



**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

**EVERY STEP COUNTS  
FOR SUCCESS**

2016 Environmental,  
Social and  
Governance Report



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**2016  
ENVIRONMENTAL,  
SOCIAL AND  
GOVERNANCE REPORT**



## About This Report

This is the first Environmental, Social and Governance (“**ESG**”) Report (the “**Report**”) published by the Group. The Report explains the Group’s concepts and practices of sustainable development and social responsibilities from environmental and social perspectives.

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix 27 of the Listing Rules. Unless otherwise specified, the reporting period is from 1 January 2016 to 31 December 2016.

The Report covers our key production operations in Ji’nan area, Shandong Province, the PRC.

For information regarding our corporate governance, please refer to the “Corporate Governance Report” contained in our Company’s annual report for the year ended 31 December 2016.

## ESG Risk Management and Governance

The Board is responsible for formulating group policies and business directions, maintaining stable and effective risk management and internal control systems for the Group including ESG systems and also responsible for reviewing their effectiveness.

The executive committee of the Company had provided the Board the written confirmation that the risk management and internal controls were effective during the reporting period.



## ENVIRONMENTAL



## A. Environmental

Deteriorating air quality and frequent dense haze have brought up many environmental problems which exert adverse impacts on people's daily life and severely menace the automobile industry as well. With the goal of producing green vehicles and the mission of mitigating pollutant discharge, energy consumption and greenhouse gas emissions, the Group gives more priority to environmental issues in its production and operational activities and commits itself to creating high-quality and products of low energy consumption, so as to serve the society, protect the earth and natural resources, and contribute to the building of an environment friendly and energy efficient society.

In compliance with various applicable national, provincial and local laws and regulations including 《中華人民共和國環境保護法》 (Environmental Protection Law of the PRC), the Group has formulated the "Environmental Protection Management Policy" and conducts unified management of the pollution sources, pollutants, treatment facilities and environmental facilities of construction projects, etc., which lays a solid foundation for environmental protection, pollution prevention and control, and leads to better performance in both economic and environmental terms.



### Environmental Protection Governance Structure







## ENVIRONMENTAL

With an ISO 14001 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 Zhong'an 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.

### A1 Emissions

All production entities of the Group implemented the national and local as well as industry pollutant discharge standards when treating and discharging pollutants from production activities such as effluent, waste gases, solid waste and noise, in conformity with national, provincial and local laws and regulations including 《中華人民共和國環境保護法》 (Environmental Protection Law of the PRC). 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.

#### Waste gas emissions:

The Group's waste gases include sulphur dioxide (“**SO<sub>2</sub>**”), nitrogen oxide (“**NO<sub>x</sub>**”), smoke, dust and volatile organic compounds (“**VOCs**”) linked with spray-painting etc., mainly caused by its production entities in production activities. The Group complies with applicable laws and regulations including 《中華人民共和國大氣污染防治法》 (Prevention and Control of Atmospheric Pollution Law of the PRC) and manages waste gas emissions pursuant to its Environmental Protection Management Policy and EMS requirements.

With regard to SO<sub>2</sub>, NO<sub>x</sub>, smoke and dust emissions, the Group installed online monitoring systems at waste gas discharge vents, which enabled it to share data with provincial and municipal environmental authorities, so as to ensure its compliance with 《大氣污染物排放標準》 (Emission Standards of Air Pollutants). On top of that, the Group managed to reduce VOCs emissions through a series of VOCs mitigation projects in accordance with requirements of 《山東省汽車噴塗揮發性有機廢氣排放標準》 (Emission Standards of VOCs for Automotive Spray Painting of Shandong Province).





### Case: Boiler renovation

In 2016, Ji'nan Truck Company replaced 4 sets 20-ton coal fired boiler with a new set of natural gas steam boiler modular units to supply heat for production activities. It also built a new set of natural gas water boiler modular units for heat supply in factories. Energy-efficient low-nitrogen combustion technology was adopted in all boilers which has effectively reduced  $\text{SO}_2$ ,  $\text{NO}_x$ , smoke and dust emissions, improved boiler energy efficiency, and cut down on energy consumption.



Coal fired boilers (replaced)



Natural gas steam boilers (new)



Natural gas water boilers (new)

### Case: Treatment of engine spray-painting VOCs

In an effort to mitigate engine spray-painting VOCs emissions, Ji'nan Power Company managed to reduce VOCs in waste gases by installing dry filters and activated carbon absorption-catalytic combustion devices, meeting the requirements set out in 《山東省汽車噴塗揮發性有機廢氣排放標準》 (Shandong Emission Standards for Automotive Spray Painting VOCs).



### Waste water discharge:

The Group's waste water mainly includes effluent associated with production activities and household waste water from factories. In this regard, the Group sets up effluent treatment plants in various industrial parks and strictly conformed sewage discharge with applicable laws and regulations including 《中華人民共和國水污染防治法》 (Prevention and Control of Water Pollution Law of the PRC), 《污水排入城鎮下水道水質標準》 (Effluent Water Quality Standards for Sewage Discharge to Municipal Sewers) as well as national, provincial and local effluent emission standards.

Sewage underwent "Physical + biochemical" processing in effluent treatment plants before being considered suitable for discharge into municipal sewer drainage systems. Online monitoring systems were installed at drain outlets to keep track of chemical oxygen demand and ammonia nitrogen, which were networking with provincial and municipal environmental authorities so as to realize real-time monitoring of effluent emissions.



## ENVIRONMENTAL

**Greenhouse gases (“GHG”):**

The Group’s greenhouse gas emissions mainly include Scope 1: Direct GHG emissions; and Scope 2: Indirect GHG energy emissions. Direct GHG emissions principally result from combustion of fuels in boilers and combustion of gasoline and diesel in motor vehicles. Indirect GHG energy emissions principally result from purchased electricity and heat. Given the fact that the Group’s main source of GHG is attributed to energy consumption, it has given active boost to coal-fired boiler renovation and energy-saving measures to reduce electricity use and thus mitigating GHG emissions.

