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

GLOBAL OFFERING

Joint Global Coordinators and Joint Bookrunners

(in alphabetical order)

CICC
CHINA INTERNATIONAL CAPITAL CORPORATION LIMITED

JPMorgan

Joint Sponsors and Joint Lead Managers

(in alphabetical order)

CICC
CHINA INTERNATIONAL CAPITAL CORPORATION (HONGKONG) LIMITED

JPMorgan

IMPORTANT: If you are in any doubt about this prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisors.

Sinotruk (Hong Kong) Limited

中國重汽(香港)有限公司

(incorporated in Hong Kong with limited liability)

GLOBAL OFFERING

Number of Offer Shares	:	702,000,000 Shares (subject to adjustment and Over-allotment Option)
Number of Hong Kong Offer Shares	:	70,200,000 Shares (subject to adjustment)
Number of International Offer Shares	:	631,800,000 Shares (subject to adjustment and Over-allotment Option)
Maximum Offer Price	:	HK$12.88 per Offer Share plus 1% brokerage, SFC transaction levy of 0.004% and Hong Kong Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	:	HK$0.10 per Share
Stock code	:	3808

Joint Global Coordinators and Joint Bookrunners

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CICC
CHINA INTERNATIONAL CAPITAL CORPORATION LIMITED

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China International Capital Corporation (Hong Kong) Limited

J.P. Morgan Securities (Asia Pacific) Limited

The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in Appendix VIII "Documents Delivered to the Registrar of Companies and Available for Inspection" to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 38D of the Companies Ordinance, Chapter 32 of the Laws of Hong Kong. The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other document referred to above.

We expect to determine the Offer Price by agreement with the Joint Global Coordinators (on behalf of the Underwriters) on or around Wednesday, November 21, 2007 and, in any event, not later than Monday, November 26, 2007. The Offer Price will be not more than HK$12.88 and is currently expected to be not less than HK$10.00 unless otherwise announced. You must pay, on application, the maximum offer price of HK$12.88 for each Hong Kong Offer Share together with a 1% brokerage fee, 0.004% Securities and Futures Commission transaction levy and 0.005% Stock Exchange trading fee, subject to refund if the Offer Price will be lower than HK$12.88 as finally determined.

The Joint Global Coordinators (on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares in the Global Offering and/or the indicative offer price range below that stated in this prospectus (which is HK$10.00 to HK$12.88 per Offer Share) at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. If applications for Hong Kong Offer Shares have been submitted prior to the day which is the last day for the lodging of applications under the Hong Kong Public Offering, then even if the number of Offer Shares and/or the indicative offer price range is so reduced, such applications cannot subsequently be withdrawn. Further details are set out in the sections entitled "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus. If, for whatever reason, the Joint Global Coordinators, on behalf of the Underwriters, and we are not able to agree on the Offer Price, the Global Offering (including the Hong Kong Public Offering) will not proceed.

We are incorporated in Hong Kong, and our businesses are located in mainland China. You should be aware of the differences in the legal, economic and financial systems between mainland China and Hong Kong and that there are risks relating to making an investment in Hong Kong incorporated companies that primarily operate in mainland China. You should also be aware that the regulatory framework in mainland China is different from the regulatory framework in Hong Kong and should take into consideration the different market nature of our Shares. Such differences and risks are set out in the sections entitled "Risk Factors," "Appendix VI — Summary of Articles of Association" and "Appendix VII — Statutory and General Information" of this prospectus.

The Global Offering may be terminated by the Joint Global Coordinators (on behalf of the Underwriters) at any time prior to 8:00 a.m. on the Listing Date following the occurrence of any event as described in the section entitled "Underwriting" in this prospectus.

Our Shares have not been and will not be registered under the U.S. Securities Act and may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements under the U.S. Securities Act. The Shares are being sold in offshore transactions in accordance with Regulation S.

November 15, 2007

Application lists open[2] . . . . .11:45 a.m. on Tuesday, November 20, 2007

Latest time to lodge white and yellow Application Forms . . . . .12:00 noon on Tuesday, November 20, 2007

Latest time to give electronic application instructions to HKSCC[3] . . . . .12:00 noon on Tuesday, November 20, 2007

Latest time to complete electronic applications under White Form eIPO service through the designated website at **www.eipo.com.hk**[4] . . . . . .11:30 a.m. on Tuesday, November 20, 2007

Latest time to complete payment of White Form eIPO applications by effecting internet banking transfer(s) or PPS payment transfer(s) . . . . .12:00 noon on Tuesday, November 20, 2007

Application lists close . . . . .12:00 noon on Tuesday, November 20, 2007

Price Determination Date[5] . . . . Wednesday, November 21, 2007

(1) Announcement of the Offer Price, indication of the level of interest in the International Offering and application results and basis of allocation of the Hong Kong Offer Shares to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on . . . . . . .Tuesday, November 27, 2007

(2) Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels (see paragraph headed "Results of Allocations" in the section headed "How to Apply for Hong Kong Offer Shares") from . . . . .Tuesday, November 27, 2007

A full announcement of the Hong Kong Public Offering containing (1) and (2) above will be published on the website at **www.iporesults.com.hk** from . . . . .Tuesday, November 27, 2007

Dispatch of share certificates in respect of wholly or partially successful applications on[6][7] . . . . .Tuesday, November 27, 2007

Dispatch of refund cheques in respect of wholly successful (if applicable) or wholly or partially unsuccessful applications on or before[7] .Tuesday, November 27, 2007

Dealings in Shares on the Stock Exchange to commence on . . . . Wednesday, November 28, 2007

(1) All times refer to Hong Kong local time. Details of the structure of the Global Offering, including its conditions, are set forth in "Structure of the Global Offering" in this prospectus. If there is any change in the expected timetable of the Hong Kong Public Offering, an announcement in Hong Kong will be published in the South China Morning Post (in English) and in the Hong Kong Economic Times (in Chinese).

(2) If there is a "black" rainstorm warning signal or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, November 20, 2007, the application lists will not open on that day. See the section entitled "How to Apply for Hong Kong Offer Shares — 7. When May Applications Be Made — (e) Effect of bad weather conditions on the opening of the application lists" in this prospectus.

(3) Applicants who apply for Hong Kong Offer Shares by giving electronic application instructions to HKSCC should refer to the section entitled "How to Apply for Hong Kong Offer Shares — 6. Applying by Giving Electronic Application Instructions to HKSCC" in this prospectus.

(4) You will not be permitted to submit your application through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(5) The Price Determination Date is expected to be on or about Wednesday, November 21, 2007 and in any event will be no later than Monday, November 26, 2007. If, for any reason, the Offer Price is not agreed by Monday, November 26, 2007, the Global Offering (including the Hong Kong Public Offering) will not proceed.

(6) Share certificates for the Offer Shares are expected to be issued on Tuesday, November 27, 2007 but will only become valid certificates of title at 8:00 a.m. on Wednesday, November 28, 2007 provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section entitled "Underwriting" in this prospectus has not been exercised.

(7) If you have applied for 1,000,000 or more Hong Kong Offer Shares and you have indicated in your Application Form that you wish to collect your refund check(s) and/or share certificate(s) personally, you may collect your refund cheque(s) (where applicable) and/or your share certificate(s) (where applicable) from our Share Registrar, Computershare Hong Kong Investor Services Limited at Shop 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, November 27, 2007 or any other day notified by us in the newspapers as the date of dispatch of share certificates/refund cheques. If you are an individual and have elected for personal collection, you must not authorize any other person to make collection on your behalf. If you are a corporate applicant and have elected for personal collection, you must attend by your authorized representative bearing a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our Share Registrar. Share certificates and refund cheques not collected within the time specified for collection will be dispatched by ordinary post, at your own risk, to the address you specified in the relevant Application Form. If you have applied for less than 1,000,000 Hong Kong Offer Shares or have applied for 1,000,000 Hong Kong Offer Shares or more but have not indicated in the Application Form that you wish to collect shares certificates and/or refund cheques in person, your share certificates (if applying by using a white Application Form) and/or refund checks will be sent to the address on the Application Form on Tuesday, November 27, 2007 by ordinary post and at your own risk. For further information, you should refer to the section entitled "How to Apply for Hong Kong Offer Shares" in this prospectus.

For details of the structure of the Global Offering, including conditions of the Hong Kong Public Offering, you should read the section entitled "Structure of the Global Offering" in this prospectus.

CONTENTS

You should rely on the information contained in this prospectus and the Application Forms to make your investment decision. Neither we, the Joint Global Coordinators, the Underwriters, any of our and their respective directors nor any other person or party involved in the Global Offering have authorized anyone to provide you with information that is different from that contained in this prospectus.

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This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the whole document, including the section entitled "Risks Factors" in this prospectus, before you decide to invest in our Offer Shares.

Overview

We, together with our Parent Company, are the largest heavy truck manufacturer in China as measured by sales volume for the nine months ended September 30, 2007. According to the China Automotive Industry Association, Sinotruk Group increased its market share in terms of the aggregate sales volume of heavy trucks in China from approximately 8.2% in 2003 to 20.8% for the nine months ended September 30, 2007. We contributed approximately 95.4%, 85.3%, 90.5% and 90.1% of Sinotruk Group's total sales volume of heavy trucks for 2004, 2005, 2006 and the nine months ended September 30, 2007, respectively.

We enjoy widespread brand recognition in the PRC automotive industry and a growing reputation overseas. The predecessor to our Parent Company was the first domestic manufacturer of heavy trucks and built China's first heavy truck in 1960. We utilize heavy truck technologies that originated in Europe. Through years of research and innovation, we have developed various proprietary technologies and processes that have enabled our products to meet the needs of our customers in target markets. We market our products under the brand name "中國重汽" (China Heavy Truck) in Chinese and "SINOTRUK" in English, which evokes our status as a dedicated manufacturer of heavy trucks in China. In October 2006, our brand was awarded as one of the top 10 PRC brands by the World Confederation of Productivity Science.

We specialize in the research, development and manufacturing of heavy trucks and related key parts and components, including cabins, engines and axles. Our principal products, under the current PRC industry standard, include cargo trucks and truck chassis with GVW over 14 tonnes as well as semi-tractor trucks with trailing capacity over 12 tonnes. Our major product series include HOWO, Sitaier King, Sitaier and Huanghe, each of which is further divided into various subseries to target different sectors of our product market. Over the years, we have registered with the PRC government more than 2,000 models, as classified under the PRC automotive industry regulations. Through our diverse product portfolio, we service a wide range of customers from all major industries that utilize heavy trucks, including infrastructure, construction, container transportation, logistics, mining, steel and chemical industries.

We are one of the few heavy truck manufacturers in China that also have the ability to produce heavy truck engines. We currently produce substantially all the engines used in our truck production. We also sell industrial and construction machinery engines to independent third parties. We plan to increase our external sale of engines in the future depending on market conditions and our production capacity. In addition, we produce other key heavy truck parts and components, such as cabins and axles, mostly for internal use.

Our heavy trucks are widely used under diverse conditions. We have developed a highly modulized product design system and a flexible manufacturing process. Our design modulization allows us to design key parts and components compatible for different models of our heavy trucks, and our manufacturing flexibility enables us to produce different models of trucks on the same assembly line. We believe this combination of design modulization and manufacturing flexibility has significantly increased our competitiveness in production volume, quality and cost.

We believe that we are a leader in various technologies in our industry in China. Our research and development team has over the years developed numerous proprietary technologies and innovations in connection with our efforts to launch new products. We have also, through collaboration with international manufacturers, licensed or purchased technologies from heavy truck manufacturers in Austria and Germany. As of September 30, 2007, we were the legal owner of 52 registered patents issued by the PRC patent authorities, of which six were invention patents, 45 were utility model patents and one was a design patent. As of the same date, our Parent Company was the legal owner of 578 registered patents issued by the PRC patent authorities, of which 18 were invention patents, 481 were utility model patents and 79 were design patents. We are authorized to use all of the patents owned by our Parent Company free of charge for an initial term of three years, which is renewable at our option under the same terms.

Our trucks are sold throughout China, one of the world's fastest-growing economies in recent years. As China's GDP and fixed asset investments continue to grow and the national highway network continues to expand, we expect the demand for heavy trucks will rise accordingly. In addition, we also sell a portion of our products overseas. Since 2004, we have rapidly expanded our overseas markets, particularly in the Middle East and the Russia and our products were also sold to Southeast Asia, Africa, Central and South America and Central Asia. For 2004, 2005, 2006 and the nine months ended September 30, 2007, approximately 0.9%, 11.5%, 12.2% and 16.7%, respectively, of our sales revenue was attributable to exports.

Our headquarters and principal manufacturing facilities are located in the city of Jinan, the provincial capital of Shandong province, China. We also manufacture some of our engines in Hangzhou and some of our parts and components in Chongqing. Our locations allow us to service the most industrialized and economically developed regions of China, including the northeast, home of China's heavy machinery industry, and eastern China, one of the most rapidly growing economic regions in China today. Our operations are supported by an extensive sales and service network. As of September 30, 2007, our domestic sales network comprised approximately 780 third party companies that had established sales relationship with us. Of these third party companies, 101 were 4S centers that sell our products and provide services to our products exclusively, 35 were exclusive dealers that sell our products exclusively and approximately 650 were general dealers or sales partners that have entered into framework agreements with us to potentially become our general dealers in the future. We also had 66 domestic sales offices to manage our 4S centers, dealers and sales partners. Our domestic after-sales service network comprised approximately 700 contracted service stations throughout China. In addition, we sell our products to approximately 30 countries and regions. As of September 30, 2007, we distributed our products outside China through approximately 20 export agents and dealers. We are also planning to build three CKD facilities overseas through cooperation with local manufacturers.

For 2004, 2005, 2006 and the nine months ended September 30, 2007, our revenues were approximately Rmb 10,163.6 million, Rmb 9,114.4 million, Rmb 12,767.5 million and Rmb 16,141.4 million, respectively, and net profits attributable to our equity holders were Rmb 301.3 million, Rmb 77.9 million, Rmb 638.5 million and Rmb 831.6 million, respectively.

Our Competitive Strengths

We believe we have the following competitive strengths:

- China's leading integrated manufacturer of heavy trucks with the most comprehensive models of heavy trucks and chassis and the largest market share in our core markets in China;
- Leader in heavy truck research and development with the largest number of registered patents among heavy truck manufacturers in China;
- Highly modulized design system and flexible manufacturing process which enable us to maintain operational efficiency and product diversity;
- Cost competitiveness through centralized procurement and fully integrated production with the ability to manufacture most of our key parts and components internally;
- Extensive sales and service network supported by an advanced proprietary MIS system to offer our products and services to customers nationwide and overseas;
- Well-recognized brand name and solid business reputation with differentiated product images within each targeted market; and
- Experienced and entrepreneurial management team with strategic vision and leadership.

Our Business Strategies

We aim to strengthen our leading position in the PRC heavy truck industry, particularly in the heavier categories of heavy trucks, to globalize our business and to become a leading heavy truck manufacturer in the world. We will focus on technological leadership, cost competitiveness, product diversification and international expansion. To that end, we have developed the following business strategies:

- Continue to develop new technologies and products;
- Enhance our operating efficiency and cost competitiveness;
- Expand our production capacity to meet customer demand and capture growth opportunities in the heavy truck market;
- Expand our domestic sales and service network to penetrate new regional markets;
- Globalize our business; and
- Continue to build our SINOTRUK brand-name.

Risk Factors

There are risks involved in our operations. Many of these risks are beyond our control. We group our risks into four categories as follows:

Risks relating to our business

- Failure to market our existing key products or to design and introduce new products that are tailored for the different regional markets may cause losses of customers and market share;
- If we cannot compete successfully against our competitors, our market share and profitability may decline;
- We may lack adequate production capacity to meet further market demand for our products, and our contemplated facility expansion may not be completed as smoothly as we plan, all of which could cause us to lose market share;
- If our suppliers fail to deliver parts and components and raw materials on a timely basis or meet our product quality standards, our business could be adversely affected;
- Our profitability will be affected if we fail to maintain our cost competitiveness due to increased costs of raw materials, energy and parts and components or other factors;
- Our operations and sales practice result in a significant level of inventories and we are therefore subject to the risk of inventory obsolescence and write-downs;
- We rely on third-party dealers to sell our trucks or provide after-sales services to our end users, and any failure by these dealers to adhere to our sales and service policies or any failure by us to effectively manage these dealers may adversely affect our business;
- Our business relies heavily on technologies that are subject to rapid and continuous changes and we cannot guarantee that we will be able to develop our own proprietary technologies or acquire important technologies;
- Our measures to protect our intellectual property rights against infringement may not be adequate and we may be exposed to infringement claims;
- We expect to have significant cash flow requirements to meet our capital investment needs in the near term and our highly leveraged financial position may adversely affect our ability to obtain adequate funds;
- Historically, we had net working capital deficits and although we recently achieved a positive working capital position, there can be no assurance that we can maintain this positive working capital position in the future;

- We may not be able to continue to expand into foreign markets successfully;
- Business interruptions due to force majeure and other causes could adversely affect our operations;
- Our business and growth strategy could suffer if we are unable to hire and retain key management personnel, key engineering staff and skilled workers;
- We may not be able to sustain our historically high rate of growth;
- The interests of our controlling shareholder may differ from those of our other Shareholders;
- The interests of minority public shareholders of our subsidiary, Sinotruk Jinan Truck Company, may differ from those of ours and our Shareholders;
- If our subsidiaries are restricted from paying dividends to us, our primary internal source of funds would decrease;
- Dividends from our PRC subsidiaries may be subject to withholding tax under the new PRC tax law;
- If we fail to maintain effective internal controls, our business, financial condition, results of operations and reputation, as well as our ability to produce accurate and timely financial disclosure and reports, could be materially and adversely affected; and
- We do not possess valid title to certain properties that we occupy.

Risks relating to the heavy truck industry in China

- We operate in a cyclical industry and our results of operations tend to fluctuate with the performance of the PRC industrial sector and overall economic development in China;
- Continuous expansion of the PRC heavy truck industry may result in over-capacity, which could adversely affect our sales and overall business prospects;
- The customary practice of not carrying product liability insurance in the PRC automotive industry may subject us to potential product liability claims;
- Fuel shortages and increases in fuel prices may adversely affect the demand for heavy trucks;
- Environmental protection laws and policies in China and other countries where our products are marketed may subject us to significant compliance costs;

- Compliance with the new fuel economy standards may increase our research and production costs; and

- Compliance costs for regulations on recall of defective vehicles and the PRC automotive industry regulations in general could be high.

Risks relating to conducting business in China

- Political and economic policies of the PRC government could adversely affect our business and results of operations;

- We may become vulnerable to exchange rate fluctuations;

- We are subject to foreign exchange regulations and controls in China;

- The PRC legal system is not fully developed and has inherent uncertainties that could limit the legal protections available to our Shareholders;

- It may be difficult to effect service of process upon us, our Directors or our senior management or to enforce any judgments obtained from non-PRC courts; and

- The outbreak of any severe communicable disease in China, if uncontrolled, could adversely affect our business.

Risks relating to this Global Offering

- There has been no prior public market for our Shares;

- The liquidity and market prices of our Shares following this Global Offering may be volatile;

- Sales of substantial amounts of our Shares in the public market after the Global Offering could adversely affect the prevailing market price of our Offer Shares;

- You will experience immediate and substantial dilution as a result of the Global Offering;

- We cannot guarantee the accuracy of facts and statistics with respect to certain official economic and industry information contained in this prospectus; and

- You should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media, including, in particular, any projections, valuations or other forward-looking information.

Trade Financing

Our Parent Company and some of our PRC subsidiaries obtained working capital through issuing commercial/bank notes to each other and discounting them from relevant banks during the Track Record Period, in amounts which exceeded the amount of actual intra-Group transactions. Although such practice is not in compliance with the relevant PRC laws, on the basis that we have utilized such trade financing practice to fund short-term working capital and we have repaid all amounts due to the relevant banks on time, our PRC counsel has advised that we and our Directors and senior management will not be subject to any criminal, administrative or civil liabilities, sanctions, fines or penalties as a result of such activities. Our Parent Company has agreed to indemnify us against any and all potential losses, liabilities and expenses, if any, arising out of claims, fines, penalties and sanctions relating to our use of these non-compliant commercial/bank notes. We ceased to conduct such non-compliant trade financing in September 2006 and have subsequently taken a series of actions to address this issue. See "Business — Trade Financing" section in this prospectus for further details.

Our Parent Company has agreed to indemnify us against any and all potential losses, liabilities and expenses, if any, arising out of claims, fines, penalties and sanctions relating to our use of these non-compliant commercial/bank notes.

Trading Record

The following table presents our selected consolidated financial data as of and for the years ended December 31, 2004, 2005 and 2006 and as of and for the nine months ended September 30, 2006 and 2007. These selected financial data have been derived from the Accountants' Report set out in Appendix I to this prospectus. Our financial information was prepared on the basis of presentation as set forth in Note 2 to the Accountants' Report and in the section entitled "Financial Information" in this prospectus. Due to our Reorganization and certain assets and liabilities being transferred to or retained by our Parent Company, our financial information included in this prospectus may not necessarily reflect our results of operations, financial position and cash flows in the future or what they would have been had we been a separate, stand-alone entity during the periods presented. Our financial position and results of operations for the historical periods prior to June 30, 2006 may not be directly comparable to any subsequent period. You should read the Accountants' Report and the financial statements included in the report, including the accompanying notes, for more detailed information and explanation.

Unless the context otherwise requires, "2004," 2005" and "2006" in this prospectus refer to our financial years ended December 31, 2004, 2005 and 2006, respectively.

	Year ended December 31,			Nine months ended September 30,	
	2004	2005	2006	2006	2007
				(unaudited)	
	(Rmb in thousands, except percentages)				
Selected Consolidated Income Statement Information					
Revenue	10,163,580	9,114,437	12,767,450	9,092,213	16,141,370
Cost of sales	(8,694,750)	(7,983,012)	(10,529,568)	(7,504,091)	(13,184,227)
Gross profit	1,468,830	1,131,425	2,237,882	1,588,122	2,957,143
Distribution costs	(334,572)	(427,401)	(649,904)	(463,666)	(778,269)
Administrative expenses	(529,834)	(497,995)	(638,673)	(468,069)	(604,698)
Other gains — net	153,318	88,489	372,555	347,674	114,224
Operating profit	757,742	294,518	1,321,860	1,004,061	1,688,400
Finance costs — net	(206,141)	(58,556)	(135,202)	(78,296)	(73,492)
Profit before income tax	551,601	235,962	1,186,658	925,765	1,614,908
Income tax expense	(189,950)	(112,357)	(406,775)	(312,056)	(540,980)
Profit for the period	361,651	123,605	779,883	613,709	1,073,928
Attributable to:					
Equity holder of our company	301,323	77,869	638,465	523,470	831,568
Minority interests	60,328	45,736	141,418	90,239	242,360
Other Selected Financial Data					
Gross margin	14.5%	12.4%	17.5%	17.5%	18.3%
Operating margin	7.5%	3.2%	10.4%	11.0%	10.5%

	As of December 31,			As of September 30,
	2004	2005	2006	2007
	(Rmb in thousands)			
Selected Consolidated Balance Sheet Information				
Assets				
Non-current Assets	2,156,060	2,952,193	3,090,734	3,742,977
Current Assets	9,307,988	12,821,107	12,447,254	11,213,722
Total Assets	11,464,048	15,773,300	15,537,988	14,956,699
Equity and Liabilities				
Total Equity	(1,288,192)	(1,402,613)	1,585,033	2,656,617
Non-current Liabilities	2,173,466	1,957,167	506,463	1,768,083
Current Liabilities	10,578,774	15,218,746	13,446,492	10,531,999
Total equity and liabilities	11,464,048	15,773,300	15,537,988	14,956,699

Selected Operating Data

The following table sets forth our selected operating data for the periods indicated.

