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 on Interim Results
For the Six Months Ended 30 June 2014

RESULTS

The Board is pleased to announce the unaudited condensed consolidated interim financial information of the Group for the Period together with the comparative figures for the previous period as follows:

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2014
(All amounts in RMB thousands unless otherwise stated)

	Note	**Unaudited 2014**	Unaudited 2013
Turnover	4	**16,746,350**	14,862,732
Cost of sales		**(13,971,794)**	(12,390,170)
Gross profit		**2,774,556**	2,472,562
Distribution costs		**(1,121,138)**	(1,058,551)
Administrative expenses		**(1,040,012)**	(959,218)
Other gains - net		**82,952**	93,706
Operating profit	5	**696,358**	548,499
Finance income		**34,336**	48,326
Finance costs		**(220,237)**	(238,744)
Finance costs - net		**(185,901)**	(190,418)
Profit before income tax		**510,457**	358,081
Income tax expense	6	**(98,459)**	(94,355)
Profit for the period		**411,998**	263,726

Condensed Consolidated Statement of Comprehensive Income (Continued)
For the six months ended 30 June 2014
(All amounts in RMB thousands unless otherwise stated)

	Note	**Unaudited**	Unaudited
		2014	2013
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of termination and post-employment benefits		**(5,730)**	-
Items that may be reclassified to profit or loss			
Gains /(losses) on currency translation		**2,555**	(14,704)
Total comprehensive income for the period		**408,823**	249,022
Profit attributable to:			
- equity holders of the Company		**321,756**	193,496
- non-controlling interests		**90,242**	70,230
		411,998	263,726
Total comprehensive income attributable to:			
- equity holders of the Company		**318,581**	178,792
- non-controlling interests		**90,242**	70,230
		408,823	249,022
Earnings per share for profit attributable to the equity holders of the Company (expressed in RMB per share)			
- basic and diluted	7	**0.12**	0.07

Condensed Consolidated Statement of Financial Position
As at 30 June 2014
(All amounts in RMB thousands unless otherwise stated)

	Note	**Unaudited 30 June 2014**	Audited 31 December 2013
Assets			
Non-current assets			
Land use rights		**1,596,055**	1,545,785
Property, plant and equipment		**12,286,979**	12,681,507
Investment properties		**181,745**	180,023
Intangible assets		**594,128**	672,195
Goodwill		**3,868**	3,868
Deferred income tax assets		**1,128,449**	952,781
Investment in associates		**8,991**	2,319
Trade receivables and other receivables	8	**484,685**	423,897
		16,284,900	16,462,375
Current assets			
Inventories		**8,891,438**	7,803,963
Trade receivables, other receivables and other current assets	8	**16,844,450**	16,124,932
Financial assets at fair value through profit or loss		**114,492**	1,236
Held-to-maturity investment		**1,206,145**	-
Amounts due from related parties		**137,617**	16,512
Cash and bank balances		**7,646,252**	5,288,229
		34,840,394	29,234,872
Total assets		**51,125,294**	45,697,247

Condensed Consolidated Statement of Financial Position (Continued)
As at 30 June 2014
(All amounts in RMB thousands unless otherwise stated)

	Note	**Unaudited 30 June 2014**	Audited 31 December 2013
Equity			
Capital and reserves attributable to equity holders of the Company			
Share capital: nominal value		**-**	261,489
Other statutory capital reserves		**-**	16,455,535
Share capital and other statutory capital reserves		**16,717,024**	16,717,024
Other reserves		**2,377,999**	2,147,112
		19,095,023	18,864,136
Non-controlling interests		**1,997,461**	1,948,236
Total equity		**21,092,484**	20,812,372
Liabilities			
Non-current liabilities			
Borrowings		**1,020,185**	753,400
Deferred income tax liabilities		**28,910**	29,870
Termination and post-employment benefits		**19,210**	21,470
Deferred income		**265,649**	294,914
Long-term payable		**-**	4,920
Amounts due to related parties		**85,848**	85,268
		1,419,802	1,189,842
Current liabilities			
Trade payables, other payables and other current liabilities	9	**19,160,023**	13,810,802
Current income tax liabilities		**137,260**	60,353
Borrowings		**8,289,308**	9,019,237
Amounts due to related parties		**462,125**	448,276
Provisions for other liabilities		**564,292**	356,365
		28,613,008	23,695,033
Total liabilities		**30,032,810**	24,884,875
Total equity and liabilities		**51,125,294**	45,697,247
Net current assets		**6,227,386**	5,539,839
Total assets less current liabilities		**22,512,286**	22,002,214

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.

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

2. Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2014 has been prepared in accordance with Hong Kong Accounting Standards ("**HKAS**") 34, 'Interim Financial Reporting' issued by Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

(All amounts in RMB thousands unless otherwise stated)

3. Accounting policies

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2013, as described in those annual financial statements.