**Waste:**

The Group’s hazardous waste mainly includes waste cutting fluids from machine processing operations, sludge produced in sewage treatment plants, waste oil from auto repairs, and paint dust and waste paint buckets from spray painting process, etc. In compliance with laws and regulations including 《中華人民共和國固體廢棄物污染環境防治法》 (Prevention and Control of Environmental Pollution by Solid Waste Law of the PRC) and the requirements of 《危險廢物貯存污染控制標準》 (Standards for Pollution Control on Hazardous Waste Storage), the Group treats its hazardous wastes according to its “Environmental Protection Management Policy”, which stipulates that:

- Hazardous waste produced shall be filed and registered;
- On hazardous waste transfer, the transfer manifest policies shall be executed in accordance with 《危險廢物轉移聯單管理辦法》 (the Measures for the Management of Hazardous Waste Transfer Manifest);
- In the event that other units are engaged to dispose of with hazardous waste, such units must have a hazardous waste operating license;
- Hazardous waste produced shall be dispose of pursuant to the applicable national regulations. Illegitimate emissions or disposal shall be avoided;
- Identification signs of hazardous waste shall be put up on facilities and sites for hazardous waste collection, storage, transportation and disposal;
- Various measures shall be practically adopted to reduce hazardous waste emissions, such as recycling and reuse of cutting fluid and sludge drying.

The Group’s non-hazardous solid wastes from general production process mainly includes non-hazardous industrial solid waste and domestic waste. Recyclable and reusable general solid wastes are sold to recycling companies for recycle and reuse. Other solid wastes are centralised for harmless disposal by municipal authorities.

**Case: Recycling and reuse of cutting fluids**

Ji’nan Axle & Transmission Company uses metal emulsion cutting fluids as the coolant in machine processing. Solid shield panels are installed on machinery to collect and prevent against the cutting fluids spraying in the processes. Such waste fluids system is in place where chips are flushed away from the top with fluids returning through the sewer beneath, enabling waste fluids to return to the mass flow cutting fluids collection and disposal system through the oil return gutters. Cutting fluids of all processes will be discharged regularly to the mass flow cutting fluids collection center and then reused after iron chips and impurities are filtered out. This project recycles and reuses waste cutting fluids, which effectively reduces effluent emissions.





## A2 Use of Resources

### Energy conservation:

Use of energy by the Group is primarily attributed to consumption of electricity, natural gases, gasoline and diesel, heat, water, etc. In strict compliance with national, local and industrial regulatory guiding policies, regulations and standards for energy saving, including 《中華人民共和國節約能源法》 (Energy Conservation Law of the PRC), the Group endeavors to improve energy use efficiency and enhance energy performance continuously. The Group keeps energy usage records for key energy consuming entities according to requirements of law and submits 《能源購進、消費與庫存表》 (Energy Procurement, Consumption and Storage Sheet) to the relevant government authorities-in-charge on an annual basis.

Adhering to requirements of the energy management system and applicable laws and regulations, the Group has established and been implementing, maintaining and continuously improving the energy management system to reduce energy consumption, use resources effectively and mitigate waste in energy and resources. As per requirements of the energy management system, the Group performs regular energy evaluation on energy consumption of all subsidiaries, which mainly includes the following processes:

1

Analyze energy usage based on past energy usage data.

2

Identify principal energy consuming zones based on energy usage analysis.

3

Identify opportunities of improving energy performance through tools and methods such as energy system optimization, energy balance, energy flow chart, energy efficiency benchmarking, expert diagnosis, best energy conserving practices, employees involvement, etc., and analyze these opportunities, and prioritize them based on the significance and feasibility.

4

Finally prepare the energy evaluation report which will serve as the ground for energy management system planning, implementation, maintenance, and its continuous improvement.



## ENVIRONMENTAL

The Group determines the energy objectives, indicators and action plan according to the Control Procedures of Energy Performance Parameters, Benchmarks, Objectives and Indicators and ensure the compliance with energy policies. The Group conducts annual energy evaluation to assess how the energy objectives and indicators are followed and keep track of the progress through internal audit and other means. In case that any problem occurs in the realization of energy objectives and indicators, the relevant departments shall be required to take countermeasures. In case of failure to meet annual objectives and indicators, the corresponding subsidiary shall analyze the causes, propose and submit corrective and preventive measures to energy management representatives for approval and then execute these measures.

Since 1 January 2008 when the job performance pay system has come into effect, the payroll plans of all subsidiaries have been incorporated into the Letter of Commitment to Operation Responsibilities, where payroll is associated with various production and operation indicators, including energy consumption per unit production values. It helps encourage all subsidiaries to save energy and reduce energy consumption.

All production entities of the Group have been active in taking various measures to reduce energy consumption. For example, the coating system, being a major source of energy usage (40% of the total energy consumed), Ji'nan Truck Company adopted the combined approach of scientific scheduling, operational control and analysis, and remediation to keep the coating system running efficiently and properly so as to mitigate the massive energy consumption and thereby yielding economic benefits.

Besides, the Group introduced waste-heat recycle, chilled water thermal energy storage and other technologies in its energy saving and renovation with the goal of cutting energy use.

### Case: Optimization of energy consumption

Ji'nan Axle & Transmission Company took various measures to save energy and mitigate consumption, including coating line waste-heat recycle and transformation, coating line water logging puffing process renovation, production capability enhancement of driving axle coating lines and optimization of energy consumption in axle production. As a result, the energy consumption cost per axle was reduced by 58.28% in 2016 as compared with that of 2013, reflecting a tangible reduction in energy usage.



Waste-heat recovery



Energy saving and renovation for coating lines



### Case: Adjustment of cold storage machinery operations in peak/off-peak periods

Ji'nan Power Company built 1500 m<sup>3</sup> cold/heat storage tanks and increased use of cold storage machinery with high temperature heat pumps to facilitate chilled water cold storage; it fully leverages the wide difference between peak and off-peak electricity prices: in summer, it uses surplus capacity of the night machine units for cold storage and releases cold energy through cold releasing pumps in the daytime when electricity price is higher, so as to cut down on daytime electricity consumption and expenses; during off-peak period at nights of autumn, winter and spring, it applies cold storage machinery with high temperature heat pumps to recover exhaust heat from air compressors. Heat recovered is used to produce 65°C water which is stored in the cold/heat storage tanks and heat is released in daytime so as to cut heat consumption of other sources.



