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 2016

RESULTS

The Board is pleased to announce the consolidated results of Sinotruk (Hong Kong) Limited and its subsidiaries for the year ended 31 December 2016 together with the comparative figures for the previous year as follows:

Consolidated Statement of Profit or Loss
For the year ended 31 December 2016

	Note	**2016**	2015
		Audited	Audited
		RMB'000	RMB'000
Revenue	3	**32,958,901**	28,304,893
Cost of sales	4	**(27,140,913)**	(23,277,365)
Gross profit		**5,817,988**	5,027,528
Distribution costs	4	**(2,394,761)**	(2,121,371)
Administrative expenses	4	**(2,585,871)**	(2,621,099)
Other gains – net	5	**275,493**	486,527
Operating profit		**1,112,849**	771,585
Finance income		**65,412**	51,702
Finance costs		**(316,287)**	(399,909)
Finance costs – net		**(250,875)**	(348,207)
Share of profits less losses of investments accounted for using the equity method		**59,608**	2,757
Profit before income tax		**921,582**	426,135
Income tax expense	6	**(258,750)**	(102,694)
Profit for the year		**662,832**	323,441

Consolidated Statement of Profit or Loss (Continued)
For the year ended 31 December 2016

	Note	2016 Audited RMB'000	2015 Audited RMB'000
Profit attributable to:			
— Owners of the Company		**532,105**	205,946
— Non-controlling interests		**130,727**	117,495
		662,832	323,441
Earnings per share for profit attributable to the owners of the Company for the year (expressed in RMB per share)			
— basic and diluted	7	**0.19**	0.07

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2016

	Note	2016 Audited RMB'000	2015 Audited RMB'000
Profit for the year		**662,832**	323,441
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of termination and post-employment benefit obligations		**(180)**	(830)
Revaluation gains arising from transfer of property, plant and equipment and land use rights to investment properties		**29,487**	-
Items that may be reclassified to profit or loss			
Change in value of available-for-sale financial assets		**19,770**	3,431
Share of other comprehensive loss of investments accounted for using the equity method		**(7,948)**	-
Currency translation differences		**62,951**	49,975
Other comprehensive income for the year, net of tax		**104,080**	52,576
Total comprehensive income for the year		**766,912**	376,017
Total comprehensive income attributable to:			
— Owners of the Company		**634,891**	258,636
— Non-controlling interests		**132,021**	117,381
Total comprehensive income for the year		**766,912**	376,017

Consolidated Statement of Financial Position
As at 31 December 2016

	Note	**2016**	2015
		Audited	Audited
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Land use rights		**1,651,677**	1,776,640
Property, plant and equipment		**10,165,398**	11,093,673
Investment properties		**642,561**	206,940
Intangible assets		**350,216**	474,367
Goodwill		**3,868**	3,868
Deferred income tax assets		**1,249,218**	1,161,762
Investments accounted for using the equity method		**466,427**	398,092
Available-for-sale financial assets		**353,135**	155,431
Trade receivables and other receivables	8	**795,105**	383,708
		15,677,605	15,654,481
Current assets			
Inventories		**8,371,852**	6,346,477
Trade receivables, other receivables and other current assets	8	**14,030,393**	13,132,715
Financial assets at fair value through profit or loss		**125,692**	129,499
Available-for-sale financial assets		**1,676,090**	-
Amounts due from related parties		**415,301**	490,664
Cash and bank balances		**9,188,410**	6,581,602
		33,807,738	26,680,957
Total assets		**49,485,343**	42,335,438

Consolidated Statement of Financial Position (continued)
As at 31 December 2016

	Note	2016	2015
		Audited	Audited
		RMB'000	RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital		**16,717,024**	16,717,024
Other reserves		**(888,242)**	(1,203,176)
Retained earnings		**4,083,027**	3,824,272
		19,911,809	19,338,120
Non-controlling interests		**2,427,288**	2,377,550
Total equity		**22,339,097**	21,715,670
LIABILITIES			
Non-current liabilities			
Borrowings		**-**	2,291,276
Deferred income tax liabilities		**40,912**	27,405
Termination and post-employment benefit obligations		**10,530**	13,850
Deferred income		**323,549**	266,634
		374,991	2,599,165
Current liabilities			
Trade payables, other payables and other current liabilities	9	**20,810,567**	13,544,439
Financial liabilities at fair value through profit or loss		**-**	5,420
Current income tax liabilities		**132,998**	23,012
Borrowings		**4,511,787**	3,379,704
Amounts due to related parties		**727,346**	751,860
Provisions for other liabilities		**588,557**	316,168
		26,771,255	18,020,603
Total liabilities		**27,146,246**	20,619,768
Total equity and liabilities		**49,485,343**	42,335,438

Notes:

1. General information

The Company was incorporated in Hong Kong on 31 January 2007 as a limited liability company as a result of a group reorganization of CNHTC. The address of the Company's registered office is situated at Units 2102-2103, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong. The Company's shares are listed on the Main Board of the Stock Exchange.

The Group is principally engaged in the research, development and manufacturing of heavy duty trucks, medium-heavy duty trucks and light duty trucks, buses and related key parts and components including engines, cabins, axles, steel frames and gearbox, and the provision of finance services.

Section 436 of the Companies Ordinance

The financial information relating to the years ended 31 December 2016 and 2015 included in this preliminary announcement of 2016 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 2015 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 2016 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**") and requirements of the Hong Kong Companies ordinance Cap. 622. 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.

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 as joint venture in accordance with the accounting policies of the Group.

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 2016:

HKFRS 14 "Regulatory Deferral Accounts", describes regulatory deferral account balances as amounts of expense or income that would not be recognised as assets or liabilities in accordance with other standards, but that qualify to be deferred in accordance with HKFRS 14 because the amount is included, or is expected to be included, by the rate regulator in establishing the price(s) that an entity can charge to customers for rate-regulated goods or services.

2. Basis of preparation (Continued)

Changes in accounting policy and disclosures (Continued)

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

HKFRS 14 permits eligible first time adopters of HKFRS to continue their previous GAAP rate-regulated accounting policies, with limited changes. HKFRS 14 requires separate presentation of regulatory deferral account balances in the balance sheet and of movements in those balances in the statement of comprehensive income. Disclosures are required to identify the nature of, and risk associated with, the form of rate regulation that has given rise to the recognition of regulatory deferral account balances.

Amendment to HKFRS 11 "Accounting for acquisitions of interests in joint operations" requires an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a 'business' (as defined in HKFRS 3, "Business combinations"). Specifically, an investor will need to:

- measure identifiable assets and liabilities at fair value;
- expense acquisition-related costs;
- recognise deferred tax; and
- recognise the residual as goodwill.

All other principles of business combination accounting apply unless they conflict with HKFRS 11.

The amendment is applicable to both the acquisition of the initial interest and a further interest in a joint operation. The previously held interest is not remeasured when the acquisition of an additional interest in the same joint operation with joint control maintained.

Amendments to HKAS 16 and HKAS 38 "Clarification of acceptable methods of depreciation and amortisation" clarify when a method of depreciation or amortisation based on revenue may be appropriate. The amendment to HKAS 16 clarifies that depreciation of an item of property, plant and equipment based on revenue generated by using the asset is not appropriate.