	Year ended December 31,			Nine months ended September 30,
	2004	2005	2006	2007
Trucks sold (units)	43,216	35,378	51,573	63,274

Profit Forecast for the Year Ending December 31, 2007

Forecast consolidated profit attributable to equity holder of our company(1)	not less than Rmb 1,003.3 million
Forecast pro forma basic earnings per Share(2)	not less than Rmb 0.46 (HK$0.47)

(1) The bases and assumptions on which we have prepared the above profit forecast are set out in Appendix III to this prospectus.

(2) The calculation of forecast pro forma basic earnings per Share assumes no exercise of the Over-allotment Option. The calculation of the forecast pro forma basic earnings per Share is based on the forecast consolidated profit attributable to equity holder of our company for the year ending December 31, 2007 and a total of 2,202,000,000 Shares in issue during the entire year.

Offering Statistics

We have compiled the Global Offering statistics on the assumption that the Over-allotment Option is not exercised. We have calculated these offering statistics by translating Renminbi amounts into Hong Kong dollars at the rate of HK$1.00 = Rmb 0.96035, being the PBOC Rate on November 5, 2007. The indicative offer prices of HK$10.00 and HK$12.88 per Offer Share do not include the 1% brokerage fee, 0.004% Securities and Futures Commission transaction levy and 0.005% Stock Exchange trading fee, which are payable by investors under the Global Offering.

	Based on indicative offer price of HK$10.00 per Offer Share	Based on indicative offer price of HK$12.88 per Offer Share
Our market capitalization upon completion of the Global Offering(1)	HK$22,020.0 million	HK$28,361.8 million
Prospective price/earnings multiple pro forma basis(2)	21.1 times	27.1 times
Pro forma adjusted net tangible asset value per Share(3)	HK$3.84	HK$4.71

(1) The calculation of the market capitalization is based on the assumption that 2,202,000,000 Shares will be in issue and outstanding immediately following the completion of the Global Offering (excluding any Shares which may be issued under the Over-allotment Option).

(2) Our prospective price/earnings multiple on a pro forma basis in the above table is based on each indicative offer price and the forecast pro forma basic earnings per Share for the year ending December 31, 2007 set out in "— Profit Forecast for the Year Ending December 31, 2007" above.

(3) The pro forma adjusted net tangible asset value per Share in the above table is calculated after the adjustments referred to in the section entitled "Financial Information — Unaudited Pro Forma Net Tangible Assets" in this prospectus and on the basis of a total of 2,202,000,000 Shares in issue immediately following the Global Offering (excluding any Shares which may be issued under the Over-allotment Option).

Use of Proceeds

We estimate that the net proceeds of the Global Offering, after deducting related expenses payable by us, will be approximately HK$7,580.3 million, assuming an Offer Price of HK$11.44 per Share, being the mid-point of our proposed range of indicative offer prices of HK$10.00 and HK$12.88, and before exercise of Over-allotment Option.

To effect our future plans and strategies, we plan to use our net proceeds from this Global Offering as follows:

- Approximately HK$1,200 million for expanding the engine manufacturing capacity and enhancing the technology level of Sinotruk Hangzhou Engine, including the relocation of its manufacturing facilities, in Xiaoshan district of Hangzhou;

- Approximately HK$800 million for expanding our forging capacity and enhancing the technology level at Sinotruk Jinan Power in Zhangqiu district of Jinan;

- Approximately HK$700 million for expanding our truck manufacturing capacity and enhancing technology level at Sinotruk Jinan Truck Company, including the construction of its new manufacturing facilities in Jinan;

- Approximately HK$600 million for expanding our truck manufacturing capacity at and enhancing technology level at Sinotruk Jinan Commercial Truck Company, including the construction of its new manufacturing facilities in Zhangqiu district of Jinan;

- Approximately HK$700 million for research and development;

- Approximately HK$600 million for domestic and overseas market expansion;

- Approximately HK$2,500 million for repaying some of our borrowings. As of September 30, 2007, we had borrowings in an aggregate principal amount of approximately Rmb 2,872.5 million, with annual interest rates ranging from 3.12% to 7.29% and maturity dates between October 2007 and September 2008; and

- The remaining net proceeds for our general working capital.

In the event that the Over-allotment Option is exercised in full, we estimate that we will receive net proceeds of approximately HK$8,724.4 million after deducting the underwriting commissions and other estimated offering expenses. We intend to use additional net proceeds of approximately HK$1,144.1 million to repay the remaining balance of our borrowings in the amount of approximately Rmb372.5 million after the repayment of HK$2,500 million described above and to increase our general working capital up to approximately HK$870 million. The remaining additional net proceeds will be proportionally allocated to research and development, and domestic and overseas market expansion.

To the extent that our net proceeds from the Global Offering are not immediately required for the above purposes, we intend to place them in short-term, interest-bearing, foreign currency deposits at any commercial bank in China or Hong Kong.

In the event that the Offer Price is set at the high-end of the indicative offer price range and the Over-allotment Option is not exercised at all, we will receive net proceeds of approximately HK$8,540.4 million. We intend to use additional net proceeds of approximately HK$960.1 million to repay the remaining balance of our borrowings in the amount of approximately Rmb372.5 million after the repayment of HK$2,500 million described above and to increase our general working capital up to approximately HK$850 million. The remaining additional net proceeds will be proportionally allocated to research and development, and domestic and overseas market expansion. In the event that the Offer Price is set at the high-end of the indicative offer price range and the Over-allotment Option is exercised in full, we will receive net proceeds of approximately HK$9,828.4 million. We intend to use additional net proceeds of approximately HK$2,248.1 million to repay the remaining balance of our borrowings in the amount of approximately Rmb372.5 million after the repayment of HK$2,500 million described above and to increase our general working capital up to approximately HK$980 million. The remaining additional net proceeds will be proportionally allocated to research and development, and domestic and overseas market expansion.

In the event that the Offer Price is set at the low-end of the indicative offer price range and the Over-allotment Option is not exercised at all, we will receive net proceeds of approximately HK$6,620.3 million. Under such circumstances, the net proceeds allocated to repay our borrowings and for working capital will be reduced. In the event that the Offer Price is set at the low-end of the indicative offer price range and the Over-allotment Option is exercised in full, we will receive net proceeds of approximately HK$7,620.3 million. We intend to use additional net proceeds of approximately HK$40.0 million to repay our borrowings.

In this prospectus, the following expressions have the following meanings unless the context otherwise requires. Certain technical terms are explained in the section entitled "Glossary of Technical Terms" in this prospectus.

"Application Forms"	white application form(s), yellow application form(s) and green application form(s) or, where the context so requires, either of them, that is used in connection with the Hong Kong Public Offering
"Articles of Association"	our articles of association, adopted on November 3, 2007
"Asset Injection Agreement"	the asset injection agreement, dated April 2, 2007, among the Parent Company, Sinotruk (BVI) and our company, as described in "Appendix VII — Statutory and General Information — Further Information About Us — Corporate history and reorganization" to this prospectus
"associate"	has the meaning ascribed to it under the Listing Rules, which includes (i) in relation to an individual, his spouse and children under the age of 18, certain trustees, his or his family holding companies, as well as companies over which he, his family, trustee interests and holding companies exercise at least 30% voting power; (ii) in relation to a company, its subsidiaries, its holding companies, subsidiaries of such holding companies, certain trustees, as well as companies over which such company and its subsidiaries, trustee interests, holding companies and subsidiaries of such holding companies together exercise at least 30% voting power; and (iii) in the context of connected transactions, certain connected persons and enlarged family members of a director, chief executive or substantial shareholder of a listed issuer
"Board of Directors" or "Board"	our board of directors
"business day"	any day (other than any Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business throughout their normal business hours
"CAGR"	compound annual growth rate
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Broker Participant"	a person admitted to participate in CCASS as a broker participant

"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Broker Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"China" or "PRC" or "P.R. China"	the People's Republic of China, but for the purpose of this prospectus for geographical and statistical references only and except where the context otherwise requires, references in this prospectus to "China" and "PRC" do not include Hong Kong, Macau and Taiwan
"China Heavy Truck Group 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 China with limited liability, and our ultimate sole parent prior to the Global Offering and the controlling shareholder immediately after the Global Offering
"CICC"	China International Capital Corporation Limited
"CICC Hong Kong"	China International Capital Corporation (Hong Kong) Limited, licensed to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activity under the SFO
"Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Connected Person"	has the meaning ascribed to it in the Listing Rules, including (i) our Directors, (ii) our senior management members, (iii) any of our Shareholders with 10% or more of our voting stock, (iv) any of our former Directors within the preceding 12 months, and (v) any associate of the persons referred to in the above-listed categories
"controlling shareholder"	has the meaning ascribed to it in the Listing Rules, including any person or group of persons who are entitled to exercise 30% or more of the voting power at our general meetings or are in a position to control the composition of a majority of our Board

"CSRC"	中國證券監督管理委員會 (China Securities Regulatory Commission)
"Director(s)"	our directors or any one of them
"GDP"	gross domestic product (all references to GDP growth rates are to real as opposed to nominal growth rates of GDP)
"GFA"	gross floor area
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Hangzhou Engine Factory"	杭州汽車發動機廠 (Hangzhou Engine Factory), a state-owned enterprise wholly owned by our Parent Company, which has injected a majority of its engine manufacturing business into Sinotruk Hangzhou Engine in connection with the Reorganization
"HKFRS"	Hong Kong Financial Reporting Standards
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
"Hong Kong"	the Hong Kong Special Administrative Region of China
"Hong Kong dollars" or "HK$" and "cents"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
"Hong Kong Offer Shares"	the 70,200,000 Shares initially offered by us for subscription in the Hong Kong Public Offering, subject to reallocation as described in "Structure of the Global Offering"
"Hong Kong Public Offering"	our offer of Hong Kong Offer Shares for subscription by the public in Hong Kong for cash (subject to adjustment) at the Offer Price and on the terms and conditions described in this prospectus and the Application Forms, as further described in the section entitled "Structure of the Global Offering — Hong Kong Public Offering" in this prospectus
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in the section entitled "Underwriting — Hong Kong Underwriters" in this prospectus

"Hong Kong Underwriting Agreement"	the underwriting agreement relating to the Hong Kong Public Offering entered into by the Joint Global Coordinators, the Hong Kong Underwriters and us on or around November 14, 2007
"International Offer Shares"	the 631,800,000 Shares initially offered by us under the International Offering together, where relevant, with any additional Shares offered pursuant to any exercise of the Over-allotment Option, subject to reallocation as described in "Structure of the Global Offering" in this prospectus
"International Offering"	the conditional placing by the International Underwriters of the International Offer Shares with institutional and professional investors, for cash at the Offer Price, as further described in the section entitled "Structure of the Global Offering — International Offering" in this prospectus
"International Underwriters"	the underwriters of the International Offering and parties to the International Underwriting Agreement as described in the section entitled "Underwriting — International Offering" in this prospectus
"International Underwriting Agreement"	the purchase agreement relating to the International Offering to be entered into on or about the Price Determination Date by the Joint Global Coordinators, the International Underwriters and us, as further described in the section entitled "Underwriting — International Offering" in this prospectus
"Jinan Fuqiang Power"	濟南復強動力有限公司 (Jinan Fuqiang Power Co., Ltd.), a sino-foreign equity joint venture established on January 14, 1995, 51% of which is owned by us and the remaining 49% by R.A. Lister Overseas Investments Limited
"JPMorgan"	J.P. Morgan Securities (Asia Pacific) Limited
"JPMorgan Securities"	J.P. Morgan Securities Ltd.
"Joint Bookrunners"	CICC and JPMorgan Securities
"Joint Global Coordinators"	CICC and JPMorgan Securities
"Joint Lead Managers and Joint Sponsors"	CICC Hong Kong and JPMorgan
"Latest Practicable Date"	November 8, 2007, being the latest practicable date for ascertaining certain information in this prospectus prior to its publication

"Listing"	the listing of the Shares on the Stock Exchange
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Date"	the date, expected to be on or about November 28, 2007, on which our Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Macau"	the Macau Special Administrative Region of China
"MAN"	MAN Aktiengesellschaft and its affiliates, a German-based truck manufacturer
"Ministry of Commerce"	中華人民共和國商務部 (the PRC Ministry of Commerce)
"Ministry of Communications"	中華人民共和國交通部 (the PRC Ministry of Communications)
"Ministry of Finance"	中華人民共和國財政部 (the PRC Ministry of Finance)
"NSSF"	中華人民共和國全國社會保障基金 (the PRC National Social Security Fund)
"NDRC"	中華人民共和國國家發展和改革委員會 (the PRC National Development and Reform Commission)
"Non-competition Undertaking"	a non-competition undertaking executed by China Heavy Truck Group Company and Sinotruk (BVI) on November 3, 2007 in favor of our company, as further described in the section entitled "Relationship with the Parent Company — Non-competition Undertaking" of this prospectus
"Offer Price"	the final Hong Kong dollar price per Offer Share (exclusive of 1.0% brokerage fee, 0.005% Stock Exchange trading fee and 0.004% SFC transaction levy) at which our Offer Shares are to be subscribed and issued pursuant to the Global Offering, to be determined as described in the section entitled "Structure of the Global Offering — Pricing of the Global Offering" in this prospectus
"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares together, where relevant, with any additional Shares issued pursuant to any exercise of the Over-allotment Option

"Over-allotment Option"	the option granted by us to the Joint Global Coordinators on behalf of the International Underwriters for up to 30 days from the last day for the lodging of applications under the Hong Kong Public Offering to require us to allot and issue up to an aggregate of 105,300,000 additional Shares each at the Offer Price to, among other things, cover over-allocations in the International Offering, if any, details of which are described in the section entitled "Structure of the Global Offering — Over-allotment Option" in this prospectus
"PBOC"	中國人民銀行 (People's Bank of China), the central bank of China
"PBOC Rate"	the medium exchange rate of Renminbi for foreign exchange transactions published daily by PBOC based on the China inter-bank foreign exchange market closing rate of the previous day and with reference to current exchange rates on the world financial markets
"PRC Company Law"	中華人民共和國公司法 (Company Law of China), as enacted by the Standing Committee of the Eighth National People's Congress of China on December 29, 1993 and effective on July 1, 1994, as the same may be amended, supplemented or otherwise modified from time to time
"PRC Enterprise Income Tax Law"	中華人民共和國企業所得稅法, as enacted by the Tenth National People's Congress on March 16, 2007 and effective on January 1, 2008, also referred to as the new tax law in this prospectus
"PRC GAAP"	accounting rules and regulations in China
"PRC government"	the central government of China and all governmental subdivisions (including provincial, municipal and other regional or local governments) and organs thereof or, as the context requires, any of them
"Price Determination Date"	the date, expected to be on or around November 21, 2007 but no later than November 26, 2007, on which the Offer Price will be fixed by the Joint Global Coordinators, on behalf of the Underwriters and us for the purposes of the Global Offering
"Protiviti"	Protiviti Shanghai Corporation Limited, an independent internal control advisor
"Regulation S"	Regulation S under the U.S. Securities Act

"Reorganization"	the reorganization of the group of companies now comprising our company, effective on June 30, 2006, as described in the sections entitled "History, Reorganization and Corporate Structure — Reorganization" and "Appendix VII — Statutory and General Information — Further Information About Us — Corporate history and reorganization" in this prospectus
"Reorganization Agreement"	the reorganization agreement, dated April 2, 2007, among the Parent Company, Sinotruk (BVI) and our company, relating to the Reorganization
"Rmb" and "Renminbi"	the lawful currency of China
"SAFE"	中華人民共和國國家外匯管理局 (the PRC State Administration of Foreign Exchange)
"SAIC"	中華人民共和國國家工商行管理總局 (the PRC State Administration for Industry and Commerce)
"SASAC"	國務院國有資產監督管理委員會 (the State-owned Assets Supervision and Administration Commission of the State Council)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shandong Dadi Construction Supervision"	山東大地建設監理有限責任公司 (Shandong Dadi Construction Supervision Co., Ltd.), a PRC company with limited liability established on December 18, 1996, 60% of which is owned by us and the remaining 40% by our Parent Company
"Shandong SASAC"	the Shandong provincial counterpart of SASAC
"Shares"	ordinary shares in our capital with a nominal value of HK$0.10 each
"Share Registrar"	Computershare Hong Kong Investor Services Limited
"Shareholder"	a holder of our Share(s) from time to time
"Sinotruk (BVI)"	Sinotruk (BVI) Limited (中國重汽(維爾京群島)有限公司), an international business company with limited liability established under the laws of the British Virgin Islands on January 31, 2007 and our immediate controlling shareholder

"Sinotruk Chongqing Fuel System"	中國重汽集團重慶燃油噴射系統有限公司 (Sinotruk Chongqing Fuel System Co., Ltd.), a PRC company with limited liability established on June 28, 2006 and our indirect wholly owned subsidiary
"Sinotruk Factory Design Institute"	中國重汽集團設計研究院有限公司 (Sinotruk Factory Design Institute Co., Ltd.), a PRC company with limited liability established on July 6, 1993 and our wholly owned subsidiary
"Sinotruk Finance Company"	中國重汽財務有限公司 (Sinotruk Finance Co., Ltd.), a PRC company with limited liability established on October 4, 1987 and our 54.4%-owned subsidiary, with the remaining 45.6% owned by a number of independent third parties
"Sinotruk Group"	our company, including our subsidiaries, and the Parent Company, including its associates
"Sinotruk Hangzhou Engine"	中國重汽集團杭州發動機有限公司 (Sinotruk Hangzhou Engine Co., Ltd.), a PRC company with limited liability established on April 30, 2006 and our indirect wholly owned subsidiary and, where the context refers to any time prior to its incorporation, Hangzhou Engine Factory and its businesses
"Sinotruk Hong Kong International Investment Company"	中國重汽(香港)國際資本有限公司 (Sinotruk (Hong Kong) International Investment Limited), a Hong Kong company with limited liability established on August 6, 2004 and our wholly owned subsidiary
"Sinotruk Jinan Axle & Transmission Company"	中國重汽集團濟南橋箱有限公司 (Sinotruk Jinan Axle & Transmission Co., Ltd.), a PRC company with limited liability established on December 26, 2005 and our indirect majority owned subsidiary
"Sinotruk Jinan Commercial Truck Company"	中國重汽集團濟南商用車有限公司 (Sinotruk Jinan Commercial Truck Co., Ltd.), a PRC company with limited liability established on January 17, 2001 and our wholly owned subsidiary
"Sinotruk Jinan Ganghua Import & Export Company"	中國重汽集團濟南港華進出口有限公司 (Sinotruk Jinan Ganghua Import & Export Co., Ltd.), a PRC company with limited liability established on December 23, 2005 and our wholly owned subsidiary
"Sinotruk Jinan Power"	中國重汽集團濟南動力有限公司 (Sinotruk Jinan Power Co., Ltd.), a PRC company with limited liability established on April 27, 2006 and our wholly owned subsidiary

"Sinotruk Jinan Technical Center"	中國重汽集團濟南技術中心有限公司 (Sinotruk Jinan Technical Center Co., Ltd.), a PRC company with limited liability established on December 26, 2005 and our wholly owned subsidiary
"Sinotruk Jinan Truck Company"	中國重汽集團濟南卡車股份有限公司 (Sinotruk Jinan Truck Co., Ltd.), a PRC joint stock company with limited liability established on September 28, 1998 and our 63.8% owned subsidiary, with its shares listed on the Shenzhen Stock Exchange in China
"Sinotruk Shandong Import & Export Company"	中國重汽集團山東進出口有限公司 (Sinotruk Shandong Import & Export Co., Ltd.), a PRC company with limited liability established on November 9, 2001 and our wholly owned subsidiary
"Stabilizing Manager"	JPMorgan Securities, as the stabilizing manager of the Global Offering
"State Council"	中華人民共和國國務院 (the PRC State Council)
"Steyr"	Steyr Daimler Puch Aktiengesellschaft, formerly an independent Austria-based integrated truck manufacturer and now a part of MAN
"Stock Borrowing Agreement"	a stock borrowing agreement expected to be entered into between Stabilizing Manager and Sinotruk (BVI), pursuant to which Sinotruk (BVI) will lend up to 105,300,000 Shares to Stabilizing Manager on the terms set out therein, further details of which are set out in the section entitled "Information about This Prospectus and the Global Offering — Over-allotment and Stabilization" in the prospectus
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary"	has the meaning ascribed to it in section 2 of the Companies Ordinance, pursuant to which, among other things, a company will be deemed to be a subsidiary of another company if (a) that other company (i) controls the composition of the board of directors of the first-mentioned company, or (ii) controls more than half of the voting power of the first-mentioned company, or (iii) holds more than half of the issued share capital of the first-mentioned company (excluding any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital); or (b) the first-mentioned company is a subsidiary of any company which is that other company's subsidiary

"Track Record Period"	the three years ended December 31, 2004, 2005 and 2006 and the nine months ended September 30, 2007
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"U.S." or "United States"	the United States of America, its territories and possessions and all areas subject to its jurisdiction
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"U.S. Exchange Act"	the U.S. Securities Exchange Act of 1934, as amended, supplemented or otherwise modified from time to time, including the rules and regulations promulgated thereunder
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, including the rules and regulations promulgated thereunder
"we," "our," "us" and "our company"	Sinotruk (Hong Kong) Limited, 中國重汽(香港)有限公司, a company incorporated under the laws of Hong Kong with limited liability on January 31, 2007 and, except where the context otherwise requires, all of its subsidiaries, or, where the context refers to any time prior to its incorporation, the businesses which the predecessors of its present subsidiaries were engaged in and which were subsequently assumed by such subsidiaries pursuant to the Reorganization in contemplation of the Global Offering
"Weichai Factory"	濰坊柴油機廠 (Weifang Diesel Engine Works), a company established under the laws of China with limited liability, and formerly owned by the Parent Company
"Weichai Power"	濰柴動力股份有限公司 (Weichai Power Co., Ltd.), a PRC joint-stock company with limited liability established on December 23, 2002, with its H shares listed on the Stock Exchange, and where the context refers to any time prior to its incorporation, its predecessor and businesses
"White Form eIPO"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website for White Form eIPO at www.eipo.com.hk

"White Form eIPO Service Provider"	the White Form eIPO service provider designated by the company, as specified on the designated website at www.eipo.com.hk
"WTO"	the World Trade Organization
"ZF"	ZF Friedrickshafen and its affiliates, a German-based automotive parts manufacturer

The following glossary contains explanations of certain technical terms and definitions used in this prospectus as applicable to our company and business. These technical terms and their meanings may not correspond to their standard industry meanings or usages.