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

(b) The following new amendments to standards are mandatory for the first time for the financial year beginning 1 January 2014:

HKAS 32 (Amendment)	“'Financial instruments: presentation' on asset and liability offsetting”
HKFRS 10, 12 and HKAS 27 (Amendment)	“Consolidation for investment entities”
HKAS 36 (Amendment)	“'Impairment of assets' on recoverable amount disclosures”
HKAS 39 (Amendment)	“Financial instruments: recognition and measurement - novation of derivatives”
HK(IFRIC) - Int 21	“Levies”

As at 30 June 2014, the Group considers these newly effective amendments do not have material impact on the Group’s financial information.

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

(All amounts in RMB thousands unless otherwise stated)

4. Segment information

The segment results for the six months ended 30 June 2014 are as follows:

	Unaudited					
	Heavy duty trucks	**Light duty trucks and buses**	**Engines**	**Finance**	**Elimination**	**Total**
External segment revenue						
Sales of goods	**13,842,517**	**1,883,391**	**571,034**	**-**	**-**	**16,296,942**
Provision of financing services	**-**	**-**	**-**	**133,872**	**-**	**133,872**
Rendering of services	**251,626**	**32,374**	**31,536**	**-**	**-**	**315,536**
Total	**14,094,143**	**1,915,765**	**602,570**	**133,872**	**-**	**16,746,350**
Inter-segment revenue	**95,718**	**11,689**	**3,823,701**	**26,471**	**(3,957,579)**	**-**
Revenue	**14,189,861**	**1,927,454**	**4,426,271**	**160,343**	**(3,957,579)**	**16,746,350**
Operating profit/(loss) before unallocated expenses	**521,746**	**(133,661)**	**252,748**	**96,859**	**(32,591)**	**705,101**
Unallocated expenses						**(8,743)**
Operating profit						**696,358**
Finance costs - net						**(185,901)**
Profit before income tax						**510,457**
Income tax expense						**(98,459)**
Profit for the period						**411,998**

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

	Unaudited					
	Heavy duty trucks	Light duty trucks and buses	Engines	Finance	Elimination	Total
External segment revenue						
Sales of goods	12,353,571	1,673,011	540,540	-	-	14,567,122
Provision of financing services	-	-	-	107,448	-	107,448
Rendering of services	156,766	3,662	27,734	-	-	188,162
Total	12,510,337	1,676,673	568,274	107,448	-	14,862,732
Inter-segment revenue	25,008	17,764	3,204,231	22,891	(3,269,894)	-
Revenue	12,535,345	1,694,437	3,772,505	130,339	(3,269,894)	14,862,732
Operating profit/(loss) before unallocated expenses	457,356	(102,320)	223,573	88,197	(105,221)	561,585
Unallocated expenses						(13,086)
Operating profit						548,499
Finance costs - net						(190,418)
Profit before income tax						358,081
Income tax expense						(94,355)
Profit for the period						263,726

(All amounts in RMB thousands unless otherwise stated)

4. Segment information (Continued)

The segment assets and liabilities as at 30 June 2014 are as follows:

	Unaudited					
	Heavy duty trucks	**Light duty trucks and buses**	**Engines**	**Finance**	**Unallocated**	**Total**
Segment assets	**28,557,191**	**3,451,831**	**12,692,739**	**8,049,040**	**7,230,659**	**59,981,460**
Elimination						**(8,856,166)**
Total assets						**51,125,294**
Segment Liabilities	**12,301,342**	**2,670,311**	**3,764,952**	**6,517,995**	**9,563,851**	**34,818,451**
Elimination						**(4,785,641)**
Total Liabilities						**30,032,810**

The segment assets and liabilities as at 31 December 2013 are as follows:

	Audited					
	Heavy duty trucks	Light duty trucks and buses	Engines	Finance	Unallocated	Total
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

The revenue from external customers in Mainland China and overseas for the six months ended 30 June 2014 is as follows:

	Unaudited	Unaudited
	2014	2013
Mainland China	**14,774,830**	13,054,839
Overseas	**1,971,520**	1,807,893
Total	**16,746,350**	14,862,732

(All amounts in RMB thousands unless otherwise stated)

5. Operating profit

The following items have been charged / (credited) to the operating profit during the six months ended 30 June 2014:

	Unaudited	Unaudited
	2014	2013
Employee benefit expenses	**1,343,830**	1,160,327
Warranty expenses	**403,915**	344,261
Inventory write-downs	**124,677**	49,412
Losses/(gains) on disposal of property, plant and equipment	**2,029**	(4,093)
Amortisation of land use rights	**16,215**	14,437
Depreciation of property, plant and equipment	**599,123**	439,052
Amortisation of intangible assets	**81,503**	70,389
Foreign exchange (gains) / losses - net	**(5,623)**	35,395
Government grants	**(44,866)**	(36,552)
Disposal of scraps	**(20,610)**	(31,782)