2. Basis of preparation (Continued)

Changes in accounting policy and disclosures (Continued)

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

The amendment to HKAS 38 establishes a rebuttable presumption that amortisation of an intangible asset based on revenue generated by using the asset is inappropriate. The presumption may only be rebutted in certain limited circumstances:

- where the intangible asset is expressed as a measure of revenue; or
- where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Amendment to HKAS 27 "Equity method in separate financial statements" allows entities to use equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

Annual improvements 2014 include changes from the 2012-2014 cycle of the annual improvements project that are effective for annual periods beginning on or after 1 July 2016:

- Amendment to HKFRS 5, 'Non-current assets held for sale and discontinued operations' clarifies that when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution', or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. This means that the asset (or disposal group) does not need to be reinstated in the financial statements as if it had never been classified as 'held for sale' or 'held for distribution' simply because the manner of disposal has changed. It also explains that the guidance on changes in a plan of sale should be applied to an asset (or disposal group) which ceases to be held for distribution but is not classified as 'held for sale'.

2. Basis of preparation (Continued)

Changes in accounting policy and disclosures (Continued)

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

- Amendment to HKFRS 7, 'Financial instruments: Disclosures' including two amendments:

  i) Service contracts: If an entity transfers a financial asset to a third party under conditions which allow the transferor to derecognise the asset, HKFRS 7 requires disclosure of all types of continuing involvement that the entity might still have in the transferred assets. It provides guidance about what is meant by continuing involvement.

  There is a consequential amendment to HKFRS 1 to give the same relief to first time adopters.

  ii) Interim financial statements: It clarifies the additional disclosure required by the amendments to HKFRS 7, 'Disclosure – offsetting financial assets and financial liabilities' is not specifically required for all interim periods, unless required by HKAS 34.

- HKAS 19, 'Employee benefits' clarifies when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds in the relevant currency should be used.

- HKAS 34, 'Interim financial reporting' clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. It also amends HKAS 34 to require a cross-reference from the interim financial statements to the location of that information.

2. Basis of preparation (Continued)

Changes in accounting policy and disclosures (Continued)

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 “Investment entities: applying the consolidation exception” clarify the application of the consolidation exception for investment entities and their subsidiaries.

The amendments to HKFRS 10 clarify that the exception from preparing consolidated financial statements is available to intermediate parent entities which are subsidiaries of investment entities. The exception is available when the investment entity parent measures its subsidiaries at fair value. The intermediate parent would also need to meet the other criteria for exception listed in HKFRS 10.

The amendments also clarify that an investment entity should consolidate a subsidiary which is not an investment entity and which provides services in support of the investment entity’s investment activities, such that it acts as an extension of the investment entity. However, the amendments also confirm that if the subsidiary is itself an investment entity, the investment entity parent should measure its investment in the subsidiary at fair value through profit or loss. This approach is required regardless of whether the subsidiary provides investment-related services to the parent or to third parties.

The amendments to HKAS 28 allow an entity which is not an investment entity, but has an interest in an associate or a joint venture which is an investment entity, a relief to retain the fair value measurement applied by the investment entity associate or joint venture, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture for their subsidiaries when applying the equity method.

2. Basis of preparation (Continued)

Changes in accounting policy and disclosures (Continued)

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

Amendments to HKAS 1 “Disclosure initiative” The amendments clarify guidance in HKAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Although the amendments do not require specific changes, they clarify a number of presentation issues and highlight that preparers are permitted to tailor the format and presentation of the financial statements to their circumstances and the needs of users.

The key areas addressed by the changes are as follows:

- Materiality: an entity should not aggregate or disaggregate information in a manner that obscures useful information. An entity need not provide disclosures if the information is not material;
- Disaggregation and subtotals: the amendments clarify what additional subtotals are acceptable and how they should be presented;
- Notes: an entity is not required to present the notes to the financial statements in a particular order, and management should tailor the structure of their notes to their circumstances and the needs of their users;
- Accounting policies: how to identify a significant accounting policy that should be disclosed;
- Other comprehensive income from equity accounted investments: other comprehensive income of associates and joint ventures should be separated into the share of items that will subsequently be reclassified to profit or loss and those that will not.

The adoption of the above new standard and 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 2016.

2. Basis of preparation (Continued)

Changes in accounting policy and disclosures (Continued)

(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 2016, and have not been early adopted by the Group in preparing these consolidated financial statements.

These new standards and amendments are set out below:

Amendments to HKAS 12, 'Income taxes', effective for annual periods beginning on or after 1 January 2017.

Amendments to HKAS 7 - Statement of cash flows, effective for annual periods beginning on or after 1 January 2017.

HKFRS15 "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.

Amendments to HKFRS 2 "Classification and Measurement of Share-based Payment Transactions", effective for annual periods beginning on or after 1 January 2018.

HKFRS 16 "Leases", effective for annual periods beginning on or after 1 January 2019.

Amendments to HKFRS 10 and HKAS 28 "Sale or contribution of assets between an investor and its associate or joint venture", were 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)

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 including but not limited to the assessment of the effects to revenue based on the existing terms of the sales contracts and after-sales repair and maintenance contracts upon the implementation of HKFRS 15 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.

3. Revenue and segment information

The segment results for the year ended 31 December 2016 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	**24,489,753**	**7,264,928**	**630,510**	**-**	**-**	**32,385,191**
Provision of financing services	**-**	**-**	**-**	**285,234**	**-**	**285,234**
Rendering of services	**254,588**	**3,518**	**30,370**	**-**	**-**	**288,476**
Total	**24,744,341**	**7,268,446**	**660,880**	**285,234**	**-**	**32,958,901**
Inter-segment revenue	**506,180**	**154,277**	**7,466,875**	**241,239**	**(8,368,571)**	**-**
Segment revenue	**25,250,521**	**7,422,723**	**8,127,755**	**526,473**	**(8,368,571)**	**32,958,901**
Operating profit before unallocated expenses	**613,009**	**40,284**	**529,791**	**208,483**	**(263,021)**	**1,128,546**
Unallocated expenses						**(15,697)**
Operating profit						**1,112,849**
Finance costs – net						**(250,875)**
Share of profits less losses of investments accounted for using the equity method						**59,608**
Profit before income tax						**921,582**
Income tax expense						**(258,750)**
Profit for the year						**662,832**

3. Revenue and segment information (Continued)

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/(loss) 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)

Other segment items included in profit or loss for the year ended 31 December 2016:

	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	427,785	167,661	594,465	1,125	46	1,191,082
Amortisation of intangible assets and land use rights	60,018	9,082	124,558	305	19	193,982

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

The segment assets and liabilities as at 31 December 2016 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	38,493,183	5,938,896	12,777,506	22,491,339	1,737,295	81,438,219
Elimination						(31,952,876)
Total assets						49,485,343
Segment liabilities	21,711,841	4,286,589	3,658,470	19,251,391	4,712,138	53,620,429
Elimination						(26,474,183)
Total liabilities						27,146,246
Segment capital expenditure	345,145	46,503	246,282	3,286	-	641,216

3. Revenue and segment information (Continued)

Segment assets and liabilities as at 31 December 2016 are reconciled to entity assets and liabilities as follows:

	Audited	
	Assets	**Liabilities**
	RMB'000	**RMB'000**
Segment assets/liabilities after elimination	**47,748,048**	**22,434,108**
Unallocated:		
Deferred tax assets/liabilities	**1,249,218**	**40,912**
Current tax assets/liabilities	**42,797**	**132,998**
Current borrowings	**-**	**4,511,787**
Other assets/liabilities of the Company	**445,280**	**26,441**
Total	**49,485,343**	**27,146,246**

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	4,071,545	61,281,867
Elimination						(18,946,429)
Total assets						42,335,438
Segment liabilities	13,165,061	2,927,494	3,218,078	10,619,850	5,764,546	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	38,263,893	14,855,222
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	2,818,636	43,149
Total	42,335,438	20,619,768

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.