"4S"	representing "sales," "spare parts," "services" and "surveys," the four principal functions performed by 4S independent stores that specialize in sales of trucks and spare parts made by one manufacturer exclusively as well as providing after-sales services and collecting market information for that manufacturer
"ABS"	anti-lock braking system of an automobile that prevents its brakes from locking when brakes are applied fiercely or applied on slippery road surfaces
"axle"	includes steering, driving and trailing or non-drive wheel axles in an automobile, with the steering axle connected to its steering system through a steering gear to control the direction of the moving vehicle, with the driving axle connected to the driving power from the engine through a propeller shaft to transmit such driving power to the driving wheels and with the trailing or non-drive axle upholding additional passive wheels of the automobile
"cargo truck"	any of the trucks equipped with cargo-carrying spaces
"chassis"	substantially complete trucks with steel frames, engines, transmissions and driving systems subject, however, to additional fittings to become complete vehicles, typically specialty vehicles, such as fire engines and ambulances
"China I Engine(s)"	engine(s) that meet the China I Standards
"China I" or "China I Standards"	a set of standards developed by the PRC government on the basis of Euro I standards that limit the exhaust emission by automobiles of carbon monoxide at 4.5 g/kWh, hydrocarbons at 1.1 g/kWh, nitrogen oxides at 8.0 g/kWh, and particulate matters at 0.36 g/kWh
"China II Engine(s)"	engine(s) that meet the China II Standards
"China II" or "China II Standards"	a set of standards developed by the PRC government on the basis of Euro II standards that limits the emission by automobiles of carbon monoxide at 4.0 g/kWh, hydrocarbons at 1.1 g/kWh, nitrogen oxides at 7.0 g/kWh, and particulate matters at 0.15 g/kWh
"China III Engine(s)"	engine(s) that meet the China III Standards

"China III" or "China III Standards"	a set of standards developed by the PRC government on the basis of Euro III standards that limit the emission by automobiles of carbon monoxide at 2.1 g/kWh, hydrocarbons at 0.66 g/kWh, nitrogen oxides at 5.0 g/kWh, particulate matters at 0.13 g/kWh, and smoke at 0.8 m^{-1}
"China IV" or "China IV Standards"	a set of standards developed by the PRC government on the basis of Euro IV standards that limit the emission by automobiles of carbon monoxide at 1.5 g/kWh, hydrocarbons at 0.46 g/kWh, nitrogen oxides at 3.5 g/kWh, particulate matters at 0.02 g/kWh, and smoke at 0.5 m^{-1}
"CKD"	vehicle sets completely knocked down
"commercial vehicle"	any of the vehicles designed for transporting cargo and/or persons (over nine persons), such as trucks, buses and specialty vehicles
"gearbox"	a manual gearbox of an automobile as used in this prospectus, which allows the driver to select the gear to be engaged through the intermesh of gearwheels of different sizes in the gearbox to achieve a greater variation in torque and speed
"GVW"	gross vehicle weight, a measure that includes the actual weight of the vehicle and its gross loading capacity
"heavy truck"	prior to 2005, any truck with a GVW over 14 tonnes (including cargo trucks, truck chassis and semi-tractor trucks) under the classification standards in China; and since and including 2005, any cargo truck or truck chassis with a GVW over 14 tonnes and any semi-tractor truck with trailing capacity over 12 tonnes under the classification standards in China
"horsepower"	a unit for measuring the power of an engine with one horsepower equalling 0.736kW
"kW"	1.0 kiloWatt is equal to 1.36 horsepower
"kWh"	kiloWatt-hour, a measure of engine output
"rpm"	revolutions per minute
"semi-tractor truck"	any of the trucks that are not equipped with cargo spaces themselves, but are instead fitted with interfacing equipment to haul containers and semi-trailers
"shock absorber"	a mechanical device in an automobile designed to smooth out a sudden shock impulse

"steering box"	a metal casing installed onto the steering axle of an automobile to reinforce the torsional movement of the steering wheel to facilitate the steering of the automobile by its driver
"tonne"	a metric tonne equalling 1,000 kilograms
"transmission"	an assembly of the clutch, gearbox, propeller shaft and the driving axle in an automobile by which the driving power is transmitted from its engine to its driving wheels

You should carefully consider all of the risks and uncertainties described below before making an investment in our Shares. You should pay particular attention to the fact that, although we are incorporated in Hong Kong, our business is located almost exclusively in China and that we operate under a legal and regulatory environment which may differ from that prevails in other countries. Our business, financial condition and results of operations may be materially adversely affected by any of these risks and uncertainties. The trading price of our Shares may decline due to any of these risks and uncertainties, and you may lose all or part of your investment as a result.

There are risks and uncertainties involved in our operations. Many of these risks and uncertainties are beyond our control. We group our risks and uncertainties into four categories as follows:

- risks relating to our business;
- risks relating to the heavy truck industry in China;
- risks relating to conducting business in China; and
- risks relating to this Global Offering.

Additional risks and uncertainties not presently known to us or that we currently deem immaterial may develop and become material and could also harm our business, financial condition and results of operations.

Risks Relating to Our Business

Failure to market our existing key products or to design and introduce new products that are tailored for the different regional markets may cause losses of customers and market share

We believe that consumer preferences and market demands for heavy trucks vary from region to region due to factors such as culture, level of industrial development, environment, climate, topography, local economy and local development policies. In order to service the diverse markets, we have developed and engineered over 2,000 models of heavy trucks under the PRC automotive classification standards out of our four major product series, HOWO, Sitaier King, Sitaier and Huanghe. If we fail to maintain high quality of our products, resulting in sales returns or warranty claims, the market demand for any of our existing key truck products will decline. In addition, if we fail to design and introduce new models tailored to meet the different customer demands in each different regional market, our customer base, market share, profitability and financial condition will be adversely affected.

If we cannot compete successfully against our competitors, our market share and profitability may decline

We operate in a highly concentrated and intensely competitive market. Our products compete on the basis of product design, quality, performance, price, sales network and after-sales services. The competition is primarily among a few major PRC heavy truck manufacturers. According to the China Automotive Industry Association, the top five manufacturers accounted for 82.5% of the PRC heavy truck market in terms of sales volume for the nine months ended September 30, 2007. In addition to competition from domestic heavy truck manufacturers, we also face pressure from international heavy truck manufacturers. The PRC government currently imposes limitations on the number of joint ventures each foreign automobile manufacturer may form in China. Should the PRC government lift such restrictions, our competition may increase. Our competitors, domestic or foreign, may have competitive advantages over us, such as greater financial or other resources, stronger manufacturing and distribution capabilities, more advanced technologies and equipment, better product quality, higher brand recognition, and a wider customer base. To compete successfully, we may need to incur additional capital expenditures to improve product quality, enhance product performance and strengthen our existing sales network through further marketing and promotional efforts. However, we cannot assure you that our strategies will be effective nor can we predict what measures our competitors may take. If we cannot maintain our competitiveness in the market, we may lose our market share, experience slower growth of our customer base, or suffer a reduction in our profit margin, any of which could adversely affect our business, results of operations and financial condition.

We may lack adequate production capacity to meet further market demand for our products, and our contemplated facility expansion may not be completed as smoothly as we plan, all of which could cause us to lose market share

The PRC heavy truck industry has experienced significant growth as the macroeconomic conditions in China improved. The market demand for our products has also increased substantially. We have encountered periods of production shortages and experienced delays in our deliveries of truck products to our customers during peak seasons. To prepare for the anticipated future growth of the PRC heavy truck industry and further strengthen and increase our market share, we need to increase our manufacturing capacity. Currently we are planning to upgrade our manufacturing technologies and expand our production capacities at Sinotruk Hangzhou Engine and Sinotruk Jinan Commercial Truck Company to increase our manufacturing capacities of engines and complete trucks, respectively. We will relocate our engine manufacturing facilities in Hangzhou to new facilities in Xiaoshan district in the suburb of Hangzhou. We aim to increase the capacity of Sinotruk Hangzhou Engine to 100,000 units a year after the relocation from its current level of 60,000 units a year. We commenced construction of our new facilities in Xiaoshan in September 2006 and expect to complete them by mid-2008. Sinotruk Jinan Commercial Truck Company also plans to build new production facilities in Zhangqiu district in the suburb of Jinan, we aim to increase its annual production capacity from 10,000 units of heavy trucks at present to 50,000 units of heavy trucks by 2010 based on the full capacity of our new manufacturing equipment and new production lines to be installed by 2010. We commenced the construction of our new production facilities in Zhangqiu in December 2006. For further details of our manufacturing facilities, see "Business — Properties and Facilities — Our manufacturing facilities" in this prospectus.

Our manufacturing capacity expansion plans described above involve construction of new plants, installation of new equipment, assembly of new production lines and other coordination and arrangements. There is no assurance that we will not experience production shortages or that our manufacturing capacity expansion plans will be successfully implemented without delay or at all. Nor can we assure you that our expanded manufacturing capacity will meet our production objective as anticipated. Any failure or delay in implementing any part of these plans may result in a lack of production capacity to fill our customer orders, which could adversely affect our financial condition and profitability, and cause us to lose customers and market share.

If our suppliers fail to deliver parts and components and raw materials on a timely basis or meet our product quality standards, our business could be adversely affected

Our manufacturing depends on adequate supply of quality parts and components and raw materials on a timely basis. Our principal requirements of parts and components from domestic suppliers include gearboxes, tires, springs and steering boxes. In addition, a number of parts and components, such as gearboxes and steering boxes, may be available only from a single source or a limited number of suppliers. Our principal raw materials include various types of steel sheets, pig iron and profiled steel bars.

Suppliers may from time to time extend lead time, limit supplies or increase prices due to capacity constraints or other factors. Although we have entered into framework agreements with some of our suppliers, we do not have long-term supply arrangements with any of our suppliers. We have in the past experienced delays by our suppliers in the delivery of some of their parts and components during peak seasons. If a supplier fails to meet our requirements with respect to the time, quantity, quality and prices we require, whether due to causes within or beyond its control, and we cannot locate a replacement in a timely manner, it could jeopardize or cause a delay in our product delivery, result in our products being unacceptable to our customers and/or otherwise adversely affect our business operations.

Our profitability will be affected if we fail to maintain our cost competitiveness due to increased costs of raw materials, energy and parts and components or other factors

Most of our raw materials, energy and parts and components are procured from third-party suppliers. Prices of raw materials used and energy consumed in truck manufacturing, such as steel and oil, have also increased significantly in the past few years. Such increases have added to our cost of production and, although demand for heavy trucks is growing in China, we may not be able to pass through such increased costs to our customers due in part to the increased competition in the PRC heavy truck market. We attempt to use centralized procurement arrangements, such as bulk purchases and public bidding processes, or to maintain long-term business relationships with key suppliers to reduce our procurement costs, and to adopt an integrated management information system throughout our operations to streamline our production and enhance our operating efficiency. However, there can be no assurance that these measures will maintain our cost competitiveness. If we fail to maintain cost competitiveness, we may experience lower profit margins, which will materially adversely affect our business, results of operations and financial condition.

Our operations and sales practice result in a significant level of inventories and we are therefore subject to the risk of inventory obsolescence and write-downs

We start manufacturing our trucks upon receipt of purchase orders and deposits of generally Rmb 10,000 per truck. End-users or our dealers, however, may delay or default in completing their contractual obligations under purchase agreements due to changes in their financial or operational conditions or other reasons. We are often constrained in such cases from taking legal or other actions against either the end-users or our dealers. Any significant delay in our sales or default by purchasers due to these and other reasons will correspondingly delay our revenue recognition, result in our holding higher levels of inventories, and increase our risk of inventory obsolescence and corresponding inventory write-downs and write-offs.

We rely on third-party dealers to sell our trucks or provide after-sales services to our end users, and any failure by these dealers to adhere to our sales and service policies or any failure by us to effectively manage these dealers may adversely affect our business

We sell a majority of our truck products to end-users through our authorized third-party dealers. We also depend on contracted service stations to provide after-sales services to our customers. Our dealership network primarily consists of 4S centers, exclusive dealers, general dealers and sales partners. We require our 4S centers to sell our products and provide related after-sales services to our trucks on an exclusive basis. We normally enter into 10-year dealership agreements with our 4S centers, which are subject to higher sales targets than other dealers and sales partners. In return, we pay them higher commissions and provide them with subsidies to set up the 4S stores. Although our 4S centers are required under the dealership agreements to return the subsidies and pay us damages in the event of breach, there is no assurance that we will be able to recover our investments in these 4S centers should they fail to perform or breach the agreements.

Our general dealers sell our products on a non-exclusive basis. We normally enter into one-year sales agreements with them and pay them commissions based on their performance. Similarly, we generally enter into one-year service contracts with those service stations that provide after-sales services for our trucks. Our agreements with these third party companies and service stations specify a wide range of requirements that these counterparties are subject to, including, among other things, the geographic distribution and service areas, sales targets, minimum sales prices, marketing efforts, and service standards. We rely on these contractual obligations to impose our sales and service policies on our dealers and service providers. Although we have established sales offices to manage these dealers and service stations, there can be no assurance that these third party dealers and service stations will remain committed to or comply with our sales and pricing policies, our sales targets, or our service standards as reflected by our service motto, "*qinren*," to treat our customers like family members. If these dealers and service stations fail to effectively sell, market and service our trucks, or if we fail to attract more qualified dealers or retain existing qualified dealers, our sales, market share, financial condition and results of operations may be adversely affected.

Our business relies heavily on technologies that are subject to rapid and continuous changes and we cannot guarantee that we will be able to develop our own proprietary technologies or acquire important technologies

Our competitiveness in the heavy truck markets depends in large part on our ability to keep up with the leading technologies in our industry. These technologies are subject to continuous evolution and changes. We have developed many proprietary technologies employed in our production and will continue our research and development efforts in order to strengthen our technological capability. We also purchase or license recently developed technologies in our field that we consider important to our research, development and production. These technologies may be critical to the continuous improvement of our product quality and performance, as well as our ability to gain market share through launching new products. If we are unable to develop our own proprietary technologies or acquire technologies that enable us to remain technologically competitive in the heavy truck market, our results of operations and financial condition could be adversely affected.

Our measures to protect our intellectual property rights against infringement may not be adequate and we may be exposed to infringement claims

We own or otherwise have rights in a number of trademarks, designs and patents relating to the products we manufacture and sell. For further information, see "Business — Research and Development" in this prospectus. We also possess confidential and proprietary technologies, know-how and processes. Existing laws in China may offer limited protection for our intellectual property rights. We rely upon a combination of patent, copyright and trademark laws, trade secrets, confidentiality policies, non-disclosure and other contractual arrangements to protect our intellectual property rights; however, the steps we take in this regard may not be adequate to prevent or deter infringement or other misappropriation of our intellectual property rights. Our products may be subject to unauthorized copying or other misappropriation. We cannot assure you that we will be able to detect unauthorized use or take appropriate and timely actions to enforce our intellectual property rights.

While we are developing measures to protect our intellectual property rights, our competitors may have independently developed technologies or designs of automobiles that contain similarities to ours, and these competitors may have applied for registration of patents or other intellectual property rights in respect of their technologies or designs. Our competitors or other third parties may consider our application of certain intellectual properties an infringement of their intellectual property rights. For example, in November 2007, Weichai Power alleged that we had infringed certain of its patent rights and demanded us to cease using such patents in manufacturing our parts. It also threatened to file legal proceedings against us seeking damages. Please see "Business — Legal Proceedings and Potential Litigations" for further information. In addition, as we procure various parts and components from third-party suppliers, we have been involved and may continue to be involved in infringement claims against the suppliers from whom we purchase parts and components that are alleged to infringe certain intellectual property rights. As a result, we may be exposed to infringement claims even where there may be a genuine case in our favor. Any involvement in intellectual property rights infringement litigation may result in substantial costs, reputational damage and diversion of resources and management attention. If we are barred from using certain material trademarks, technologies, designs or other intellectual properties and fail to develop non-infringing substitutes or replacements or to obtain licenses to such intellectual properties, our business operations may be interrupted, and if that continues, our results of operations and financial condition could be adversely affected.

We expect to have significant cash flow requirements to meet our capital investment needs in the near term and our highly leveraged financial position may adversely affect our ability to obtain adequate funds

Our business requires significant capital investment and we rely on cash generated from our operating activities, bank borrowings and debt offerings to fund our capital needs. As of September 30, 2007, we had significant capital commitments in the amount of approximately Rmb 947.3 million. As of September 30, 2007, our long-term indebtedness amounted to approximately Rmb 1,682.2 million and short-term indebtedness amounted to approximately Rmb 2,872.5 million, which represented a total debt to equity ratio (defined as total borrowings divided by equity attributable to equity holder of our company) of 257.0%. Due to our high leverage, lenders may lower their internal limit on the credit facilities granted to us, which may affect our ability to obtain funds. This Global Offering constitutes a major capital-raising effort by us to substantiate our capital structure for further developments.

As part of the various measures adopted by the PRC government to slow down its economic growth, the PBOC has repeatedly increased the benchmark lending rates by banks in China and the deposit reserve ratios of banks in China over the past few years. Because of our significant leverage, any stricter lending policies or higher lending rates may increase our cost of financing and affect availability of funds under our current and future bank loan facilities and other debt financings. In the event we cannot generate sufficient funds from our operations or cannot raise sufficient funds to meet our capital investment needs on terms acceptable to us or at all, our product development, financial condition and results of operations may be materially and adversely affected.

Historically, we had net working capital deficits and although we recently achieved a positive working capital position, there can be no assurance that we can maintain this positive working capital position in the future

Although we had a net working capital of Rmb 681.7 million as of September 30, 2007, we had net working capital deficits (defined as current assets minus current liabilities) of Rmb 1,270.8 million, Rmb 2,397.6 million and Rmb 999.2 million as of December 31, 2004, 2005 and 2006, respectively. Our negative working capital positions in these years were primarily attributable to the restructuring of the predecessor of our Parent Company in 2000, pursuant to which our Parent Company inherited a significant amount of net current liabilities. As disclosed in "Financial Information — Liquidity and Capital Resources — Cash flow" in this prospectus, for 2004, 2005 and 2006, we used funds generated from operations to acquire property, plant and equipment for our production capacity expansions and product development, and we used primarily short-term loans, bank notes, commercial notes and commercial paper to finance our operating and investing activities.

Pursuant to our Reorganization, on June 30, 2006, certain assets in the amount of Rmb 2,911.1 million and certain liabilities in the amount of Rmb 4,547.0 million, which were associated with the operations of our Parent Company, were transferred to or retained by our Parent Company, as further described in "Financial Information — Basis of Presentation" in this prospectus. Because the transferred or retained liabilities were more than the transferred to or retained assets by our Parent Company and because we improved the results of our operations, our working capital position improved from negative Rmb 2,397.6 million as of December 31, 2005 to negative Rmb 999.2 million as of December 31, 2006. For the nine months ended September 30, 2007, our cash flow generated from operating activities increased and we reduced our short-term bank borrowings and replaced by our long-term bank borrowings. As a result, we achieved a positive working capital position of Rmb 681.7 million as of September 30, 2007.

However, we cannot assure you that we are able to maintain a positive net working capital position in the future. A negative working capital position would require us to generate sufficient cash flow from operations to meet our current liabilities or extend or refinance our current liabilities at or prior to their due dates. If our working capital position deteriorates and we were unable to meet our current liabilities as they became due, we would be in default of our obligations and as a result, our business, financial condition and results of operations would be materially and adversely affected.

We may not be able to continue to expand into foreign markets successfully

We export some of our heavy trucks to overseas markets. For 2004, 2005, 2006 and the nine months ended September 30, 2007, our export sales of heavy trucks were 216 units, 3,817 units, 5,869 units and 10,013 units, respectively. We plan to further increase our exports to overseas markets, including establishing CKD facilities overseas, primarily in the Middle East, the Russia, Southeast Asia, Africa, Central and South America and Central Asia. However, we may not be able to continue to expand into foreign markets successfully due to various factors, including the following:

- there may not be a steady increase in our overseas orders or we may not be able to predict market trends and customer needs to offer an appropriate product mix to foreign markets;

- some regions and countries of our targeted markets have experienced political instability and military conflicts, and any future political, social and military turmoil in these regions and countries may disrupt our overseas expansion plan; and

- current and future trade and economic sanctions among countries may cause difficulties in exporting our products to certain countries and in implementing our export expansion plan such as establishing CKD facilities overseas as a result.

During the Track Record Period, we made a portion of our export sales to dealers in Iran and Sudan. For 2004, 2005 and 2006 and the nine months ended September 30, 2007, truck sales to these two countries accounted for approximately 0%, 7.7%, 8.7% and 7.4% of our total sales revenue, respectively. These exported trucks, like our trucks in general, contained no content of U.S. origin or only de minimis amounts of such U.S. content. You may find additional disclosure on our overseas sales in "Business — Sales and Customers — Overseas sales network" and "Appendix VII — Statutory and General Information — Other information — Background on OFAC sanctions" in this prospectus.

Because of the complex and evolving nature of the various laws and regulations governing international trade, investment and economic activities in the world, you should seek independent legal advice with respect to your investment in our Offered Shares as well as your trading activities in our Shares in the secondary market.

In addition, we currently enjoy a refund of 17% of value added taxes from our export sales of heavy trucks according to existing PRC custom laws and policies. In the event that such a preferential tax treatment is no longer available to us due to changes in government policy or any other reasons, revenue from our export business will be adversely impacted. Therefore, you should not rely on our past performance and growth in foreign markets as an indication of our future sales and performance. If our expansion to foreign markets fails to proceed as planned, we may have to adjust our overall business strategies and, as a result, our business, results of operations and financial condition may be materially adversely affected.

Business interruptions due to force majeure and other causes could adversely affect our operations

We manufacture and sell our products and provide after-sales services at various facilities across China. Our operations are vulnerable to interruptions by war, riot, fire, earthquake, epidemic, power blackout and other events beyond our control. In recent years, some regions in China have experienced power shutdowns during peak seasons. An interruption in production or service capabilities at any of our facilities, even for a short duration, could result in decrease in production capacity for a sustained period and delays in deliveries of our products, which would reduce our sales and earnings for the affected period. Any significant delay in deliveries to our customers could lead to increased sales returns or cancellations of orders and cause loss of customers and revenues. In addition to these business interruptions, our business is also subject to potential interruptions due to the expansion of our production capacity. See "— We may lack adequate production capacity to meet future market demand for our products, and our contemplated facility expansion may not be completed as smoothly as we plan, all of which could cause us to lose market share" above. Any losses due to business interruptions could have a material adverse effect on our prospects, profitability and results of operations.

Our business and growth strategy could suffer if we are unable to hire and retain key management personnel, key engineering staff and skilled workers

We believe that our current management team, as well as the management teams in place at our subsidiaries, contribute significant experience and expertise to our operations. The continued success of our business and our ability to execute our business strategy in the future will depend in large part on the efforts of these key personnel. If any key members of our management or key employees become unable or unwilling to continue to provide their services to us, and we are unable to attract or promote and retain other qualified executives or similarly qualified and experienced personnel, such staffing difficulties may have a material adverse effect on our business. Moreover, there is only a limited supply of skilled workers and personnel in the truck manufacturing industry in China and this shortage is likely to continue. This continued shortage will increase competition for the talented and skilled personnel we rely on in our operations and cause increased turnover and employment costs.

We may not be able to sustain our historically high rate of growth

We restructured our operations inherited from our predecessor companies under the support of the PRC government in 2000. Ever since then, our revenue and net earnings have grown significantly. Our truck sales volume increased from approximately 7,300 units to 51,573 units between 2001 and 2006 and further to 63,274 units for the nine months ended September 30, 2007. We anticipate a significant expansion of our business operations in tandem with the expansion of the PRC economy over the next few years. However, our growth will depend on a number of factors, many of which are beyond our control, including the macroeconomic policies of the PRC government, the level of competition in the PRC automotive and heavy truck industry, changes in market demand, and prices of raw materials and components. For example, we experienced a decrease in sales in 2005 due to an industry-wide slow down as a result of the various macroeconomic adjustment measures adopted by the PRC government in 2005. There can be no assurance that we will be able to maintain our historically high rate of growth and, to the extent that we experience any significant decrease in demand for our products or increase in competition, our growth, financial condition and results of operations may be materially and adversely affected. You should not take our past growth rate as an indication of our growth in the future.