Waste heat recovery unit and pipe networks for chilled water cold storage tank

#### Water conservation:

In strict compliance with 《中華人民共和國水法》 (Water Law of the PRC) and other national, provincial and local laws and regulations, with the goal of reinforcing water conservation management, encouraging reasonable water usage and building a green and conservation-oriented enterprise, the Group formulated the “Procedures for Management of Corporate Water Usage” to regulate the water use by all subsidiaries.

The Group requires that all subsidiaries shall prepare and submit annual and quarterly water usage plans so as to manage water usage in a well-planned manner. With sound measurement, the Group records meters regularly and maintains water usage analysis registers so as to reinforce water usage management. Efforts have also been made to monitor water use in a real-time manner, break down monthly targets, conduct monitoring at intervals of ten days, perform month-end monitoring and assessment, strictly implement rewards and punishment rules for water saving and excess usage, and adopt various administrative measures to reduce water consumption.

For the Group's construction, expansion or reconstruction projects consuming more than 3000 m<sup>3</sup> water monthly, constructors shall submit proposals of water saving facilities to local water supply management authorities for review and approval at least one month before work implementation, and such water saving facilities shall be examined and accepted by the local water supply authorities upon completion of work; for projects consuming more than 1000 m<sup>3</sup> water monthly, constructors shall submit proposals of water saving facilities to the Group for review and approval at least one month before work implementation, and such facilities shall be put into service after obtaining approval of the Group upon completion of work.





## ENVIRONMENTAL

**Case: Reuse of reclaimed water by Ji'nan Axle & Transmission Company**

Some waste water which has been treated in the effluent treatment plants of Ji'nan Axle & Transmission Company is discharged into urban sewer systems, while some will be further treated to meet the "A" grade standard required by 《城镇污水处理厂污染物排放标准》 (Emission Standards for Pollutants from Urban Sewage Treatment Plants), are temporarily stored in clean water pool and for use by factory toilets and green system through the reclaimed water sewer systems of the factories. In 2016, the reclaimed water used by of Ji'nan Axle & Transmission Company amounted to 168,400 ton, which means much fewer demands for fresh water.

**A3 The Environment and Natural Resources**

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, finished vehicle matching and integration relating to new energy vehicles.

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 such integration reduces manual operation and thus decreases fuel consumption; development of the MC series diesel and MT series natural gas engine turns out to be a success, which has improved in fuel efficiency compared to the previous model; new technology, new materials and new processes have been applied to produce lighter vehicles, such as the employment of high strength steel 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 fuel consumption is reduced.



## Case: Energy conservation competition

The Group launched SINOTRUK highly efficient and fuel saving tech products challenge event with the theme of 「高效節油，‘曼’無止境」 (SINOTRUK Ceaseless Pursuit of Energy Efficiency and Oil Conservation) which lasted from August to November 2016. It granted truck drivers with the theories and practices regarding fuel conserving knowledge and driving skills, so as to display the leading role of SINOTRUK products with MAN technologies in fuel conservation, setting up a model of fuel conservation in the industry and bringing energy conservation into public spotlight.



In 2015, a series of national policies were issued concerning new energy vehicles, including 《關於 2016-2020 年新能源汽車推廣應用財政支持政策的通知》 (Notice of Financial Support Policies for the Promotion of New Energy Vehicles in 2016-2020), 《電動汽車充電基礎設施發展指南 (2015- 2020)》 (Guidelines for the Development of Electric Vehicle Charging Station (2015-2020)) and 《汽車動力蓄電池行業規範條件》 (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 of new energy vehicles and technological collaborations with domestic and foreign research institutes and bodies, in a bid to propel interdisciplinary and cross-sectoral coordination and innovation, and ultimately achieve the industrialization of key assembly manufacturing.



The electric bus series developed by the Group adopts our self-developed high-voltage control system which generates power from high capacity lithium-ion batteries with high energy density and long life. Besides that, the series features centralized lubrication system and independent heating system, which enable fully automated lubrication, reduce noise, offer much more comfortable environment to passengers, and reduce the quantity of energy consumption, hence contributing to resource conservation.



## B. Social

### B1 Employment

The Group regards employees as the underlying ingredient for enterprise development and the most valued asset. It upholds the management philosophy of “people-oriented” and provides employees with comprehensive professional development channels and ample opportunities for growth. It aligns individual progress with business development, thrives on employee personal development for enterprise growth and in turn shares results with them, as a way to reinforce their sense of belonging and practically uphold their rights and interests.

#### Recruitment:

The Group formulates the “Measures for Open Recruitment”, which provides that, except for positions subject to unified placement by the Company under the state policy or other special arrangements, the Group shall fill job vacancies by open recruitment. The Group performs open recruitment in conformity to the principle of “attaching importance to moral status and ability, upholding equality, openness and fairness and selecting the best people on merit” and combines examinations and assessment based on specific qualification requirements of vacant positions. It also adopts the “Measures of Recruiting Urgently Needed Talents”, which stipulates the scope and targets of urgently needed talents, recruiting procedures, recruiting methods, and compensation and benefits, etc., providing channels for the introduction of professionals urgently needed by the Group.

Besides, to employ and manage outsourced laborers, the Group follows the “Measures of Employment and Management of Outsourced Laborers”, which specifies the definition, recruitment, management, training and restricted use of outsourced laborers as well as optimization and allocation of human resources.

#### Termination:

In strict compliance with 《中華人民共和國勞動合同法》(Labor Law of the PRC), 《中華人民共和國勞動合同法實施條例》(Implementation Rules for Labor Contract Law of the PRC) and other relevant laws and regulations, the Group formulated the “Implementation Measures for the Labor Contract Management”, which specifies the rights and obligations of the parties to labor contracts, and clarifies terms and procedures to terminate the labor contract. In addition, the Group formulated the “Measures for Accountability, Discipline and Punishment Regarding Work of Staff” to stipulate the punishment of rule violating employees and the conditions for contract termination.

#### Compensation:

The Group conforms to the principles of equal pay for equal work, efficiency and fairness, and has formulated the “Performance-related Salary Policy”, which provides that the standards for performance-related salary shall be subject to adjustments based on enterprise performance. Thus, the normal remuneration adjustment policy was established. Through equal and fair performance assessment and dynamic salary management, employees’ remuneration is closely linked with enterprise economic performance and individual contributions, and therefore, the total performance-related salary is also linked with economic performance accountability assessment of its subsidiaries. A robust employee remuneration regime is thereby in place to offer competitive compensations to the employees.