	2016	2015
	Audited	Audited
	RMB'000	RMB'000
Revenue		
Mainland China	**27,739,383**	22,477,460
Overseas	**5,219,518**	5,827,433
	32,958,901	28,304,893

3. Revenue and segment information (Continued)

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

	2016	2015
	Audited	Audited
	RMB'000	RMB'000
Total assets		
Mainland China	**42,652,770**	35,232,845
Overseas	**6,832,573**	7,102,593
	49,485,343	42,335,438

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

	2016	2015
	Audited	Audited
	RMB'000	RMB'000
Non-current assets other than deferred income tax assets		
Mainland China	**13,664,241**	13,852,710
Overseas	**764,146**	640,009
	14,428,387	14,492,719

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

	2016	2015
	Audited	Audited
	RMB'000	RMB'000
Capital expenditure		
Mainland China	**640,892**	722,975
Overseas	**324**	1,195
	641,216	724,170

4. Expenses by nature

	2016	2015
	Audited	Audited
	RMB'000	RMB'000
Materials cost	**23,751,654**	19,729,325
Employee benefit expenses	**2,931,023**	2,862,726
Depreciation of property, plant and equipment	**1,191,082**	1,234,131
Transportation expenses	**873,698**	810,580
Warranty expenses	**785,950**	527,342
Utilities expenses	**566,452**	596,961
Subcontracting costs	**326,911**	207,917
Maintenance costs	**309,777**	260,387
Provision for impairment of trade and other receivables	**286,854**	235,601
Travel and office expenses	**246,030**	228,797
Transaction taxes	**166,084**	153,215
Amortisation of intangible assets	**152,198**	174,437
Advertising costs	**95,513**	78,443
Rental expenses	**74,525**	76,558
Exhibition expenses	**44,685**	78,872
Amortisation of land use rights	**41,784**	39,322
Write-down of inventories to net realisable value	**33,319**	97,756
Auditors' remuneration		
- Financial audit services	**11,566**	12,656
- Internal control audit services	**755**	755
- Taxation professional services	**544**	315
- ESG report services	**283**	-
Other charges	**230,858**	613,739
Total	**32,121,545**	28,019,835
Representing:		
Cost of sales	**27,140,913**	23,277,365
Distribution costs	**2,394,761**	2,121,371
Administrative expenses	**2,585,871**	2,621,099
Total	**32,121,545**	28,019,835

5. Other gains – net

	2016 Audited	2015 Audited
	RMB'000	RMB'000
Fair value gains on financial assets at fair value through profit or loss	**6,819**	11,706
Fair value losses on financial liabilities at fair value through profit or loss	**-**	(5,420)
Disposal of scraps	**10,410**	47,262
Government grants	**122,216**	163,326
Fair value gains on investment properties	**18,031**	6,067
(Loss)/gain on disposal of property, plant and equipment	**(19,856)**	77,305
Losses on disposal of land use rights	**(5,227)**	-
Rental income	**26,791**	14,469
Foreign exchange gains - net	**59,063**	102,330
Gains on disposal of financial assets at fair value through profit or loss	**9,825**	34,351
Gains from disposal of wealth management products with principal and interests guaranteed	**17,298**	15,126
Gains from disposal of available-for-sale financial assets	**19,535**	2,367
Others	**10,588**	17,638
Total	**275,493**	486,527

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 ("**Capital Holding Company**") are subject to Hong Kong profits tax at the rate of 16.5% (2015: 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 People's Republic of China ("**PRC**"), which has been calculated based on the corporate income tax rate of 25% (2015: 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 2015. 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 2016 (2015: 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 (2015: 15%).

SINOTRUK RUS Limited Liability Company is subject to a corporate income tax rate of 20% according to Tax Code of the Russian Federation (2015: 20%).

Sinotruk South Africa (Pty) Ltd. is subject to a corporate income tax rate of 28% according to South Africa Tax Law (2015: 28%).

Sinotruk Kazakhstan Limited Liability Partnership is subject to a corporate income tax rate of 20% according to Kazakhstan Tax Law (2015: N/A).

The remaining subsidiaries are subject to the PRC corporate income tax, which have been calculated based on the corporate income tax rate of 25% (2015: 25%).

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

	2016	2015
	Audited	Audited
	RMB'000	RMB'000
Current tax:		
- Hong Kong profits tax	**6,380**	5,114
- PRC corporate income tax	**340,078**	179,333
Total current tax	**346,458**	184,447
Deferred tax	**(87,708)**	(81,753)
Income tax expense	**258,750**	102,694

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.

	2016	2015
	Audited	Audited
Profit attributable to owners of the Company (RMB thousands)	**532,105**	205,946
Weighted average number of ordinary shares in issue (thousands)	**2,760,993**	2,760,993
Basic earnings per share (RMB per share)	**0.19**	0.07

Diluted earnings per share equals to basic earnings per share for the years ended 31 December 2016 and 2015 as there are no dilutive potential shares existed during the years.

8. Trade receivables, other receivables and other current assets

	2016	2015
	Audited	Audited
	RMB'000	RMB'000
Non-current		
Accounts receivable	**42,835**	45,616
Loans and receivables from financing services	**760,040**	343,274
Less: Provision for impairment of loans and receivables from financing services	**(7,770)**	(5,182)
Loans and receivables from financing services - net	**752,270**	338,092
Trade receivables and other receivables	**795,105**	383,708
Current		
Accounts receivable	**8,931,414**	8,805,218
Less: Provision for impairment of accounts receivable	**(768,624)**	(549,850)
Accounts receivable - net	**8,162,790**	8,255,368
Notes receivable	**1,732,628**	2,245,625
Trade receivables - net	**9,895,418**	10,500,993
Loans and receivables from financing services	**2,691,596**	1,553,932
Less: Provision for impairment of loans and receivables from financing services	**(69,281)**	(38,167)
Loans and receivables from financing services - net	**2,622,315**	1,515,765
Other receivables	**319,127**	483,637
Less: Provision for impairment of other receivables	**(30,119)**	(6,883)
Other receivables - net	**289,008**	476,754
Interest receivables	**36,444**	19,794
Receivables and other current assets before prepaid items	**12,843,185**	12,513,306
Prepayments	**397,732**	211,198
Prepaid taxes other than income tax	**746,679**	317,064
Prepaid income taxes	**42,797**	91,147
Trade receivables, other receivables and other current assets - net	**14,030,393**	13,132,715

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

As at 31 December 2016 and 2015, 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:

	2016	2015
	Audited	Audited
	RMB'000	RMB'000
Less than 3 months	**5,616,007**	6,222,122
3 months to 6 months	**1,505,553**	2,088,764
6 months to 12 months	**1,052,869**	1,181,441
1 year to 2 years	**1,467,173**	724,629
2 years to 3 years	**164,322**	131,405
Over 3 years	**132,329**	198,248
	9,938,253	10,546,609

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)

In addition, trade receivables included in the amounts due from related parties as at 31 December 2016 is approximately RMB114,900,000 (2015: approximately RMB16,146,000) and its ageing analysis of trade receivables from related parties on invoice date at respective dates of statement of financial position are as follows:

	2016	2015
	Audited	Audited
	RMB'000	RMB'000
Less than 3 months	**89,254**	13,852
3 months to 6 months	**24,866**	-
6 months to 12 months	**140**	-
1 year to 2 years	**-**	2,294
2 years to 3 years	**640**	-
	114,900	16,146

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

	2016	2015
	Audited	Audited
	RMB'000	RMB'000
Less than 3 months	**1,534,708**	684,508
3 months to 6 months	**577,804**	279,221
6 months to 12 months	**921,002**	414,467
1 year to 2 years	**315,473**	428,924
2 years to 3 years	**20,744**	30,582
Over 3 years	**4,854**	16,155
	3,374,585	1,853,857

Loans and receivables from financing services represented loans granted by Sinotruk Finance Co. Ltd. and ShanDong HOWO Auto Finance Co., Ltd. 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, and to supplies of the Group at an interest rate of 4.35% - 6.53% per annum. These loans and receivables from financing services to those who purchased commercial vehicles of the Group from dealers were mainly secured by the vehicle together with guarantees provided by these dealers and its relevant parties.

9. Trade payables, other payables and other current liabilities

	2016	2015
	Audited	Audited
	RMB'000	RMB'000
Trade and bills payables	**16,348,199**	9,799,609
Advances from customers	**1,472,841**	917,923
Accrued expenses	**574,982**	510,298
Staff welfare and salaries payable	**316,245**	251,176
Taxes liabilities other than income tax	**161,721**	193,987
Other payables	**1,936,579**	1,871,446
	20,810,567	13,544,439

As at 31 December 2016 and 2015, the ageing analysis of the trade and bills payables was as follows:

	2016	2015
	Audited	Audited
	RMB'000	RMB'000
Less than 3 months	**14,442,715**	7,725,664
3 months to 6 months	**1,799,155**	1,989,320
6 months to 12 months	**76,650**	51,594
1 year to 2 years	**17,309**	17,361
2 years to 3 years	**5,748**	6,185
Over 3 years	**6,622**	9,485
	16,348,199	9,799,609

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

In addition, trade payables included in the amounts due to related parties as at 31 December 2016 is approximately RMB25,905,000 (2015: approximately RMB6,731,000) and its ageing analysis of trade payables from related parties at respective dates of statement of financial position are as follows:

	2016	2015
	Audited	Audited
	RMB'000	RMB'000
Less than 3 months	**25,566**	6,359
3 months to 6 months	**339**	-
6 months to 12 months	**-**	332
1 year to 2 years	**-**	40
	25,905	6,731

Proposed Final Dividends and Withholding Tax

The Board recommends the payment of a final dividend of HKD0.08 per Share for the year ended 31 December 2016 (the "**2016 Final Dividend**") with a sum of approximately HKD220,879,000 which is subject to shareholders' approval at the forthcoming 2017 annual general meeting of the Company to be held on Wednesday, 7 June 2017. The 2016 Final Dividend, if approved, will be distributed on or about Wednesday, 28 June 2017 to shareholders of the Company whose names appear on the register of members of the Company on Wednesday, 14 June 2017.

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 2016 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 2016 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 2016 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 Wednesday, 7 June 2017 and the register of members of the Company will be closed from Thursday, 1 June 2017 to Wednesday, 7 June 2017 (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 Wednesday, 31 May 2017.

For the distribution of the 2016 Final Dividend, the register of members of the Company will be closed from Tuesday, 13 June 2017 to Wednesday, 14 June 2017 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify to receive the proposed 2016 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 Monday, 12 June 2017.

Market Overview

Truck Market

China’s economy maintained steady growth in 2016. In the second half of 2016, the recovery of China’s heavy duty truck market regained momentum, benefiting from the enforcement of anti-overloading polices, increased investment in property market and infrastructure construction, and the growing replacement demand for heavy duty trucks. According to statistics from CAAM, the annual total sales volume of heavy duty trucks in 2016 increased by approximately 33.08% YOY to approximately 732,900 units.

As regulation and implementation of China’s Emissions Standards increases, manufacturing costs of light duty trucks has increased, driving selling prices higher. At the same time, the replacement of LDTs by mini trucks and medium-heavy duty trucks affected the sales of LDTs. Sales of LDTs showed a decreasing trend. According to the statistics from the CAAM, sales of LDTs decreased by approximately 1.2% YOY to approximately 1,539,800 units. In addition, as the China's bus industry was affected by slowdown in macroeconomic growth and the rapid development of China's high-speed railway, the demand for buses declined. According to the statistics from the CAAM, sales of buses declined by approximately 9.92% YOY to approximately 543,400 units for the Period.

Loans Market

During the Period, the Chinese government continued to maintain stable monetary policy and lending interest rates remained stable. According to the Balance of Credit of Financial Institutions published by the PBOC, the outstanding amount of operating loans slightly grew during the Period.

Heavy Duty Trucks Segment

During the Period, HDT sales volume was 91,511 units, representing an increase of 11.7% YOY. Revenue from the HDT segment increased to RMB25,251 million, representing an increase of 9.8% YOY. The segment profit margin was 2.4%, representing an increase of 0.7 percentage points compared with 2015.

Domestic Business

During the Period, the Group started to execute its new "Innovation and Upgrading Initiative", implemented structural reforms, and increased investments in product innovation and scientific research, improved product quality and technology, and further enhanced its competitive position in the market.

During the Period, domestic HDT sales volume was 66,507 units, representing an increase of 21.0% YOY.

The Group's continued work to refine its product mix showed progress. Tractor sales continued to grow significantly.

Products equipped with MAN technology are well received in the market, and the Group also showed solid progress on its push to promote products equipped with MAN technology. In particular, the Group posted solid sales of its T-series 6*4 tractors. The Group also continued to develop its SITRAK brand, which recorded a brilliant increase in sales volume. In addition, the Group launched its first intelligent SIKTAK truck, which successfully attracted market attention.

The Group continued to maintain its leading position in the construction vehicle market. The Group's entry into the freight truck market showed positive signs. The potential of the freight truck market is significant and will be the Group's next significant adjustment to its product mix.

During the Period, the Group continued to innovate its marketing model and improve its distribution network. The Group made progress building out its distribution network, developing and managing key customers, and segmenting its various markets.

As at 31 December 2016, the Group had a total of 1,074 HDT dealerships (including 240 4S centers and 149 SINOTRUK-branded dealerships), 1,365 service centers providing high quality after-sales service, and 128 refitting companies to provide truck refitting services to HDTs. The distribution network for the Group's entire product range was also further improved.

International Business

During the Period, the Group successfully implemented its "Go Out" strategy and took advantage of favorable market opportunities presented by the "One Belt, One Road" initiative in response to the pressure of weak international market. Moreover, the Group accelerated its overseas expansion, actively developed its proprietary international brands, and established international distribution network and service management platforms. The Group increased financial support to its international businesses by launching new financing and marketing models that helped solve financing difficulties for dealers. The Group also transitioned to a combination of brand sales, solution sales and financial sales to provide customized financing to its customers.

During the Period, the Group's export volume of HDTs (including affiliated exports) was 25,004 units, representing a decrease of 7.4% YOY. Export revenue (including affiliated exports) was RMB7,243 million, representing a decrease of 7.7% YOY. The Group remained China's leading HDT exporter.

