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 2015

RESULTS

The Board is pleased to announce the consolidated results of Sinotruk (Hong Kong) Limited and its subsidiaries for the year ended 31 December 2015 together with the comparative figures for the previous year as follows:

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2015

	Note	**2015**	2014
		Audited	Audited
		RMB'000	RMB'000
Revenue	3	**28,304,893**	32,809,402
Cost of sales	4	**(23,277,365)**	(27,273,250)
Gross profit		**5,027,528**	5,536,152
Distribution costs	4	**(2,121,371)**	(2,280,186)
Administrative expenses	4	**(2,621,099)**	(2,406,100)
Other gains – net	5	**486,527**	306,959
Operating profit		**771,585**	1,156,825
Finance income		**51,702**	77,598
Finance costs		**(399,909)**	(427,843)
Finance costs – net		**(348,207)**	(350,245)
Share of profits less losses of investments accounted for using the equity method		**2,757**	(2,352)
Profit before income tax		**426,135**	804,228
Income tax expense	6	**(102,694)**	(209,269)
Profit for the year		**323,441**	594,959

Consolidated Statement of Comprehensive Income (Continued)
For the year ended 31 December 2015

	Note	2015	2014
		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 obligations		**(830)**	(5,730)
Items that may be reclassified to profit or loss			
Change in value of available-for-sale financial assets		**3,431**	-
Currency translation differences		**49,975**	(7,866)
Total comprehensive income for the year		**376,017**	581,363
Profit attributable to:			
— owners of the Company		**205,946**	408,032
— non-controlling interests		**117,495**	186,927
		323,441	594,959
Total comprehensive income attributable to:			
— owners of the Company		**258,636**	394,436
— non-controlling interests		**117,381**	186,927
		376,017	581,363
Earnings per share for profit attributable to the owners of the Company for the year (expressed in RMB per share)			
— basic and diluted	7	**0.07**	0.15

Consolidated Statement of Financial Position
As at 31 December 2015

	Note	2015	2014
		Audited	Audited
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Land use rights		**1,776,640**	1,764,228
Property, plant and equipment		**11,093,673**	11,756,288
Investment properties		**206,940**	188,974
Intangible assets		**474,367**	643,289
Goodwill		**3,868**	3,868
Deferred income tax assets		**1,161,762**	1,081,522
Investments accounted for using the equity method		**398,092**	8,967
Available-for-sale financial assets		**155,431**	-
Trade receivables and other receivables	8	**383,708**	522,453
		15,654,481	15,969,589
Current assets			
Inventories		**6,346,477**	6,577,334
Trade receivables, other receivables and other current assets	8	**13,132,715**	12,833,842
Financial assets at fair value through profit or loss		**129,499**	111,179
Amounts due from related parties		**490,664**	25,333
Cash and bank balances		**6,581,602**	8,775,515
		26,680,957	28,323,203
Total assets		**42,335,438**	44,292,792

Consolidated Statement of Financial Position (continued)
As at 31 December 2015

	Note	2015	2014
		Audited	Audited
		RMB'000	RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital		**16,717,024**	16,717,024
Other reserves		**(1,203,176)**	(1,322,434)
Retained earnings		**3,824,272**	3,776,288
		19,338,120	19,170,878
Non-controlling interests		**2,377,550**	2,075,501
Total equity		**21,715,670**	21,246,379
LIABILITIES			
Non-current liabilities			
Borrowings		**2,291,276**	2,412,465
Deferred income tax liabilities		**27,405**	28,918
Termination and post-employment benefit obligations		**13,850**	17,020
Deferred income		**266,634**	243,246
		2,599,165	2,701,649
Current liabilities			
Trade payables, other payables and other current liabilities	9	**13,544,439**	14,556,737
Financial liabilities at fair value through profit or loss		**5,420**	-
Current income tax liabilities		**23,012**	65,895
Borrowings		**3,379,704**	4,813,985
Amounts due to related parties		**751,860**	555,447
Provisions for other liabilities		**316,168**	352,700
		18,020,603	20,344,764
Total liabilities		**20,619,768**	23,046,413
Total equity and liabilities		**42,335,438**	44,292,792

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 related to the production and sales of the Group's products and to the group of CNHTC and auto financing 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.

Section 436 of the Companies Ordinance

The financial information relating to the years ended 31 December 2015 and 2014 included in this preliminary announcement of 2015 annual results do not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2014 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2015 in due course.

The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

2. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (the "**HKFRS**"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, and investment properties which are carried at fair value.

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.

Changes in accounting policy and disclosures

(1) New and amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2015:

Amendment to HKAS 19 regarding defined benefit plans is effective for annual periods beginning on or after 1 July 2014. It applies to contributions from employees or third parties to defined benefit plans. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.

2. Basis of preparation (Continued)

Changes in accounting policy and disclosures (Continued)

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

Annual improvements 2012 include changes from the 2010-2012 cycle of the annual improvements project that are effective for annual periods beginning on or after 1 July 2014:

- Amendments to HKFRS 8 'Operating Segments' requires disclosure of the judgements made by management in aggregating operating segments and a reconciliation of segment assets to the entity's assets when segment assets are reported.

- Amendments to HKAS 16 'Property, Plant and Equipment' and HKAS 38 'Intangible Assets' clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

- Amendment to HKAS 24 'Related Party Disclosures' clarify that the reporting entity is not required to disclose the compensation paid by the management entity (as a related party) to the management entity's employee or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided.

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

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

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

2. Basis of preparation (Continued)

Changes in accounting policy and disclosures (Continued)

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

- Amendment to HKAS 40 'Investment Property' clarifies the interrelationship between HKAS 40 and HKFRS 3 when classifying property as investment property or owner-occupied property.

The adoption of the above new amendments did not give rise to any significant impact on the Group's results of operations and financial position for the year ended 31 December 2015.

(2) New standards and interpretations not yet adopted

A number of new standards and amendments to existing standards and interpretations have been issued but are not yet effective for the financial year beginning on 1 January 2015, and have not been early adopted by the Group in preparing these consolidated financial statements. These new standards and amendments are set out below:

HKFRS 14 'Regulatory Deferral Accounts', effective for annual periods beginning on or after 1 January 2016.

Amendment to HKFRS 11 'Accounting for Acquisitions of Interests in Joint Operations', effective for annual periods beginning on or after 1 January 2016.

Amendments to HKAS 16 and HKAS 38 'Clarification of Acceptable Methods of Depreciation and Amortization', effective for annual periods beginning on or after 1 January 2016.

Amendments to HKAS 16 and HKAS 41 'Agriculture: Bearer Plants', effective for annual periods beginning on or after 1 January 2016.

Amendments to HKFRS 10 and HKAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture', originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred/removed.

2. Basis of preparation (Continued)

Changes in accounting policy and disclosures (Continued)

(2) New standards and interpretations not yet adopted (Continued)

Amendment to HKAS 27 'Equity Method in Separate Financial Statements', effective for annual periods beginning on or after 1 January 2016.

