activities of uplifting of brand positioning including raising its brand equity, awareness and influence in its oversea markets. Besides, the Group will further improve overseas sales and marketing network, implement centralized procurement policy to strengthen the backup services for after-sale and spare part, and facilitate the launches for new products. In addition, the Group will reinforce and further leverage its strength in traditional predominated markets while take proactive stance in developing emerging markets. The Group will enhance the quality of sales staffs, increase exploration of overseas markets and strengthen overseas after-sale services, and optimize sales and marketing network in important countries and regional markets. The Group, therefore, will forge a more rational and diversified sales and marketing structure in the global market, gain greater competitive advantages in product sales and after-sales services so as to boost exports eventually.

4. Deepening comprehensive reform on the Group, keeping the strategy of "lean management", continuing cost efficiency and quality controls programs taking quality as the top priority and economic benefit as main tasks. The Group commits to improve and optimize the product quality control system to facilitate products launches, implement all confirmed product quality improvement programs so as to achieve planned quality improvement. The Group will also take measures to reduce costs and enhance profitability including optimizing the capital structure, lowering operational costs, increasing efficiency, and strengthening risk prevention ability so as to realize a sustainable and healthy development of the Group.

5. Continuing to strengthen the co-operation with MAN Group to ensure the launch of new products. Based on the market trends, both the Group and MAN Group will explore and seek co-operation in different areas.

Turnover, gross profit and gross profit margin

For the year ended 31 December 2013, the Group's turnover recorded RMB30,410 million, compared with that of year 2012 of RMB27,888 million, representing an increase of RMB2,522 million or 9.0%. The increase in the turnover is primarily attributable to the growth in truck sales volume.

Gross profit for the year ended 31 December 2013 was RMB5,091 million, representing an increase of RMB940 million or 22.6% compared to that of year 2012 of RMB4,151 million. Gross profit margin increased by 1.8 percentage points from 14.9% to 16.7% for year 2013. Gross profit and gross profit margin increased mainly due to the cost reduction measures taken by the Group to reduce the procurement costs and controllable expenses and the increase in sales volume.

Distribution costs

Distribution costs increased from RMB1,947 million for 2012 to RMB2,238 million for year 2013, increased by RMB291 million or 14.9%. The increase was mainly due to the growth in truck sales volume benefited from optimization marketing network and sales promotion activities.

Administrative expenses

Administrative expenses increased from RMB1,998 million for year 2012 to RMB2,075 million for year 2013, increased by RMB77 million or 3.9%. The increase was mainly due to the increase in research and development spending and the growth of salaries and benefits.

Other gains – net

There was a decrease in net other gains from RMB632 million for year 2012 to RMB210 million for year 2013, representing a decrease of RMB422 million or 66.8%. The decrease was mainly due to the reduction of the government grants and increase in foreign exchange losses.

Finance costs – net

Net finance costs decreased from RMB517 million for year 2012 to RMB395 million for year 2013, representing a decrease of RMB122 million or 23.6%. The decrease in net finance cost was due to the reduction of borrowings and optimization of average interest rates.

Income tax expense

The income tax expense for year 2013 was RMB153 million, representing an increase of RMB4 million or 2.7% from that of year 2012 of RMB149 million. The increase was due to the growth in profit before income tax. The effective tax rate for the Period was decreased by 20.7 percentage points from 46.5% to 25.8%. The significant decrease in effective tax rate was mainly due to the reduction in tax losses not recognised as deferred tax assets and the increase in profit of certain subsidiaries which are subject to preferential income tax rate.

Profit for the year and earnings per share

Profit for the year ended 31 December 2013 increased by 157.3% to RMB440 million from RMB171 million in year 2012. Profit attributable to equity holders of the Company increased by 120.3% from RMB123 million in year 2012 to RMB271 million in year 2013. The basic earnings per share attributable to the equity holders of the Company increased from RMB0.04 in year 2012 to RMB0.10 in year 2013.

Receivables

As at 31 December 2013, the trade receivables were increased from RMB11,713 million to RMB13,878 million, representing a 18.5% growth. The trade receivables turnover decreased from 163.3 days to 154.7 days during the Period and was still within the Group’s credit policies which are three to six months to the customers. As at 31 December 2013, the trade receivables aged not more than six months were RMB12,867 million or 92.7% to net trade receivables while it was 93.9% for the net trade receivables as at 31 December 2012.

As at 31 December 2013, the net financial services receivables increased from RMB 1,368 million to RMB 1,611 million, representing a 17.8% increase. The finance segment of the Group has credit period of 1 to 3 years. Besides, some of the financial services receivables are secured by vehicle licences and guaranteed by dealers.

The Group reviews the repayment progress of large customers or customers with higher risk of default in repayment on monthly basis and assesses impairment loss by reference to their business, actual repayment information, etc.