6. Income tax expense

The income tax expense for the six months ended 30 June 2014 is as follows:

	Unaudited	Unaudited
	2014	2013
Current income tax		
- Hong Kong profits tax	**4,995**	-
- PRC corporate income tax	**270,091**	159,564
	275,086	159,564
Deferred income tax	**(176,627)**	(65,209)
	98,459	94,355

6. **Income tax expense** (continued)

The Company, Sinotruk (Hong Kong) International Investment Limited and Sinotruk (Hong Kong) Capital Holding Limited are subject to Hong Kong profits tax at the rate of 16.5% (2013: 16.5%) on their estimated assessable profit. In addition, the Company is determined as Chinese-resident enterprise and, accordingly, is subject to corporate income tax of the PRC, which has been calculated based on the corporate income tax rate of 25% (2013: 25%).

Taxation on overseas profits has been calculated on the estimated assessable profit during the six months ended 30 June 2014 at the rates of taxation prevailing in the countries in which the Group operates.

Sinotruk Russia Co., Ltd. is subject to a corporate income tax rate of 20% according to Tax Code of the Russian Federation (2013: 20%).

Sinotruk Ji'nan Power Co., Ltd. and Sinotruk Hangzhou Engines Co., Ltd. have been recognised as the High New Tech Enterprises in 2011 and both of them are in progress to renew the status of the High New Tech Enterprise. Sinotruk Ji'nan Fuqiang Power Co., Ltd. has been recognised as the High New Tech Enterprise 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.

The remaining subsidiaries are subject to the PRC corporate income tax, which has been calculated based on the corporate income tax rate of 25% (2013: 25%).

7. Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Unaudited 2014	Unaudited 2013
Profit attributable to equity holders of the Company	**321,756**	193,496
Weighted average number of ordinary shares in issue (thousands)	**2,760,993**	2,760,993
Basic earnings per share (RMB per share)	**0.12**	0.07

Diluted

Diluted earnings per share equals basic earnings per share as the Company has no dilutive potential ordinary shares for the six months ended 30 June 2014 and 30 June 2013.

(All amounts in RMB thousands unless otherwise stated)

8. Trade receivables, other receivables and other current assets

	Unaudited 30 June 2014	Audited 31 December 2013
Non-Current		
Accounts receivable	**91,328**	25,018
Loans and receivables from financing services	**399,347**	404,955
Less: Provision for impairment of loans and receivables from financing services	**(5,990)**	(6,076)
Loans and receivables from financing services - net	**393,357**	398,879
Trade receivables and other receivables	**484,685**	423,897
Current		
Accounts receivable	**6,076,950**	5,368,913
Less: Provision for impairment of accounts receivable	**(251,450)**	(227,583)
Accounts receivable - net	**5,825,500**	5,141,330
Notes receivable		
- Bank acceptance notes	**8,465,467**	8,675,848
- Commercial acceptance notes	**50,210**	35,611
Notes receivable - total	**8,515,677**	8,711,459
Trade receivables – net	**14,341,177**	13,852,789
Loans and receivables from financing services	**1,272,392**	1,232,793
Less: Provision for impairment from financing services	**(23,681)**	(20,584)
Loans and receivables from financing services - net	**1,248,711**	1,212,209
Other receivables	**457,078**	371,708
Less: Provision for impairment of other receivables	**(5,648)**	(4,603)
Other receivables - net	**451,430**	367,105
Interest receivables	**34,516**	20,766
Receivables and other current assets before prepaid items	**16,075,834**	15,452,869
Prepayments	**365,471**	271,070
Prepaid taxes other than income tax	**316,867**	318,789
Prepaid income taxes	**86,278**	82,204
Trade receivables, other receivables and other current assets - net	**16,844,450**	16,124,932

(All amounts in RMB thousands unless otherwise stated)

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

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

	Unaudited 30 June 2014	Audited 31 December 2013
Less than 3 months	**8,940,264**	7,523,947
3 months to 6 months	**3,946,741**	5,343,327
6 months to 12 months	**679,837**	136,570
1 year to 2 years	**660,919**	828,416
Over 2 years	**204,744**	45,547
	14,432,505	13,877,807

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

As at 30 June 2014, trade receivables of approximately RMB560,320,000 (31 December 2013: approximately RMB1,019,416,000) are secured by certain letters of credit. No provision is provided against these receivables as at 30 June 2014 and 31 December 2013.