Annual improvements 2014 include changes from the 2012-2014 cycle of the annual improvements project that affect the following standards: HKFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', HKFRS 7 'Financial Instruments: Disclosures', HKAS 19 'Employee Benefits' and HKAS 34 'Interim Financial Reporting', effective for annual periods beginning on or after 1 January 2016.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 'Investment Entities: Applying the Consolidation Exception', effective for annual periods beginning on or after 1 January 2016.

Amendment to HKAS 1 'Disclosure Initiative', effective for annual periods beginning on or after 1 January 2016.

HKFRS 15 'Revenue from Contracts with Customers', effective for annual periods beginning on or after 1 January 2018.

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

The Group will apply the new standards and amendments described above when they become effective. The Group is in the process of making an assessment on the impact of these new standards and amendments and does not anticipate that the adoption when they become effective will result in any material impact on the Group's results of operations and financial position.

2. Basis of preparation (Continued)

Changes in accounting policy and disclosures (Continued)

(3) Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year. As a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

These consolidated financial statements comply with the applicable requirements of Hong Kong Companies Ordinance (Cap. 622), with the exception of Section 381 which requires a company to include all its subsidiary undertakings (within the meaning of Schedule 1 to Cap. 622) in the Company's annual consolidated financial statements. Section 381 is inconsistent with the requirements of HKFRS 10 Consolidated Financial Statements so far as Section 381 applies to subsidiary undertakings which are not controlled by the Group in accordance with HKFRS 10. For this reason, under the provisions of Section 380(6), the Company has departed from Section 381 and has not treated such a company as subsidiary but it is accounted for in accordance with the accounting policies of the Company.

3. Revenue and segment information

The segment results for the year ended 31 December 2015 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	22,381,846	4,663,387	716,140	-	-	27,761,373
Provision of financing services	-	-	-	289,962	-	289,962
Rendering of services	217,607	3,443	32,508	-	-	253,558
Total	22,599,453	4,666,830	748,648	289,962	-	28,304,893
Inter-segment revenue	390,506	52,466	5,768,962	160,317	(6,372,251)	-
Segment revenue	22,989,959	4,719,296	6,517,610	450,279	(6,372,251)	28,304,893
Operating profit/(losses) before unallocated expenses	386,015	(10,136)	176,470	187,433	45,311	785,093
Unallocated expenses						(13,508)
Operating profit						771,585
Finance costs – net						(348,207)
Share of profits less losses of investments accounted for using the equity method						2,757
Profit before income tax						426,135
Income tax expense						(102,694)
Profit for the year						323,441

3. Revenue and segment information (Continued)

The segment results for the year ended 31 December 2014 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	27,612,353	3,509,981	1,049,603	-	-	32,171,937
Provision of financing services	-	-	-	301,156	-	301,156
Rendering of services	298,932	7,512	29,865	-	-	336,309
Total	27,911,285	3,517,493	1,079,468	301,156	-	32,809,402
Inter-segment revenue	364,785	87,233	6,643,250	80,933	(7,176,201)	-
Segment revenue	28,276,070	3,604,726	7,722,718	382,089	(7,176,201)	32,809,402
Operating profit/(losses) before unallocated expenses	625,790	(251,953)	436,809	200,074	164,264	1,174,984
Unallocated expenses						(18,159)
Operating profit						1,156,825
Finance costs – net						(350,245)
Share of profits less losses of investments accounted for using the equity method						(2,352)
Profit before income tax						804,228
Income tax expense						(209,269)
Profit for the year						594,959

3. Revenue and segment information (Continued)

Other segment items included in profit or loss for the year ended 31 December 2015:

	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	**427,304**	**158,763**	**647,186**	**829**	**49**	**1,234,131**
Amortisation of intangible assets and land use rights	**66,226**	**9,129**	**138,268**	**117**	**19**	**213,759**

Other segment items included in profit or loss for the year ended 31 December 2014:

	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	488,003	83,659	647,223	824	47	1,219,756
Amortisation of intangible assets and land use rights	55,128	7,148	136,534	69	19	198,898

The segment assets and liabilities as at 31 December 2015 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	**28,966,813**	**3,811,565**	**11,859,821**	**12,572,123**	**4,071,547**	**61,281,869**
Elimination						**(18,946,431)**
Total assets						**42,335,438**
Segment liabilities	**13,165,059**	**2,927,494**	**3,218,078**	**10,619,850**	**5,764,548**	**35,695,029**
Elimination						**(15,075,261)**
Total liabilities						**20,619,768**
Segment capital expenditure	**543,705**	**41,067**	**135,741**	**3,657**	**-**	**724,170**

3. Revenue and segment information (Continued)

Segment assets and liabilities as at 31 December 2015 are reconciled to entity assets and liabilities as follows:

	Audited	
	Assets	**Liabilities**
	RMB'000	**RMB'000**
Segment assets/liabilities after elimination	**38,263,891**	**14,855,220**
Unallocated:		
Deferred tax assets/liabilities	**1,161,762**	**27,405**
Current tax assets/liabilities	**91,147**	**23,012**
Current borrowings	**-**	**3,379,704**
Non-current borrowings	**-**	**2,291,276**
Other assets/liabilities of the Company	**2,818,638**	**43,151**
Total	**42,335,438**	**20,619,768**

The segment assets and liabilities as at 31 December 2014 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	28,521,535	3,237,356	11,657,660	11,385,105	4,614,150	59,415,806
Elimination						(15,123,014)
Total assets						44,292,792
Segment liabilities	11,766,202	2,718,824	2,776,726	9,993,912	7,361,583	34,617,247
Elimination						(11,570,834)
Total liabilities						23,046,413
Segment capital expenditure	381,382	191,684	133,536	186	15	706,803

3. Revenue and segment information (Continued)

Segment assets and liabilities as at 31 December 2014 are reconciled to entity assets and liabilities as follows:

	Audited	
	Assets	Liabilities
	RMB'000	RMB'000
Segment assets/liabilities after elimination	39,678,642	15,684,830
Unallocated:		
Deferred tax assets/liabilities	1,081,522	28,918
Current tax assets/liabilities	91,047	65,895
Current borrowings	-	4,813,985
Non-current borrowings	-	2,412,465
Other assets/liabilities of the Company	3,441,581	40,320
Total	44,292,792	23,046,413

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

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

	2015	2014
	Audited	Audited
	RMB'000	RMB'000
Revenue		
Mainland China	**22,477,460**	26,249,202
Overseas	**5,827,433**	6,560,200
	28,304,893	32,809,402

3. Revenue and segment information (Continued)

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

	2015 Audited RMB'000	2014 Audited RMB'000
Total assets		
Mainland China	**35,232,845**	37,232,586
Overseas	**7,102,593**	7,060,206
	42,335,438	44,292,792

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

	2015 Audited RMB'000	2014 Audited RMB'000
Non-current assets other than deferred income tax assets		
Mainland China	**14,240,936**	14,655,261
Overseas	**251,783**	232,806
	14,492,719	14,888,067