### Promotion:

In strict compliance with national, provincial and local laws and regulations including 《中華人民共和國勞動法》 (Labor Law of the PRC), the Group formulated the “Implementation Measures on Post Regulation”, which defines categories posts such as management, engineering technology, basic production, complementary services as the fundamental framework, and conducts unified assessment and definition of post categories, position titles, qualifications and levels and ranks, so as to provide a robust post hierarchy and clear progression channels for employees.

In respect of supervisor recruitment and promotion, the Group upholds the recruiting principle of “focusing on moral status and abilities and avoiding bias and discrimination”, adopts a combined selection method of open recruitment and organized investigation, and manages supervisors in a dynamic manner. It formulated the “Management Measures on Supervisor Recruitment”, which specifies in details, among others, the recruitment management, basic qualifications, and open recruitment procedures for supervisors, providing a proper channel for employees to be promoted to supervisors. Besides, the Group follows the “Implementation Measures for the Promotion Management of Eight Levels of Non-Leadership Positions and Above” to offer another promotion channel for non-leadership employees.

### Working Hours and Holidays:

In strict compliance with applicable national laws and regulations, the Group formulated the “Performance Management Policy”. In the meanwhile, the trade union signed the “Collective Contract” on behalf of employees with CNHTC Covering the Group pursuant to the relevant laws and regulations including 《中華人民共和國勞動法》 (Labor Law of the PRC), 《中華人民共和國勞動合同法》 (Labor Contract Law of the PRC), 《中華人民共和國公司法》 (Company Law of the PRC), 《中華人民共和國工會法》 (Trade Union Law of the PRC) and 《集體合同規定》 (Provisions on Collective Contracts) issued by the Ministry of Labor. The Collective Contract specifies the adoption of five-day (8 hours per day) working system, and provides that employees are entitled to statutory holidays such as the New Year’s Day, the Spring Festival, the Tomb-Sweeping Day, the Labor’s Day, Dragon Boat Festival, the Mid-Autumn Festival, and the National Day under relevant regulations of the State Council and that employees shall be granted marriage leave, compassionate leave, home leave, maternity leave, etc., under prevailing national and local policies and regulations, and that paid annual leave for employees shall be implemented as per the “Regulations of Paid Annual Leave of Employees”.

### Welfare Benefits:

In accordance with the relevant national laws and regulations, provincial and municipal documents as well as the specific rules of social security agencies, the Group formulated the “Administrative Rules for the Filing and Payment of Social Security Premiums”, which stipulates that the Group shall centralise to the filing for and contribution to social insurance for each employee, including the basic pension fund, medical insurance, unemployment insurance, work-related injury insurance, and childbirth insurance, and that the social security contribution base, enterprise and personal contribution rates are determined by national and local regulations.

Other benefits of the Group include lunch allowances to employees and a free physical pre-entry test for new employees.

### Diversification:

The Group shows concern about employees’ needs of all aspects as well as their physical and mental health. It makes active efforts to stage a blend of sports and arts events for employees, including badminton, basketball and table tennis matches in off-peak seasons. Now, the tradition that any sports or art event competition will be held at least once in two years and at least one sports or art event competition will be held every year is formed, which enriches the employees’ amateur life.



### Case: Sport event

In August 2016, CNHTC held the 8th Employees Table Tennis Match which was divided into group competition, individual men and women promotion tournament and elite competition. 103 players participated in the Match and, after 298 games, men and women group championship and individual champion were concluded.



### Anti-Discrimination:

In strict compliance with national and local governmental rules and regulations, the Group allows no bias on any employee based on personal characteristics such as race, sex, color, age, family background, ethical traditions, religions, physical status and original nationality, and treats employees fairly in every aspect such as recruitment, duty performing, remuneration, training, promotion, and compensation.

### B2 Health and Safety

In strict compliance with the relevant laws and regulations including 《中華人民共和國勞動法》 (Labor Law of the PRC), 《中華人民共和國安全生產法》 (Work Safety Law of the PRC) and 《中華人民共和國職業病防治法》 (Prevention and Control of Occupational Diseases Law of the PRC), the Group commits itself to maintaining a healthy, safe and comfortable working environment for employees. CNHTC Group (including the Group) obtained the GB/T28001-2011 OHSAS (Occupational Health and Safety Assessment System) certification and set up a robust occupational health and safety management system, ensuring the occupational health and safety of its employees at institutional level. In 2016, based on “Implementation Opinions on Safety, Environmental Protection and Occupational Hygiene Work in 2016”, the Group gave top priority to employees’ rights and interests, establish and foster the awareness of the safe work redline and the concept of “People-oriented Safe Development”, and adhered to the guidelines of “Safety first, focusing on prevention, and integrated control”, in order to achieve the objective of “avoiding death, severe injuries and accidents due to industrial activities, reducing minor injuries and accidents, improving work conditions, and preventing occupational hazards”.

To reinforce supervision and administration of work safety, prevent and reduce production accidents, and guarantee the safety of employees’ life and enterprise’s properties, the Group formulated the “Work Safety Management Policy” which stipulates details of safe work protective measures, safe work management, and safe work inspection, etc., according to the applicable national, provincial and local laws and regulations including 《中華人民共和國安全生產法》 (Work Safety Law of the PRC) as well as the consistent implementation of the guiding principle of “safety first, focusing on prevention, and integrated control”. Besides, the Group formulated the “Emergency Rescue Plans for Major Work Safety Accidents”, “Rules for the Screening for and Elimination of Hidden Risks of Major Work Safety Accidents”, “Measures for the Administration of of Work Safety Accident Statistics and Quick Reporting” and other policies, laying a comprehensive institutional foundation for preventing and responding to work safety accidents.



To ensure fire safety, the Group follows the “Administrative Measures on Fire Safety”, “Policy of Fire Prevention and Safety for Places with Flammable and Combustible Materials”, etc. A Fire Safety Office was set up under the Department of Public Safety for fire prevention related work, including preparing monthly work plans and performing unannounced inspections. For any fire hazard spotted, it shall issue a notice of rectification requiring regular corrections within a time frame. The Group conducts regular fire drills and fires safety trainings to raise employees’ fire safety awareness. The Group established a “mini” firefighting station in its Science and Technology Central Park equipped with fire trucks, firefighting apparatus and a 10-member emergency team, so that fire safety issues can be dealt with in a timely manner.