Cash flow

During the year ended 31 December 2013, net cash inflow from operating activities was about RMB646 million. Compared with the net cash inflow in year 2012 at RMB793 million, the decrease in net cash inflow from operating activities was RMB147 million. It was mainly due to the increase in the reserves of raw materials and spare parts for peak season and the growth of bank acceptance notes receivables.

Net cash outflow from investing activities in the year 2013 was RMB337 million, a decrease of cash outflow of RMB191 million compared with cash outflow of RMB528 million in the year 2012. The decrease in cash outflow was resulted from the reduction of capital expenditure paid including no investment properties were purchased during the Period.

The cash outflow from financing activities in the year 2013 was RMB1,261 million, compared with the cash outflow in the year 2012 of RMB4,868 million, representing a decrease of cash outflow of RMB3,607 million. The reduction of cash outflow from financing activities was mainly due to smaller extent in reduction of scale of bank borrowings in order to maintain a reasonable scale of bank borrowings.

Liquidity and financial resources

As at 31 December 2013, the Group's cash and cash equivalents amounted to RMB4,004 million and bank acceptance notes was RMB8,676 million. Cash and cash equivalents decreased by RMB971 million and bank acceptance notes increased by RMB2,450 million as compared with those of the year 2012. The Group's total borrowings (including long-term and short-term borrowings and borrowings from the related parties) were about RMB9,809 million as at 31 December 2013. Its gearing ratio (total borrowings divided by total assets) was 21.5% (at 31 December 2012: 25.2%). As at 31 December 2013, 99.8% of borrowings were denominated in RMB (31 December 2012: 100.0% in RMB). Most of the borrowings are charged with reference to bank's preferential floating rates and were due within one year to two years. The current ratio (total current assets divided by total current liabilities) as at 31 December 2013 was 1.2 (31 December 2012: 1.6).

As at 31 December 2013, total available credit facilities of the Group amounted to RMB42,906 million, of which RMB6,295 million had been utilised. An aggregate amount of RMB709 million of restricted bank deposits was pledged to secure credit facilities. In addition, Sinotruk Finance has made mandatory deposits of RMB546 million to PBOC for its financial operations. The Group meets its daily liquidity needs by matching operating cash flow patterns with funds on hand and enhances its liquidity by way of application for longer credit periods from suppliers, utilization of banking facilities and issue of bills such as short-term commercial acceptance notes and bank acceptance notes.

Financial Management and Policy

The finance department is responsible for financial risk management of the Group. One of our key financial policies is to manage exchange rate risk. Our treasury policy prohibited the Group from participating in any speculative activities. As at 31 December 2013, most of the Group's assets and liabilities were denominated in RMB. Cash and bank balances to approximately RMB989 million, accounts receivables and other receivables of approximately RMB953 million, borrowings of approximately RMB24 million, accounts payable of approximately RMB378 million and amounts due to related parties of approximately RMB170 million, were denominated in currencies other than RMB.

Capital Structure

As at 31 December 2013, owner's equity was RMB20,812 million, representing an increase of RMB357 million or 1.7% when compared with RMB20,455 million at the end of year 2012. As at 31 December 2013, the Company's market capitalisation was RMB9,443 million (calculated by the issued share capital of the Company: 2,760,993,339 Shares, closing price: HKD 4.35 per Share and at the exchange rate of 1: 0.78623 between HKD and RMB).

Going Concern

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

Contingent Liabilities, Legal Proceedings and Potential Litigation

During the Period, the Group was not involved in any litigation, arbitration or administrative proceedings that could have a material adverse effect on its financial condition and results of operations. The Group estimates that the total amount of claims of all lawsuits is approximately RMB37 million. There was no provision for legal claims as at 31 December 2013.

Corporate Governance

The Board and senior management of the Company maintain a high standard of corporate governance, formulate good corporate governance practice to improve accountability and transparency in operations and strengthen the Group's internal control system from time to time so as to cope with the expectations of the Shareholders.

The Company has adopted the corporate governance code (the "**CG Code**") as set out in Appendix 14 of the Listing Rules as its own code of corporate governance and, during the Period, the Company has been in compliance with the CG Code except for the following:

1) The Company did not establish a nomination committee. According to article 81 of the articles of association of the Company, the Board is entitled, from time to time and at any time, to appoint any person to be a Director for filling any vacant directorship or for increasing the number of Directors. In assessing the nominations of new Directors, the Board will consider their relevant experience, professional and educational background, and potential contributions that may be brought to the Company. The Board takes up all functions of nomination committee as required under the Listing Rules.