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

	2015 Audited RMB'000	2014 Audited RMB'000
Capital expenditure		
Mainland China	**722,975**	706,707
Overseas	**1,195**	96
	724,170	706,803

4. Expenses by nature

	2015 Audited RMB'000	2014 Audited RMB'000
Materials cost	**19,729,325**	23,642,448
Employee benefit expenses	**2,862,726**	2,786,620
Depreciation of property, plant and equipment	**1,234,131**	1,219,756
Transportation expenses	**810,580**	874,755
Utilities expenses	**596,961**	727,029
Warranty expenses	**527,342**	735,570
Maintenance costs	**260,387**	267,841
Provision for impairment of trade and other receivables	**235,601**	201,893
Travel and office expenses	**228,797**	224,154
Subcontracting costs	**207,917**	260,425
Amortisation of intangible assets	**174,437**	164,385
Transaction taxes	**153,215**	144,313
Write-down of inventories to net realisable value	**97,756**	104,155
Exhibition expenses	**78,872**	28,661
Advertising costs	**78,443**	91,250
Rental expenses	**76,558**	51,059
Amortisation of land use rights	**39,322**	34,513
Auditors' remuneration		
- Financial audit services	**12,656**	14,227
- Internal control audit services	**755**	755
- Taxation professional services	**315**	300
Other charges	**613,739**	385,427
Total	**28,019,835**	31,959,536
Representing:		
Cost of sales	**23,277,365**	27,273,250
Distribution costs	**2,121,371**	2,280,186
Administrative expenses	**2,621,099**	2,406,100
Total	**28,019,835**	31,959,536

5. Other gains – net

	2015 Audited	2014 Audited
	RMB'000	RMB'000
Fair value gains/(losses) on financial assets at fair value through profit or loss	**11,706**	(12,342)
Fair value losses on financial liabilities at fair value through profit or loss	**(5,420)**	-
Disposal of scraps	**47,262**	64,833
Government grants	**163,326**	179,432
Fair value gains on investment properties	**6,067**	8,331
Gain/(loss) on disposal of property, plant and equipment	**77,305**	(8,452)
Rental income	**14,469**	15,642
Foreign exchange gains - net	**102,330**	28,904
Gain on disposal of financial assets at fair value through profit or loss	**34,351**	-
Others	**35,131**	30,611
Total	**486,527**	306,959

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, 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% (2014: 16.5%) on their estimated assessable profit for the year. 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% (2014: 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 Fuqiang Power Co., Ltd. has been recognised as the High New Tech Enterprises in 2012 and its application for renewal of the status of the High New Tech Enterprises has been approved by local tax bureaus. Sinotruk Ji'nan Power Co., Ltd. and Sinotruk Hangzhou Engines Co., Ltd. have been recognised as the High New Tech Enterprises in 2014. 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% in 2015 (2014: 15%).

Sinotruk Chongqing Fuel System Co., Ltd., Sinotruk Liuzhou Yunli Special Vehicles Co., Ltd., Sinotruk Chengdu Wangpai Commercial Vehicles 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 (2014: 15%).

Sinotruk Russia Co., Ltd. is subject to a corporate income tax rate of 20% according to Tax Code of the Russian Federation (2014:20%).

Sinotruk South Africa (Pty) Ltd. is subject to a corporate income tax rate of 28% according to South Africa Tax Law (2014:28%).

The remaining subsidiaries are subject to the PRC corporate income tax, which have been calculated based on the corporate income tax rate of 25% (2014: 25%).

The amount of income tax expense charged to profit or loss represents:

	2015	2014
	Audited	Audited
	RMB'000	RMB'000
Current tax:		
- Hong Kong profits tax	**5,114**	2,920
- PRC corporate income tax	**179,333**	336,042
Total current tax	**184,447**	338,962
Deferred tax	**(81,753)**	(129,693)
Income tax expense	**102,694**	209,269

7. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company.

	2015	2014
	Audited	Audited
Profit attributable to owners of the Company (RMB thousands)	**205,946**	408,032
Weighted average number of ordinary shares in issue (thousands)	**2,760,993**	2,760,993
Basic earnings per share (RMB per share)	**0.07**	0.15

Diluted earnings per share equals to basic earnings per share for the years ended 31 December 2015 and 2014 as there are no dilutive potential shares existed during the years.

8. Trade receivables, other receivables and other current assets

	2015 Audited RMB'000	2014 Audited RMB'000
Non-current		
Accounts receivable	**45,616**	75,850
Loans and receivables from financing services	**343,274**	453,404
Less: Provision for impairment of loans and receivables from financing services	**(5,182)**	(6,801)
Loans and receivables from financing services - net	**338,092**	446,603
Trade receivables and other receivables	**383,708**	522,453
Current		
Accounts receivable	**8,805,218**	7,099,231
Less: Provision for impairment of accounts receivable	**(549,850)**	(326,445)
Accounts receivable - net	**8,255,368**	6,772,786
Notes receivable	**2,245,625**	3,650,521
Trade receivables - net	**10,500,993**	10,423,307
Loans and receivables from financing services	**1,553,932**	1,352,304
Less: Provision for impairment from financing services	**(38,167)**	(26,082)
Loans and receivables from financing services - net	**1,515,765**	1,326,222
Other receivables	**483,637**	459,031
Less: Provision for impairment of other receivables	**(6,883)**	(7,581)
Other receivables - net	**476,754**	451,450
Interest receivables	**19,794**	44,958
Receivables and other current assets before prepaid items	**12,513,306**	12,245,937
Prepayments	**211,198**	237,100
Prepaid taxes other than income tax	**317,064**	259,758
Prepaid income taxes	**91,147**	91,047
Trade receivables, other receivables and other current assets - net	**13,132,715**	12,833,842

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

As at 31 December 2015 and 2014, 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 based on invoice date at respective dates of statement of financial position are as follows:

	2015	2014
	Audited	Audited
	RMB'000	RMB'000
Less than 3 months	**6,222,122**	7,992,719
3 months to 6 months	**2,088,764**	1,585,902
6 months to 12 months	**1,181,441**	166,756
1 year to 2 years	**724,629**	391,190
2 years to 3 years	**131,405**	362,509
Over 3 years	**198,248**	81
	10,546,609	10,499,157

The credit policy of the Group generally requires customers to pay a certain amount of deposits when orders are made and settle purchase price either in cash or acceptance notes with a tenure of usually 3 to 6 months, which represents the credit terms granted to the customers who pay by acceptance notes. A credit period from 3 to 12 months is granted to selected customers based on credit assessment.