### Case: Emergency rescue drill

As part of the “Safety Work Month” event, Ji’nan Power Company kicked off an emergency rescue drill for the liquid ammonia station on 7 June 2016. As the drill began, all emergency teams were in place speedily, set cordons, initiated evacuation, performed first-aid, shut fire doors, and cut power, etc., which turned out to be orderly and well-organized. Employees thereby became more cautious of the importance of following that they shall follow instructions in event of emergency, pool resources including workforce, materials and information timely and effectively, and perform emergency control and rescue in a well-organized and quick manner, so as to minimize human casualties and property losses.



### Case: Safety training

In May 2016, Ji’nan Axle & Transmission Company invited experts of 山東安全生產監督管理局 (Shandong Province Administration of Work Safety) to offer lectures focused on level-to-level risk control system and hidden risk screening and elimination system, which explained the importance of building and how to build the two systems, and encouraged Ji’nan Axle & Transmission Company to put in place dual accident prevention mechanism so as to enhance the quality of standardized construction and the level of basic safety management.

### Case: Fire drill

On 28 September 2016, CNHTC arranged a fire evacuation drill for employees from the thirteenth floor to the thirty-second floor of the Science & Technology Building to enhance their awareness in dealing with emergency and provided them with fire prevention and safety knowledge and abilities in responding to contingency, self-help skills and escape in emergency, usage instructions of firefighting apparatus, escape skills and other important matters.







### Occupational Health:

The Group formulated the “Occupational Health Management Policy” in accordance with 《中華人民共和國職業病防治法》 (Prevention and Control Law of Occupational Diseases of the PRC), which stipulates occupational disease prevention, occupational health on-site management, occupational health monitoring, occupational health supervision, occupational health education, occupational disease diagnosis and occupational patient management, as well as reward and assessment, etc. On top of that, the Group follows the “Procedures of Labor Protection and Occupational Diseases Prevention and Control” in preventing, curbing and eliminating occupational hazards, preventing occupational diseases and occupational toxicity, so as to guarantee the health, safety and other relevant rights and interests of its employees, and eventually facilitate the healthy development of the Group.

In May 2016, the Group entrusted 濟南市疾病預防控制中心 (Ji’nan Center for Disease Prevention and Control) and 山東省職業衛生與職業病防治研究院 (Shandong Academy of Occupational Health and Occupational Medicine) to conduct on-the-job occupational health physical exams for more than 5,000 employees around Ji’nan area (including outsourced laborers) working in high temperature or toxic and harmful environment according to the “2016 Opinions on Implementing Safety, Environmental Protection and Occupational Health Work” and “Notice on Implementing 2016 Occupational Health Work”. Prior to physical exams, the Group carried out an assessment of posts with exposure to toxic environment with every single relevant post and employee covered, and conducted all regular and mandatory checks in an effort to identify occupational diseases and contraindications and stop harmful contact and exposure in early stage, thus protecting their health. Besides, the Group organized subsidiaries around Ji’nan area to inspect more than 2,000 hazardous operating locations and take various measures to counter limit breaches, reduce occupational hazard density (intensity), and ultimately prevent occupational diseases.

### B3 Development and Training

The Group puts great emphasis on development of individual competencies and professional abilities, and provides its employees with trainings according to relevant implementation measures for employees trainings, with the goal of enhancing overall quality of its workforce. The Group sets up training records to keep track of their pre-job and on-the-job schooling and education background, trainings on ideology and work ethics, trainings on specialized theories and skills, trainings on professional techniques and career path, etc.

The Group’s internal education and training center requests all subsidiaries to collect information on employees’ training needs for the forthcoming year in November each year and conducts review, coordination and balancing, addition and perfection as well as compilation of the employee training plans submitted by all subsidiaries. It will then prepare and issue an annual employee training plan for all subsidiaries to implement.

The Group bases its trainings on three levels: the group level, the subsidiaries level (including group management system), and the production and work site level, and adopts three-level training management mode with the characteristic of unified planning, coordinative arrangement, and each party’s own respective roles and responsibilities. It arranges a series of training courses, including middle and senior management training, high-level technical employees training, engineering, marketing and management employees training, advanced technical worker training, on-site sub-department head (sub-department head directly under the Group) training, and workshop supervisor training, etc.



To build a more capable trainer team and enhance employees training effectiveness, the Group formulated the “Administrative Measures for Full-Time and Part-Time Trainer Recruitment”, which specifies qualifications, responsibilities, compositions, selection, recruitment, management, compensation and benefits of part-time trainers, as well as head count per production unit, qualifications and remuneration standards of full-time trainers, with the goal of fully pooling various internal excellent talents and social educational resources to build an all-encompassing, multi-disciplinary, sophisticated and efficient trainer team, which caters to requirements throughout Group development, constantly changes to meet evolving training needs of all levels and sorts, and improves the quality of employee training.

According to the 2016 annual employee training plan, a blend of more than 1,000 trainings for different levels were arranged by the departments and subsidiaries of the Group around Ji'nan area which witnessed attendance of up to more than 40,000 people and covered nearly 9,000 training hours.



### 中国重汽培训系统2016年管理人员培训拓展训练留念 (2016.04.24)





## B4 Labor Standards

In strict compliance with 《中華人民共和國勞動法》 (Labor Law of the PRC) and 《禁止使用童工規定》 (Provisions on Prohibition of Child Labor), the Group prohibits forced labor and child labor.

In accordance with relevant provisions in the recruitment policy, the Group employs regular employees through open recruitment and urgently-needed talents introduction procedures, and verify candidates' age by checking their ID cards, degree certificates and diplomas. Besides, it is stipulated in the "Measures of Employment and Management of Outsourced Laborers" that sourced laborers shall be aged over 17 years old (for positions involving high physical labor intensity or exposure to toxic and harmful work environment, the minimum age shall be 18 years old).

The Group keeps overtime work under stringent control. Where overtime work is required during statutory holidays, the Group shall pay employees in accordance with relevant regulations. In circumstances where workers extend working hours beyond normal working hours, the Group shall timely arrange compensatory rests in the same length as the period of rests that such workers have missed. For positions where standard working hours cannot be arranged according to the manner aforementioned due to special work features, the Group adopts a flexible working hour system, where relevant governing policies approved by subsidiaries will be submitted to higher levels of management for approval and thereafter referred to local labor authorities for approval prior to execution.