The interests of our controlling shareholder may differ from those of our other Shareholders

Immediately following the completion of the Global Offering, public investors will own approximately 31.9% of our issued share capital, NSSF will own approximately 3.2% of our issued share capital, our controlling shareholder and Parent Company, China Heavy Truck Group Company, will indirectly own approximately 64.9% of our issued share capital, assuming the Over-allotment Option is not exercised. If the Over-allotment Option is fully exercised, public investors will own approximately 35% of our issued share capital, NSSF will own approximately 3.5% of our issued share capital, and our Parent Company will indirectly own approximately 61.5% of our issued share capital. As a result, our Parent Company will be in a position to influence our policies and affairs, and to influence the outcome of corporate actions requiring Shareholders' approval, including the election of the Board, the payment of dividends and other distributions, acquisitions and disposals of our assets or businesses, change of control transactions, the issuance of securities and adjustment to our capital structure, and amendments to our Articles of Association. In particular, our Parent Company will have the power to determine the composition of our Board, which appoints our senior management. Although our Parent Company is required to comply with our Articles of Association as well as the Companies Ordinance and other applicable Hong Kong laws and the Listing Rules relating to the protection of our minority Shareholders, there can be no assurance that our Parent Company will act in a manner that benefits all of our Shareholders. If our Parent Company takes actions that favor its interests over ours, our results of operations and financial condition may be adversely affected.

Our Parent Company is a state-owned enterprise and is obligated to provide benefits and services to its employees and employees of its associates. Our Parent Company may have to rely on dividend revenues from its subsidiaries, including us, to pay for these expenses. Subject to the relevant provisions of our Articles of Association as well as the Companies Ordinance and the Listing Rules, our Parent Company may seek to influence our dividend payouts to satisfy its cash flow requirements. Any increase in dividend distributions as a result of this pressure could reduce funds we need for reinvestment purposes and adversely affect our results of operations and financial condition.

The interests of minority public shareholders of our subsidiary, Sinotruk Jinan Truck Company, may differ from those of ours and our Shareholders

Sinotruk Jinan Truck Company is a PRC joint stock company with its shares listed on the Shenzhen Stock Exchange in China. The gross profit of Sinotruk Jinan Truck Company was approximately Rmb 640.0 million, Rmb 478.1 million, Rmb 892.7 million and Rmb 1,612.8 million for the years ended December 31, 2004, 2005 and 2006 and the nine months ended September 30, 2007, respectively. The amounts of such gross profit as a percentage of our gross profit was approximately 43.6%, 42.3%, 39.9% and 54.5% during the same periods. We currently own approximately 63.8% of Sinotruk Jinan Truck Company's issued share capital. As a publicly listed company in China, Sinotruk Jinan Truck Company is subject to PRC laws and regulations and the listing rules of the Shenzhen Stock Exchange with respect to its corporate governance, internal controls and the proceedings for corporate actions. Sinotruk Jinan Truck Company has a legal obligation under its articles of association, applicable PRC laws and the Shenzhen Stock Exchange listing rules to protect the interests of its minority shareholders, which may be different from our interests and those of our Shareholders. There can be no assurance that Sinotruk Jinan Truck Company or its minority shareholders will act in a manner that benefits us or our Shareholders. If they take actions that favor their own interests over ours, it could harm our results of operations and financial condition.

If our subsidiaries are restricted from paying dividends to us, our primary internal source of funds would decrease

We are a holding company established in Hong Kong with no significant assets other than our equity interests in eight wholly owned or majority-owned operating subsidiaries in China. As a result, our primary internal source of funds is dividend payments from these subsidiaries in China. If any of our subsidiaries in China incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us, which in turn would limit our ability to pay dividends on our Shares. In addition, PRC legal restrictions permit payment of dividends only out of net income as determined in accordance with PRC GAAP. Net income determined in accordance with PRC GAAP differ from those calculated using HKFRS in certain significant respects, including the use of different bases to recognize revenue and expenses. Under PRC laws, our PRC operating subsidiaries are also required to set aside a portion of their respective net income each year to fund certain reserve funds. These reserves are not distributable as cash dividends. As a result, our primary internal source of funds of dividend payments from our subsidiaries in China is subject to these legal and contractual restrictions and uncertainties, which in turn may limit or impair our ability to pay dividends to our Shareholders.

Dividends from our PRC subsidiaries may be subject to withholding tax under the new PRC tax law

Under the current PRC tax regime, dividend payments to foreign investors made by foreign-invested enterprises, such as dividends made to us by our PRC subsidiaries, are exempt from PRC withholding tax. Under the new PRC tax law effective on January 1, 2008, dividend payments from PRC subsidiaries to their foreign shareholders will be subject to a withholding tax at the rate of 20%, unless the jurisdiction of such foreign shareholders has a tax treaty with China that provides for a different withholding arrangement. Our place of incorporation, Hong Kong, has an arrangement of withholding tax at 5% with China for such dividends payments if we hold a 25% or more interest in our PRC subsidiaries at the time of distribution, or at 10% if we hold less than a 25% interest in our PRC subsidiaries. Although this new income tax law also provides for the possibility of a withholding tax exemption, it remains unclear as to the qualification requirements for such exemption. If dividends from our PRC subsidiaries are subject to the withholding tax, our financial condition and performance will be adversely affected.

If we fail to maintain effective internal controls, our business, financial condition, results of operations and reputation, as well as our ability to produce accurate and timely financial disclosure and reports, could be materially and adversely affected

Our internal control system is critical to the integrity of our business and financial management and our ability to produce financial statements on an accurate and timely basis in accordance with HKFRS. In connection with our Reorganization and in preparation for this Global Offering, we have implemented various measures to improve our internal controls. As such, some aspects of our internal control system are relatively new and our management team has limited experience in implementing these recently adopted internal control measures. We had entered into certain noncompliant trade financing prior to September 2006, and we later implemented additional internal control measures to prevent such practice from occurring. See "Business — Trade Financing" and "Business — Internal Controls" sections in this prospectus for further details. Following this Global Offering, we intend to continue to monitor and enhance our internal controls, with a view to better controlling and managing our financial, operational, legal and other risks and to enabling us to satisfy our continuous financial reporting obligations in line with the evolving regulatory changes and new reporting requirements. However, we cannot assure you that all such measures will be effective or that any future material deficiencies or weaknesses in our internal controls will be discovered and corrected in a timely manner. Our efforts to improve our internal controls have required, and in the future will continue to require, additional costs and significant management time and commitment.

In addition, we apply computerized systems to manage various aspects of our operations, including accounting, manufacturing, inventory management, procurement, sales and distribution and after-sales services. Any breakdown or interruptions in the operations of any of these information systems may result in losses of important operational or financial data and cause interruptions in our operations, as well as cause delay in our financial reporting process. If we fail to maintain effective internal controls or if our management information system fails to function effectively, our business, financial condition, results of operations and reputation as well as our ability to produce accurate financial statements and disclosure on a timely basis in accordance with HKFRS will be materially and adversely affected.

We do not possess valid title to certain properties that we occupy

For some of the properties we occupy, we have not yet obtained sufficient title certificates that allow us to freely use or transfer the properties. As of the Latest Practicable Date, there were defects in the title documents for properties No. 7 and three buildings of property No. 5, as identified in "Appendix IV — Property Valuation Report" in this prospectus. Of these properties, one is occupied by our technical center for non-operational activities and one is an office space used by Sinotruk Jinan Truck Company. For the nine months ended September 30, 2007, these properties contributed negligible revenues to our financial results. Of these properties, we have obtained the building ownership certificate for property No. 7 although the land use rights certificate is still registered under the name of our Parent Company, which we are applying to change to our name. We have not obtained the building ownership certificates for three buildings of property No. 5. The properties without building ownership certificates identified above are used for research purposes and have an aggregate GFA of approximately 2,508.5 square meters. In addition, we lease various properties from independent third parties mostly for use as our sales offices and storage spaces. Among these leased properties, the landlords of a total lease area of approximately 42,249.8 square meters have not provided to us the building ownership certificates, accounting for approximately 59% of our total lease area from third parties. We cannot predict how our rights as owner, lessee or occupier of the above properties, and our operations carried out on or from these properties, may be adversely affected as a result of the absence of vested land use rights in these properties or right to lease these properties. We may be required to relocate our business operations conducted on these properties temporarily or permanently, and such relocation could adversely affect our financial condition and results of operations.

Risks Relating to the Heavy Truck Industry in China

We operate in a cyclical industry and our results of operations tend to fluctuate with the performance of the PRC industrial sector and overall economic development in China

Our business depends significantly on the performance of the PRC economy and tends to move in response to cycles in the overall economic environment. The rate of spending in infrastructure, construction, container transport, logistics, mining, steel and chemical industries affects our operations as our products are primarily used in these industries. Fuel costs, cargo transportation prices and availability of suitable road networks also impact our industry. Our operations are also affected by the seasonality of our sales. The PRC heavy truck market tends to be more active in our peak months, typically March, April, May, October, November and December. In recent years, particularly since 2005, the PRC government has adopted various measures to slow down the growth rate of the PRC economy and to curb the perceived over-development of certain industrial segments in which our products are used, such as the real estate and construction industries. These measures may slow down economic growth or restrain the growth of the targeted industries to a greater degree than the PRC government intends, causing the demand for heavy trucks to decline.

In addition, the PRC government has in recent years implemented a number of policies and measures to regulate the heavy truck industry, for example, regulations restricting overloading and mandating maximum GVW levels as further described under "Industry Overview and Regulation — Regulations" in this prospectus. The uncertainties resulting from the implementation of these policies and measures impacted potential buyers' decisions in purchasing heavy trucks. As a result, the year-on-year growth rate of sales volume of heavy trucks in China decreased from 38.5% in 2004 to negative 33.2% in 2005 and our sales volume decreased from 43,216 units in 2004 to 35,378 units in 2005. Furthermore, as some of our end-users finance truck purchases with bank loans, any measures that aim to curtail growth in bank lending or control credit extension may affect the availability of financing to our end-users and adversely affect our sales. Any future austerity measures that aim to further control the economic growth in China or any changes in regulation of the heavy truck industry in China may lead to over-capacity within the heavy truck industry or result in decreased sales, price cuts and lower profit margins, which may adversely affect our business, financial condition and results of operations.

Continuous expansion of the PRC heavy truck industry may result in over-capacity, which could adversely affect our sales and overall business prospects

Driven by the continued growth of the PRC economy, increased investment in fixed assets and improved road transportation infrastructure, the demand for heavy trucks has been increasing. Therefore, the few major PRC heavy truck manufacturers are expanding their production capacities, and are expected to continue to expand. However, the anticipated sales growth in the PRC heavy truck market may not catch up with the expansion in production capacity and may result in over-capacity in the PRC heavy truck industry. A slow-down in the growth of China's general economy or in any major sectors served by heavy trucks, such as infrastructure, construction, container transport, logistics, mining, steel and chemical industries, could affect the demand for heavy trucks or slow down heavy truck sales. Continued over-capacity in the PRC heavy truck industry could affect the sales of our truck products and force us to reduce our selling prices and therefore lower our profit margins.

The customary practice of not carrying product liability insurance in the PRC automotive industry may subject us to potential product liability claims

Although we have obtained general insurance coverage, subject to deductions, for damage to our existing properties, inventories and facilities, we do not carry any product liability insurance for the products we manufacture or sell. Under current PRC laws, we are not required to maintain product liability insurance and we believe it is customary in the automotive industry in China not to maintain product liability insurance. However, we are subject to the risk of exposure to product liability, warranty and product recall claims in the event that our products result in any property damage, personal injury or death or are potentially defective.

Although, as of the Latest Practicable Date, we had not received any material complaint or claim, nor were we subject to any material legal or administrative proceedings, in relation to the quality of our products, there can be no assurance that material claims in relation to product liability will not be brought against us in the future. Any such claims will divert our management attention as well as financial resources from our operations. If we fail in defending against such claims, we could be subject to significant damage awards as well as reputational losses. We may also be required to recall our products sold to the market and found to be defective for repair or replacement.

In addition, parts or components of sub-standard quality from third-party suppliers may expose us to additional product liabilities. Also, our insurance coverage for damage to our existing properties, inventories and facilities may be inadequate to compensate our losses in connection with a specific loss event. To the extent that our insurance coverage is inadequate to compensate us for a specific loss, such inadequacy could have a material adverse effect on our operating results.

Fuel shortages and increases in fuel prices may adversely affect the demand for heavy trucks

Global fuel prices have increased significantly in the past few years and are expected to remain high in the future. Rising global oil prices and increasing demand for fuel led to fuel shortages in certain parts of China during peak seasons in 2005 and 2006. Continued fuel shortages and rising fuel costs could slow down China's economic and industrial growth and hinder the growth of the PRC heavy truck market. In addition, fuel shortages and increasing fuel prices may serve as a disincentive for potential buyers to purchase heavy trucks and therefore adversely affect the demand for our products.

Environmental protection laws and policies in China and other countries where our products are marketed may subject us to significant compliance costs

The PRC government at both national and regional levels has issued various environmental laws, regulations and guidelines that set minimum standards applicable to production of heavy trucks. These standards include those related to discharge of waste substances and noise control. The PRC environmental law also empowers the PRC environmental protection agencies to levy fines and damages for serious environmental pollution. In addition, these PRC environmental protection agencies have authority to close down or suspend the operations of polluting facilities in order to cure their pollution-causing activities. Although we have taken steps to ensure our compliance with these environmental requirements, there have been incidents of non-compliance due to the nature of our business. In the past, we have been subject to certain fines and warnings as a result of our non-compliance with the environmental requirements applicable to our production processes and products. However, there is no assurance that we will not be subject to further fines or other sanctions due to the nature of our production.

In terms of emission standards, the PRC government adopted China I Standards in September 2000 and adopted China II Standards in September 2003. The PRC government started to implement China III Standards in selected cities, such as in Beijing in December 2005 and Guangzhou in September 2006. The PRC government has announced its intention to further implement China IV Standards from January 1, 2010. Automobiles that exceed the PRC national limit on emission levels are not allowed to be manufactured, sold, registered or driven in China. We are also subject to environmental laws and emission standards in the overseas countries and regions where we sell our products.

To ensure our production and products to comply with applicable emission standards and to meet increasingly more strict environmental control standards subject to implementation in the future, we may have to incur substantially higher compliance costs, including research and development costs to satisfy more complex engine and vehicle design and engineering requirements.

Compliance with the new fuel economy standards may increase our research and production costs

In 2004, the PRC government adopted new fuel economy standards for passenger vehicles and has thereafter indicated its intention to encourage the development of vehicles with better fuel economy and efficiency. To gain a competitive advantage, we have incurred costs to implement a number of enhancement processes to increase our products' fuel economy standards. The PRC government may extend the fuel economy standards currently designed for passenger vehicles to other vehicles, such as our heavy trucks. We may have to incur substantial additional costs to modify our product design and manufacturing process to comply with any new standards that may become applicable to our products. Unexpected delays in our implementation of any government-sanctioned new standards may disrupt our operations and delay our new product rollouts and therefore adversely affect our business, results of operations and prospects. Moreover, there can be no assurance that the PRC government will not formulate more stringent standards or otherwise take actions that would require us to incur additional research, engineering and tooling costs to remain compliant. In addition, the growing consumer consciousness of fuel economy has added, and will continue to add, pressure on vehicle manufacturers to research, develop and engineer automobiles with better fuel efficiency. Such market demand and pressure will result in more competition in the design and engineering of heavy truck products, including the quality of engines that power heavy trucks.

Compliance costs for regulations on recall of defective vehicles and the PRC automotive industry regulations in general could be high

According to the Regulations on Recall of Defective Vehicles, which became effective on October 1, 2004, PRC automobile manufacturers are required to undertake service actions or recall campaigns for their defective products. This regulation currently applies only to passenger vehicles with no more than nine passenger seats. Although we have not had any occasion that would require us to initiate such a service action or recall campaign, we cannot guarantee that such occasion will never arise with respect to our products. To the extent we need to initiate any such service action or recall campaign due to potential design defects, defective components or assembly defects in our products, we may have to devote substantial resources to correct such potential defects. Such service actions or recall campaigns may also create a negative image of our products and therefore adversely affect our future sales and business growth.

In addition, the PRC government has promulgated and is proposing to implement additional laws, rules and regulations to regulate the domestic automobile manufacturing industry at both the national and regional levels with respect to the safety, quality and other aspects of trucks and automotive parts and components. Current PRC laws, rules and regulations relating to our products include the following:

- all automobile and heavy truck manufacturers and all models of vehicles they manufacture must be approved by NDRC and registered in its Catalog of Approved Automotive Vehicle Manufacturers and Products before such manufacturers may legally commence production and before such models can be legally produced and sold in China;

- all vehicles are subject to the tests for compliance with relevant governmental emission and safety standards before they are allowed for registration in the Catalog of Approved Automotive Vehicle Manufacturers and Products;

- all vehicles, before permitted for sale, are subject to the compulsory quality certification, or 3C certification, for compliance with the relevant rules and regulations over products which affect human health and safety, life and health of animals and plants, environmental protection and public safety, pursuant to the rules issued by the PRC State Administration on Quality Supervision, Inspection and Quarantine; and

- all automobile manufacturers must establish after-sales service stations and parts supply stores within 150 kilometers' radius of a sales outlet, and may not directly sell automobiles within the same geographic areas covered by such authorized sales outlet except as otherwise agreed in the distribution agreement with that sales outlet dealer.

While we believe the policies and practices we have adopted are adequate for compliance with these rules and regulations, there is no assurance that the PRC government will not impose additional rules and regulations on the PRC automotive industry generally and/or on our products. Any such additional regulations and requirements will require us to incur extra costs of compliance, which could have a material adverse effect on our business, financial condition and results of operations.

Risks Relating to Conducting Business in China

Substantially all of our business assets and operations are located in China. As a result, our businesses, operations and financial condition are subject to the political, economic and social conditions, laws, regulations and government policies in China.

Political and economic policies of the PRC government could adversely affect our business and results of operations

The PRC economy differs from the economies of most developed countries in a number of significant respects, including:

- structure;
- level of government involvement;
- level of development;
- growth rate;
- control over foreign exchange; and
- allocation of resources.

The PRC economy has been undergoing a transformation from a planned economy to a market-oriented economy since 1978. In recent years, the PRC government has implemented additional economic reform measures emphasizing decentralization, utilization of market forces in the development of the PRC economy and a high level of corporate management autonomy. The PRC government has also reformed and will continue to reform its own organizational structure. These reforms have resulted in significant economic growth, governmental efficiency and social progress. Although we believe these reforms will have a positive effect on our overall and long-term development, we cannot predict whether changes in the PRC political, economic and social conditions, laws, regulations and government policies will have any adverse effect on our current or future business, results of operations or financial condition.

We may become vulnerable to exchange rate fluctuations

As our businesses grow, we endeavor to further develop overseas markets to increase our sales. Thus, fluctuations in exchange rates between Renminbi and foreign currencies will have an effect on our results of operations. The value of Renminbi may fluctuate due to a number of factors. For 10 years since 1994, the official exchange rate for the conversion of Renminbi to U.S. dollars was generally stable. Since July 21, 2005, Renminbi was no longer pegged to the U.S. dollar but is valued by reference to a basket of foreign currencies. On July 21, 2005, this revaluation resulted in Renminbi appreciating against the U.S. dollar by approximately 2%. From July 21, 2005 to September 30, 2007, the value of Renminbi further appreciated by approximately 10.2% against the U.S. dollar due to additional adjustments and market forces. Further relaxation of the Renminbi-U.S. dollar exchange rate may contribute to increased volatility or fluctuations in the value of Renminbi. Therefore, any future appreciation of the Renminbi may cause our product prices in overseas markets to increase in foreign currency terms, which may have an adverse impact on our competitiveness in price, our export business and our overseas market expansion plan. In addition, since our income and profits are denominated in Renminbi, any appreciation of Renminbi will increase the value of, and any dividends payable on, our Shares in foreign currency terms. Conversely, any depreciation of Renminbi will decrease the value of, and dividends payable on, our Shares in foreign currency terms.

We are subject to foreign exchange regulations and controls in China

Renminbi is not a freely convertible currency. Under the existing foreign exchange regulations in China, we may undertake current account foreign exchange transactions, including the payment of dividends and interest on foreign currency-denominated loans, without obtaining any prior approval of SAFE, which is the PRC government body responsible for managing foreign exchange in China. We are only required to produce commercial documents evidencing the nature of such current account transactions and process these transactions through designated banks in China. However, foreign exchange transactions for capital account purposes, which include purchase of capital assets used in our operations and repayment of principal of foreign currency-denominated loans, require the prior approval of SAFE. In addition, subsequent to this Global Offering, we have the choice of investing our net proceeds from this Global Offering as foreign investments in the form of registered capital or shareholder loans into our PRC operating subsidiaries. Our choice of investment is affected by the relevant SAFE regulations with respect to capital-account and current-account foreign exchange transactions in China. There can be no assurance that these PRC laws and regulations on foreign investments will not cast uncertainties on our financing and operating plans in China. If we are unable to obtain SAFE's approval to covert Renminbi into foreign currencies or vice versa for our capital account transactions, our business, results of operations and financial condition could be adversely affected.

The PRC legal system is not fully developed and has inherent uncertainties that could limit the legal protections available to our Shareholders

The PRC legal system is based on written statutes and their interpretation by the relevant PRC authorities. Prior court decisions may be cited for reference but have limited precedential value. Since 1979, the PRC government has been trying to develop a comprehensive system of commercial laws, and considerable progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade. China also amended many of its laws and regulations subsequent to its accession to the WTO in order to be compliant with its WTO commitments. However, because these laws and regulations are relatively new, and because of the limited number of published cases and their non-binding nature, interpretation and enforcement of these laws and regulations involve uncertainties.

As an investor holding our Shares, you hold an indirect interest in our operations in China. Our operations in China are subject to PRC regulations. These regulations contain provisions that are required to be included in the articles of association of PRC companies and are intended to regulate the internal affairs of these companies. The PRC Company Law and the laws and regulations relating to foreign-invested enterprises, in general, and the provisions for the protection of shareholders' rights and access to information, in particular, are less developed than those applicable to companies incorporated in Hong Kong or other jurisdictions. Therefore, our Shareholders, including you, as indirect holders of equity interest in our PRC subsidiaries, do not enjoy all the shareholder protections that may be available in other jurisdictions.

It may be difficult to effect service of process upon us, our Directors or our senior management or to enforce any judgments obtained from non-PRC courts

Our operations are conducted, and substantially all of our assets are located, within China. Most of our Directors and senior management members reside in China, where substantially all of their assets are located. You may experience difficulties in effecting service of process upon us, our Directors or our senior management, including with respect to matters arising under applicable securities laws. The laws to which we are subject are materially different from the laws in many other jurisdictions in certain important areas, including the minority shareholders' rights. Moreover, to the best of our knowledge, China is not a party to any treaties that provide for reciprocal enforcement of judgments of courts with most of the western nations. In addition, the arrangement between mainland China and Hong Kong on reciprocal enforcement of civil and commercial judgments is very limited in scope and subject to various restrictions, as we have disclosed in "Appendix VII — Statutory and General Information — Other Information — Arrangements on mutual judicial assistance between Mainland China and Hong Kong" and "— Reciprocal enforcement of judgments in civil and commercial matters" in this prospectus. Therefore, recognition and enforcement in China of judgments of a foreign court may be difficult or impossible.