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

The ageing analysis of loans and receivables from financing services – net at respective dates of statement of financial position are as follows:

	2015	2014
	Audited	Audited
	RMB'000	RMB'000
Less than 3 months	**684,508**	258,543
3 months to 6 months	**279,221**	316,913
6 months to 12 months	**414,467**	750,766
1 year to 2 years	**428,924**	365,333
2 years to 3 years	**30,582**	81,270
Over 3 years	**16,155**	-
	1,853,857	1,772,825

Loans and receivables from financing services represented loans granted by Sinotruk Finance Company and HOWO Auto Finance Company which are 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.

9. Trade payables, other payables and other current liabilities

	2015	2014
	Audited	Audited
	RMB'000	RMB'000
Trade and bills payables	**9,799,609**	10,116,689
Advances from customers	**917,923**	1,029,313
Accrued expenses	**510,298**	622,382
Staff welfare and salaries payable	**251,176**	228,848
Taxes liabilities other than income tax	**193,987**	217,964
Other payables	**1,871,446**	2,341,541
	13,544,439	14,556,737

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

As at 31 December 2015 and 2014, the ageing analysis of the trade and bills payables was as follows:

	2015	2014
	Audited	Audited
	RMB'000	RMB'000
Less than 3 months	**7,725,664**	8,294,348
3 months to 6 months	**1,989,320**	1,683,625
6 months to 12 months	**51,594**	117,025
1 year to 2 years	**17,361**	11,953
2 years to 3 years	**6,185**	6,151
Over 3 years	**9,485**	3,587
	9,799,609	10,116,689

Proposed Final Dividends and Withholding Tax

The Board recommends the payment of a final dividend of HKD0.03 per Share for the year ended 31 December 2015 (the "**2015 Final Dividend**") with a sum of approximately HKD82,830,000 which is subject to shareholders' approval at the forthcoming 2016 annual general meeting of the Company to be held on 7 June 2016. The 2015 Final Dividend, if approved, will be distributed on or about 29 June 2016 to shareholders of the Company whose names appear on the register of members of the Company on 15 June 2016.

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 2015 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 2015 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 2015 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 7 June 2016 and the register of members of the Company will be closed from 3 June 2016 to 7 June 2016 (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 2 June 2016.

For the distribution of the 2015 Final Dividend, the register of members of the Company will be closed from 14 June 2016 to 15 June 2016 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify to receive the proposed 2015 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 13 June 2016.

Market Overview

Truck Market

The world economy witnessed sluggish recovery in 2015, which led to low external demand. China's economic growth continued to slow down and annual GDP growth dipped to 6.9%, as a result of domestic overcapacity, overstocked inventories and investment growth decline. Affected by the overall national economy, the PRC heavy duty trucks industry exhibited a declining trend as monthly sales of heavy duty trucks in the PRC market slid throughout the year and the market demand of heavy duty trucks remained low. According to the statistics from the CAAM, sales of heavy duty trucks declined 26.0% year-on-year ("**YOY**") to approximately 551,000 units, sales of light duty trucks declined 6.3% YOY to approximately 1,559,000 units, sales of buses declined 1.9% YOY to approximately 595,000 units.

Market competition intensified as overall demand shrank and the heavy duty trucks industry called for de-stocking. Due to the slowdown of growth in fixed asset investment and the mining industry, construction vehicles segment, mainly consisted of tipper trucks, suffered sluggish demand. The main positive factor affecting heavy duty trucks demand was the increase in turnover of freight traffic, which was driven by the increase in domestic consumption and the development of intercity logistics networks leading to a stronger demand of tractors on the road. Due to technological upgrades on heavy duty trucks and increasing demand for logistic vehicles, market demand for heavy duty trucks gradually shifted towards trucks which are high-powered, light-weight, mid-to-high-end and equipped with intelligence capabilities.

Financing Market

The PRC government had implemented loose monetary policy in 2015 and PBOC lowered loan interest rates several times. Consumption loan interest rates dropped following the changes of the loan interest rates. According to the publication of PBOC, the consumption loans monthly increased 1.0% to 2.2% in 2015.

Review of Operations

During the Period, the Group's efforts to optimize its product mix were evident as its product positioning and production layout further improved and became more scientific. Trucks equipped with MAN technology and tractor products both experienced increased proportion of total sales and improved market position. The technology of HDTs products of the Group reached international advanced level, while the LDTs and buses segment of the Group expanded rapidly. Adhering to the changes in the economic conditions and market demand, the Group continued to adjust its operations, improved its enterprise innovation ability, enhanced its internal controls, and boosted product quality and quality control so as to increase economic benefits and maintain steady operations.

Heavy Duty Trucks Segment

During the Period, HDT sales volume was 81,959 units, representing a decrease of 20.2% YOY. Revenue from the HDTs segment decreased to RMB22,990 million, representing a decrease of 18.7% YOY. The ratio of the volume of affiliated export to total volume of sales of HDTs was 32.9%, representing an increase of 8.6 percentage points compared with that of 2014. The segment profit to segment revenue was 1.7%, representing a decrease of 0.5 percentage points compared with that of 2014.

Domestic Business

By leveraging on its own research technology and further developing MAN technology which the Group has adopted, the technology and quality of the Group's new products continue to improve, which leads to the Group's enhanced ability to respond to changes in markets' demands and competitiveness. Trucks equipped with MAN technology maintained consistent growth and drove the Group's overall sales, especially sales of tractors and cargo trucks. The Group had reinforced and developed its leading position for core products and also enhanced sales in previous less competitive products which significantly increased the Group's market competitiveness and market share.

During the year, the Group's construction vehicles continued to maintain its absolute predominance in the PRC market while sales of tractors defied a general downward trend and increased its proportion among the Group's product portfolio. The huge potential of the sales growth in urban vehicles had become a new growth driver for the Group. The market recognition of the Group's medium-heavy duty trucks brand - 「豪瀚」 ("Hohan") increased and the volume of its sales was also doubled. During the Period, benefiting from product portfolio adjustment and the promotion of MAN-technology equipped products, the combined market share of the Group and CNHTC Group reached 17.94% in 2015, representing an increase of 1.64 percentage points YOY, despite the declining sales of the Group caused by the unfavorable industry trends.

During the Period, the Group continuously introduced progressive innovations to its business model and optimized its distribution network. As at 31 December 2015, the Group had a total of 1,293 HDTs dealerships, including 220 4S centers and 143 SINOTRUK branded dealerships, 1,474 service centers providing high quality after-sales services, and 207 refitting companies to provide truck refitting services to HDTs. The distribution network for the Group's entire product range was further improved.

International Business

In 2015, world economy was volatile and erratic, while global economic recovery was sluggish. International trade volume declined and China's export growth continued to slow down because of the decrease in global demand, periodic downturn in bulk commodities trading, growing financial risks and various geopolitical factors.