## B5 Supply Chain Management

Whilst learning from outstanding upstream and downstream companies along the supply chain, the Group sticks to the core company value of 「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), conveys its concept of safety and corporate social responsibility to suppliers, and steers them towards continuous improvement, thus honoring the shared commitment to social responsibilities in environment, safety and health areas.

First supplier of every subsidiary is subject to review by the Supplier Access Office of Technology Center and subsequent suppliers by subsidiaries respectively.

The Group follows the "Auxiliary Product Supplier Access and Product Release Approval Procedures" which regulates new supplier approval procedures, and prepares documents such as the supplier access approval letter and auxiliary product release approval letter, supplier profile registration form, new supplier preliminary evaluation report, supplier follow-up evaluation report, and approval procedures of auxiliary product supplier access and product release. It also establishes a set of strict supplier selection procedures for the purposes of ensuring that products/services meet relevant requirements and improving its product quality.

The Group conveys environmental and quality policies to its suppliers via various channels and methods, requesting suppliers to satisfy applicable industrial and environmental requirements. The Group signs purchase agreements with suppliers which contain the terms and provisions requiring them to fulfill the following social responsibilities:

- Product safety: comply with all national and local applicable laws and regulations pertaining to product quality, especially product safety, labelling and packaging, hazardous substance usage, etc.;



- Labor employment: comply with applicable national regulations pertaining to labor protection, including those forbidding forced labor and child labor; provide healthy and safe work environment, and make continuous improvement; employees are entitled to remuneration stipulated and protected by law;
- Environmental protection: comply with all environmental laws and regulations, implement proper environmental management system, conserve all natural resources, and minimize environmental pollutions due to production processes and products, so as to contribute to energy consumption reduction and carbon emission mitigation, and improve environmental performance on an ongoing basis;
- Transparent business relationship: engage in no bribery to disturb fair competition; conduct no corruption in any form or behaviors causing damage to the Group; employees, sub-contractors and representatives shall not provide or offer bribery rebate, goods, money or other benefits without permission to customers, government officers or a third party; shall not provide improper benefits to the Group's employees by offering gifts, entertainment or invitation directly or indirectly to affect their behaviors improperly. In transactions with government authorities and public institutions, laws and regulations shall be strictly adhered to; in open bids and tenders, relevant laws and regulations as well as the free and fair competition principle shall be complied with;
- Fair market behaviors: adhere to anti-monopoly laws and do not sign anti-competitive agreement with competitors, the other party or customers; truthfully provide relevant commercial information and report business activities in compliance with applicable laws. The predominant market position shall not be misused. The Group shall only build business relations with those they consider as honest business partners. No anti-money laundering laws and regulations shall be violated.

## B6 Product responsibility

CNHTC Group (including the Group) has obtained the certification of the ISO9001:2008 Quality Management System and set up a robust quality management system. It formulated the "Quality Management Policy" in accordance with 《中華人民共和國產品質量法》(Product Quality Law of the PRC), which regulates the management of quality system so as to ensure effective implementation of quality management activities and continuous enhancement of management level and product quality.

With product quality remaining the top priority of the Group, the Group Quality Department is responsible for quality management, quality inspection, after-sale quality management, quality standards and quality control, etc. At the beginning of each year, the Group Quality Department sets up quality objectives and assign quality indicators to all subsidiaries. The Department also conducts monthly quality assessment of all subsidiaries according to the "Product Quality Assessment Measures", and entities failing the assessment will be subject to economic or administrative penalties and a notice of criticism will be published in the monthly Quality Brief within the Group.

### Product quality

Through its cooperation with MAN Group in Germany, the Group introduced from MAN Group its hundreds of years experiences accumulated methods and concepts of quality control, including management of the entire supply chain of auxiliary products and components and parts. Since the cooperation between the Group and MAN Group, the Group was introduced to MAN's product release standards and a whole set of management procedures covering the design, project plan, project approval and production of components and parts, assemblies and finished vehicles. From research and development project approval to trial production and testing, each stage is strictly subject to the release standards and procedures, so as to effectively control product quality and propel the quality system to a much higher level.





### Case: One-million-kilometer challenge

On 4 July 2016, the “Drive One Million Kilometers and Experience the Excellence – SINOTRUK products equipped with MAN technology One-Million-Kilometer Challenge” first truck success news conference was held in Wuxi City, Jiangsu Province. On 1 July 2016, Fu Zhongyan of 無錫鴻運物流 (Wuxi Hongyun Logistics Company) drove heavy duty truck SITRAK C7H for more than 1 million kilometers on Zhengzhou - Wuxi route and won the competition of 1-million-kilometer-challenge and RMB200,000 cash reward. Besides, a dozen of other trucks ran for nearly 1 million kilometers. All of these marked the massive achievements that the Group had made in production process enhancement, production quality control, etc., which represented its cutting edge technological strength and top notch manufacturing capability and proved its ability to produce vehicle models with no overhaul for the whole duration of multi-million-kilometer drive since the inception of SINOTRUK-MAN cooperation.



### Product Safety

The Group puts great emphasis on product safety. In the design phase, all vehicles models will be subject to safety performance tests such as simulation analysis and collision tests; a specialized third party will perform tests on vehicle models including frontal collision test, top strength test and rear strength test with the aim to protect occupants of the commercial vehicle cabs in accordance with the “Protection of the Occupants of the Cab of a Commercial Vehicle”; for passenger vehicles, superstructure strength tests will be conducted according to the “Requirements and Test Methods of the Strength for Passenger Vehicle Superstructure”. All vehicle models are to be launched on the market only after passing relevant safety tests.

HOWO T7H is a product equipped with MAN technology, boasting high level of safety performance, reliability and economic efficiency launched by the Group. Up to par with the European ECE-R29 standard with regard to the protection of the occupants of the cab of a commercial vehicle, HOWO T7H features a four point suspension system, more than 1.2mm thick stamping steel sheets and 1.5mm-2mm thick main frame steel sheet, and is capable of moving backward and absorbing energy in the event of frontal collision, making it the best collision safety performing vehicle cab domestically produced. On top of that, the VOITH hydraulic retarder is optional to come with the said vehicle model to safeguard the drivers' life.