2) Pursuant to Rule 3.10A and 3.11 of the Listing Rules, the independent non-executive directors of a listed issuer must represent at least one-third of the board of directors and the listed issuer shall appoint a sufficient number of independent non-executive directors to meet the minimum number required within three months after failing to meet the requirements respectively. On 14 August 2013, the Board comprised fourteen members including three INEDs and such number of INEDs had fallen below one-third of the Board as required under Rule 3.10A of the Listing Rules. Accordingly, the Company had appointed Dr. Lu Bingheng and Mr. Yang Weicheng as INEDs on 6 November 2013. At that time, the Board comprised fifteen members including five INEDs and the Company had complied with Rule 3.10A of the Listing Rules by having sufficient number of INEDs and Rule 3.11 of the Listing Rules by having appointed a sufficient number of INEDs within the required time frame. Upon the appointment of Mr. Franz Neundlinger as an executive Director on 5 December 2013, the Board comprised sixteen members including five INEDs. As a result, the number of INEDs had fallen below one-third of the Board as required under Rule 3.10A of the Listing Rules.
   On 27 March 2014, the Company had appointed Dr. Huang Shaoan as an INED and, hence, the Board comprised seventeen members including six INEDs. The

Company had complied with Rules 3.10A of the Listing Rules by having sufficient number of INEDs but failed to comply with Rule 3.11 of the Listing Rules by having appointed a sufficient number of INEDs within the required time frame.

Purchase, Sale of Redemption of Securities

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

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the code of conduct for securities transactions by the Directors. The Company has made specific enquiries with all Directors and all Directors confirm that they have compiled with the standards required by the Model Code during the Period.

Review of Financial Statements

The Group's consolidated financial statements for the year ended 31 December 2013 have been reviewed by the Audit Committee. Also, the figures in respect of the Group's consolidated balance sheet, consolidated statement of comprehensive income and related notes as set out in this preliminary results announcement have been agreed by the Company's external auditors, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2013. The procedures performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary results announcement.

Definitions

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

"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors
"Chengdu Wangpai"	Sinotruk Chengdu Wangpai Commercial Vehicles Co., Ltd., a non wholly owned subsidiary of the Company
"China" or "PRC"	the People's Republic of China, and for the purpose in this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"CNHTC" or "Parent Company"	中國重型汽車集團有限公司 (China National Heavy Duty Truck Group Company Limited), a state-owned enterprise organized under the laws of the PRC with limited liability, being the ultimate holding of the Company and the controlling shareholder (as defined in the Listing Rules) of the Company
"CNHTC Group"	CNHTC and its subsidiaries other than the Group
"Companies Ordinance"	the predecessor Companies Ordinance (Chapter 32 of the Laws of Hong Kong), which was in operation before the implementation of the current Companies Ordinance (Chapter 622 of the Laws of Hong Kong) effective on 3 March 2014
"Company" or "Sinotruk"	Sinotruk (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, and the securities of which are listed on the Main Board of the Stock Exchange
"Director(s)"	the director(s) of the Company
"Fujian Haixi"	Sinotruk Fujian Haixi Vehicles Co., Ltd., a non wholly owned subsidiary of the Company
"Group"	the Company and its subsidiaries
"HKD"	Hong Kong dollars, the lawful currency of Hong Kong

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"INED(s)"	the independent non-executive Director(s)
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"MAN Group"	MAN SE and its subsidiaries
"MAN SE"	MAN SE, a company incorporated under the laws of Germany, the shares of which are listed on the German Stock Exchange in Frankfurt, Germany (ISIN DE 0005937007, WKN 593700) and the beneficiary owner of 25% of the issued share capital of the Company plus one Share
"Period"	the year ended 31 December 2013
"PBOC"	The Peoples' Bank of China
"RMB"	Renminbi, the lawful currency of PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) in the Company's capital with a nominal value of HKD 0.10 each
"Shareholder(s)"	holder(s) of the Share(s) from time to time
"Sinotruk Finance"	Sinotruk Finance Co., Ltd., a non wholly-owned subsidiary of the Company
"Stock Exchange"	the Stock Exchange of Hong Kong Limited

By order of the Board
Sinotruk (Hong Kong) Limited
Ma Chunji
Chairman

Beijing, PRC, 27 March 2013

As at the date of this announcement, the Board consists of the eight executive Directors including Mr. Ma Chunji, Mr. Cai Dong, Mr. Wei Zhihai, Mr. Wang Haotao, Mr. Tong Jingen, Mr. Wang Shanpo, Mr. Kong Xiangquan and Mr. Franz Neundlinger; three non-executive Directors including Dr. Georg Pachta-Reyhofen, Mr. Anders Olof Nielsen and Mr. Jörg Astalosch and six independent non-executive Directors, Dr. Lin Zhijun, Dr. Ouyang Minggao, Mr. Chen Zheng, Dr. Lu Bingheng, Mr. Yang Weicheng and Dr. Huang Shaoan.