As at 31 December 2016, the Group had a total of 160 dealerships (including 61 4S centers), 253 service centers, 228 parts and accessory stores, and 15 overseas KD production plants, forming an international market network system covering developing countries in Africa, Southeast Asia, Middle East, Central and South America and Central Asia, major emerging economies in mid-Asia, as well as developed regions such as Hong Kong and Taiwan.

Light Duty Trucks and Buses Segment

During the Period, the Group's LDTs sales volume increased 42.0% YOY to 77,961 units. Bus sales were 2,844 units, representing an increase of 44.5% YOY. The total segment revenue increased by 57.3% YOY to RMB7,423 million.

During the Period, the Ji'nan LDT division achieved a new breakthrough with innovative marketing. The Ji'nan LDT division focused on market needs, maintained its mid-to-high end market positioning, clearly differentiated their products from those of competitors. The Ji'nan LDT division was able to achieve significant breakthroughs in market development, network construction, marketing activities, standardized management, and complete value chain marketing planning. Additionally, the Ji'nan LDT division succeeded its China's National V emission standards product trials, laying a solid foundation for smooth market entry. Sinotruk Chengdu Wangpai Commercial Vehicles Co., Ltd ("**Chengdu Wangpai**") implemented management by regions. Chengdu Wangpai also focused on improving product quality, adjusting product mix, and expanding the promotion of its products equipped MAN technology. Chengdu Wangpai also further built out and improved its distribution network. Additionally, Chengdu Wangpai enhanced its cooperation with HOWO Auto Finance Co., Ltd. and launched a new service「車貸險」(Truck Loan Insurance) to boost sales. Sinotruk Fujian Haixi Vehicles Co., Ltd ("**Fujian Haixi**") focused on enhancing its ability to innovate, and developed a variety of new intelligent products. By precisely positioning its product and strong international distribution capabilities, Fujian Haixi successfully introduced a number of new products to variety of countries under the national "One Belt, One Road" initiative.

During the Period, the Group's bus division achieved favorable results by focusing on key regions and products. In the three major provinces of Shandong, Shanxi, and Hebei, the Group took advantage of market demand for clean energy buses and focused on developing urban-rural public transportation and regional buses. The Group also successfully gained a foothold in clean energy bus and tour bus markets.

As at 31 December 2016, the Group had a total of 1,004 LDT dealerships (including 95 4S centers and 159 SINOTRUK-branded dealerships). In addition, 1,044 service centers provide high quality after-sales services for LDTs, and 65 refitting companies provide refitting-related services to LDTs. The Group also had 11 bus dealerships and 80 after-sales service centers for buses.

Engines Segment

The Group is dedicated to developing new engine technology, benchmarking against international standards, implementing strict quality control processes and procedures, expanding the application of MAN engines technology, so as to provide customers with high-tech products that are reliable, and fuel-efficient. The Group continues to be favored by customers for its advanced and high quality products that incorporate MAN technology engines. In addition to supply engines for the Group's own products, the Group also sold engines to other manufactures of HDTs, buses and construction machinery.

During the Period, the sales volume of engines increased by 18.7% YOY to 106,356 units. Segment revenue increased by 24.7% YOY to RMB8,128 million. Engine sales to external parties accounted for 8.1% of total engine segment revenue, representing a decrease of 3.4 percentage points YOY.

Research and Development

During the Period, the Group remained committed to its technology-focused strategy by taking full advantage of its research capabilities, increasing investment to strengthen its capacity of technological development and innovation. By strengthening its cooperation with the MAN Group, the Group developed high technology engines, parts, components, and trucks, in order to further enhance its competitive edge in the industry. During the Period, the Group's technology development included testing and examination tasks of project「歐VI重型柴油機開發及應用」(Development and Application of Euro-VI Heavy Duty Diesel Engine) backed by 國家科技支撐計劃 (National Sci-Tech Support Plan) and project「插電式混合動力城市客車能量管理策略研究及整車控制器開發」(Plug-in Hybrid Bus Energy Management Strategy Research and Vehicle Controller) backed by the Jinan Technology Development Plan. The Group achieved favorable results in research and development and technology innovation.

Finance Segment

During the Period, revenue from the Group's finance segment was RMB526 million, representing an increase of 16.9% YOY and its revenue to external parties was RMB285 million, representing a decrease of 1.7% YOY.

During the Period, the Group continued to develop its innovative business model by boosting sales with financing services, and by taking full advantage of national policies and its experienced automobile financing service platform. The Group promoted consumer credit to meet demand for truck financing, which helped to boost the Group's trucks sales. The Group also actively provided supply chain financing which helped to further enhance profitability.

As at 31 December 2016, Sinotruk Finance Company had established 19 regional offices and extended its consumer credit business coverage to over 30 provinces, covering most parts of China, and further improved its automobile consumer credit network. During the Period, the Group sold 10,073 trucks using its financing services, representing an increase of 114.4% YOY.

Significant Investments

Internal Equity Investments

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 USD 1,700,000 respectively. Sinotruk Liuzhou Yunli Special Vehicles Co., Ltd. and Kodiak America LLC. 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 Innovation Zone, Shandong Province, the PRC with registered capital of RMB20 million for the development of internet sales, services and trading platform. Sinotruk Ji'nan Global Electronic Business Co., Ltd. has launched the Intelligent Sinotruk E-commerce Platform in April 2016.

In March 2016, the Company purchased a 0.3012% equity stake in Sinotruk Finance Company from Bank of Chongqing Co., Ltd and full payment was made in 2016. The changes of the registration of business licenses, etc had been completed in February 2017.

In September 2016, Sinotruk Chengdu Wangpai Commercial Vehicles Co., Ltd. established Sinotruk Nanchong Haile Mechanics Co., Ltd., with registered capital at RMB50 million which will be fully paid on or before 31 December 2020. It is a non-wholly owned subsidiary of the Company and engages in the manufacturing and sales of spare parts of vehicles.

As mentioned in the 2015 annual report of the Company, the Company agreed to purchase equity in Sinotruk Finance Company from Lingxian Rural Credit Cooperative Union and Jingxian Rural Credit Cooperative Union. The Company had completed the equity transfers during the Period.

External Securities Investments

The Group's securities investment is classified into long-term equity investments for the Group's business operation and short-term securities investment for trading purposes. As at 31 December 2006, the long-term equity investments and short-term equity investments amounted to RMB504 million and RMB126 million respectively, representing 1.0% and 0.3% of the total assets respectively. Long-term equity investments are mainly investments accounted for using the equity method and non-current available-for-sale financial assets. Short-term equity investments are mainly investment in Hong Kong-listed securities.

Principal Risk and Solutions

The Group defines significant principal risks through risk assessment mechanisms and develops corresponding plans to manage principal risks. As the internal and external environment changes, the risks faced by the Group will change. The Group enhances its risk management control ability by monitoring the changes in these principal risks and timely adjusting the relevant risk management plans.