### After-sale services

The Group puts great emphasis to customers' after-sale services and formulated 「親人」服務手冊 ("Family" Services Manual) which specifies "Family" service brand, repair management, after-sale services management and service network, etc. It also sets up a three-layer service system consisting of user service centers, local sales companies and special service stations.

In 2016, Ji'nan Truck Company obtained the Five-Star Certification for Service Certification as it met the "National Evaluation Criteria for After-Sale Services of Goods" and set up a product after-sale service system.

The Group furnished the 24-hour service hotlines to take customer complaints, and developed the "Smart SINOTRUK" mobile application for customers to express dissatisfaction of problems with a product, which will be submitted to relevant departments by the customers service center. The Group also maintains customer grievance registers to keep track of customer complaints to ensure proper resolution.



The Group formulated the "Motor Vehicle Recall Control Process" pursuant to domestic and foreign laws and regulations pertaining to recalls of defective vehicles including 《缺陷汽車產品召回管理條例》 (Administrative Regulation on the Recall of Defective Motor Vehicles), and established an adequate product recall process with the function of identifying, collecting, analyzing, delivering and maintaining information on quality issues, recalling (or ordering recalls) of defective products, and taking remedial and prevention measures, so as to preserve customers' life and property safety as well as shore up product and brand reputation and company image.

To protect customer privacy, the Group follows the "Administrative Measures for Trade Secrets Protection", which defines customer information as a company trade secret and requires adequate protection and management of customer information. Consumer information files of certain subsidiaries are in part subject to management on a uniform basis through 一線通 (Yixiantong) platform; Import & Export Company formulated the "Customer Information File Management Policy", which defines customer information as top secret subject to the management of specially-assigned persons and accessible to its employees only. The Group adopts a hierarchical approach to manage customer information which allows only appropriately authorized employees to view.

The Group formulated the "Customer Satisfaction Survey and Analysis Process", which regulates how customer satisfaction shall be surveyed, analyzed and handled. In general practice, the customer satisfaction survey will be performed twice a year and via two methods: Group internal survey which presents a "Customer Satisfaction Evaluation Report" and third party survey which presents a customer satisfaction survey analysis and evaluation report. The Group will analyze and assess results of customer satisfaction survey and evaluation and take corresponding improvement measures.



### Administration of advertisement, marks and intellectual property rights

In strict compliance with applicable laws and regulations including 《中華人民共和國廣告法》 (Advertisement Law of the PRC), the Group implements the “Administrative Measures for Advertising” with the goal of ensuring that all advertising and publicity the Group launches are legal and effective.

The Group follows the “Detailed Rules for the Implementation of the Corporate Visual Identity” to ensure authorized and standard usage of its corporate visual identity. Besides, it formulated the “Brand Management Policy”, which regulates the brand planning, registration, authorized use, and safeguard the rights and interests, etc., so as to ensure standardized and unified brand management, implement brand strategy, enhance brand value and eventually shore up enterprise’s core competitiveness. On top of that, it manages product marks, labels and tags on an uniform basis pursuant to two internal standards, i.e., “Standards for Vehicle Product Marks” and “Standards for Vehicle Tagging and Labeling”.

The Group specifies its patent related work in the “Administrative Measures for Work on Patent-Related Issues”, so as to further reinforce and regulate its administration of patent related work, encourage engineers and technicians to involve in technological inventions and innovation, accelerate the transformation of technological innovation achievements, and boost the formation, employment and protection of independent intellectual property rights.

The Group makes overall planning for its trademark-related work through a trademark plan. Besides, according to the applicable laws and regulations including 《中華人民共和國商標法》 (Trademark Law of the PRC), 《中華人民共和國商標法實施細則》 (Detailed Rules for the Implementation of the Trademark Law of the PRC), 《商標國際註冊馬德里協定》 (Madrid Agreement Concerning the International Registration of Trademarks) and 《馬德里協定實施細則》 (Detailed Rules for the Implementation of the Madrid Agreement Concerning the International Registration of Trademarks), it formulated the “Measures for Administration of Trademarks” which specifies trademark registration process, application, authorization, protection and file management, etc.

### B7 Anti-corruption

In strict compliance with applicable national laws and regulations including 《中華人民共和國公司法》 (Company Law of the PRC), 《中華人民共和國招標投標法》 (Tendering and Bidding Law of the PRC), 《中華人民共和國反不正當競爭法》 (Anti-Unfair Competition Law of the PRC), 《關於禁止商業賄賂行為的暫行規定》 (Interim Provisions on Banning Commercial Bribery) and 《中華人民共和國反洗錢法》 (Anti-Money Laundering Law of the PRC), the Group formulated policies including the “Detailed Rules for the Implementation of Several Provisions on Honest and Clean Leadership”, and “Several Provisions on Improving Style of Work and Strengthening Honesty and Self-Discipline”, which regulate the honest and clean conduct of the management with the aim to guarantee the occupational safety of all levels of leadership and the stable development of the Group .

The Group integrated risk management and clean and honest style of work, formulated and implemented the “Opinions on Implementing Risk Control Management for Honest and Clean Conduct” and established an effective risk prevention and control mechanism with regard to incorruption and honest style of work. It manages to reduce the probability of occurrence of non-compliance and breach the rules of incorruption and honesty and prevent such risks from being translated into dereliction of duty, misconduct or corruption.



The Group maintains middle and senior management's personal matter reporting regime and follows the "Regulations on the Management of Cadre's Integrity Records" in maintaining integrity records for general management which document personal and family information, personal milestones, income reporting, gift accepting, rewards and punishment, etc. to strengthen supervision of cadres; cadres of the Group report on their work with regard to maintaining integrity and improving clean and honest style of work and submit such reports on an annual basis as required by the "Regulations on Cadre's Reporting on Maintaining Integrity and Improving Clean and Honest Style of Work".

By executing above-mentioned policies, the Group established a robust institutional system to combat corruption and uphold integrity and implemented a long-term and valid preventive monitoring mechanism, so as to reinforce constraints and supervision of power, and ultimately maintaining cadre's righteousness and self-discipline in an effective manner.