During the Period, the Group made remarkable progress in exploring overseas markets, and exports continued to grow at a steady pace. The Vietnamese market, which experienced explosive vehicle import growth from China since the changes of its regulations, has significantly boosted the Group's sales in Southeast Asia market. Benefitting from the gradual improvement of its regional networks, the African market recorded stable sales growth. Certain countries, such as Russia, suffered notable economic decline as bulk commodity market demand declined, and oil and mineral prices witnessed a sharp fall. Consequently, HDTs in those countries suffered shrinking demand and a significant drop in sales. Other regions experienced various degrees of downturns due to trade protectionism, political turmoil and other unfavorable reasons. However, following the improvement of the technology and quality of the Group's products, the Group was able to gain a foothold in the New Zealand market, making a new record for the export of Sinotruk products into a developed country.

In view of the complicated international market environment, the Group is committed to taking advantage of the "One Belt and One Road" policy and intensifying its foray into international markets. The Group will continue to establish its international brand image, promote new products and technologies, and strengthen its international distribution channels and set up more overseas spare parts center to support its international market expansion. The Group is also committed to creating more innovative marketing models in global markets and providing consumers with financing solutions. The Group is working on building and enhancing its marketing network to improve its after-sales services and promote its export business. During the Period, the Group exported (including affiliated exports) 27,000 HDTs, representing an increase of 8.0% YOY. Export revenue (including affiliated exports) was RMB7,847 million, representing an increase of 8.3% YOY. The Group maintained its leading position in overseas exports in the domestic heavy duty trucks industry.

As at 31 December 2015, the Group had a total of 169 dealerships, including 61 4S centers, 235 service centers, 225 parts and accessory stores, and an international market network consisting of 11 overseas KD production plants, which covers developing countries and emerging economies in Africa, the Middle East, Central and South Americas, Central Asia, Russia and Southeast Asia, as well as developed regions, such as Hong Kong and Taiwan.

Light Duty Trucks and Buses Segment

During the Period, sales of the Group's LDTs increased by 4.9% YOY to 54,906 units. Bus sales reached 1,968 units, representing an increase of 42.0% YOY. The segment revenue increased by 30.9% YOY to RMB4,719 million. The segment losses to segment revenue was 0.2%, representing an improvement of 6.8 percentage points compared with that of 2014.

During the Period, the LDT business entered a positive development track. The Ji'nan LDTs division focused on brand development, maintained mid-to-high end product positioning, strengthened segmented market development, actively participated in international competition, continuously expanded its sales network and enhanced after-sales services. By utilizing the Group's experienced vehicles consumer financing model and marketing strategies, the Group provided customers with financing services to enhance product sales in domestic and overseas markets, and revenue achieved a significant increase. In addition, the Ji'nan LDTs division significantly improved its economic performance through continuous efforts in reducing costs and enhancing efficiency. Sinotruk Chengdu Wangpai Commercial Vehicles Co., Ltd. focused on improving product quality and meeting market demands by actively engaging in product research and development, and enriching its product portfolio to meet demands of different groups in different areas.

By establishing a quick after-sales response mechanism, promoting comprehensive service concepts in the market, increasing quality of distribution network, promoting the Group's image and accelerating the launch and strengthening the promotion of products equipped with MAN Group's engines and new energy engines, sales of LDTs increased steadily. In addition, sales of new energy vehicles and special purpose vehicles grew rapidly as well as exports of trucks also increased significantly. Sinotruk Fujian Haixi Vehicles Co., Ltd. developed products that meet demands of different industries and markets, diversified its product portfolio, improved its product quality and promoted marketing innovations. By utilizing its geographical advantages in southeast coastal areas and Free Trade Zones, Sinotruk Fujian Haixi Vehicles Co., Ltd. strengthened its exploration of international markets and increased exports of products, and sales volume of brand 「豪曼」 ("Haoman") vehicles grew despite the market downturn.

During the Period, the Group's buses division witnessed growth in sales volume. The Group continuously improved the product quality of its buses, optimized its distribution network and further enhanced the quality of its after-sales services. The division also increased exploration of new opportunities in traditional and international markets to promote product sales. Through its proactive effort to take advantage of policy trends and market opportunities and rapid development of new energy buses, the Group achieved record sales volume and strong growth momentum of new energy buses.

As at 31 December 2015, the Group had a total of 1,020 LDTs dealerships (including 84 4S centers), 180 SINOTRUK branded dealerships, 1,736 service centers providing high quality after-sales services for LDTs, 47 refitting companies providing refitting related services to LDTs. In the PRC, the Group also had 21 bus dealerships and 55 after-sales service centers for bus.

Engines Segment

The Group is dedicated to the research and development of engine technology, benchmarking international requirements, implementing strict quality control, improving product quality, expanding the application of MAN Group's engines and providing customers with high-tech products that are reliable and fuel-efficient. The Group is continuously favored by customers for its advanced and high-quality Man technology engines and natural gas engines. Besides supplying for the Group's own production, the Group also sold engines to other manufacturers of HDTs, buses and construction machinery.

During the Period, the sales volume of engines decreased by 18.1% YOY to 89,590 units. Segment revenue decreased by 15.6% YOY to RMB6,518 million. External sales of the engines accounted for 11.5% of the total sales of the engines, representing a decrease of 2.5 percentage points from 14.0% last year. The segment profit to segment revenue was 2.7%, representing a decrease of 3.0 percentage points compared with that of 2014.

Technological Upgrade

During the Period, the Group's capital expenditure amounted to RMB724 million. Major investments were made in the construction of a national heavy duty truck engineering technology research center, improvements in production techniques and quality control standards, and the enhancement of research, development and innovation capabilities.

Research and Development

The Group remains committed to its technology-focused strategy through taking full advantage of its research platforms, increasing investment in the research and development of technology, and strengthening its technological development and innovation capacity. By strengthening its cooperation with the MAN Group and other reputable international enterprises, the Group developed high quality engines, parts and components, and whole trucks, so as to further enhance its industrial competitive edge. During the Period, the Group's technology center has completed a total of 338 projects, ranging from the development of trucks, key parts and components, conduct of experiments and verification, to trial production of vehicles and fine tuning.

As at 31 December 2015, the Group and its parent company participated in the formulation of 85 industry standards for China's heavy duty trucks and were granted 3,717 patents, maintaining its first position in the heavy duty trucks industry as measured by the number of patents.

During the Period, the Group offered 2,733 product models that comply with the China's National IV or China's National V Emission Standards which cater to various customer needs.

Finance Segment

During the Period, revenue from the finance segment of the Group was RMB450 million, representing an increase of 17.8% YOY and its external revenue was RMB290 million, representing a decrease of 3.7% YOY. The decrease in external revenue was primarily due to the decrease of the sales of HTDs. The segment profit to segment revenue was 41.6%, representing a decrease of 10.8 percentage points compared with that of 2014.

During the Period, the Group established HOWO Auto Finance Company, adjusted original business scope of Sinotruk Finance Company and optimized the financial services system of these two companies for strengthening ability and capacity of the financial services. The scope of auto finance services of the Group was further enhanced and business was expanded. The Group continued to develop the innovative business model of boosting sales with financing services, taking full advantage of favorable national policies and its experienced automobile financing service platform. The Group promoted a range of automobile financing services such as consumer credit, finance leasing services to meet consumer demand for truck financing credit and purchasing, which boosted the Group's trucks sales. The Group also actively promoted profit growth by providing credit services to suppliers, hence further enhanced its profitability. As at 31 December 2015, Sinotruk Finance Company had established 19 regional offices and extended its consumer credit business coverage to over 20 provinces, covering most parts of China and further improved its automobile consumer credit network. During the Period, the Group sold 4,699 trucks under automobile financing services, representing a decrease of 23.8% YOY.