The following table describes the principal risks the Group faced and the mitigation measures adopted during the Period:

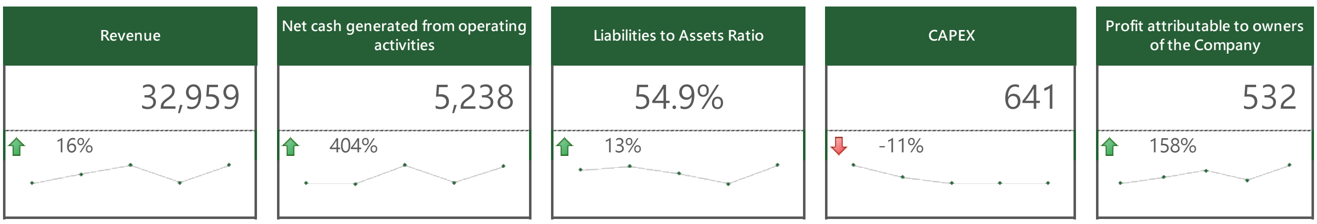
Principal risk	Mitigation Measures
Competition risk Competition risk is part of market risk, mainly presented as changes in customer demand due to policy and technical regulations changes in the heavy truck industry. A lack of timely response will undermine the Group's competitiveness. In addition, the Group's competitiveness is also subject to the timely response towards national state construction project investments, as well as the adjustments of monetary policy and borrowing interest rates.	(1) Pay close attention to global and domestic industry policy and regulatory changes, as well as supply and demand changes in related industries. (2) Improve market analysis and research based on market characteristics, and analyze the impacts of the policies, regulations and implementation in different regions. (3) Focus on competitors' sales performance in different regions; improve user needs analysis and set up a market intelligence feedback mechanism, with timely improvement on product adaptability. (4) Set up a quick and effective feedback channel, passing market "responses and requests" to senior management.
Foreign exchange risk Currently, the Group's international trades are expressed in US dollars or Euro. If there are any significant exchange rate fluctuations of RMB against these currencies, the Group could be exposed to certain exchange losses and decline in investment income.	(1) Select a favorable invoicing currency, such as RMB as the settlement currency if conditions permit amid the internationalization process of RMB. (2) Provide a foreign exchange fluctuation protection mechanism in the sales contracts to safeguard the interests of the customers and the Group. (3) Obtain reasonable exchange rates through earlier or delay the conversion of foreign currencies into RMB. (4) Use foreign currency loans against foreign currency receipts. (5) Use financial derivatives to lock and hedge the exchange rate risks.
Overseas Market Risk The Group is at risk from uncontrollable events that occur overseas, such as government changes, wars and riots, which can cause currency devaluation, unregulated market chaos and deteriorated social security brought by domestic political instability. These events can cause debtors to refuse or be unable to pay their debts, thus resulting the foreigners suffer economic losses from trading with such countries.	(1) Keep in touch with the embassies and consulates in relevant countries where the Group exports products, and collect relevant information through their official channels. Additionally, collect information on political situation, social stability and other relevant news regarding countries where the Group exports through various means, such as newspapers, television, and the Internet. (2) Make full use of publications such as "The Handbook of Country Risk" and other risk reports issued by authoritative institutions to improve the Group's political and economic sensitivity and judge product demand.

	(3) For importing countries experiencing political turmoil, ask for large international banks with high credibility to endorse letters of credit. Export credit insurance will also be required.
Technical Barriers to Trade ("**TBT**") restricts imports by implementing higher-demand technical regulations, standards and assessment procedures. Green Trade Barriers ("**GTB**") restricts or bans imports in the name of protecting limited resources, the environment and human health by deliberately developing a series of harsh environmental standards which are higher than internationally recognized or unacceptable to the vast majority of countries.	(1) Collect TBT information regarding target countries and pay attention to international industrial standards to adjust standards of the Group according to international market development in a timely manner. Safeguard legitimate rights and interests through a multilateral dispute settlement mechanism based on WTO rules. (2) Cope with GTB through a multilateral dispute settlement mechanism based on WTO rules. Promote transformation to clean production by improving product quality inspection and quarantine standards. Improve products to cope with the import country's requirements so as to avoid losses.

Key Financial Indicators

(All amounts of the indicators in RMB millions unless otherwise stated)

Directors focus on the sustainability and continuing development of the Group and interests of the Shareholders. They consider key financial indicators from various aspects including revenue, ability of cash generating from operating activities, borrowing levels, capital expenditure ("**CAPEX**") and return to the Shareholders.



Financial Indicators	2016	2015	2014	2013	2012
Revenue	32,959	28,305	32,809	30,410	27,888
Net cash generated from operating activities	5,238	1,040	5,681	646	793
Liabilities to assets ratio	54.9%	48.7%	52.0%	54.5%	53.2%
CAPEX	641	724	707	1,266	2,364
Profit attributable to owners of the Company	532	206	408	271	123

Key Relationships With Customers, Suppliers And Employees And Others

The Group adhere to「用人品打造精品,用精品奉獻社會」(Producing Quality Products with Integrity and Selling Quality Products to Market) as the core values of the Group. The Group values relationships, and have been maintaining good relationships, with business partners (including suppliers and distributors), customers and the employees of the Group. The Group believes that building long-term beneficial relationships with each of them is of paramount importance to establish mutual trust, loyalty and business development, and on which the Company's success and sustainability depend.

The Group has provided a comprehensive set of services 「親人」for users, including customers, 4S stores, maintenance service stations, etc., to provide a complete set of truck sales, use of truck, after-sales services and training solutions so as to reduce users' costs. Services include the provision for 24 hours technical support hotline, quick delivery of spare parts, arrangement of recycling old parts, and strengthening communication with different users. In addition, the Group selects famous international enterprises as the long-term suppliers.

The Group values the importance of human resources within the corporate operation, and maintains efficient personnel management in respect of highly-skilled staff to select and recruit candidates to fill key positions and newly established key positions, and implements a strict selection assessment program and key positions personnel exchange system. The Group insists on rewarding based on efforts, and focuses on efficiency and fairness in formulating《中國重汽(香港)有限公司崗位績效工資制度》(Sinotruk (Hong Kong) Limited - Positions, Performances and Wages System), which performs as a comprehensive staff remuneration system, providing competitive wages and remunerations to our staff members. Meanwhile, in respect of personnel of the supervisor-grade, the Group has set detailed specifications in regards of their hiring management, basic qualification requirements as well as the open hiring procedures, providing a proper channel for staff promotion to the supervisor level. In addition, the Group furthered the building of a team of international talents, and set out guidelines for managing overseas employees recruitment as well as sending employees to station at overseas production units, which actively promote the internationalization strategies and safeguard the international talents building efforts. Employees are provided with a healthy and safe working environment.

As at 31 December 2016, the Group had a total of 25,123 employees:

	Number of employees	
		%
Management team	256	1.0
Technical staff	2,593	10.3
Research and development staff	883	3.5
Production staff	15,375	61.2
Sales staff	1,648	6.6
Marketing staff	194	0.8
Administrative staff	4,174	16.6
Total	25,123	100.0

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.

Environmental policy, efficiency, and legislation with material impact

In compliance with various applicable national, provincial and local laws and regulations including the Law of Environmental Protection of the People's Republic of China, the Group formulated the Environmental Protection Management Policy and conducts unified governance over pollution sources, pollutants, treatment facilities and environmental equipment of construction projects, etc., which lays a solid foundation for environmental protection and pollution prevention & control and leads to better performance in both economic and environmental terms.

With an ISO14001 accredited environmental management system ("**EMS**"), CNHTC Group including the Group conducts real-time environmental monitoring, performs regular environmental assessment, trains EMS internal auditors and carries out internal environmental audit at least once a year, so as to enhance its environmental performance. CNHTC Group including the Group attained the latest ISO14001:2015 EMS certificate from 「北京中安質環認證中心」(Beijing Zhongan Authentication Center) in November 2016, upgraded its environmental management system, specified the managing guidelines of "Regulatory compliance, continuous improvements, eco-environment protection and construction of 'Safe SINOTRUK', and articulated the environmental management objective of "Controlling the environmental impact of industrial effluent, waste gases, noise and solid waste", in an effort to ensure efficient implementation of its environmental management at institutional level.