The Group signs honesty and integrity agreements complementary to business contracts with the contracting party so as to strengthen integrity and honest administration, regulate the activities of both parties, and prevent the act of seeking illegitimate gains in breach of laws and disciplines, thus eventually safeguarding national, collective and their own lawful rights and interests.

The Group formulated the "Administrative Measures for International Trade Commissions", which specifies in details the payment of compensations or service fees to intermediaries in international trade businesses, bans commissions related to terrorism, money-laundering, corruption, commercial bribery, and unfair competition, and stipulates that commission payment shall obtain approvals from all levels of authorities prior to execution, so as to effectively prevent political, foreign government regulation and corporate operational risks in the process of its international trade.

## B8 Community Investment

In close conjunction with 濟南慈善總會 (Ji'nan Charity Association), the Group makes annual donations to the association to support the development of the charitable undertaking. The Ji'nan Charity Association established a charity station in the Group, set up a relief fund and conducted uniform administration over the station and fund in accordance with the "Charity Station Management Policy", with the goal of providing assistance to troubled employees of the Group. In its own effort to offering help to troubled members, the Group established the Employees' Mutual Aid Fund and the Employees' Mutual Aid Foundation, and manage funds and members of the foundation pursuant to the "Administrative Measures for Employees' Mutual Aid Fund".

To boost public charitable undertakings, the Group also involved itself extensively in an assortment of social activities such as sponsoring sports and cultural events, making charitable donations, volunteering, caring for the elderly and kids, promoting environmental protection, etc. It also contributed to the society by driving education undertakings, carrying out relief, making donations, etc., so as to fulfill its corporate social responsibilities. The Group implemented a whole lot of community activities in various forms in 2016, such as the "Targeted Poverty Elimination" event to step up efforts to assist poverty stricken areas, employees' non-compensated blood donations, a series of activities caring for the elderly and the left-behind children, patronizing sports and culture events, etc., which received universal appreciation from the society and the public.





### Case: Targeted Poverty Elimination

In active response to national call for targeted poverty relief, and according to the arrangements for poverty mitigation and development of Ji'nan Municipal Party Committee and Ji'nan Municipal Government, the Group assigned the Deputy General Manager of the Department of Human Resources, Qi Chenghui, to "take command" of the Wayu Village and station there for poverty alleviation. The past 3 years have seen execution of more than 30 poverty relief projects with a total investment of more than RMB4.10 million from Parent Company, including RMB1.49 million donation from the employees of the Group. These poverty relief projects came to fruition resulting in impressive achievements in infrastructure construction, public services, industrial development, etc., which brought about significant changes to the village and led to a substantial improvement in people's life.



SINOTRUK road hardening

### Case: Non-compensated blood donation

Ji'nan municipal blood center and Shandong provincial blood center ran out of blood with the advent of summer, thus the blood supply for medical purpose is unstable. To fulfill social responsibility as national civilized entity, the Group initiated the Group-wide "blood connects us all" non-compensated blood donation programme from 3 to 16 August 2016, which received passionate support and involvement of its employees. This event saw total blood donation of 219,350ml by 679 employees and earned wide appreciation from different sectors of the society.





### Case: Visiting left-behind children

In 2016, the Group carried out a dozen of left-behind children caring activities during major holidays such as the Spring Festival, the Lei Feng Day, Children's Day, and the Mid-Autumn Festival. It showed concern for their daily life, offered help with their study, and provided psychological care, among other things, which brought to left-behind children the warmth from the society. The "Warm Spring and Child Innocence · Move Ahead with SINOTRUK" event kicked off on 6 March 2016, the Group invited 9 left-behind children to a tour around the Quancheng Square and Ji'nan Zoo, and gave out books to them, providing them with a loving and caring environment as well as helping them develop a positive and optimistic mindset.



### Case: Environmental protection

In 2016, the Group set up the SINOTRUK Green Eco-Environment Protection Voluntary Service Team to promote and practice green eco-environment construction, take voluntary actions to build, preserve and love greenness, and make it a habitual act and everyone's duty to protect the eco-environment, so as to make tangible contribution to environmental protection.

Besides, the Group launched and founded the Ji'nan Green Eco-Environment Protection Promotion Association and organized more than 100 volunteers to attend the public welfare event with the theme of protecting the mother river of Ji'nan and welcoming the National Day on 30 September 2016, which is widely appreciated by different sectors of the society.





### Case: Support cultural undertakings



In 2016, the Group sponsored the 10th SINOTRUK "the Reader" photography competition with the theme of Appreciating the Elegancy of Books and Making Reading the New Normal Urban Civilization, which was widely echoed across the society.

The SINOTRUK Ji'nan Teenager Intangible Cultural Heritage Craftsmanship Competition took place in Ji'nan Municipal Art Museum of the Masses and the Zhangqiu Longshan Cultural Museum under the sponsor of the Group from 4 to 6 July 2016. This event solicited works from 230 participants covering 10 categories of intangible cultural heritage, including paper cuts, dough sculptures, Lu embroideries and Longshan black potteries. Provincial and municipal experts of intangible cultural heritage rated these works based on different categories and age groups and determined 13 first prizes, 30 second prizes, 19 third prizes, 137 excellence awards and 8 excellent organization awards.





## DEFINITIONS



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

“Board”	the board of the directors of the Company
“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
“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 of Hong Kong Limited
“Ferdinand Porsche”	Ferdinand Porsche Familien-Privatstiftung, a corporation incorporated under the laws of Austria, being the beneficiary owner of 25% of the entire issued share capital of the Company plus 1 share of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Ji’nan Power Company”	中國重汽集團濟南動力有限公司 (Sinotruk Ji’nan Power Co., Ltd.), a company incorporated under the laws of the PRC with limited liability, being a wholly owned subsidiary of the Company
“Ji’nan Axle & Transmission Company”	中國重汽集團濟南橋箱有限公司 (Sinotruk Ji’nan Axle & Transmission Co., Ltd.), a company incorporated under the laws of the PRC with limited liability, being a non-wholly owned subsidiary of the Company
“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 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)
“Import & Export Company”	a company incorporated under the laws of the PRC with limited liability, being a wholly-owned subsidiary of the Company
“MAN”	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)
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, and for the purpose of the Report, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Technology Center”	the technology and research centre of Ji’nan Power Company





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