Loans and receivables from financing services represented loans granted by Sinotruk Finance, a subsidiary of the Company, which is involved in the provision of financing services, 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 together with guarantees provided by these dealers and its relevant parties.

(All amounts in RMB thousands unless otherwise stated)

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

Loans and receivables from financing services – net at respective dates of statement of financial position are due in the following periods:

	Unaudited 30 June 2014	Audited 31 December 2013
Less than 3 months	**532,744**	400,502
3 months to 6 months	**216,640**	336,987
6 months to 12 months	**499,270**	474,720
1 year to 2 years	**378,274**	387,865
Over 2 years	**15,140**	11,014
	1,642,068	1,611,088

9. Trade payables, other payables and other current liabilities

	Unaudited 30 June 2014	Audited 31 December 2013
Trade and bills payables	**10,682,152**	8,346,626
Advances from customers	**1,750,870**	1,706,698
Accrued expenses	**639,949**	367,212
Staff welfare and salaries payable	**234,416**	226,174
Taxes liabilities other than income tax	**107,618**	83,062
Other payables	**5,745,018**	3,081,030
Trade payables, other payables and other current liabilities	**19,160,023**	13,810,802

(All amounts in RMB thousands unless otherwise stated)

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

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

	Unaudited 30 June 2014	Audited 31 December 2013
Less than 3 months	**8,015,704**	4,710,497
3 months to 6 months	**2,582,212**	3,561,271
6 months to 12 months	**66,030**	44,450
1 year to 2 years	**8,731**	25,843
Over 2 years	**9,475**	4,565
	10,682,152	8,346,626

MARKET OVERVIEW

In the first half of year 2014, the Chinese government continued to restructure China's economy, thereby decelerating the social fixed-asset investment and thus further dragging economic growth. However, sales of HDTs in China market were from high to low during the first half of year 2014 while the overall trend showed a slight increase. According to the statistic figures from China Association of Automobile Manufactures, sales of the HDTs by industry reached 429,000 units, a year-over-year ("YoY") increase of 6.5%. Sales of HDTs in the first quarter this year grew by a quarter-on-quarter ("QoQ") increase of 20.2% – maintaining the momentum of a relatively high growth rate while QoQ sales of HDTs in the second quarter declined. Such decline was mainly due to a high base effect brought by high sales volume resulted from the purchase in advance before the anticipated implementation of China's National IV emission standards in year 2013.

REVIEW OF OPERATIONS

During the Period, the Group optimized its product portfolio and market positioning and has determined its focus on the development of full range of commercial vehicles (HDTs, LDTs and buses), with a primary focus on HDTs. The Group promotes its brand images by implementing brand strategies. Meanwhile, the Group and CNHTC Group have collaboratively expanded their market share by 0.65 percentage points through strengthening its market competiveness and continuous improvement of product technology and quality. By upgrading its internal management and controlling and reducing various costs, the Group enjoyed improved economic benefits and maintained strong momentum for growth.

Heavy Duty Trucks Segment

During the Period, the Group's HDTs sales increased to 51,130 units, representing an increase of 9.7% YoY. Revenue increased by 13.2% YoY to RMB14,190 million.

Domestic Business

The Group has strengthened its multi-brand strategy by diversifying its product lines so as to meet the demand from various customers.

Amidst complicated market competition, the Group maintains its competitive advantage in the industry as by utilising the advanced technology from MAN Group to upgrade its production technology, maintaining the high quality of its new products and the stable contribution from its existing products. SITRAK, a high-end HDT brand and the most recent product of the Group's co-operation with MAN Group, gradually gains market recognition with its superior qualities and advanced technology. The T series HDTs have been favored among customers and its sales volume increase steadily. The construction vehicles, specialty vehicles and mining vehicles of the Group have outrageous quality that the Group has fortified its leading status in the sector. Known for the advanced technology in its natural gas engines and reliable quality, sales volume of the Group's natural gas vehicles kept in market leading position.

During the Period, the Group carried out progressive innovation with its business model, improved its sales structure, and invested more resources into elevating the quality of its marketing network. As at 30 June 2014, the Group's HTDs segment had a total of 1,041 HDTs dealerships, including 270 4S centers and 178 SINOTRUK branded dealerships, 1,493 service centers providing high quality after-sales services, and 145 refitting companies to provide truck refitting services to HDTs. The sales network of a wide range of products of the Group has been improved.

International Business

During the first half of 2014, global economic growth varied in different economies, developed countries gained further growth momentum, while the growth of emerging economies has been slowed down. China's exports growth also slowed down, which was attributable to the rising production costs and deterioration from the trade protectionism environment.