The outbreak of any severe communicable disease in China, if uncontrolled, could adversely affect our business

We may experience plant shutdowns or periods of reduced production as a result of severe communicable disease, such as severe acute respiratory syndrome, or SARS, and avian influenza, or H5N1 bird flu, which could have a material adverse effect on our business, results of operations and financial condition. In addition, the spread of any severe communicable disease in China could result in a general slow-down in the PRC economy and may affect the operations of our suppliers and customers, which could also have a material adverse effect on our business, results of operations and financial condition.

Risks Relating to This Global Offering

There has been no prior public market for our Shares

Prior to the Global Offering, there has been no public market for our Shares. The initial offer price range for our Shares was the result of negotiations among us and the Joint Global Coordinators on behalf of the Underwriters, and the Offer Price may differ significantly from the market price for our Shares following the Global Offering. We have applied to list and deal in our Shares on the Stock Exchange. However, a listing on the Stock Exchange does not guarantee that an active trading market for our Shares will develop following the Global Offering or in the future.

The liquidity and market prices of our Shares following this Global Offering may be volatile

The price and trading volume of our Shares may be highly volatile. Factors such as variations in our revenues, earnings and cash flows and announcements of new investments, strategic alliances and/or acquisitions, fluctuations in market prices for our products and services or fluctuations in market prices for truck companies could cause the market price of our Shares to change substantially. Any such developments may result in large and sudden changes in the volume and price at which our Shares will trade. There is no assurance that these developments will not occur in the future. In addition, shares of other companies listed on the Stock Exchange with significant operations and assets in China and shares of other truck manufacturers have experienced substantial price volatility in the past, and it is possible that our Shares will be subject to changes in price that may not be directly related to our financial or business performance.

Sales of substantial amounts of our Shares in the public market after the Global Offering could adversely affect the prevailing market price of our Offer Shares

Immediately after completion of the Global Offering, we will have 2,202,000,000 Offer Shares outstanding, of which 702,000,000 Offer Shares, or approximately 31.9%, will be publicly held by investors participating in the Global Offering and 1,429,800,000 Shares, or approximately 64.9%, will be privately held by China Heavy Truck Group Company, our controlling shareholder, assuming the Over-allotment Option is not exercised. Our Offer Shares sold in the Global Offering will be eligible for immediate resale in the public market in Hong Kong without restriction, while our Shares held by our controlling shareholder may be sold in the public market subject to a contractual lockup of 12 months following the Listing Date and any additional restrictions imposed by PRC rules and regulations. If our controlling shareholder sells a substantial amount of our Shares after the expiry of such lockup period, the prevailing market price for our Shares could be adversely affected. We may need to raise additional funds in the future to finance our general capital requirements and expansion needs. If additional funds are raised through the issuance of a substantial amount of our new equity securities, the prevailing market price for our Shares could also be adversely affected.

You will experience immediate and substantial dilution as a result of the Global Offering

You will pay a price per Offer Share that substantially exceeds the per Share value of our total tangible assets after subtracting our total liabilities. Therefore, you will experience an immediate dilution in net tangible book value to HK$4.28 per Share based on the mid-point of the indicative offer price range of HK$11.44, assuming the Over-allotment Option is not exercised.

We cannot guarantee the accuracy of facts and statistics with respect to certain official economic and industry information contained in this prospectus

Facts and statistics in this prospectus relating to China, its economy and the truck industry are derived from various official sources, including those published by the PRC National Bureau of Statistics, China Automotive Industry Association and China Automotive Industry Yearbook. However, we cannot guarantee the quality and reliability of materials from such official sources. These facts and statistics have not been independently verified by us, the Joint Sponsors or the Underwriters, or any of their or our affiliates or advisers and, therefore, we make no representation as to their accuracy or completeness. Further, there can be no assurance that these official sources have stated or compiled such facts and figures on the same basis or with the same degree of accuracy or completeness as may be the case in other countries. In all cases, you should not unduly rely on these facts and statistics.

You should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media, including, in particular, any projections, valuations or other forward-looking information

There has been press coverage in the Hong Kong Economic Times, South China Morning Post and Hong Kong Commercial Daily on November 6, 2007, which included certain projections, valuations and other forward-looking information about us. There may continue to be similar or different press articles and media coverage about us, our business, prospects and operations. You should note that we have not authorized or prepared, and will not authorize or prepare, any such press articles and media coverage unless such published document specifically recites that its issuance has been authorized by our Directors. We also wish to emphasize to potential investors that we do not accept any responsibility for the accuracy or completeness of such unauthorized press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the coverages, projections, valuations or forward-looking information, or of any assumptions underlying such coverages, projections, valuations or forward-looking information, included in or referred to by the press or other media. To the extent that any such statements are inconsistent with, or conflict with, the information contained in this prospectus, we disclaim them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements and information relating to us and our business that are based on beliefs of our management as well as assumptions made by and information currently available to our management. When used in this prospectus, the words "anticipate," "believe," "estimate," "expect," "going forward" and similar expressions, as they relate to us and our business, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events and are subject to risks, uncertainties and assumptions, including the risk factors described in this prospectus. The risks and uncertainties we face which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business prospects;
- our future debt levels and capital needs;
- future developments, trends and conditions and projections thereof in the PRC automotive market;
- our strategy, plans, objectives and goals;
- general economic conditions;
- changes to regulatory and operating conditions in the markets in which we operate;
- our ability to reduce costs;
- capital market developments;
- the actions and developments of our competitors;
- statements in the section entitled "Financial Information" with respect to trends in prices, volumes, operations, margins, overall market trends, risk management and exchange rates; and
- other statements in this prospectus that are not historical facts.

We do not intend to update these forward-looking statements other than our compliance with reporting obligations under the Listing Rules subsequent to this Global Offering.

Directors' Responsibility for the Contents of This Prospectus

This prospectus includes particulars given in compliance with the Companies Ordinance, the Securities and Futures (Stock Exchange Listing) Rules and the Listing Rules for the purpose of giving information with regard to us. Our Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement in this prospectus misleading.

We have not authorized anyone to provide any information or to make any representation not contained in this prospectus. You should not rely on any information or representation not contained in this prospectus as having been authorized by us, the Joint Sponsors, the Joint Global Coordinators, the Underwriters, any other person involved in this Global Offering or any of our or their respective directors. Neither the delivery of this prospectus nor any offering, sale or delivery of our Shares should, under any circumstances, constitute a representation or presumption that there has been no change or development reasonably likely to involve a change in the affairs of our company since the Latest Practicable Date or create any implication that the information contained in this prospectus is correct as of any date subsequent to the Latest Practicable Date.

CSRC Approval

CSRC approved on June 6, 2007 the Global Offering and the submission of the application to list our Shares on the Stock Exchange. In granting such approval, CSRC accepts no responsibility for our financial soundness nor the accuracy of any of the statements made or opinions expressed in this prospectus or in the Application Forms.

Underwriting

The Global Offering comprises the Hong Kong Public Offering of initially 70,200,000 Hong Kong Offer Shares and the International Offering of initially 631,800,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section entitled "Structure of the Global Offering" in this prospectus and the exercise of the Over-allotment Option.

This prospectus is published solely in connection with the Hong Kong Public Offering. The Joint Sponsors are sponsoring the listing of our Shares on the Stock Exchange. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis under the terms of the Hong Kong Underwriting Agreement. One of the conditions is that we and the Joint Global Coordinators on behalf of the Underwriters have agreed on the Offer Price. The International Offering is managed and fully underwritten by the International Underwriters under the terms of the International Underwriting Agreement, including agreement on the Offer Price.

We expect that the Offer Price will be fixed by agreement between us and the Joint Global Coordinators on behalf of the Underwriters on the Price Determination Date, which is expected to be on or around November 21, 2007, and in any event no later than November 26, 2007. If, for any reason, we and the Joint Global Coordinators on behalf of the Underwriters cannot agree on the Offer Price, the Global Offering will not proceed. For information about the Underwriters and the underwriting arrangements, see “Underwriting” in this prospectus.

Restrictions on the Use of this Prospectus

No action has been taken to permit a public offering of the Offer Shares, other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or any exemption therefrom.

Application for Listing on the Stock Exchange

We have applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, our Shares, including our Offer Shares, any additional Shares which may be offered and sold pursuant to the exercise of the Over-allotment Option. We expect dealing in our Shares on the Stock Exchange to commence on November 28, 2007.

Except as disclosed in this prospectus, no part of our share or loan capital is listed on or dealt in on any other stock exchange. We are not seeking or proposing to seek a listing of, or permission to list, our share or loan capital on any other stock exchange.

Our Shares Will Be Eligible for Admission into CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second trading day after a trade. You should seek advice of your stockbroker or other professional advisors for details of those settlement arrangements as such arrangements will affect your rights and interests.

We have made all necessary arrangements for our Shares to be admitted into CCASS. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Professional Tax Advice Recommended

You should consult your professional advisors if you are in any doubt as to the taxation implications of subscription for, purchasing, holding or disposing of, and dealing in, our Shares (or exercising rights attaching to them) under the laws of the place of your operations, domicile, residence, citizenship or incorporation. We emphasize that none of the Joint Global Coordinators, Joint Sponsors, Underwriters, us, any other person or party involved in the Global Offering or any of our or their respective directors and advisors accepts responsibility for your tax effects or liabilities resulting from your subscription for, purchase, holding or disposing of, or dealing in, our Shares or your exercise of any rights attaching to our Shares.

Hong Kong Register and Stamp Duty

All Offer Shares issued pursuant to applications made in the Hong Kong Public Offering will be registered in our share register to be maintained in Hong Kong. Dealings in our Offer Shares will be subject to Hong Kong stamp duty. For further details on Hong Kong stamp duty, see "Appendix V — Taxation" to this prospectus.

Over-allotment and Stabilization

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the newly issued securities in the secondary market during a specified period of time to retard and, if possible, prevent a decline in the initial pubic offering price of the securities. In Hong Kong, activities aimed at reducing the market price is prohibited and the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager, or any person acting for it, may over-allocate or effect any other transactions with a view to stabilizing or maintaining the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period of time after the Listing Date. Any such market purchases will be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing activity, which, if commenced, will be conducted at the absolute discretion of the Stabilizing Manager or any person acting for it and may be discontinued at any time. Any such stabilizing activity is required to be brought to an end within a limited period. The number of Shares that may be over-allocated will not exceed the number of Shares that may be issued or sold upon exercise of the Over-allotment Option, being 105,300,000 Shares in aggregate, which is 15% of the number of Offer Shares initially available under the Global Offering.

Stabilizing actions permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilization) Rules include:

(i) over-allocation for the purpose of preventing or minimizing any reduction in the market price of the Shares;

(ii) selling or agreeing to sell Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Shares;

(iii) subscribing, or agreeing to subscribe, for the Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above;

(iv) purchasing, or agreeing to purchase any Shares for the sole purpose of preventing or minimizing any reduction in the market price of the Shares;

(v) selling or agreeing to sell any shares to liquidate a long position held as a result of those purchases; and

(vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v) above.

As a result of effecting transactions to stabilize or maintain the market price of our Shares, the Stabilizing Manager, or any person acting for it, may maintain a long position in our Shares. The size of the long position, and the period for which the Stabilizing Manager, or any person acting for it, will maintain the long position is at the discretion of the Stabilizing Manager and is uncertain. In the event that the Stabilizing Manager liquidates this long position by making sales in the open market, this may lead to a decline in the market price of our Shares.

Stabilizing action by the Stabilizing Manager, or any person acting for it, is not permitted to support the price of our Shares for a period longer than the stabilizing period, which begins on the day on which trading of our Shares first commences on the Stock Exchange (i.e. the Listing Date) and ends on the 30th day after the last day for lodging of applications under the Hong Kong Public Offering. Therefore, the stabilizing period is expected to end on or before December 20, 2007. As a result, demand for our Shares, and their market price, may fall after the end of the stabilizing period.

We will ensure or procure that a public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period.

Any stabilizing action taken by the Stabilizing Manager, or any person acting for it, may not necessarily result in the market price of our Shares staying at or above the Offer Price either during or after the stabilizing period. Bids for or market purchases of our Shares by the Stabilizing Manager, or any person acting for it, may be made at a price at or below the Offer Price and therefore at or below the price paid by subscribers or purchasers for our Shares, including you.

In particular, for the purpose of covering such over-allocations, the Stabilizing Manager may borrow up to 105,300,000 Shares from Sinotruk (BVI), equivalent to the maximum number of Shares to be offered on the full exercise of the Over-allotment Option, under the Stock Borrowing Agreement expected to be entered into between the Stabilizing Manager (or any person acting on its behalf) and

Sinotruk (BVI). In reliance on Rule 10.07(3) of the Listing Rules, Sinotruk (BVI) is expected to enter into and perform its obligations under the Stock Borrowing Agreement subject to the following requirements in accordance with the requirements of Rule 10.07(3) of the Listing Rules:

- the Stock Borrowing Agreement will be for the sole purpose of covering any short positions prior to the exercise of the Over-allotment Option in connection with the International Offering;
- the maximum number of Shares borrowed from Sinotruk (BVI) will be limited to the maximum number of Shares which may be issued and allotted upon exercise of the Over-allotment Option;
- the same number of Shares so borrowed must be returned to Sinotruk (BVI) within three business days following the earlier of (i) the last day on which the Shares may be issued and allotted pursuant to the Over-allotment Option, and (ii) the day on which the Over-allotment Option is exercised in full and the relevant over-allotment Shares have been sold;
- borrowing of stock pursuant to the Stock Borrowing Agreement will be effected in compliance with all applicable laws and regulatory requirements; and
- no payment will be made to Sinotruk (BVI) in relation to the Stock Borrowing Agreement.

Procedure for Application for Hong Kong Offer Shares

You may find the application procedure for our Hong Kong Offer Shares in the sections entitled "How to Apply for Hong Kong Offer Shares" and "Further Terms and Conditions of the Hong Kong Public Offering" in this prospectus and on the relevant Application Forms.

Structure of the Global Offering

You may find details of the structure of the Global Offering, including its conditions, in the section entitled "Structure of the Global Offering" in this prospectus.

Exchange Rate Conversion

Unless otherwise specified, the translations in this prospectus of Renminbi into Hong Kong dollars are made at the PBOC Rate of HK$1.00 equaling Rmb 0.96035, being the PBOC Rate on November 5, 2007. We make no representations and none should be construed as being made, that any of the Renminbi or Hong Kong dollar amounts contained in this prospectus could have been or could be converted into amounts of any other currencies at any particular rate or at all on such date or any other date.

Rounding

Any discrepancies in any table between totals and sums of amounts listed in the table are due to rounding.

Directors

Name	**Address**	**Nationality**
Executive Directors		
Mr. Ma Chunji (馬純濟)	Room 401, Unit 2, Building 1 No.68 Weiliu Road Huaiyin District Jinan, Shandong Province The PRC	P.R. China
Mr. Cai Dong (蔡東)	Room 303, Unit 4, Building 16 District 3, Wuyingshan Xincun Tianqiao District Jinan, Shandong Province The PRC	P.R. China
Mr. Wang Haotao (王浩濤)	Room 301, Unit 3, Building 13 District 6, Huangtun, Wuyingshan Tianqiao District Jinan, Shandong Province The PRC	P.R. China
Mr. Wei Zhihai (韋志海)	Room 7, Tongyuanju Rear Street Tianqiao District Jinan, Shandong Province The PRC	P.R. China
Mr. Wang Guangxi (王光西)	Room 102, Unit 1 No.140, Sili Village Shizhong District Jinan, Shandong Province The PRC	P.R. China
Mr. Tong Jingen (童金根)	A2, 17th Floor Park View Court 1 Lyttelton Road Hong Kong	P.R. China
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Name	Address	Nationality
Independent Non-executive Directors		
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Mr. Lin Zhijun (林志軍)	Flat G, 27th Floor Block 11, Royal Ascot No. 1 Tsun King Road Shatin New Territories Hong Kong	Canada
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Mr. Li Xianyun (李羨雲)	No. 10-5, Block 1 Nansanhuan Zhong Road Beijing, The PRC	P.R. China

Parties Involved in the Global Offering

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	J.P. Morgan Securities Ltd. 125 London Wall London EC2Y 5AJ United Kingdom
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	J.P. Morgan Securities Ltd. 125 London Wall London EC2Y 5AJ United Kingdom
Auditors and reporting accountants	PricewaterhouseCoopers 22nd Floor, Prince's Building Central, Hong Kong
Our legal advisors	*as to Hong Kong law and U.S. law* Sidley Austin Level 39, Two International Finance Centre 8 Finance Street Central, Hong Kong

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Bank of China (Hong Kong) Limited
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Central, Hong Kong

Industrial and Commercial Bank of China (Asia) Limited
33/F, ICBC Tower
3 Garden Road
Central, Hong Kong

Registered office	Units 2102-2103 China Merchants Tower Shun Tak Centre 168-200 Connaught Road Central Hong Kong
Principal place of business in China	165 Yingxiongshan Road Jinan, Shandong Province China 250002
Company's website	www.sinotruk.com *(The information as contained in the website does not form part of this prospectus)*
Company secretaries	Tong Jingen Kwok Ka Yiu (CPA, FCCA)
Authorized representatives	Tong Jingen A2, 17th Floor Park View Court 1 Lyttelton Road Hong Kong Kwok Ka Yiu (CPA, FCCA) Room 1701, Block 40 Heng Fa Chuen Chai Wan Hong Kong
Qualified accountant	Kwok Ka Yiu (CPA, FCCA)
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Board remuneration committee	Chen Zheng Lin Zhijun Li Xianyu Wei Zhihai Tong Jingen

Board strategy and investment committee	Ma Chunji Cai Dong Shao Qihui Ouyang Minggao Hu Zhenghuan Wang Haotao Wang Shanpo
Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17/F Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
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	Agricultural Bank of China Jinan Branch, Huaiyin Sub-branch No. 138 Jingxi Road Jinan, Shandong Province The PRC
	Bank of China Jinan Branch No. 22 Liyuan Street Jinan, Shandong Province The PRC
	China Construction Bank Jinan Branch, Tianqiao Sub-branch No. 125 Ji Luo Road Jinan, Shandong Province The PRC

We have extracted and derived the information and statistics in the section below from various Official Sources. Neither we nor the Joint Global Coordinators, the Joint Sponsors or Underwriters, nor any of our or their respective affiliates or advisors have independently verified such information and statistics or make any representation as to their accuracy. The information and statistics may not be consistent with other information and statistics compiled within or outside China.

Overview of the PRC Automotive Industry

The PRC automotive industry began its development in the 1950s. It has since undergone several phases of expansion. The annual sales and production volume of the PRC automotive industry exceeded one million units for the first time in 1992, two million units for the first time in 2000, three million units for the first time in 2002 and four million units for the first time in 2003. The PRC automotive industry witnessed both its production and sales to exceed five million units for the first time in 2004, over 5.7 million in 2005, and over 7.2 million in 2006.

According to the China Automotive Industry Association and as illustrated in the tables below, China was the world's second largest automobile market in 2006 in terms of the number of units sold, ranking behind the United States, and the third largest automobile market in terms of automobile production during the same year.

Global Ranking in 2006 by Sales Volume

Rank	Country	Units sold in 2006 (millions)	Increase/ (decrease) from 2005 (percentage)
1	United States	17.0	(2.2)
2	**China**	**7.2**	**24.7**
3	Japan	5.7	(1.9)
4	Germany	3.8	4.4
5	United Kingdom	2.7	(3.4)
Worldwide total		**68.7**	**2.8**

Source: 2007 China Automotive Industry Yearbook

Global Ranking in 2006 by Production Volume

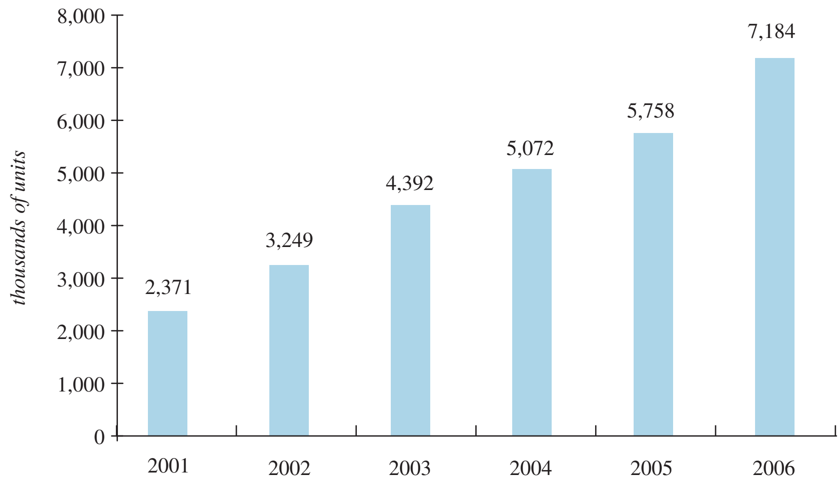
Rank	Country	Units produced in 2006 (millions)	Increase/ (decrease) from 2005 (percentage)
1	Japan	11.5	6.3
2	United States	11.3	(5.7)
3	**China**	**7.3**	**27.3**
4	Germany	5.8	1.1
5	South Korea	3.9	4.3
Worldwide total		**69.2**	**4.0**

Source: 2007 China Automotive Industry Yearbook

According to the China Automotive Industry Association, overall automobile sales in China during 2006 reached approximately 7.2 million units, representing an increase of 24.7% over 2005. Corresponding revenues derived from sales of automobiles and automotive parts and components reached Rmb 1,529 billion, representing an increase of 27.8% over 2005. In addition, China's automobile sales have continued to grow in recent years in line with China's rapid economic growth.

The following chart illustrates the annual sales volume of automobiles in China in the periods specified.

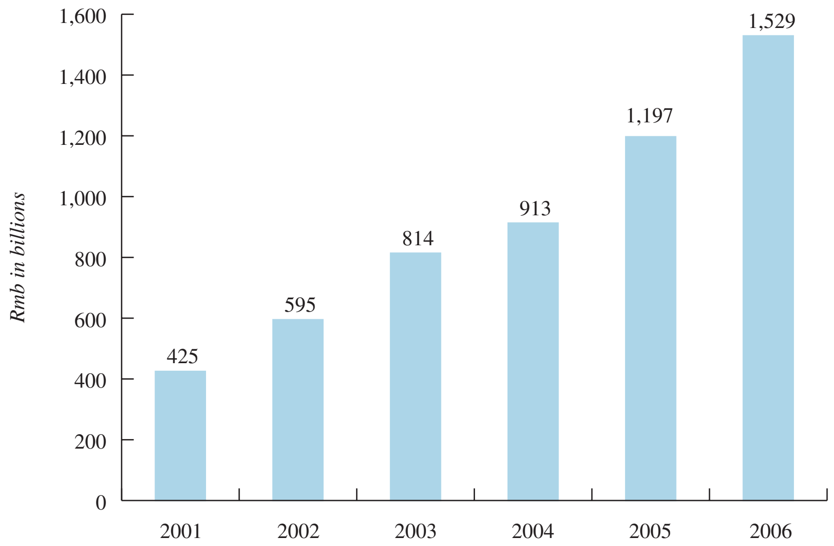
Volume of Automobile Sales in China



Source: 2003, 2005, 2006 and 2007 China Automotive Industry Yearbook

The following chart illustrates the annual revenues derived from sales of automobiles and automotive parts and components in China in the periods specified.