Environmental policy, efficiency, and legislation with material impact

As a responsible corporate, the Group guiding principle is to behave ethically and responsibly in its daily operations.

The Group turned to research and development of environmental friendly and fuel efficient trucks, by reducing exhaust emissions, to create a better environment. The Group's products are compliant with the China's National IV or V Emission Standards. The Group's focus on designing green, environmental friendly, safe, and energy efficient model, such as the dregs truck with a full sealing covering which should be closed after loading to start the engine. This design can prevent dust pollution. In addition, the Group is developing natural gas bus and electric bus.

The Group arranged the employees to take physical check-up to improve their quality of life and to help them to live healthier lives. The Group is committed to prevent and reduce accidents. The Group has setup a safety and environmental protection department for security and environmental safety inspections and hidden safety matters treatment. Through this measure the Group can reduce the risk of accidents.

Striving for a better society, the Group is increasing its awareness of the environment and reducing its impact on the natural environment. The Group is also committed to the reproduction of engines; and by waste recycling the Group continuously improve its energy performance. The Group is committed to comply with all relevant environmental laws and regulations related to the operation of its production bases.

The Group also participated in national disaster relief efforts and assumed social responsibility actively.

As far as the Board is aware, the Company has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company.

Significant Investments

In April 2015, the Company's indirect wholly-owned subsidiary, Sinotruk (Hong Kong) Capital Holding Limited, and an independent third-party, China-Africa Manufacturing Investment Co., Limited, jointly established Sinotruk (Hong Kong) Hongye Limited and subscribed its 65% equity interest in the amount of US$19.5 million, and its 35% equity interest in the amount of US$10.5 million, respectively. That company is a jointly controlled entity of the Company and is principally responsible for South African trucks markets.

In June 2015, the Company, CNHTC and Shandong International Trust Corporation entered into a capital contribution agreement for the formation of HOWO Auto Finance Company. The Company, CNHTC and Shandong International Trust Corporation had contributed RMB250 million, RMB100 million and RMB150 million and hold 50%, 20% and 30% equity of HOWO Auto Finance Company, respectively. HOWO Auto Finance Company is a subsidiary of the Company and principally participates in the automobile financing business.

In August 2015, the Group committed to inject RMB1,190.3 million in Sinotruk Finance Company ("**2015 August Capital Increase**"), which increased its equity interest in Sinotruk Finance Company to 89.69%. The Group had made the payment of 2015 August Capital Increase in March 2016.

In September 2015, the Company agreed to purchase 2.7586% equity of Sinotruk Finance from Lingxian Rural Credit Cooperative Union and 0.3619% equity from Jingxian Rural Credit Cooperative Union (percentage is calculated before 2015 August Capital Increase). It is estimated to complete such purchases in the second quarter of 2016.

In October 2015, Sinotruk (Hong Kong) Capital Holding Limited and an independent third-party, Chengshan Group Co., Limited, jointly established Prinx (Cayman) Holdings Limited and Sinotruk (Hong Kong) Capital Holding Limited subscribed its 12.68% equity interest in the amount of US$40 million. This company is an associate of the Company and mainly manufactures tires in Weihai City, Shandong Province, the PRC.

In December 2015, Sinotruk (Hong Kong) Capital Holding Limited committed to inject cash at amount of RMB30 million into Ji'nan Qihui Microfinance Limited in exchange for its 10% equity interest. Ji'nan Qihui Microfinance Limited is being an investment of the Group. The cash injection was completed in February 2016.

In January 2016, Sinotruk Liuzhou Yunli Special Vehicles Co., Ltd. and Kodiak America LLC., an independent third party, entered into an agreement to establish Sinotruk Liuzhou Yunli Kodiak Machinery Co., Ltd. by way of cash contribution in the amount of USD1,769,400 and contribution in technology in the amount of USD1,700,000 respectively. Sinotruk Liuzhou Yunli Special Vehicles Co., Ltd. and Kodiak America LLC. will hold 51% and 49% of its equity respectively. Such company has become subsidiary of the Company and principally engages in manufacturing and sales of snow removal equipment.

In February 2016, Ji'nan Truck Company proposed to set up its wholly-owned subsidiary, Sinotruk Ji'nan Global Electronic Business Co., Ltd. in Ji'nan City, Shandong Province, the PRC with registered capital of RMB20 million for the development of internet sales, services and trading platform.

Human Resources

As at 31 December 2015, the Group had a total of 26,067 employees. The Group focuses on meeting the demands of corporate development and securing talents in corporate development. The Group continues to innovate its human resources management methods, proactively attract senior executives and technical personnel, and optimize team structure and the allocation of human resources so as to provide further intellectual support and human resources for the Group's sustainable development. The Group highly values its human resources initiatives including team building and talent training. Through open and fair recruitment, the Group continued to enhance employee competence, optimize promotion and performance assessment systems including non-leadership positions, and reform the compensation system to provide better incentives to employees. The Group organised employees to participate external seminars and training. Through relevant training, employees can gain more knowledge and understanding in the business and enhance their career development. In addition, to the extent necessary to protect the Group's intellectual property rights and other vital competitive interests, qualified employees may enjoy certain retirement and non-competition compensations.

Business Strategies and Prospects

For 2016, the global economy may not be optimistic. The uncertainty of US economic policy of the shift from quantitative easing to tapering and low prices of commodities such as crude oil are the factors causing uncertainties of development of the global economy. The Chinese economy has come to a critical phase of economic structural adjustment and transformation, and may probably face relatively significant downward pressure. A series of stabilization of economic growth measures such as supply-end reform, "One Belt And One Road", innovation-driven development and "Internet+" will bring new opportunities and challenges to the enterprises. Facing the economic volatility in both domestic and overseas markets and intensified competition, the Group will continue to enhance its competitiveness, adjust its operational strategies in a timely manner, and adopt various measures to ensure sound and robust growth.

1. The Group will continue to adopt brand strategy to promote SINOTRUK brand and increase its market influence. This will help to achieve product differentiation, and further optimize and adjust its product mix to meet demands of different customers in different regions.