During the Period, performance of the Group's major export markets diverged. Southeast Asia showed steady growth for exports and market performance in Africa was stable, while with impacts of political turmoil, trade protectionism etc, other regions experienced slumps in export volume by different degrees. During the Period, the Group exported 9,506 HDTs (including affiliated export), a decrease of 7.9% YoY, and recorded export revenue (including affiliated export) at RMB2,660 million, a decrease of 9.2% YoY.

In view of the complex international market environment, the Group took measures to promote export business by enhancing its international brand image, improving its marketing network and after-sales services, and promoting its overseas cooperation.

As at 30 June 2014, the Group had sales centers in more than 30 countries and regions, along with 140 primary distributors and 70 secondary distributors in more than 70 countries and regions. Moreover, the Group's overseas distributors had established 300 service outlets and 290 parts and accessories stores.

Light Duty Trucks and Buses Segment

During the Period, the Group's LDTs sales increased 13.5% YoY to 27,830 units. In addition, the Group sold a total of 660 buses, representing an increase of 26.9% YoY. Revenue of the segment increased 13.8% YoY to RMB1,927 million.

During the Period, the light duty truck business made smooth progress. While improving product technology and quality, the Ji'nan LDTs division concentrated on brand development. To gain positive recognition for the HOWO light duty truck series, the division launched innovative marketing strategies and enhanced its services. The Group further promoted sales through its mature vehicles financing model and marketing strategies. In June 2014, the Ji'nan LTDs division received an export order from Algeria for 103 units of LDTs, which marked a new breakthrough in overseas LDTs sales. Based on market needs, Chengdu Wangpai continued its active engagement in product planning and development. Chengdu Wangpai benefitted from its rapid reaction mechanism and a completed full after-sales services system. As a result, both domestic and oversea sales increased.

During the Period, the Group's buses division has run smoothly and kept growth in sales volume. The buses division targets on alternative energy buses, school buses and bus equipped MAN Group's technology. The Group focused on fostering the brand awareness of HOWO buses in the market through actively establishing and perfecting its marketing network. The Group attached crucial importance to the quality management and control in the whole process of bus production, enhanced production techniques, strengthened management of production lines and process, and optimized logistics system for procurement, so as to constantly improve the quality of bus products. Improvements to after-sales services also contributed to the growth of bus sales. Exploring market expansion opportunities, the Group enhanced its efforts in exploring traditional domestic markets and international markets in order to increase in sales in buses.

As at 30 June 2014, the Group's LDTs division had a total of 350 dealerships, including 6 4S centers and 17 SINOTRUK branded dealerships, 823 service centers providing high quality after-sales services, and 13 refitting companies that cater to the needs of our LDT customers. For buses division, the Group had a total of 44 bus dealerships and 89 service centers for bus products.

Engines Segment

With dedication to innovating engine technology and implementing strict quality control, the Group leveraged its key resources to deliver high-technology products that were both reliable and fuel-efficient. In addition to satisfying the Group's need in truck business, the Group also sells engines to related parties and other manufacturers of HDTs, buses, and construction machinery.

During the Period, the sales volume of engines increased by 10.5% YoY to 65,085 units. Revenue (including components sales and inter-segment sales) increased by 17.3% YoY to RMB4,426 million. External sales accounted for 13.6% of the engines segment's revenue, representing a decrease of 1.5 percentage points from 15.1% during the same period of last year.

The integration of MAN Group's engine technology continued to progress smoothly and on schedule. The prototype production, testing and certification of engines equipped with MAN Group's technologies for HDTs and medium heavy duty trucks were completed. Certain products have been produced in mass. The Group will continue to implement tests and certification of engines on buses, etc so as to further increase the application of MAN Group's engine technology.

Technological Upgrade

During the Period, the capital expenditure of the Group totaled RMB306 million. Major investments and construction projects include: the construction of the national heavy duty automobile engineering technology research center and projects for the purposes to upgrade production techniques and increase quality control standards, and enhance research and development ("R&D") and innovation capabilities.

The Group's Ji'nan LDTs project was successfully completed. Other major investments and construction projects, including HDTs project of Chengdu Wangpai, and LDTs project of Fujian Haixi, continued to progress on schedule which provides solid foundations for technology advancement and product line enrichment.

Research and Development

The Group remains committed to its technology leadership strategy and takes full advantage of its R&D platform for the strengthening of the innovations and technology advancement. By leveraging its R&D capabilities and strengthening cooperation with MAN Group in the development of high quality engines, components and trucks, the Group has enhanced its comprehensive competitiveness.

As at 30 June 2014, the Group and CNHTC Group together participated in the formulation of 70 industry standards for China's HDTs and were granted 2,976 patents, which maintained the leading position in the domestic HDT industry in terms of the number of patents owned.

During the Period, the Group supplied 4,814 different product models that satisfied various customers' needs.