Revenues from Automobile and Parts and Components Sales in China



Source: *2006 China Automotive Industry Yearbook; Issue 2 of 2007 China Automotive Industry Newsletter of Production and Sales*

The strong economic growth of China and the accompanying increase in fixed assets investment, improved road transportation infrastructure and the enhancement of consumer purchasing power have brought about a rapid growth in the PRC automobile market in the past five years, especially since 2002. According to the China Automotive Industry Association, China's total vehicle ownership grew at a CAGR of 12.2% from 10.4 million units in 1995 to 37.0 million units in 2006. In particular, China's total vehicle ownership in 2005 increased by 17.3% as compared to 2004 and increased by 17.1% in 2006. We believe that the PRC automobile industry will continue to grow in line with the PRC economic growth. According to the Development Research Center of the State Council, sales volume for automotive vehicles in China is expected to reach 9.4 million units in 2010, which would represent a four-year CAGR of 7.0% from 2006.

PRC Classification Standard of Heavy Trucks

The definition and classification of different types of trucks in the PRC truck industry have undergone some changes in 2005. Prior to 2005, trucks were generally divided into four main classes on the basis of GVW:

- heavy (trucks over 14 tonnes of GVW);
- medium (trucks between 6 and 14 tonnes of GVW);
- light (trucks between 1.8 and 6 tonnes of GVW); and
- mini (trucks under 1.8 tonnes of GVW).

Since and including 2005, China has changed its truck classification for statistical compilation. Trucks are classified as cargo trucks, truck chassis and semi-tractor trucks. Cargo trucks and truck chassis are divided into 12 classes based on their GVW while semi-tractor trucks are divided into three classes based on their trailing capacity.

The chart below illustrates the classification of heavy trucks both prior to and since 2005 in China for the purpose of this prospectus.

Heavy Truck Classifications in China

Years of heavy truck classification	Heavy trucks
Prior to 2005	Trucks over 14 tonnes of GVW (including cargo trucks, truck chassis and semi-tractor trucks)
From and including 2005	Cargo trucks over 14 tonnes of GVW Truck chassis over 14 tonnes of GVW Semi-tractor trucks with over 12 tonnes of trailing capacity

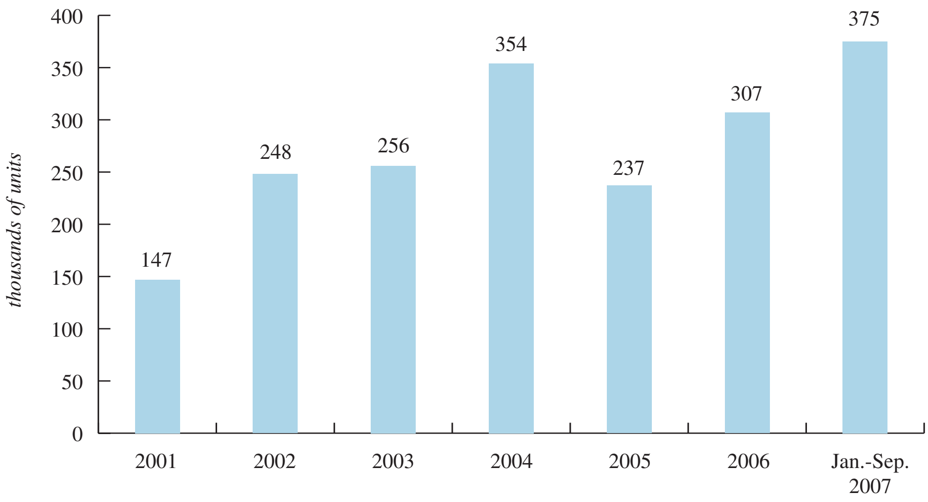
Overview of the PRC Heavy Truck Industry

China's heavy truck industry began in the 1960s. A predecessor of our Parent Company produced the first heavy truck in China in 1960, the JN150 of our Huanghe series.

With the support of the PRC government, the predecessor of our Parent Company purchased the Steyr heavy truck related technologies from Steyr company in Austria in 1983, the world's leading heavy truck technology platform at that time. Heavy trucks manufactured on the basis of Steyr technologies began to be sold in the PRC market in 1989.

The following diagram shows the volume of sales of heavy trucks in China during the periods specified.

Volume of Heavy Truck Sales in China



Source: 2001, 2003, 2006 and 2007 China Automotive Industry Yearbooks; Issue 10 of 2007 China Automotive Industry Newsletter of Production and Sales

In 2004, annual sale in China of heavy trucks recorded approximately 354.1 thousand units. In 2005, the PRC government promulgated a number of policies and measures to regulate the heavy truck industry, including clamping down on overloading and standardizing the size, axle load and overall quality of heavy trucks. The uncertainties resulting from the implementation of these new policies impacted potential buyers' purchasing decisions, which directly led to a decrease in demand for heavy trucks in 2005. In 2006, the heavy truck industry began recovering and sales of heavy trucks in China reached 307.3 thousand units, representing an increase of 29.9% from 2005. For the nine months ended September 30, 2007, the sales of heavy trucks reached 374.9 thousand units.

The following table sets forth production and sales information of heavy trucks in China in the periods specified. The statistics are compiled under the new classification standards adopted by the PRC automotive industry in 2005. For statistics prior to 2005, only the 2004 information is available.

Heavy Truck Production and Sales in China

	Production								Sales							
	2004		2005		2006		Jan-Sep 2007		2004		2005		2006		Jan-Sep 2007	
	(in thousands of units except percentages)															
Cargo trucks and chassis	**256.5**	**72.6%**	**170.6**	**75.1%**	**212.6**	**70.1%**	**242.2**	**64.0%**	**254.9**	**72.0%**	**179.8**	**76.0%**	**214.6**	**69.9%**	**237.8**	**63.4%**
14 tonnes ≤ GVW ≤19 tonnes	98.8	28.0	49.3	21.7	54.4	17.4	39.6	10.5	101.1	28.5	48.5	20.5	53.5	17.4	38.6	10.3
19 tonnes < GVW ≤26 tonnes	80.0	22.6	74.8	32.9	115.1	37.9	136.1	35.9	83.0	23.4	75.9	32.1	116.0	37.7	133.0	35.5
26 tonnes < GVW ≤32 tonnes	53.5	15.1	36.9	16.2	40.4	13.3	61.3	16.2	49.3	13.9	41.0	17.3	40.5	13.2	60.6	16.2
GVW > 32 tonnes	24.3	6.9	9.7	4.2	2.7	0.9	5.2	1.4	21.5	6.1	14.4	6.1	4.7	1.5	5.6	1.5
Semi-tractor trucks	**96.9**	**27.4**	**56.5**	**24.9**	**91.0**	**30.0**	**136.5**	**36.0**	**99.2**	**28.0**	**56.8**	**24.0**	**92.7**	**30.2**	**137.1**	**36.6**
12 tonnes < Trailing capacity ≤25 tonnes	26.2	7.4	3.9	1.7	1.3	0.4	2.1	0.6	23.9	6.7	4.4	1.9	1.4	0.4	1.8	0.5
25 tonnes < Trailing capacity ≤40 tonnes	58.8	16.6	39.2	17.3	73.1	24.1	110.8	29.3	63.3	17.9	39.2	16.6	74.6	24.3	111.2	29.7
Trailing capacity > 40 tonnes	11.8	3.4	13.4	5.9	16.5	5.5	23.6	6.2	12.1	3.4	13.2	5.6	16.7	5.4	24.0	6.4
Total	**353.3**	**100.0%**	**227.1**	**100.0%**	**303.6**	**100.0%**	**378.6**	**100.0%**	**354.1**	**100.0%**	**236.6**	**100.0%**	**307.3**	**100.0%**	**374.9**	**100.0%**

Source: Issue 1 of 2006 and Issue 1 and Issue 10 of 2007 China Automotive Industry Newsletter of Production and Sales

Factors Contributing to the Growth of the Heavy Truck Industry in China

We believe the fast growth of the PRC heavy truck market over the years is attributable to a number of factors, including the strong growth of the PRC economy, continued investment in fixed assets, improved road transportation infrastructure, increased trade activities, continued development of port terminals, increased demand from overseas markets and more stringent government regulations on truck transportation in China.

Domestic economic growth

The PRC economy has been expanding since the PRC government implemented its economic reform policies in 1978. Fixed asset investments have also been growing rapidly over the years.

The following chart illustrates China's GDP growth rate in the periods specified.

China's GDP Growth Rate

	2001	2002	2003	2004	2005	2006
Real annual GDP growth rate	8.3%	9.1%	10.0%	10.1%	10.4%	10.7%

Source: National Bureau of Statistics of China

The following chart illustrates China's fixed asset investments and their growth in the periods specified.

China's Fixed Asset Investments and Growth

	2001	2002	2003	2004	2005	2006
Investments in fixed assets (in billions of Rmb)	3,721.3	4,350.0	5,556.7	7,047.7	8,877.4	10,987.0
Annual growth rate	13.0%	16.9%	27.7%	26.8%	26.0%	23.8%

Source: National Bureau of Statistics of China

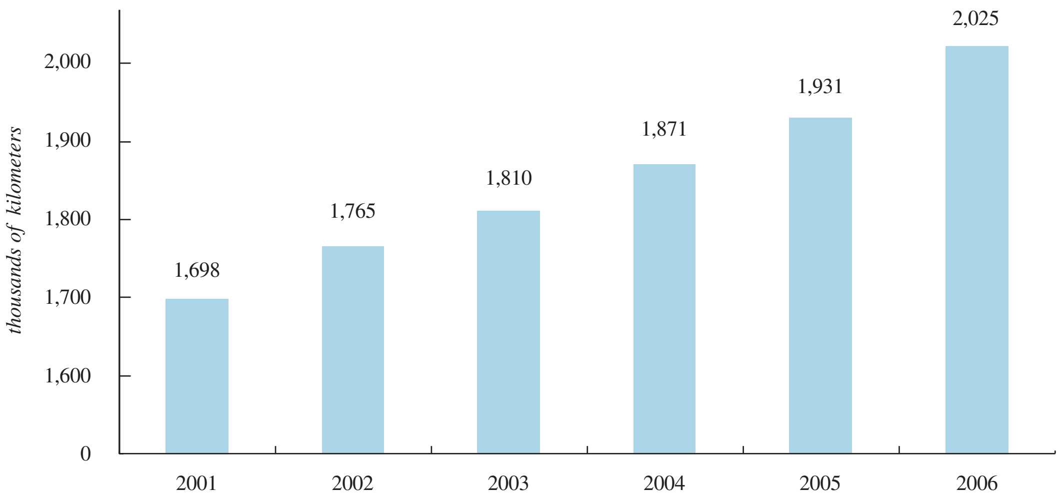
We expect that China's continued economic growth and the accompanying increase in fixed asset investments will continue to fuel the demand for heavy trucks.

Improved road transportation infrastructure

Prior to 1978 when China launched its economic reforms, goods were primarily transported through rail and waterways. Construction of modern highways began with the PRC economic reform. In the last decade, more highways (including paved roads that meet national or provincial standards, as well as high-speed expressways connecting major cities) were constructed in China. As of the end of 2006, there were approximately 2.0 million kilometers of highways, including approximately 45,000 kilometers of expressways.

The following chart illustrates the length of China's highways in the periods specified.

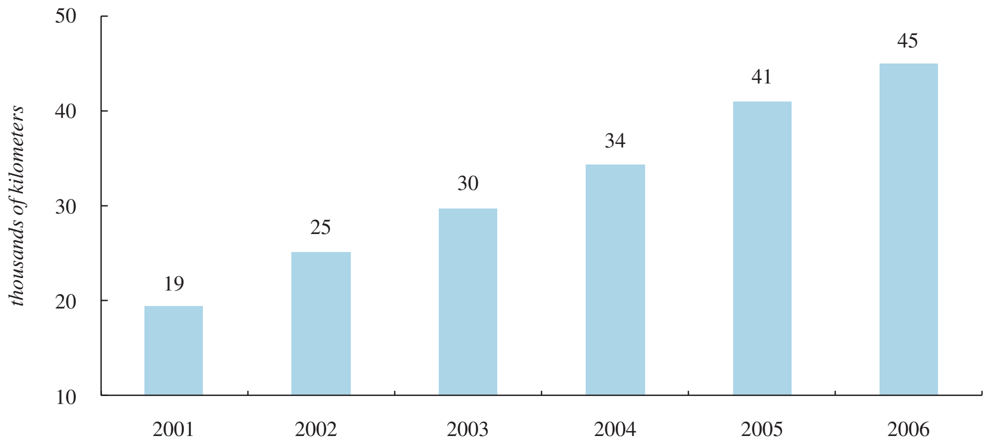
China's Highways



Source: 2006 China Statistical Yearbook, National Bureau of Statistics of China

The following chart illustrates the length of China's expressways in the periods specified.

China's Expressways



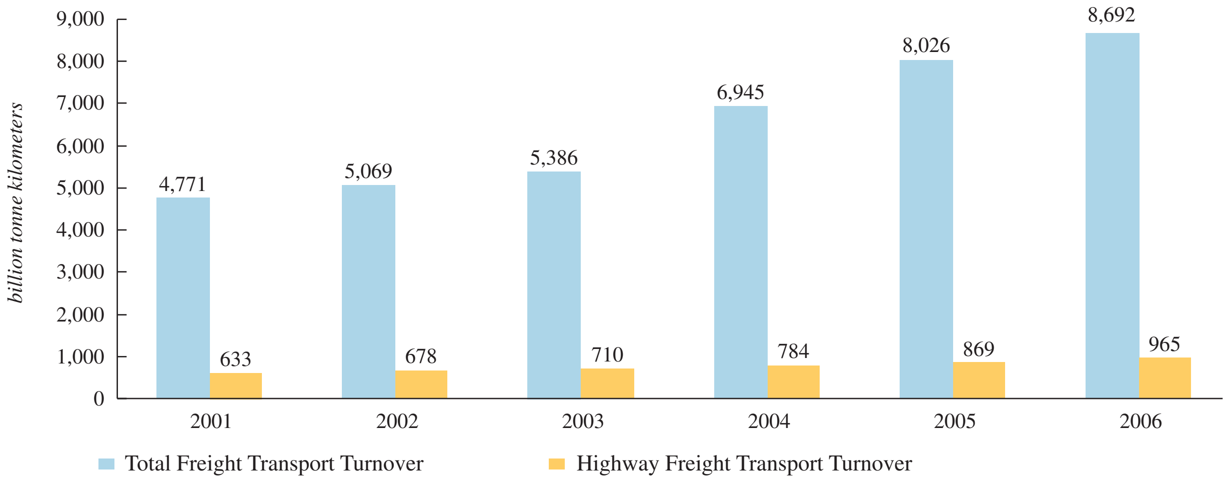
Source: 2006 China Statistical Yearbook, National Bureau of Statistics of China

According to the PRC government's highway and expressway construction plan, the total length of China's highways and expressways are expected to reach 2.3 million kilometers and approximately 50,000 kilometers, respectively, by 2010. The Ministry of Communications aims to connect 90% of the cities with a population over 200,000 in China by highways by 2010.

The continuing efforts by the PRC government to improve its road transportation network have promoted and will continue to promote the use of road transportation, which in turn has increased the demand for long-haul transportation vehicles such as heavy trucks. Increasing domestic commerce as well as import/export activities in China have also increased freight transportation on highways in China, which has driven the demand for heavy trucks.

The following chart illustrates the total freight transport turnover in China and the total highway freight transport turnover in China in the periods specified.

China's Total Freight Transport Turnover and Highway Freight Transport Turnover



Source: 2006 China Statistical Yearbook, National Bureau of Statistics of China

Continued development of port terminals

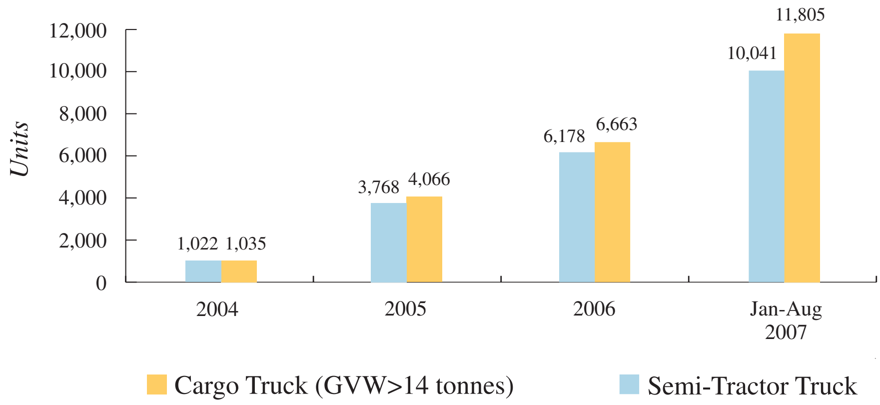
Port terminals rely on cargo trucks for transport of their general and bulk cargo and rely on semi-tractor trucks for container transport. As of December 31, 2005, there were 3,641 major coastal berths and 7,011 major inland river berths in China. As of the same date, China had the largest container throughput in the world with 75.8 million of twenty-foot equivalent units, or TEUs, of throughput in 2005. With a total of over 1,400 ports in China, including both coastal ports and inland river ports, China handled an aggregate of 4.8 billion tonnes of container and bulk and general cargo in 2005 in terms of cargo throughput. According to the Ministry of Transportation, the PRC government intends to increase its port cargo to 6.1 billion tonnes by 2010. We believe that further development of China's port facilities and increased import and export activities will continue to generate demand for heavy trucks.

Increased demand from overseas markets

Since some of the PRC heavy truck manufacturers imported technologies from foreign manufacturers, such as Sinotruk Group's acquisition of the steyr technologies in the 1980s, they have over the years further innovated such technologies to adapt for trucks used under the PRC road conditions. Such innovations have led to increasing improvement in the quality of domestically made products, as well as the continuous reduction in manufacturing cost. Heavy trucks made in China began to enter into some overseas markets with similarities with the PRC market in terms of customer needs, requirement and purchasing power. The increasing demand for heavy trucks from overseas markets in the coming years is expected to benefit many domestic heavy truck producers.

The following chart illustrates the export volume of heavy trucks in the periods specified. The information includes cargo trucks of GVW over 14 tons and semi-tractor trucks with over 12 tonnes of trailing capacity, but excludes truck chassis due to unavailability of such information.

China Heavy Truck Export Volume



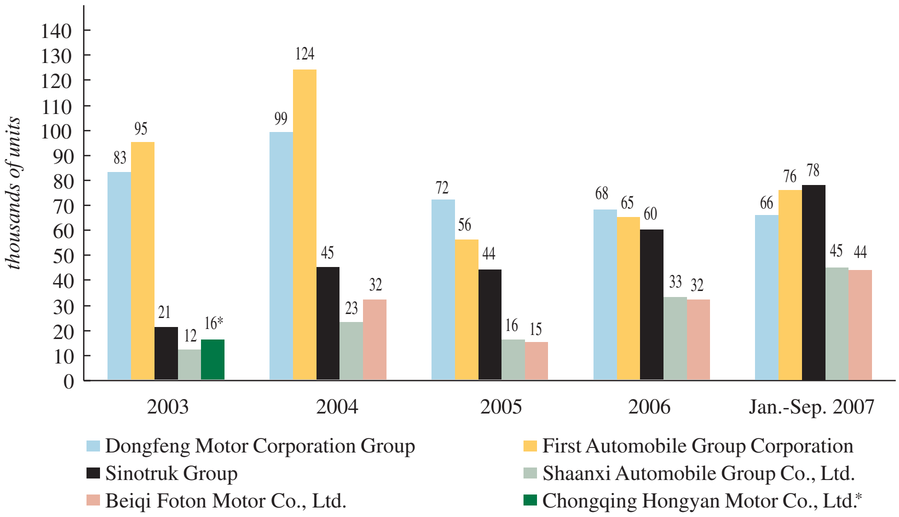
Source: Issue 2 of 2005, Issue 2 of 2006 and Issue 2 and Issue 10 of 2007 China Automotive Industry Newsletter of Production and Sales

Industry Characteristics and Competition

According to the China Automotive Industry Association, by the end of 2006, there were approximately 22 heavy truck manufacturers in China, with Dongfeng Motor Corporation Group, First Automobile Group Corporation, Sinotruk Group, Shaanxi Automobile Group Co., Ltd. and Beiqi Foton Motor Co., Ltd. as the top five players in China. According to the China Automotive Industry Association, these five group manufacturers had a combined market share of 82.5% in the PRC heavy truck market in terms of sales volume for the nine months ended September 30, 2007, reflecting the relatively high market concentration. Industry statistics relating to any truck maker in China is group-based and includes its affiliates.

The following table sets forth the top five heavy truck group manufacturers in China with respect to their market share in terms of heavy trucks sold in the periods specified.

Sales Volume of Top Five Heavy Truck Manufacturers in China



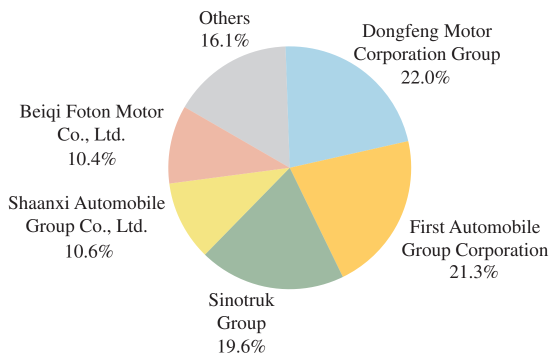
Source: Issue 1 of 2004, Issue 1 of 2005, Issue 1 of 2006, Issue 1 and Issue 10 of 2007 China Automotive Industry Newsletter of Production and Sales

* *In 2003, Chongqing Hongyan Motor Co. Ltd. was ranked the fifth among PRC heavy truck manufacturers. Since 2004, Beiqi Foton Motor Co., Ltd. took its place and became one of the top five manufacturers.*

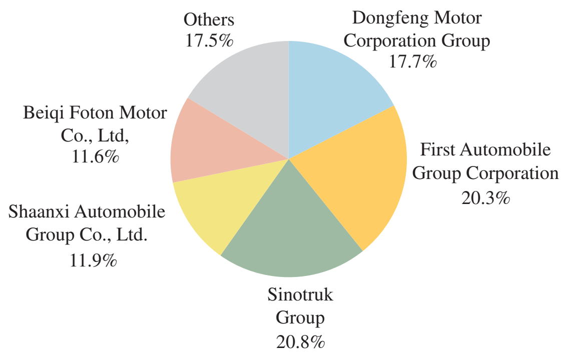
The following diagrams shows the market share in terms of sales volume of heavy trucks by China's top five heavy truck manufacturer groups. The market share of Sinotruk Group increased from 5.2% in 2001 to 18.6% in 2005 to 19.6% in 2006 and to 20.8% for the nine months ended September 30, 2007.