All production entities of the Group implemented the national and local pollutant discharge standards when treating and discharging pollutants from industrial activities such as effluent, waste gases, solid waste and noise, in conformity with national, provincial and local laws and regulations including the “Law of Environmental Protection of the People's Republic of China”. Pursuant to the “Polluters Pay Principle”, the Group paid pollutant discharge fees according to relevant laws, regulations and standards, and met its total emission reduction target required by the state about curbing total emissions of key pollutants.

As the concept of environmental protection takes root in people’s mind, customers of the Group focus not only on product performances and safety but on environment friendliness as well. Thus, apart from its energy conservation and environmental protection efforts in operational activities, the Group also gives priority to the development of energy efficient vehicle models, construction of new energy vehicle technology platform as well as primary research work in new energy carriers, power assembly, control system, and finished vehicle matching & integration, etc.

In terms of the design, powerful engine, Automated Mechanical Transmission, low noise-low speed ratio-drive axle and low wind resistance cab are combined in finished vehicle matching and integration reduces manual operation and thus decreases fuel consumption; development of the MC series diesel and MT series natural gases engine turns out to be a success, which has an edge in fuel efficiency over the last version; new technology, new materials and new processes have been applied to produce lighter vehicles, such as the employment of high strength steels in the body, trunk, frame, transmission shaft and drive axle, etc. and light alloys in gearbox, oil tank, air cylinder, radiator and rim, etc., so that less fuel is used.

In 2015, a series of national policies were issued concerning new energy vehicles, including the “Notice of Financial Support Policies for the Promotion of New Energy Vehicles in 2016-2020”, “Guidelines for the Development of Electric Vehicle Charging Station (2015-2020)” and the “Industry Standards and Requirements for Storage Automotive Batteries”, for the purposes of encouraging and regulating the development of new energy vehicles. As per these policies, the Group has been forging ahead with research and development into new energy vehicles and technological collaborations with domestic and foreign research institutes and bodies, in a bid to propel inter-disciplinary and cross-sectoral cooperation and innovation, and ultimately achieve the industrialization of key manufacturing and assembly.

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.

Business Strategies and Prospects

For 2017, the global economy remains complicated. For China's economy, the government has set steady and robust economic development as its key goal by moderately expanding aggregate demand and fixed asset investment growth. Economic growth is expected to maintain steady momentum in 2017. For the heavy duty truck industry, as the macro economy starts to stabilize and infrastructure investment increases, demand for construction vehicles should pick up. With the continued popularity of e-commerce and the development of inter-city logistics, the express delivery industry will maintain steady growth and generate growing demand for logistics trucks. The road logistics industry is developing rapidly, thus requiring higher degrees of standardization, operating efficiency and improved after-sales services. This will accelerate the transformation of the heavy duty truck industry and usher in new market opportunities for high-end HDTs that are safer and more reliable. In conclusion, it is expected that the total demand for heavy duty trucks will grow steadily in 2017.

In 2017, the Group will continue to implement its 「創新升級行動計劃」(Innovation and Upgrade Initiative) to cope with market oriented developments, strive to improve reforms and innovation to optimize operational efficiencies, further enhance product quality and the Group's brand, and increase profitability.

The Group will work to optimize its product mix and improve the sales performance of its full range of commercial vehicles. The Group will significantly improve the promotion of its trucks equipped with MAN technology (T/C series trucks) to reinforce and increase its market influence. The Group will also introduce progressive innovations to its business model and improve the operation of the light duty trucks.

The Group will adhere to its "Go Global" strategy, and continuously improve its overseas operations. Efforts will be made to promote the Group’s international partnerships and the construction of overseas production bases. The Group will continue to deepen its cooperation with China Export & Credit Insurance Corporation and other institutions, and expand the scope of cooperation to further increase financial support for the Group’s exports.

The Group will continue to implement its innovative quality management system to further improve customer satisfaction. The Group will set a quality improvement plan to increase customer satisfaction. The Group will also continue to strengthen its IT-based quality management system and invest more resources in improving product quality and after-sales service.

The Group will remain focused on enhancing efficiency and further improving profitability. In particular, the Group will focus on raising sales volume by concentrating on the mid-to-high end market and push through targeted measures to increase the proportion of sales of trucks equipped with MAN technology to total sales as well as the profitability of LDTs. The Group will also proactively try to mitigate rising raw material and transportation costs by centralizing bulk purchases as a way to control procurement costs.

Revenue, gross profit and gross profit margin

The Group's revenue for the Period recorded RMB32,959 million, representing an increase of RMB4,654 million or 16.4% YOY. The increase in the revenue is primarily attributable to the increase in trucks sales volume.

The Group's gross profit for the Period was RMB5,818 million, representing an increase of RMB790 million or 15.7% YOY. Gross profit margin for the Period decreased by 0.1 percentage point to 17.7%. The decrease in gross profit margin for the Period was mainly due to the decrease in gross profit margin in HDT segment as a result of the decrease in higher profit margin HDTs export sales and the increase in revenue from lower profit margin LDTs sales which further diluted the overall gross profit margin.

Distribution costs

Distribution costs for the Period was RMB2,395 million, representing an increase of RMB274 million or 12.9% YOY. The increase primarily resulted from the increase in warranty costs. During the Period, distribution costs to revenue ratio was 7.3%, representing a decrease of 0.2 percentage points. The decrease in the ratio is mainly due to the dilution effect resulted from the growth rate of revenue being more than the growth rate of distribution costs.

Administrative expenses

Administrative expenses for the Period was RMB2,586 million, representing a decrease of RMB35 million or 1.3% YOY. The decrease was mainly due to the decrease in research and development costs.

Other gains – net

The net other gains for the Period was RMB275 million, representing a decrease of RMB212 million or 43.5% YOY. The decrease was mainly due to the decrease in gains from disposal of properties, plant and equipment and in foreign exchanges gains, and the reduction of government grants.

Finance costs – net

Net finance cost for the Period was RMB251 million, representing a decrease of RMB97 million or 27.9% YOY. The decrease was mainly due to the cut of borrowing scale.

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 RMB60 million, representing an increase of profit of RMB57 million. The increase was mainly due to full year profits shared from an associate – Prinx (Cayman) Holdings Limited in 2016 as compared to only three months results shared in 2015 as it was incorporated in October 2015.

Income tax expense

Income tax expense for the Period was RMB259 million, representing an increase of RMB156 million or 151.5% YOY. The increase was due to the increase in profit before income tax.

Profit for the Period and earnings per share

Profit for the Period was RMB663 million, representing an increase of RMB340 million or 105.3% YOY. During the Period, operating profit ratio (operating profit divided by revenue) was 3.4% (2015: 2.7%) while net profit ratio (profit divided by revenue) was 2.0% (2015: 1.1%). Profit attributable to equity holders of the Company for the Period was RMB532 million, representing an increase of RMB326 million or 158.3%. The basic earnings per share attributable to owners of the Company for the Period was RMB0.19, representing an increase of RMB0.12 or 171.4% YOY.