Finance Segment

During the Period, the revenue of the Group's finance segment increased to RMB160 million (including inter-segment revenue at RMB26 million), an increase of 23.0% YoY. The increase was primarily due to the increased interest income from the interbank deposits placed and bills discounted income.

During the Period, the Group stressed the importance of developing consumer credit business and took full advantage of government support as it leveraged the Group's developed financing platform. In order to satisfy demand for loans to finance truck purchases and increase its sales, the Group expanded its financing services via provision of consumer credit, finance leases, etc. subject to a prudent credit risk management. As at 30 June 2014, Sinotruk Finance had 19 regional offices and extended its consumer credit business coverage to over 20 provinces, covering most of China. During the Period, the Group sold 2,921 trucks by providing consumer credit, basically flat compared to the same period last year.

Significant Investments

In January 2014, Sinotruk (Hong Kong) International Investment Limited had set up a wholly owned subsidiary, Sinotruk (Hong Kong) Capital Holding Limited in order to develop business in Africa.

In March 2014, Sinotruk Ji'nan Power Co., Ltd. and 攀枝花運力汽車部件製造有限公司 (Panzhihua Yunli Vehicles and Auto Parts Manufacturing Co., Ltd.) had set up Sinotruk Panzhihua Mining Truck Co., Ltd with the registered capital at the amount of RMB30 million. Sinotruk Ji'nan Power Co., Ltd. invested RMB9 million at cash for its 30% equity while Panzhihua Yunli Vehicles and Auto Parts Manufacturing Co., Ltd. invested RMB21 million at cash for its 70% equity.

Human Resources

As at 30 June 2014, the Group had 25,165 employees. The Group attaches significant value to human resources, adopts innovative management for human resources and optimizes human resources allocation for greater efficiency. The Group remains committed to nurturing its talent as it works to guarantee the enterprise’s sustainable development. The Group placed considerable emphasis on actively developing and cultivating talent in coordination with its initiative to attract highly skilled senior management and technologically proficient human resources. Moreover, the Group continued to improve its performance assessment system and restructured its compensation structure to provide additional 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.

Prospectus

In the second half of 2014, although the global economy is expected to experience a moderate recovery, some uncertainties still persist. China's economy still faces various difficulties and challenges as the potential downside risks of economy have not been resolved. It is expected the China government will implement "Micro-stimulus" policy in order to stabilize the economic growth. New investments in new urbanization programs, railways and urban rail networks will bring certain development opportunities to the HDT industry. Under complex and volatile circumstances in both domestic and overseas regions, the Group will adopt the following measures to ensure sustainable corporate development:

1) Continue to adopt brand strategy to elevate the brand image. In pursuit of continual advancement of SINOTRUK's brand image; the Group will assert greater emphasis on marketing of the brand image and utilize high-quality products to enhance the brand image.

2) Continue to promote innovative marketing methods. The Group will place greater emphasis on the optimization of its marketing network. The Group will strengthen the promotion of new products and accelerate the pace of upgrading the existing products with the adoption of MAN Group's technology. Moreover, additional training will be provided in order to cultivate superior skills for staff in product marketing and service. Under the stringent credit risk controls, the Group will implement more innovative sales model backed with financial services support so as to promote sales and enlarge market share.

3) Continue to adopt the Group's internationalization strategy, with the intention of developing SINOTRUK into a reputable international brand. The Group will further establish and enhance brand image in overseas markets. The Group will comprehensively enhance its international marketing, use innovative marketing models for the international markets, and increase sales by taking full utilization of various financial instruments. The Group will intensify exploration in weak

markets while solidifying the traditional markets in order to secure a leading advantage in the international market. The Group will also promote the export of light duty trucks and buses.

4) Continue to implement the strategy of “lean management”, thereby improving corporate management level. The Group will launch campaigns to elevate brand quality, implement comprehensive cost efficiency activities, optimize the capital structure, increase productivity and reduce operating costs. The Group will also strengthen risk management capacity so as to cause a sustainable and healthy development of the Group.

5) Continuing to strengthen the co-operation with MAN Group for the market penetration of jointly developed 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 six months ended 30 June 2014, the Group's turnover recorded RMB16,746 million, compared with that of year 2013 at RMB14,863 million, representing an increase of RMB1,883 million or 12.7% YoY. The increase in the turnover is primarily attributable to the increase in HDTs sales volume.

Gross profit for the six months ended 30 June 2014 was RMB2,775 million, representing an increase of RMB302 million or 12.2% YoY compared to that of year 2013 of RMB2,473 million. Gross profit margin for the Period remained at 16.6%, same as that of last year. Gross profit increased mainly due to the growth in HDTs sales volume and the result of the costs efficiency exercises taken by the Group to reduce the procurement costs and controllable expenses.