2. The Group will strengthen domestic product sales and services by innovative sales and marketing strategies such as optimizing its domestic distribution network and using "Smart Sinotruk" e-commerce platform. The "Smart Sinotruk" android application will be launched in the first half of 2016. The Group will further improve the quality of its distribution network, centralize distribution resources, continue its segment market strategy and increase product promotion efforts with full range of marketing services. The Group will make good use of the market trends to launch appropriate key products into the markets from time to time. The Group will continue to train its sales staff and customer service teams so as to enhance sales and after-sales services while provide value-added services to customers to increase the Group's competitiveness. Leveraging on holistic data, the Group will ascertain the main stream demands and product request from different market segments, and provide tailor-made solutions to major clients so as to upgrade the Group's marketing abilities. By taking full advantage of both Sinotruk Finance Company and HOWO Auto Finance Company, the Group will provide innovative financing support to boost product sales and therefore increase its market share.

3. The Group will continue to implement its internationalization strategy to further improve its competiveness and operational capabilities in international markets. The Group will further promote its brand image and increase the recognition of its brand and influence, and fully utilize its production capacity and products equipped with MAN technology to increase its competitiveness in global market. The Group will also strengthen its overseas distribution network, spare parts capabilities and services support, and will also increase the financing support to its international markets. By studying local financial policies, the Group will explore new financial support models. The Group will explore new and innovative means to cooperate in overseas markets, and seek localization of its brand by incorporating local characteristics into Sinotruk brand for sustainable development of the Group's overseas markets. The Group will further export light duty trucks and buses.

4. The Group will continue to leverage "intelligence" to realize breakthroughs in enterprise management and adopt measures for cost control and efficiency improvement. The Group will strengthen its risk management capabilities and improve its performance so as to facilitate healthy and sustainable growth. The Group will continue to centralize bulk purchases, sorting purchases and optimize its supply chain so as to reduce purchasing costs. The Group will centralize the management of the domestic and overseas treasury functions and take advantage of overseas financing platforms to optimize its assets and debts structure and reduce funding costs. The Group will increase its "intelligent" production capability and automation level to improve quality control. The Group will invest in costs control technology and accelerate construction of "intelligent" factories.

5. The Group will continue to strengthen its cooperation with the MAN Group to promote collaborative products in the markets. Based on the needs for market development, both the Group and MAN Group will explore and expand co-operation in different areas.

Revenue, gross profit and gross profit margin

The Group's revenue for the Period recorded RMB28,305 million, compared with that of year 2014 of RMB32,809 million, representing a decrease of RMB4,504 million or 13.7% YOY. The decrease in the revenue is primarily attributable to the decrease in HDTs sales volume.

The Group's gross profit for the Period was RMB5,028 million, compared to that of year 2014 of RMB5,536 million, representing a decrease of RMB508 million or 9.2% YOY. Gross profit margin for the Period increased by 0.9 percentage point from 16.9% to 17.8%. The increase in gross profit margin for the Period was mainly due to the results of effective costs reduction measures taken by the Group, product optimization, reduction of procurement costs and controllable expenses.

Distribution costs

Distribution costs for the Period was RMB2,121 million, compared to that of year 2014 of RMB2,280 million, representing a decrease of RMB159 million or 7.0% YOY. The decrease primarily resulted from the reduction in warranty costs which was benefited from the increase in product quality.

Administrative expenses

Administrative expenses for the Period was RMB2,621 million, compared to that of year 2014 of RMB2,406 million for the year 2014, representing an increase of RMB215 million or 8.9% YOY. The increase was mainly due to the increase in research and development cost and in the provision for bad debts from the increase in trade receivables under the Group's prudent provisioning policy.

Other gains – net

The net other gains for the Period was RMB487 million, compared to that of year 2014 of RMB307 million, representing an increase of RMB180 million or 58.6% YOY. The increase was mainly due to the increase in gains from disposal of properties, plant and equipment and the increase in foreign exchanges gains.

Finance costs – net

Net finance cost for the Period was RMB348 million, compared to that of year 2014 of RMB350 million, representing a decrease of RMB2 million or 0.6% YOY. During the Period both finance income and finance costs decreased due to the decrease in bank deposits, drop in deposit interest rate, minimize the borrowings scale in the PRC, optimize borrowings portfolio and drop in interest costs.

Share of profits less losses of investments accounted for using the equity method

The net profit of investments accounted for using the equity method for the Period was RMB3 million, compared to that of year 2014 of losses of RMB2 million, representing an increase of profit of RMB5 million. The increase was mainly due to the facts that an associate which operated at loss in 2014 became operating at profits during the Period and a newly set up joint venture earned profits in its first year of operation.

Income tax expense

Income tax expense for the Period was RMB103 million, compared to that of year 2014 of RMB209 million, representing a decrease of RMB106 million or 50.7% YOY. The decrease was due to the decrease in profit before income tax.

Profit for the year and earnings per share

Profit for the Period was RMB323 million, compared to that of year 2014 of RMB595 million, representing a decrease of RMB272 million or 45.7% YOY. Profit attributable to equity holders of the Company for the Period was RMB206 million, compared to that of year 2014 of RMB408 million, representing a decrease of RMB202 million or 49.5%. The basic earnings per share attributable to owners of the Company for the Period was RMB0.07, compared with that of the year 2014 at RMB0.15, representing a decrease of RMB0.08 or 53.3% YOY.

Trade and net financial services receivables

The Group's trade receivables include accounts receivable and notes receivable. As at 31 December 2015, the trade receivables of the Group were RMB10,547 million, compared to that of year 2014 of RMB10,499 million, representing an increase of RMB48 million or 0.5% YOY, of which accounts receivable was RMB8,301 million, representing an increase of RMB1,452 million or 21.2% from RMB6,849 million as at 31 December 2014 and notes receivable was RMB2,246 million, representing a decrease of RMB1,405 million or 38.5% from RMB3,651 million as at 31 December 2014.

The trade receivables turnover of the Group for the Period was 137.1 days, representing an increase of 0.1% YOY and was still within the Group's credit policies which are three to twelve months to the customers. As at 31 December 2015, the trade receivables aged not more than six months were RMB8,311 million, representing 78.8% of the total net trade receivables while it was 91.2% of the total net trade receivables as at 31 December 2014.

As at 31 December 2015, the net financial services receivables of the Group increased from RMB1,773 million to RMB1,854 million, representing an increase of RMB81 million YOY or 4.6%. The finance segment of the Group has credit period of one to three 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 key customers or customers with higher risk of default in repayment on a monthly basis and assesses impairment loss by reference to their business, actual repayment information and other assessments.

Cash flow

Net cash inflow from operating activities for the Period was RMB1,040 million, compared with net cash inflow in the year 2014 at RMB5,681 million, representing a decrease of cash inflow by RMB4,641 million which was mainly due to the decrease of HDTs sales.

Net cash outflow used in investing activities for the Period was RMB1,195 million, compared with cash outflow in the year 2014 of RMB406 million, representing an increase of cash outflow of RMB789 million. The increase was mainly due to capital injection to jointly controlled entity and associated companies, purchase of financial investment products and increase in spending in purchase of property and plant.

Cash outflow used in financing activities for the Period was RMB1,352 million, compared with the cash outflow in the year 2014 of RMB2,837 million, representing a decrease of cash outflow of RMB1,485 million which was mainly due to the decrease in the amount of minimization of the scale of borrowings in 2015 as compared to the year before.