Market Share of Major Manufacturers of Heavy Trucks in China

2006



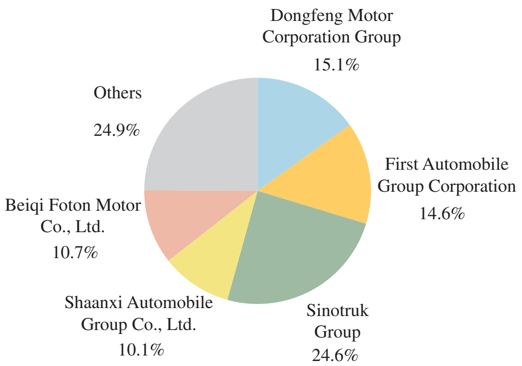
Jan - Sep 2007



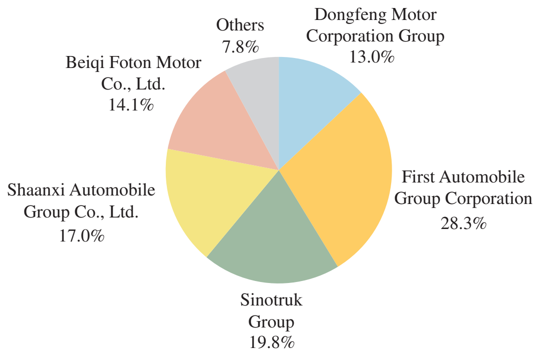
Source: Issue 1 of 2006, Issue 1 and Issue 10 of 2007 China Automotive Industry Newsletter of Production and Sales

Heavy trucks with higher GVW are gaining more market share in China in recent years. According to the China Automotive Industry Association, cargo trucks and chassis with GVW over 19 tonnes accounted for 60.3%, 73.0%, 75.1% and 83.8% of the total sales volume of cargo trucks and chassis for 2004, 2005, 2006 and the nine months ended September 30, 2007 respectively, while semi-tractor trucks with over 25 tonnes of trailing capacity accounted for 75.9%, 92.2%, 98.5% and 98.7% of the total sales volume of semi-tractor trucks during the same periods. We believe that the market changes reflect the increasing demand for heavy trucks with higher loading capacities.

Market Share of Top Five Manufacturers of Cargo Trucks and Chassis with GVW Over 19 Tonnes Jan.-Sep. 2007



Market Share of Top Five Manufacturers of Semi-Tractor Trucks with Over 25 Tonnes Trailing Capacity Jan.-Sep. 2007



Source: China Automotive Industry Association

Regulations

The PRC government administers its regulation of the automotive industry primarily through:

- NDRC;
- State Administration on Quality Supervision, Inspection and Quarantine; and
- State Environmental Protection Administration.

Each agency has a different mandate to regulate the PRC automotive industry. NDRC is in charge of making the overall policy and mid-term to long-term development plan of the automotive industry in China; the State Administration on Quality Supervision, Inspection and Quarantine focuses on product quality control; and the State Environmental Protection Administration regulates the levels of vehicle emissions and discharges.

Industrial policies for the automotive industry

In 1994, the PRC government issued the Industrial Policy for the Automotive Industry as an overall policy guideline for automotive industry in China. Although the industry policy did not constitute a "law" or "regulation" in its formal sense, it constituted the corner stone of the overall regulatory regime of the PRC automotive industry.

In 2004, the PRC government issued the Automotive Industry Development Policy to replace the 1994 automotive industry policy. The 2004 new policy, on the one hand, encourages the establishment of several internationally competitive automotive manufacturing companies in China before 2010 and, on the other hand, aims to avoid over capacity and establishment of automotive manufacturers that lack economies of scale. As a result, the policy increased the entry barriers for the automotive industry in China.

Key objectives of the Automotive Industry Development Policy include the following:

- to establish a healthy domestic automotive industry with a comprehensive regulatory system including mandatory administrative regulations and technical specifications and create a fair and competitive market environment;
- to encourage the development of the domestic automotive industry and to make China a major automotive manufacturing country by 2010;
- to encourage domestic automobile manufacturers to increase their research and development efforts, develop proprietary technologies and establish their brand image and value; and
- to expand the scale and efficiency of domestic automotive industry, to encourage industry consolidation and develop a few large-scale domestic automotive manufacturers ranked among the Fortune 500 companies in the world by 2010.

The Automotive Industry Development Policy also contains various entry requirements, including the following:

- a minimum investment of Rmb 2 billion for a new automobile manufacturing project with at least Rmb 800 million of the investment financed by unencumbered funds from the investor in the project, of which a minimum investment of Rmb 500 million is for establishing research and development facilities;
- a minimum investment of Rmb 1.5 billion for a new engine manufacturing project, with at least Rmb 500 million of the investment financed by unencumbered funds from the investor in the new project;
- a minimum investment of Rmb 1.5 billion by an existing automobile manufacturer that wishes to invest in a new manufacturing project to produce complete vehicles in a category different from those it currently manufactures, provided that it has an asset/liability ratio of 50% or above and an AAA credit rating from a qualified PRC rating agency;

- where an existing automobile manufacturer wishes to set up a new manufacturing facility to produce sedan cars or other passenger vehicles in a category different from those it currently manufactures, it must have an accumulated net profit for the past three financial years over Rmb 1.0 billion, an asset/liability ratio of 50% or above and an AAA credit rating from a bank;

- any new manufacturing facility for heavy trucks or passenger vehicles must also be able to manufacture engines for its vehicles and have a minimum production capacity of 10,000 heavy trucks, 50,000 passenger vehicles with four-cylinder engines, or 30,000 passenger vehicles with six-cylinder engines;

- in the case of joint ventures the PRC joint venture partner must hold a minimum of 50% of the equity interest in a joint venture manufacturing whole vehicles, specialty vehicles, agricultural transport vehicles and motorcycles; and to the extend that any equity interest in such joint venture is sold to other investors, the PRC partner must remain a majority equity holder of the company after the sale; and

- any foreign company and its affiliates may establish no more than two automobile manufacturing joint ventures in China that produce the same type of complete vehicles.

Manufacturers' qualification and compulsory authentication of automotive products

Since January 1, 2001, all PRC automobile manufacturers (including Sino-foreign joint ventures) and all models of vehicles to be manufactured by them must be registered in the Public Notice of Automotive Vehicle Manufacturers and Products released by the National Economic and Trade Commission (which later became NDRC). A vehicle with any different feature, such as different types of engines, cabins configurations, is classified as a separate model for NDRC registration purposes. Such notices by NDRC entitle the automobile manufacturer to legally manufacture and sell its registered automotive products in China. In order to register under NDRC's approved list, all vehicles and automotive products subject to registration applications must pass government-regulated tests for compliance with various safety standards, technical specifications and environmental protection requirements. The PRC public security authorities process the licensing of the registered vehicles and automotive products. Licenses will only be issued to qualified vehicles and automotive products.

The State Administration on Quality Supervision, Inspection and Quarantine is charged with the administration of automotive product quality certification. According to the Administrative Rules for Compulsory Product Certification issued by the State Administration on Quality Supervision, Inspection and Quarantine in 2001, automotive products, including imported vehicles and parts and components, are subject to compulsory certification conducted by government-designated certification agencies for compliance with various safety and technical standards and requirements. An automotive product may be sold in China or imported into China only after passing such an authentication and issued with a China Compulsory Certification. This is commonly known as a 3C or CCC certification.

The PRC government may also remove automotive products from the catalog if the government determines that such automotive products no longer meets the relevant regulatory requirements. Such removal will deprive the relevant manufacturer of its right to continue to manufacture or sell the removed automotive products in China.

Emissions and pollution

The PRC government has adopted various measures to institute a uniform supervision and administration system in China with respect to vehicle emissions, including an automotive product authentication procedure and a network of testing centers across China. The State Environmental Protection Administration from time to time publishes notices to inform the public of new vehicle models that comply with its regulatory emission standards. Automobile manufacturers are not allowed to produce or register any vehicle model or automotive product that has failed to comply with such regulatory emission standards.

The State Environmental Protection Administration limits exhaust emission on the basis of China I, II, III and IV. Different limits of exhaust emission and testing measures in these standards shall be applied to different types of vehicles.

As of September 1, 2003, the PRC government ceased to follow China I Standards and began to implement China II Standards. The PRC government began implementing China III Standards in selected cities, such as in Beijing in December 2005 and Guangzhou in September 2006. The State Environmental Protection Administration has announced that all newly produced vehicles are expected to be in compliance with China III Standards in 2008. The PRC government intends to further implement China IV Standards starting January 1, 2010. These higher emission standards will impose substantially higher compliance expenditures on the PRC automotive manufacturers, including research and development costs, to satisfy more complex engine and vehicle design and engineering requirements.

Automobile sales and after sales services

Effective April 1, 2005, the PRC government started to implement its regulation on automobile sales by brand. This regulation, entitled Implementation Method on Administration of Automobile Brand-Specific Sales, initially applied to passenger vehicles only. Starting from December 1, 2006, it became applicable to all automotive vehicles, including trucks, except for specialty vehicles. This regulation requires vehicle dealers in China to be authorized by relevant automobile manufacturers in order to market and sell the vehicles made by such manufacturers. Dealers must apply for registration with the relevant PRC administration of industry and commerce agencies as authorized dealers of relevant automobile manufacturers.

Furthermore, all automobile manufacturers are required to maintain an appropriate size of sales and service network and, specifically, to establish an after-sales station and parts supply store within 150 kilometers radius of a sales outlet. Furthermore, automobile manufacturers are required to provide necessary marketing, after-sales, and technical support and training to authorized dealers. An automobile manufacturer cannot directly sell automobiles within the same geographic areas covered by an authorized dealer except as otherwise agreed in the distribution agreement with that dealer.

Import quotas and tariffs

Subsequent to China's entry into the WTO in 2001, the PRC government began to take measures to eliminate, reduce or readjust its import quota and tariffs to comply with its WTO commitments. In relation to heavy truck tariffs:

- China has eliminated any import quota for complete heavy trucks since January 1, 2005;

- China has reduced its import tariffs to 20% for certain complete heavy trucks (with GVW of 14 to 20 tonnes) since January 1, 2004; and

- China has reduced its import related tariffs to an average of 10% for automotive parts and components since July 1, 2006.

However, as China's WTO commitments distinguish complete automobiles from automotive parts and components for import quota and tariff purposes, China is currently engaged in consultation with the United States and the European Union on whether imported parts and components that constitute over 60% of the value of a complete vehicle should be treated as import of complete trucks, which has higher tariffs than imported parts and components. If China cannot reach an agreement with the United States and the European Union, the parties may resort to dispute resolution mechanisms within the WTO.

As the prices of imported complete vehicles and parts and components are substantially higher than the prices of domestic manufactured products, we believe that the abolition of import quotas and tariffs has limited effect on domestic heavy truck manufacturers.

Anti-overloading policies and regulations on vehicle measurements

The PRC government has promulgated regulations on vehicle specifications and anti-overloading policies to which we are subject. The relevant policies and regulations include the following:

- According to mandatory requirements under the Restrictions on Vehicle Frame Specifications, Axle-Capacity and GVW published in 2004, the maximum GVW for cargo trucks and semi-tractor trucks cannot exceed the aggregate supporting-capacity of its axles or the permissible maximum designed GVW, whichever is lower. The following table illustrates some maximum GVW relevant to our products:

	Maximum GVW (tonnes)
Two-axle cargo truck	16
Three-axle cargo truck	25
Four-axle cargo truck	31
Two-axle semi-tractor truck	18
Three-axle semi-tractor truck	25

- In 2005, the Ministry of Communications, together with other relevant government authorities, promulgated the 2005 Anti-Overloading Guidelines to clamp down on widespread overloading activities such as mislabeling of the designed load capacity by vehicle manufacturers and illegal modifying of vehicles by users to increase load capacity.

Corporate History

We trace our history back to 1956 when our Parent Company's predecessor was established in Jinan under the name of Jinan Auto Manufacturing Factory. In 1960, Jinan Auto Manufacturing Factory produced China's first heavy truck, JN150 of our Huanghe series, with an equivalent GVW of approximately 14 tonnes.

In 1984, the PRC government merged Jinan Auto Manufacturing Factory and its affiliates in Shaanxi province and Chongqing city with other truck, engine and component makers in China, including Hangzhou Engine Factory and Weichai Factory, to form the Heavy Duty Truck Industry Joint-Management Corporation, which became the China Heavy Truck Group Corporation, together with a few related business entities in 1990. In 2000, the PRC government decided to restructure the China Heavy Truck Group Corporation. As part of the restructuring, the PRC government transferred the China Heavy Truck Group Corporation's operations in Shaanxi and Chongqing to the respective local governments and transferred the control of all remaining assets and operations, such as the corporate name and the core heavy truck and engine manufacturing business, including Hangzhou Engine Factory and Weichai Factory, to the Shandong provincial government. The part transferred to the Shandong provincial government became China National Heavy Duty Truck Group Company Limited, which was formally incorporated on May 28, 2001 and is our Parent Company. As of the Latest Practicable Date, the ultimate beneficial owner of China Heavy Truck Group Company is the Shandong provincial government.

In 2003, our Parent Company acquired 63.8% of a public company listed on the Shenzhen Stock Exchange in China through a share acquisition and asset swap. As a result, the principal truck manufacturing and sales business of our Parent Company were injected into this public company, which later became Sinotruk Jinan Truck Company.

Sinotruk Jinan Truck Company underwent a share reform in February 2006 in accordance with the CSRC requirements applicable to all domestically listed companies in China. As a result, the shares we held in Sinotruk Jinan Truck Company became tradable on the Shenzhen Stock Exchange subject to a 36-month lock-up period commencing from the effective date of the share restructuring. Our ownership in Sinotruk Jinan Truck Company decreased to 53.9% following the share reform from the previous 63.8%. In June 2006, our ownership in Sinotruk Jinan Truck Company increased to 63.8% subsequent to the injection of our 51% equity interest in Sinotruk Jinan Axle & Transmission Company and other assets into Sinotruk Jinan Truck Company. The new shares issued to us for our newly injected assets will be tradable subject to certain limitations on the Shenzhen Stock Exchange after a 36-month lock-up period commencing from the injection date. As a publicly listed company in China, Sinotruk Jinan Truck Company is required to publish its interim results prepared in accordance with PRC GAAP. We currently have no intention to prepare any reconciliation between PRC GAAP and HKFRS for the interim results of Sinotruk Jinan Truck Company after the Listing.

Our engine manufacturing business was historically conducted through Hangzhou Engine Factory and Weichai Factory, our Parent Company's then wholly owned subsidiary. In December 2002, our Parent Company, through Weichai Factory, together with other promoters, formed a new entity, Weichai Power. Weichai Factory injected a part of its engine business into Weichai Power. The engine business so injected accounted for approximately 40.2% of the equity interest in Weichai Power prior to its listing on the Stock Exchange and our Parent Company, through Weichai Factory, was the largest shareholder of Weichai Power. Weichai Power was listed on the Main Board of the Stock Exchange in March 2004 and our Parent Company owned approximately 23.5% of its equity interest subsequent to the listing. In connection with Weichai Power's listing, our Parent Company entered into:

- a trust agreement with Weichai Factory on September 20, 2004, pursuant to which Weichai Power was entrusted with the responsibility of managing the daily operations of Hangzhou Engine Factory, then wholly owned by our Parent Company, and for which Weichai Power was obligated to pay a management fee to our Parent Company;

- a non-competition undertaking in favor of Weichai Power, under which our Parent Company undertook that, so long as it or its subsidiaries held any equity interest in Weichai Power, it would not engage in any business which competes or will compete with the business of Weichai Power, except for the business of Hangzhou Engine Factory; and

- a framework purchase agreement dated September 20, 2004, pursuant to which our Parent Company granted an irrevocable and exclusive priority right to Weichai Power, entitling Weichai Power to purchase all or part of the equity interests of Hangzhou Engine Factory at a price equal to its appraisal value, with such priority right subject to termination if Weichai Power failed to complete the purchase prior to December 31, 2005.

On March 20, 2006, to facilitate our contemplated listing on the Stock Exchange, the Shandong provincial government decided to have Shandong SASAC take over from our Parent Company all of its ownership interest in Weichai Factory, including its ownership in Weichai Power and other subsidiaries, with effect from January 1, 2006. As a result, Weichai Factory was separated from our Parent Company and became an unrelated entity. The registration of such ownership change of Weichai Factory was completed on June 29, 2006. As part of the decision by the Shandong provincial government, Hangzhou Engine Factory was restored to our management with effect from January 1, 2006. As a result, we resumed our management of the daily operations of Hangzhou Engine Factory.

During the term of the trust agreement, we retained ultimate ownership of Hangzhou Engine Factory and exercised substantive control over Hangzhou Engine Factory under the agreement. For example, the appointment of the head of Hangzhou Engine Factory, as well as the business plan of Hangzhou Engine Factory, required our approval. Moreover, Hangzhou Engine Factory's key personnel were appointed by us prior to the trust arrangement, yet a majority of such personnel continued to serve in their appointed capacities subsequent to the commencement of the trust arrangement. Finally, DeHeng Law Offices, our PRC legal counsel, has confirmed that, notwithstanding the trust arrangement, we were still the controlling shareholder of Hangzhou Engine Factory as well as the controlling shareholder of Weichai Factory and Weichai Power. As such, we were deemed to have had ultimate and substantive control over Hangzhou Engine Factory during the term of the trust agreement.

In April 2006, in order to further strengthen our engine business, we established Sinotruk Hangzhou Engine and injected most of Hangzhou Engine Factory's engine manufacturing assets in Sinotruk Hangzhou Engine. In April 2006, we established Sinotruk Jinan Power to consolidate and enhance our engine manufacturing operations, and Sinotruk Hangzhou Engine, along with our other engine-related entities, became subsidiaries of Sinotruk Jinan Power.

On December 23, 2006, under the auspices of the Shandong SASAC, our Parent Company entered into agreements with Weichai Factory and Weichai Power, respectively, regarding the following matters arising out of the termination of the trust agreement and the framework purchase agreement among the parties:

- return of the deposits paid by Weichai Factory and Weichai Power for the purchase of Hangzhou Engine Factory, after deduction of related expenses; and
- settlement of accounts payable and accounts receivable arising from past sales and purchases of goods between the parties.

Also under the auspices of the Shandong SASAC, it was agreed on December 23, 2006 that, other than matters specified in the settlement agreements, other unresolved matters between the parties, if any, shall be settled through negotiation and consultation and not through legal proceedings.

In January 2007, our Parent Company paid all the relevant outstanding amounts to Weichai Factory and Weichai Power pursuant to the above described settlement agreements. There are certain outstanding amounts between Hangzhou Engine Factory (under the Parent Company) and its suppliers, which are unrelated to the accounts payable and receivable between our Parent Company and Weichai Factory and Weichai Power, but Weichai Power has once demanded the payment of such amounts on behalf of the suppliers. Hangzhou Engine Factory has subsequently discussed with the relevant suppliers directly and agreed on the outstanding balance of such amounts. None of these outstanding amounts relate to us.

For further information relating to our corporate history, see the section entitled "Appendix VII — Statutory and General Information — Further Information About Us — Corporate history and reorganization" in this prospectus.

Reorganization

We underwent the Reorganization in preparation for the Global Offering. Our Parent Company first restructured its truck, engine, research and development, and financial services businesses, including the following steps:

- In June 2006, China National Heavy Duty Truck Group Design Institute Co., Ltd. and Chongqing Oil Pumps and Nozzle Products Factory were restructured into Sinotruk Factory Design Institute and Sinotruk Chongqing Fuel System, respectively, as wholly owned subsidiaries of our Parent Company, and our Parent Company increased the registered capital of Sinotruk Factory Design Institute after the restructuring;
- In April 2006, Sinotruk Jinan Commercial Truck Company, Sinotruk Jinan Technical Center and Sinotruk Jinan Ganghua Import & Export Company, in May 2006, Sinotruk Shandong Import & Export Company, and in June 2006, Sinotruk Jinan Axle & Transmission Company became wholly owned subsidiaries of our Parent Company through equity transfers, and our Parent Company increased the registered capital of Sinotruk Jinan Commercial Truck Company and Sinotruk Shandong Import & Export Company after the restructuring;

- In April 2006, Hangzhou Engine Factory, together with our Parent Company, established Sinotruk Hangzhou Engine, and Hangzhou Engine Factory transferred its interest in Sinotruk Hangzhou Engine to our Parent Company immediately after the establishment of Sinotruk Hangzhou Engine; and

- In April 2006, to further strengthen its engine manufacturing and development capabilities, our Parent Company established Sinotruk Jinan Power as a wholly owned subsidiary with a registered capital of Rmb 20 million, which was subsequently increased to Rmb 400 million in June 2006, after our Parent Company injected 100% of Sinotruk Hangzhou Engine, 100% of Sinotruk Chongqing Fuel System, 51% of Jinan Fuqiang Power, 49% of Sinotruk Jinan Axle & Transmission Company and other assets into Sinotruk Jinan Power; on January 25, 2007, Rmb 94.75 million of capital reserve of Sinotruk Jinan Power was capitalized as registered capital, increasing the registered capital of Sinotruk Jinan Power to Rmb 494.75 million.

Subsequent to the steps described above, our company was formed and our Parent Company injected the restructured businesses into our company through Sinotruk (BVI). The steps of the transactions were as follows:

- On January 31, 2007, Sinotruk (BVI) was established under the laws of the British Virgin Islands as a wholly owned subsidiary of the Parent Company;

- On January 31, 2007, our company, Sinotruk (Hong Kong) Limited, was established under the laws of Hong Kong as a wholly owned subsidiary of Sinotruk (BVI); and

- On April 2, 2007, pursuant to the Asset Injection Agreement entered into among the Parent Company, Sinotruk (BVI) and our company, the Parent Company injected the following restructed businesses in the form of shareholdings into Sinotruk (BVI), which in turn injected these shareholdings into our company:

  - 63.8% of the shareholdings in Sinotruk Jinan Truck Company;

  - 100% of the shareholdings in Sinotruk Jinan Commercial Truck Company;

  - 100% of the shareholdings in Sinotruk Jinan Power;

  - 100% of the shareholdings in Sinotruk Jinan Technical Center;

  - 100% of the shareholdings in Sinotruk Factory Design Institute;

  - 100% of the shareholdings in Sinotruk Shandong Import & Export Company;

  - 85.7% of the shareholdings in Sinotruk Hong Kong International Investment Company;

- 100% of the shareholdings in Sinotruk Jinan Ganghua Import & Export Company; and
- 54.4% of the shareholdings in Sinotruk Finance Company.