Distribution Costs

Distribution costs increased from RMB1,059 million for the six months ended 30 June 2013 to RMB1,121 million for the six months ended 30 June 2014, increased by RMB62 million or 5.9% YoY, the growth rate of distribution costs is lower than that of turnover. During the Period, distribution costs accounted for 6.7% to turnover and compared to the same period of year 2013 of 7.1%, represented a decrease of 0.4 percentage points. The decrease primarily resulted from the reduction in exports and in sea freight.

Administrative Expenses

Administrative expenses increased from RMB959 million for the six months ended 30 June 2013 to RMB1,040 million for the six months ended 30 June 2014, increased by RMB81 million or 8.4% YoY. The increase was mainly due to the increase in research and development spending and the growth of salaries and staff benefits.

Other Gains – Net

There was a decrease in net other gains from RMB94 million for the six months ended 30 June 2013 to RMB83 million for the six months ended 30 June 2014, representing a decrease of RMB11 million or 11.7% YoY. The decrease was mainly due to the reduction in disposal of scraps and other revenues.

Finance Costs – Net

Net finance cost decreased from RMB190 million for the six months ended 30 June 2013 to RMB186 million for the six months ended 30 June 2014, representing a decrease of RMB4 million or 2.1% YoY. The decrease in net finance cost was due to the reduction of interest expenses as a result of decrease in borrowings scale.

Income Tax Expense

Income tax expense increased from RMB94 million for the six months ended 30 June 2013 to RMB98 million for the six months ended 30 June 2014, representing an increase of RMB4 million or 4.3% YoY. The increase was due to the increase in profit before income tax but certain increase was offset by the recognition of tax losses in deferred income tax.

Profit for the Period and Earnings Per Share

Profit for the six months ended 30 June 2014 increased by 56.1% YoY to RMB412 million from RMB264 million for the six months ended 30 June 2013. Profit attributable to equity holders of the Company increased by 66.8% YoY to RMB322 million. The basic earnings per share attributable to equity holders of the Company increased from RMB0.07 in the first half of year 2013 to RMB0.12 for the first half of year 2014, representing an increase of RMB0.05 or 71.4% YoY.

Receivables

As at 30 June 2014, the trade receivables were increased from RMB13,878 million as at 31 December 2013 to RMB14,433 million, representing an increase of 4.0%. The trade receivables turnover was 155.1 days, a decrease of 1.2% YoY during the Period and was still within the Group's credit policies which are from three to six months for customers. As at 30 June 2014, the trade receivables aged not more than six months were RMB12,887 million or 89.3% to net trade receivables while it was 92.7% for the net trade receivables as at 31 December 2013.

As at 30 June 2014, the net financing services receivables increased from RMB1,611 million as at 31 December 2013 to RMB1,642 million, representing a 1.9% increase. The finance segment of the Group has granted credit period from 1 to 3 years. In addition, these financing services receivables are secured by the vehicles together with guarantees provided by the dealers and relevant parties.

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 and others.

Cash Flow

During the six months ended 30 June 2014, net cash inflow from operating activities was about RMB3,906 million (with considering the amount of bank acceptances notes decreased by RMB210 million, the net cash inflow from operating activities during the Period was RMB3,696 million) and compared with net cash outflow in the same period in 2013 at RMB490 million, there was an increase of cash inflow by RMB4,396 million. It was mainly due to the increase of trade payables and bills payables and faster collection of trade receivables as the changes of cash collection rebate policies.

Net cash outflow from investing activities for the six months ended 30 June 2014 was RMB1,454 million, representing an increase in cash outflow by RMB980 million compared to that of 2013. The increase was mainly due to purchase guaranteed financial products in order to better utilize the fund for the repayment of RMB1,800 million on 1 August 2014.

The cash outflow from financing activities for the six months ended 30 June 2014 was RMB738 million, compared with that of 2013 at RMB857 million, representing a decrease of cash outflow by RMB119 million. It was mainly due the slower speed in reduction of the scale of net borrowings.

Liquidity and Financial Resources

The Group had cash and cash equivalents of RMB5,721 million and bank acceptance notes of RMB8,465 million as at 30 June 2014. Cash and cash equivalents increased by RMB1,717 million and bank acceptance notes decreased by RMB210 million as compared with those at the beginning of 2014. The Group's total borrowings (including long-term and short-term borrowings and borrowings from the related parties) were about RMB9,345 million as at 30 June 2014. Its gearing ratio (total borrowings divided by total assets) was 18.3% (31 December 2013: 21.5%).

As at 30 June 2014, all borrowings were made in RMB (31 December 2013: all in RMB). Most of the borrowings were charged with reference to banks' preferential floating rates and were due within one year to two years. The current ratio (total current assets divided by total current liabilities) as at 30 June 2014 was 1.2 (31 December 2013: 1.2).