Liquidity and financial resources

As at 31 December 2015, the Group had cash and cash equivalents of RMB4,946 million and bank acceptance notes of RMB2,138 million. Cash and cash equivalents decreased by RMB1,494 million and bank acceptance notes decreased by RMB1,462 million as compared with the beginning of 2015. The Group's total borrowings (including long-term and short-term borrowings and borrowings from the related parties) were about RMB5,707 million as at 31 December 2015. Its gearing ratio (total borrowings divided by total assets) was 13.5% (31 December 2014: 16.4%) and the total liabilities to total assets ratio was 48.7% (31 December 2014: 52.0%).

As at 31 December 2015, 97.7% of borrowings were denominated in RMB (31 December 2014: 100% in RMB). Most of the borrowings are charged with reference to bank's preferential floating rates and were due within one year to three years. The current ratio (total current assets divided by total current liabilities) as at 31 December 2015 was 1.5 (31 December 2014: 1.4).

As at 31 December 2015, total available credit facilities of the Group from the banks amounted to RMB34,579 million, of which RMB6,010 million had been utilised. An aggregate amount of RMB942 million of security deposits and restricted bank deposits was pledged to secure various credit facilities. In addition, Sinotruk Finance Company has made mandatory deposits of RMB694 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 issuance of bills such as short-term commercial acceptance notes and bank acceptance notes.

Financial Management and Policy

The finance department is responsible for the financial risk management of the Group. One of the primary objectives of our financial policies is to manage exchange rate risk. Our treasury policy of the Group is to prohibit the Group from participating in any speculative activities. As at 31 December 2015, save for those cash and bank balances in foreign currencies equivalent to approximately RMB299 million, accounts receivables and other receivables in foreign currencies equivalent to approximately RMB1,317 million, borrowings in foreign currencies equivalent to approximately RMB130 million and accounts payable and other payable in foreign currencies equivalent to approximately RMB206 million, most of the Group's assets and liabilities were denominated in RMB.

Capital Structure

As at 31 December 2015, owner's equity of the Company was RMB21,716 million, representing an increase of RMB470 million or 2.2% when compared with RMB21,246 million at the end of year 2014.

As at 31 December 2015, the Company's market capitalisation was RMB7,101 million (calculated based on the issued share capital of the Company: 2,760,993,339 Shares, closing price: HKD 3.07 per Share and at the exchange rate of 1: 0.8378 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 the Group's financial condition and results of operations. The Group estimates that the total amount of claims of all lawsuits is approximately RMB149 million. There was no provision for legal claims as at 31 December 2015.

Corporate Governance

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 they are able to meet 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, except the Company did not establish a nomination committee. According to article 82 of the Articles of Association, 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 the nomination committee as required under the Listing Rules.

Compliance of Rule 3.10A, 3.11 and 3.21 of the Listing Rules

Upon the resignation of Dr. Ouyang Minggao, Dr. Lu Bingheng and Dr. Huang Shaoan as INEDs on 11 December 2015, the Board comprised fourteen members including three 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. In addition, after the resignation of Dr. Ouyang Minggao, the number of members of the Audit Committee is two which has fallen below three members as required under Rule 3.21 of the Listing Rules.

On 9 March 2016, the Company appointed Dr. Wang Dengfeng as an INED and a member of the Audit Committee. After such appointment, the Board comprised fifteen members including four INEDs with the number of INEDs had still fallen below one-third of the Board. The Company had therefore failed to comply with Rules 3.10A and 3.11 of the Listing Rules by not having appointed a sufficient number of INEDs and not being able to do so within the required time frame. After the appointment of Dr. Wang Dengfeng as a member of the Audit Committee, the Audit Committee has sufficient number of the members, being three members as required under Rule 3.21 of the Listing Rules.

The Board is continuing its efforts to seek the appropriate persons to act as INEDs as soon as possible.

Constitutional Documents

New Articles of Association had been adopted by the Shareholders in the annual general meeting of the Company held on 29 June 2015. A copy of the new Articles of Associations available on the websites of the Company and the Stock Exchange (www.hkexnews.hk).

Purchase, Sale or Redemption of Securities

The Company has not redeemed any of its Shares during the Period. Neither the Company nor any of its subsidiaries has purchased or sold any Shares of the Company during the Period.

Directors' Securities Transactions

The Company has adopted the Appendix 10 - Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") of 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 complied with the standards required by the Model Code during the Period.

Review of Financial Statements

The Company's consolidated financial statements for the year ended 31 December 2015 have been reviewed by the Audit Committee. Also, the figures in respect of the Company'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 Company's audited consolidated financial statements for the year ended 31 December 2015. 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:

"Articles of Association"	the articles of association of the Company, as amended, supplemented, modified or otherwise adopted from time to time
"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors
"CAAM"	China Association of Automobile Manufacturers
"China" or "PRC"	the People's Republic of China, and for the purpose of this announcement, excludes 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 company 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 Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
"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
"ED(s)"	the executive Director(s)

"Group"	the Company and its subsidiaries
"HDT(s)"	heavy duty truck(s) and medium-heavy duty truck(s)
"HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HOWO Auto Finance Company"	山東豪沃汽車金融有限公司 (ShanDong HOWO Auto Finance Co., Ltd., formerly known as Shandong HOWO Auto Finance Co., Ltd.), a company incorporated under the laws of the PRC with limited liability, being a non-wholly owned subsidiary of the Company
"INED(s)"	the independent non-executive Director(s)
"Ji'nan Truck Company"	中國重汽集團濟南卡車股份有限公司 (Sinotruk Ji'nan Truck Co., Ltd.), a joint stock company incorporated under the laws of the PRC with limited liability, being a non-wholly owned subsidiary of the Company and the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000951)
"LDT(s)"	light duty truck(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, being a non-wholly owned subsidiary of Ferdinand Porsche and the shares of which are listed on the German Stock Exchange in Germany (stock code: ISIN DE 0005937007, WKN 593700)
"PBOC"	The Peoples' Bank of China
"Period"	the year ended 31 December 2015
"RMB"	Renminbi, the lawful currency of PRC
"Share(s)"	ordinary share(s) in the Company's capital

"Shareholder(s)"	holder(s) of the Share(s) from time to time
"Sinotruk Finance Company"	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, 31 March 2016

As at the date of this announcement, the eight executive Directors are Mr. Ma Chunji, Mr. Cai Dong, Mr. Tong Jingen, Mr. Wang Shanpo, Mr. Kong Xiangquan, Mr. Liu Wei, Mr. Liu Peimin and Mr. Franz Neundlinger; three non-executive directors of the Company are Mr. Andreas Hermann Renschler, Mr. Joachim Gerhard Drees and Mr. Anders Olof Nielsen; and four independent non-executive directors of the Company are Dr. Lin Zhijun, Mr. Chen Zheng, Mr. Yang Weicheng and Dr. Wang Dengfeng.