Trade and net financial services receivables

As at 31 December 2016, the trade receivables including related parties trade receivables were RMB10,053 million, compared to the balance as at 31 December 2015, representing a decrease of RMB510 million or 4.8% YOY. The trade receivables turnover (average trade receivables including related parties trade receivables divided by revenue multiplied by 366 days) was 115.5 days (2015: 137.6 days), representing a decrease of 16.1% YOY during the Period and was still within the Group's credit policies which are from three to twelve months to the customers. As at 31 December 2016, the trade receivables including related parties trade receivables aged not more than twelve months were RMB8,289 million or 82.5% of net trade receivables including related parties trade receivables.

As at 31 December 2016, the auto financing services receivables and suppliers financing receivables was RMB3,375 million, compared with the balance as at 31 December 2015, representing an increase of RMB1,521 million or 82.0% YOY. The finance segment of the Group has granted credit period generally from 1 to 3 years. In addition, the auto financing services receivables are secured by the vehicles together with guarantees provided by the dealers and relevant parties while suppliers financing receivables are mainly secured by the beneficial owners of these applicants of financing services.

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 RMB5,238 million, compared with net cash inflow in the year 2015, representing an increase of cash inflow by RMB4,198 million which was mainly due to the increase in truck sales and faster collection of sales proceeds, the increase in accounts payables and bill payables, which effect was partially offset by the increase of inventories.

Net cash outflow used in investing activities for the Period was RMB1,728 million, compared with cash outflow in the year 2015, representing an increase of cash outflow of RMB533 million. The increase was mainly due to purchase of financial products for the purpose of better utilization of idle cash resource.

Cash outflow used in financing activities for the Period was RMB1,316 million, compared with the cash outflow in the year 2015, representing a decrease of cash outflow of RMB36 million which was mainly due to the decrease in net repayment of borrowings and the reduction of dividend payment which was largely offset by no capital injection from non-controlling interests and no release of restricted cash in 2016.

Liquidity and financial resources

As at 31 December 2016, the Group had cash and cash equivalents of RMB7,171 million and free bank acceptance notes of RMB1,476 million. Cash and cash equivalents increased by RMB2,225 million and free bank acceptance notes decreased by RMB662 million as compared with the beginning of 2016. The Group's total borrowings (including long-term and short-term borrowings and borrowings from the related parties) were about RMB4,548 million as at 31 December 2016. Its gearing ratio (total borrowings divided by total assets) was 9.2% (31 December 2015: 13.5%). As at 31 December 2016, current ratio (total current assets divided by total current liabilities) was 1.3 (31 December 2015: 1.5).

As at 31 December 2016, all borrowings were denominated in RMB (31 December 2015: 97.7% in RMB). Most of the borrowings are charged with reference to bank's preferential floating rates and were due within one year to two years.

As at 31 December 2016, total available credit facilities of the Group from the banks amounted to RMB31,133 million, of which RMB8,092 million had been utilised. An aggregate amount of RMB835 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 RMB1,176 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 2016, 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 RMB654 million, financial assets at fair value through profit or loss of approximately RMB124 million, accounts receivable and other receivable of approximately RMB1,184 million, accounts payable and other payables of approximately RMB29 million, all of which were denominated in currencies other than RMB.

Capital Structure

As at 31 December 2016, owner's equity of the Company was RMB22,339 million, representing an increase of RMB623 million or 2.9% when compared the balance as at 31 December 2015.

As at 31 December 2016, the Company's market capitalisation was RMB13,658 million (calculated based on the issued share capital of the Company: 2,760,993,339 Shares, closing price: HKD5.53 per Share and at the exchange rate of 1: 0.89451 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 RMB199 million. There was no provision for legal claims as at 31 December 2016.

Subsequent Events

On 29 March 2017, Ji'nan Power Company and Sinotruk (Hong Kong) International Investment Co., Ltd. signed an agreement with CNHTC to dispose all equity in Sinotruk Ji'nan HOWO Bus Co., Ltd. at the consideration of RMB2,303,500 and, after the completion of the disposal, the Group will no longer have buses business. The management considers that, after the disposal, the management can focus its attention on the furtherance of the Group's core business operation of manufacturing of commercial trucks. Details of the disposal were disclosed in the Company's announcement dated 29 March 2017.

Disclaimer:

Non-GAAP measures

Certain non-GAAP (generally accepted accounting principles) measures, such as export revenue (including affiliated exports), are used for assessing the Group's performance.

These non-GAAP measures are not expressly permitted measures under GAAP in Hong Kong and may not be comparable to similarly titled measures for other companies. Accordingly, such non-GAAP measures should not be considered as an alternative to operating income as an indicator of the operating performance of the Group or as an alternative to cash flows from operating activities as a measure of liquidity. The use of non-GAAP measures is provided solely to enhance the overall understanding of the Group's current financial performance. Additionally, since the Group has historically reported certain non-GAAP results to investors, it is considered the inclusion of non-GAAP measures provides consistency in the Group's financial reporting.

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, save for the Company did not establish a nomination committee as the Board takes up all functions of 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 was two which the number of the members of the Audit Committee had fallen below three 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. On 11 April 2016, the Company appointed Mr. Zhao Hang as an INED and a member of the Strategy and Investment Committee. On 19 May 2016, Mr. Anders Olof Nielsen resigned as NED. Thereafter, the Board comprised fifteen members including eight EDs, two NEDs and five INEDs. The number of INEDs on the Board represents one-third of the members of the Board and, therefore, was in compliance with the requirement of the number of INEDs under Rule 3.10A of the Listing Rules 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. 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.

On 1 July 2016, the Company appointed Mr. Matthias Gründler as a NED. After such appointment, the Board comprised sixteen members including five INEDs. As a result, the number of INEDs had fallen below one-third of the Board as required under Rule 3.10A of the Listing Rules.

On 1 September 2016, the Company appointed Mr. Liang Qing as an INED. After such appointment, the Board comprised seventeen members, including six INEDs, and the number of INEDs is in compliance with the requirement under Rule 3.10A of the Listing Rules.

Constitutional Documents

There has been no changes to the Articles during the Period.

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 2016 have been reviewed by the Audit Committee.

Scope of Work of PricewaterhouseCoopers

The financial figures in this announcement of the Group's results for the year ended 31 December 2016 have been agreed by the Group's external auditor, PricewaterhouseCoopers ("**PwC**"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PwC 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 PwC on this announcement.

Past Performance and Forward-Looking Statements

The performance and the results of operations of the Group contained in this announcement are historical in nature, and past performance is no guarantee of the future results of the Group. Any forward-looking statements and opinions contained in this announcement are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this announcement; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

Publication of the 2016 Annual Results and the Annual Report

The annual results announcement for the year ended 31 December 2016 is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.sinotruk.com). The annual report of the Company for the year ended 31 December 2016 will be despatched to shareholders of the Company and published on the above websites in due course.

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)
"NED(s)"	the non-executive Director(s)
"PBOC"	The Peoples' Bank of China
"Period"	the year ended 31 December 2016
"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
"YOY"	year-over-year
"%"	per cent

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

Ji'nan, PRC, 29 March 2017

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; the three non-executive Directors are Mr. Andreas Hermann Renschler, Mr. Joachim Gerhard Drees and Mr. Matthias Gründler; and the six independent non-executive Directors are Dr. Lin Zhijun, Mr. Chen Zheng, Mr. Yang Weicheng, Dr. Wang Dengfeng, Mr. Zhao Hang and Mr. Liang Qing.