As at 30 June 2014, total available credit facilities of the Group amounted to RMB34,674 million, of which RMB7,791 million had been utilised. An aggregate amount of RMB996 million of the Group's deposits and bank deposits was pledged to secure credit facilities. In addition, Sinotruk Finance has made mandatory deposits of RMB919 million to PBOC for its financial operations. The Group meets the daily liquidity needs by matching operating cash flow patterns with funds on hand and enhances its liquidity by way of application for longer credit periods from suppliers, utilization of banking facilities and issue of bills such as short-term commercial acceptance notes and bank acceptance notes.

Financial Management and Policy

The finance department is responsible for financial risk management of the Group. One of our key financial policies is to manage exchange rate risk. Our treasury policy prohibits the Group from participating in any speculative activities. As at 30 June 2014, most of the Group's assets and liabilities were denominated in RMB, except for restricted cash and bank deposits which in total were equivalent to approximately RMB879 million, accounts receivable of approximately RMB325 million, accounts payable of approximately RMB38 million and amounts due to related parties of approximately RMB174 million, all of which were denominated in currencies other than RMB.

Capital Structure

As at 30 June 2014, owner's equity of the Group was RMB21,092 million, representing an increase of RMB280 million or 1.3% when compared with RMB20,812 million at the end of year 2013.

As at 30 June 2014, the Company's market capitalisation was RMB8,459 million (calculated by issued share capital: 2,760,993,339 shares, closing price: HKD 3.86 per share and at the exchange rate of 0.79375 between HKD and RMB).

DIVIDENDS

The Board does not propose interim dividends for the six months ended 30 June 2014.

GOING CONCERN

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

CONTINGENT LIABILITIES, LEGAL PROCEEDINGS AND POTENTIAL LITIGATION

During the Period, the Group was not involved in any litigation, arbitration or administrative proceedings that could have a materially adverse effect on its financial condition and results of operations. The Group estimates that the total amount of claims of all lawsuits is approximately RMB36 million. During the Period, the Group did not make any provision for legal claims.

CORPORATE GOVERNANCE PRACTICE

The Board and senior management of the Company commit to maintain a high standard of corporate governance, to formulate good corporate governance practice for improvement of accountability and transparency in operations, and to strengthen the internal control system from time to time so as to ensure to meet with the expectations of the Shareholders. The Company has adopted the corporate governance codes as set out in Appendix 14 “Corporate Governance Code and Corporate Governance Report” to the Listing Rules as its own code of corporate governance (the “CG Code”).

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

1) The Company did not establish a nomination committee. According to article 81 of the Articles, 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) Upon the appointment of Mr. Franz Neundlinger as an executive Director on 5 December 2013, the Board comprised sixteen members including five independent non-executive Directors (“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.

3) All non-executive Directors and four INEDs were unable to attend the annual general meeting of the Company held on 22 May 2014 due to other prior engagements.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as the code of conduct for securities transactions by the Directors (the "**Model Code**"). After making specific enquiries with all Directors by the Company, all Directors have confirmed that they have compiled with the standards required by the Model Code for the six months ended 30 June 2014.

REVIEW OF INTERIM RESULTS

This unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2014 has been reviewed by the Audit Committee and PricewaterhouseCoopers, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by HKICPA.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

DEFINITIONS

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

"Articles"	the articles of association of the Company, as amended, supplemented or otherwise modified from time to time
"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"	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 New Companies Ordinance
"Company" or "Sinotruk"	Sinotruk (Hong Kong) Limited
"Director(s)"	the director(s) of the Company
"Fujian Haixi"	Sinotruk Fujian Haixi Vehicles Co., Ltd., a non wholly owned subsidiary of the Company
"Group"	the Company and its subsidiaries
"HDT(s)"	heavy duty trucks and medium-heavy duty trucks.
"HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Ji'nan Truck"	Sinotruk Ji'nan Truck Co., Ltd., a non wholly owned subsidiary of the Company and its shares listed on the Shenzhen Stock Exchange in PRC
"LDT(s)"	light duty trucks
"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
"New Companies Ordinance"	Companies Ordinance (Chapter 622 of the Laws of Hong Kong) which took effect from 3 March 2014
"Period"	the six months ended 30 June 2014
"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 share capital of the Company
"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
"subsidiary"	a subsidiary for the time being of the Company within the meaning of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) whether incorporated in Hong Kong or elsewhere and subsidiaries" shall be construed accordingly
"%"	per cent

By Order of the Board

Sinotruk (Hong Kong) Limited

Ma Chunji

Chairman

Ji'nan, PRC, 26 August 2014

As at the date of this announcement, the Board consists of the eight executive directors of the Company 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.