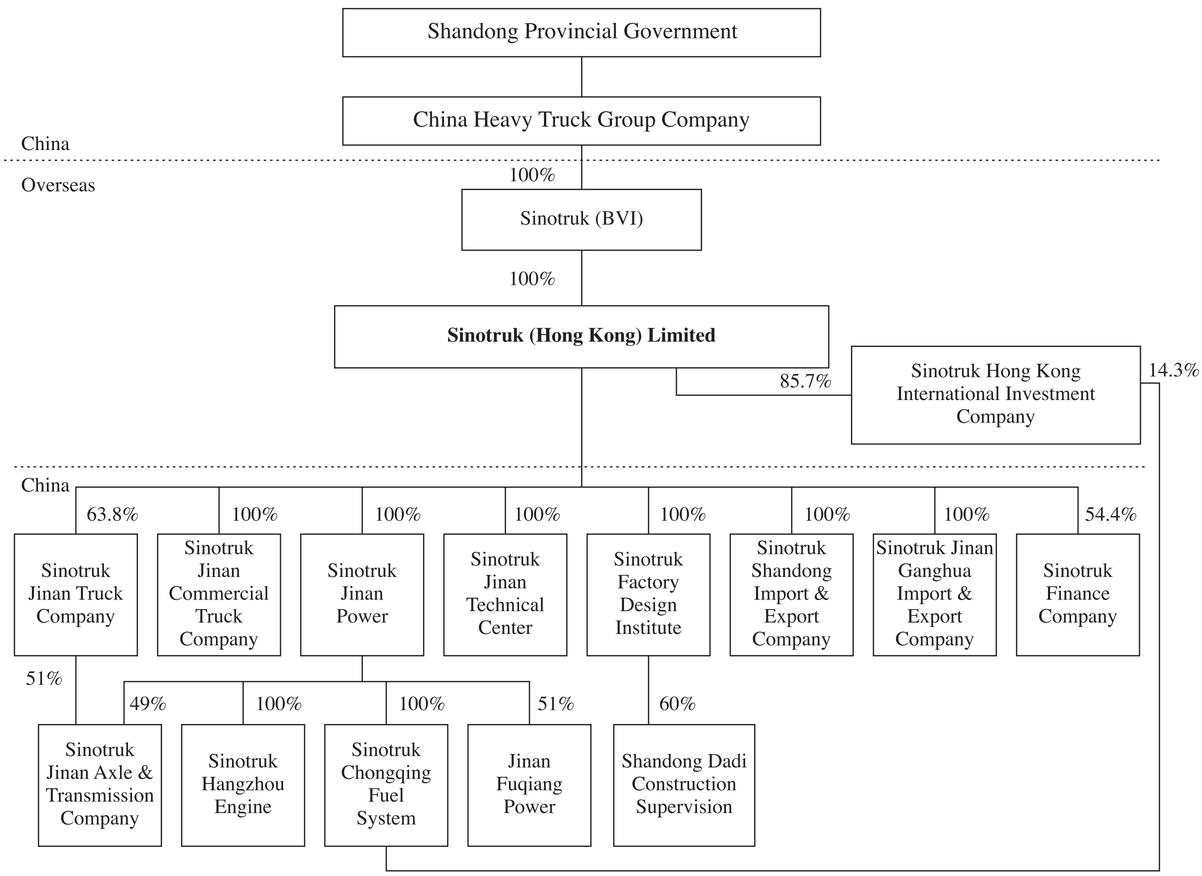
In consideration for transfer of the above shareholdings, our company allotted and issued 1,499,900,000 Shares in our capital to Sinotruk (BVI) and Sinotruk (BVI) allotted and issued 1,499,999,990 Shares in its capital to the Parent Company.

Subsequent to the Reorganization, our Parent Company retained all its specialty vehicle manufacturing business, its cargo truck refitting business, its bus manufacturing business, its property development business, its vehicle testing station, its employee service functions and other investments.

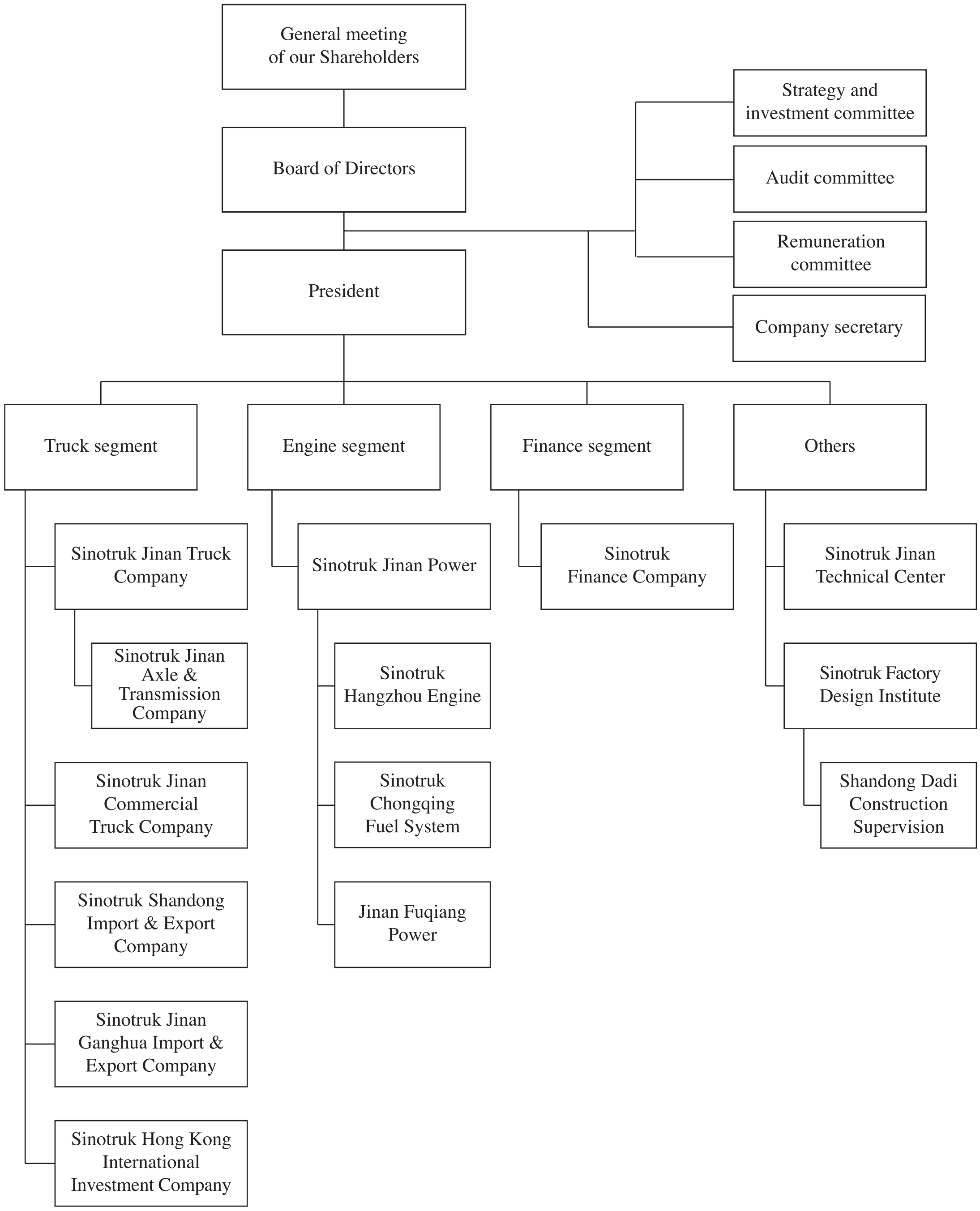
For further information relating to the Reorganization, see the section entitled "Appendix VII — Statutory and General Information — Further Information About Us — Corporate history and reorganization" in this prospectus. For further information relating to our relationship with the Parent Company, see the sections entitled "Relationship with the Parent Company" and "Connected Transactions" in this prospectus.

Corporate Structure

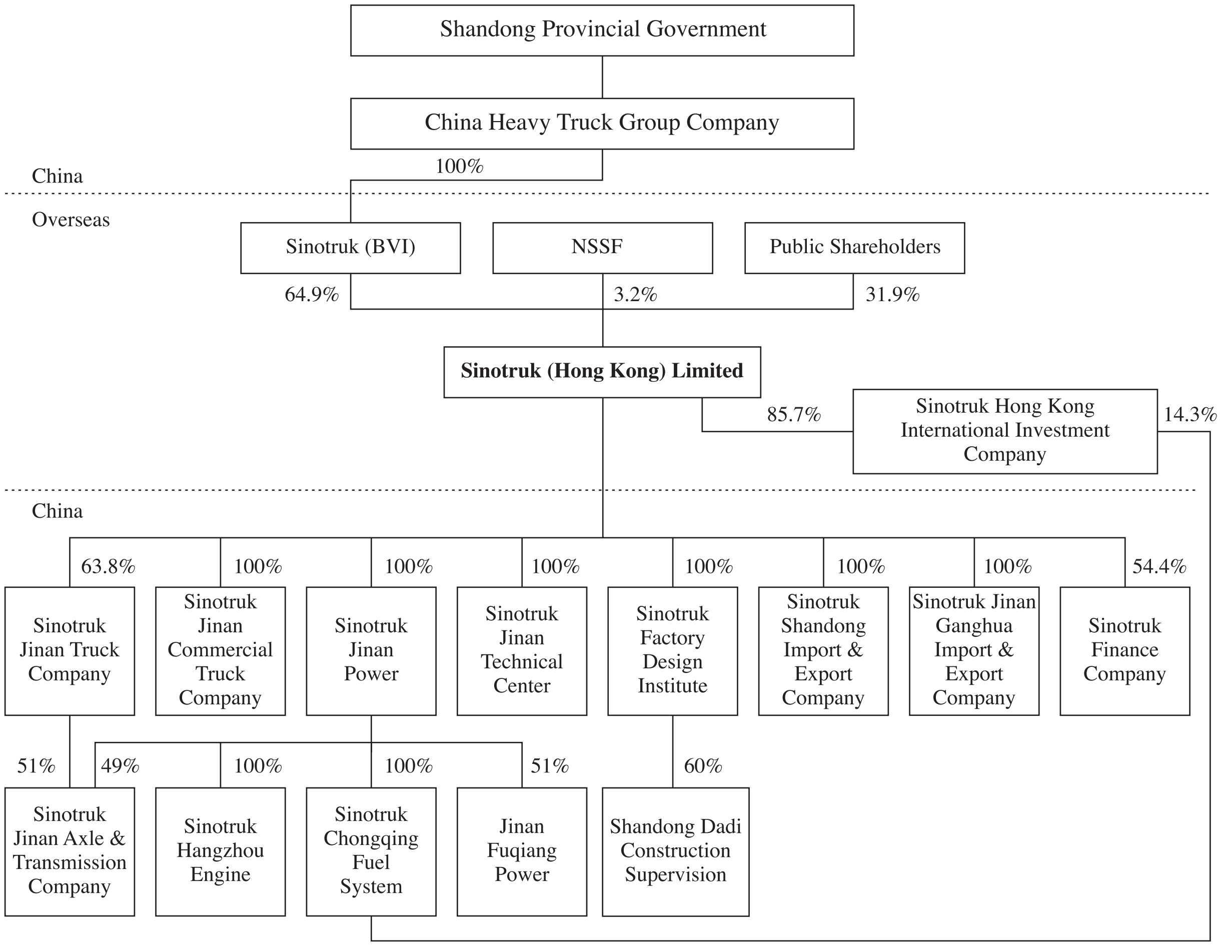
The following chart illustrates our corporate shareholding structure immediately following our Reorganization:



The following chart illustrates our management structure and segment information after the Reorganization:



Immediately upon consummation of this Global Offering, our corporate shareholding will be as follows, assuming no exercise of the Over-allotment Option:



If the Over-allotment Option is fully exercised, the shareholdings of our controlling shareholder, our public Shareholders and NSSF immediately upon consummation of this Global Offering would be approximately 61.5%, approximately 35.0% and approximately 3.5%, respectively.

Overview

We, together with our Parent Company, are the largest heavy truck manufacturer in China as measured by sales volume for the nine months ended September 30, 2007. According to the China Automotive Industry Association, Sinotruk Group increased its market share in terms of the aggregate sales volume of heavy trucks in China from approximately 8.2% in 2003 to 20.8% for the nine months ended September 30, 2007. We contributed approximately 95.4%, 85.3%, 90.5% and 90.1% of Sinotruk Group's total sales volume of heavy trucks for 2004, 2005 and 2006 and the nine months ended September 30, 2007, respectively.

We enjoy widespread brand recognition in the PRC automotive industry and a growing reputation overseas. A predecessor to our Parent Company was the first domestic manufacturer of heavy trucks and built China's first heavy truck in 1960. We utilize heavy truck technologies that originated in Europe. Through years of research and innovation, we have developed various proprietary technologies and processes that have enabled our products to meet the needs of our customers in target markets. We market our products under the brand name "中國重汽" (China Heavy Truck) in Chinese and "SINOTRUK" in English, which evokes our status as a dedicated manufacturer of heavy trucks in China. In October 2006, our brand was awarded as one of the top 10 PRC brands by the World Confederation of Productivity Science.

We specialize in the research, development and manufacturing of heavy trucks and related key parts and components, including cabins, engines and axles. Our principal products, under the current PRC industry standard, include cargo trucks and truck chassis with GVW over 14 tonnes as well as semi-tractor trucks with trailing capacity over 12 tonnes. Our major product series include HOWO, Sitaier King, Sitaier and Huanghe, each of which is further divided into various subseries to target different sectors of our product market. Over the years, we have registered with the PRC government more than 2,000 models, as classified under the PRC automotive industry regulations. Through our diverse product portfolio, we service a wide range of customers from all major industries that utilize heavy trucks, including infrastructure, construction, container transportation, logistics, mining, steel and chemical industries.

We are one of the few heavy truck manufacturers in China that also have the ability to produce heavy truck engines. We currently produce substantially all the engines used in our truck production. We also sell industrial and construction machinery engines to independent third parties. We plan to increase our external sale of engines in the future depending on market conditions and our production capacity. In addition, we produce other key heavy truck parts and components, such as cabins and axles, mostly for internal use.

Our heavy trucks are widely used under diverse conditions. We have developed a highly modulized product design system and a flexible manufacturing process. Our design modulization allows us to design key parts and components compatible for different models of our heavy trucks, and our manufacturing flexibility enables us to produce different models of trucks on the same assembly line. We believe this combination of design modulization and manufacturing flexibility has significantly increased our competitiveness in production volume, quality and cost.

We believe that we are a leader in various technologies in our industry in China. Our research and development team has over the years developed numerous proprietary technologies and innovations in connection with our efforts to launch new products. We have also, through collaboration with international manufacturers, licensed or purchased technologies from heavy truck manufacturers in Austria and Germany. As of September 30, 2007, we were the legal owner of 52 registered patents issued by the PRC patent authorities, of which six were invention patents, 45 were utility model patents and one was a design patent. As of the same date, our Parent Company was the legal owner of 578 registered patents issued by the PRC patent authorities, of which 18 were invention patents, 481 were utility model patents and 79 were design patents. We are authorized to use all of the patents owned by our Parent Company free of charge for an initial term of three years, which is renewable at our option under the same terms.

Our trucks are sold throughout China, one of the world's fastest-growing economies in recent years. As China's GDP and fixed asset investments continue to grow and the national highway network continues to expand, we expect the demand for heavy trucks will rise accordingly. In addition, we also sell a portion of our products overseas. Since 2004, we have rapidly expanded our overseas markets, particularly in the Middle East and the Russia and our products were also sold to Southeast Asia, Africa, Central and South America and Central Asia. For 2004, 2005, 2006 and the nine months ended September 30, 2007, approximately 0.9%, 11.5%, 12.2% and 16.7%, respectively, of our sales revenue was attributable to exports.

Our headquarters and principal manufacturing facilities are located in the city of Jinan, the provincial capital of Shandong province, China. We also manufacture some of our engines in Hangzhou and some of our parts and components in Chongqing. Our locations allow us to service the most industrialized and economically developed regions of China, including the northeast, home of China's heavy machinery industry, and eastern China, one of the most rapidly growing economic regions in China today. Our operations are supported by an extensive sales and service network. As of September 30, 2007, our domestic sales network comprised approximately 780 third party companies that had established sales relationship with us. Of these third party companies, 101 were 4S centers that sell our products and provide services to our products exclusively, 35 were exclusive dealers that sell our products exclusively and approximately 650 were general dealers or sales partners that have entered into framework agreements with us to potentially become our general dealers in the future. We also had 66 domestic sales offices to manage our 4S centers, dealers and sales partners. Our domestic after-sales service network comprised approximately 700 contracted service stations throughout China. In addition, we sell our products to approximately 30 countries and regions. As of September 30, 2007, we distributed our products outside China through approximately 20 export agents and dealers. We are also planning to build three CKD facilities overseas through cooperation with local manufacturers.

For 2004, 2005, 2006 and the nine months ended September 30, 2007, our revenues were approximately Rmb 10,163.6 million, Rmb 9,114.4 million, Rmb 12,767.5 million and Rmb 16,141.4 million, respectively, and net profits attributable to our equity holders were Rmb 301.3 million, Rmb 77.9 million, Rmb 638.5 million and Rmb 831.6 million, respectively.

Our Competitive Strengths

We believe we have the following competitive strengths:

China's leading integrated manufacturer of heavy trucks with the most comprehensive models of heavy trucks and chassis and the largest market share in our core markets in China

We, together with our Parent Company, are the largest heavy truck manufacturer in China as measured by sales volume for the nine months ended September 30, 2007 as well as the largest producer of cargo trucks and truck chassis with GVW over 19 tonnes. We are the principal contributor to the manufacturing and sales of Sinotruk Group, accounting for approximately 95.4%, 85.3%, 90.5% and 90.1%, respectively, in terms of heavy truck sales volume for 2004, 2005, 2006 and the nine months ended September 30, 2007. Based on the statistics we compiled from information extracted from the database of NDRC, we offer the most comprehensive heavy truck models among all automotive manufacturers in China. We have over 40 years of experience specializing in the design, engineering and manufacturing of heavy trucks since the predecessor of our Parent Company manufactured China's first heavy truck in 1960. We are also one of the few heavy truck manufacturers in China that have the ability to produce heavy truck engines and other key parts and components. Our products are well recognized for their quality, power and safety. We believe our four series of heavy trucks, namely, Huanghe, Sitaier, Sitaier King and HOWO, with more than 2,000 registered models under the NDRC classification, represent the most comprehensive models of heavy trucks and chassis available for selection by our PRC end-users. Our products service a wide range of customers from various industries, including the infrastructure, construction, container transportation, logistics, mining, steel and chemical industries.

Over the past few years, we have achieved rapid growth in our operations and market share. According to the China Automotive Industry Association, between 2001 and 2006, Sinotruk Group increased its market share in China from 5.2% to 19.6% as measured by sales volume. For the nine months ended September 30, 2007, Sinotruk Group further improved its market share to 20.8%, making it the fastest growing heavy truck manufacturer in the past five years in terms of growth of market share. Between 2004 and 2006, Sinotruk Group increased its market share from approximately 13.1% to 22.7% and further to 24.6% for the nine months ended September 30, 2007 in the category of cargo trucks and truck chassis with GVW over 19 tonnes.

For 2004, 2005, 2006 and the nine months ended September 30, 2007, we exported 216 units, 3,817 units, 5,869 units and 10,013 units of heavy trucks, respectively. According to the China Chamber of Commerce for Import and Export of Machinery and Electronic Products, we were ranked No. 1 in terms of export vehicles in 2006.

Leader in heavy truck research and development with the largest number of registered patents among heavy truck manufacturers in China

We believe that we are a leader in the research and development in the heavy truck industry in China. We are the first domestic manufacturer to import heavy truck technologies from Europe. Our research and development team has gained expertise in truck design and engineering through over two decades of proprietary research and international collaborations.

To date, we have successfully designed, engineered and developed sophisticated automotive products and have continuously researched and improved our manufacturing and engineering processes. We have also cooperated with international truck and component manufacturers and research companies to further advance our technological innovation and product development.

Our research and development center is a nationally accredited heavy truck research and development institute and we have led a national heavy truck research project commissioned by the PRC government commonly known as the "863" program. We also received gold medals for our driver cabin, our driving axle, our truck chassis, and our suspension system from China International Patent and Brand Expo organized by the PRC State Intellectual Property Office in July 2006.

We believe that we, together with our Parent Company, have the largest number of registered patents among all heavy truck manufacturers in China. As of September 30, 2007, we owned six invention patents, 45 utility model patents and one design patent issued by the PRC patent authorities. As of the same date, our Parent Company was the legal owner of 578 registered patents issued by the PRC patent authorities, of which 18 were invention patents, 481 were utility model patents and 79 were design patents. We are authorized to use these patents owned by our Parent Company free of charge for an initial term of three years, which is renewable at our option under the same terms. Our research and development team endeavors to continue to place us at the technological forefront of our industry in China.

Highly modulized design system and flexible manufacturing process which enable us to maintain operational efficiency and product diversity

We have established a highly modulized design system and a flexible manufacturing process to manufacture our heavy truck products. Our modulization approach focuses on the design of key parts and components that are compatible for different models of our truck products. Through modulization, we are able to streamline our new product design process and significantly reduce the requirements for different types of key parts and components in our production of various models of heavy trucks. Such modulization approach reduces our design, production, raw material and inventory costs, and improves the quality of our products.

We have also developed a flexible manufacturing process supported by our proprietary "truck resource planning" or TRP system. Our flexible manufacturing process enables us to arrange production plans promptly in accordance with customer orders and to produce all of our four product series on just three general assembly lines. Our TRP system simplifies our internal workflows and procedures by integrating the management of our inventory, production and logistics. We are able to monitor in real time each stage of our operations, from customer orders, to planning, purchase and assembly, to testing, warehousing and payment collection. Upon receipt of a truck purchase order, we are normally able to complete the production within approximately seven to 15 days. With our TRP system, we are also able to make timely adjustments to maximize our efficiency and to rectify or modify our manufacturing processes. As a result, we are able to more timely respond to demands of more discerning customers who make specific requests to modify or alter our standard models from time to time.

Cost competitiveness through centralized procurement and fully integrated production with the ability to manufacture most of our key parts and components internally

We have a centralized procurement system for most of our requirements for raw materials, parts and components sourced from third parties. As a result of our size and increased economies of scale, we are able to negotiate volume discounts and reduce our costs of supplies on a per-unit basis. We source most of our raw materials, parts and components from a list of preferred suppliers through a competitive bidding process to ensure the desired quality, quantity and pricing.

We have adopted a fully integrated operating model. We are able to produce most of the key parts and components for our trucks, including cabins, engines, axles and truck frames, and are increasingly less dependent on external suppliers of these key parts and components. Our ownership, control and management over all of our operating subsidiaries allows us to tailor our key parts and components, improve their quality and coordinate their production in order to enhance our product quality and cost competitiveness.

Extensive sales and service network supported by an advanced proprietary MIS system to offer our products and services to customers nationwide and overseas

We have established an extensive sales and after-sales service network in China. As of September 30, 2007, we had 66 sales offices, approximately 780 third party companies that had established sales relationship with us, of which 101 were 4S centers and 35 were exclusive dealers, and approximately 700 contracted service stations throughout China. We have also established a nationwide network of over 200 refitting companies. Our extensive sales and after-sales service network allows us to retain existing customers and attract new customers. Our relationship with local refitting companies allows us to further penetrate regional markets in China.

Through our service motto of "*qinren*" (親人), we endeavor to provide timely and customized services to our customers as if they were our family members. Our extensive service network and service approach allow us to closely monitor market trends and customer preferences, and to tailor our products to the specifications of our customers. We have also developed an advanced proprietary "one-through-line" (一線通) management information system, or MIS system, which distinguishes us from our domestic peers. This one-through-line MIS system is connected with our TRP system. Through our TRP and MIS systems, we are able to monitor the entire production and delivery process of each truck product real time. Furthermore, our TRP and MIS systems allow us to trace each truck and key part and component by its unique identification number to collect and compile data on problems encountered subsequent to the delivery of our products and to provide after-sales services on a timely basis.

In order to expand our international market, we have selected established local dealers in foreign countries to provide sales and after-sales services for our products. As of September 30, 2007, we distribute our products outside China through approximately 20 export agents and dealers. Our products sold to the overseas markets are serviced by approximately 46 third party service stations. We are also planning to build three overseas CKD facilities through cooperation with local manufacturers. According to the China Chamber of Commerce for Import and Export of Machinery and Electronic Products, our exports sales in 2006 were the largest among the PRC truck manufacturers and we believe our overseas sales and service networks contributed to our success in export sales. In overseas markets where we have relatively large sales volumes, we also engage third parties to collect market intelligence in order to better respond to customer requirements.

Well-recognized brand name and solid business reputation with differentiated product images within each targeted market

We have long specialized in the design and manufacturing of heavy trucks. Our products are well recognized for their quality, power, cost-effectiveness and safety. In addition, we provide comprehensive after-sales services, which, together with the reliability of our products, help to establish our solid reputation in China. In recent years, we have sought to further distinguish ourselves by introducing new series of heavy truck products to convey different levels of prestige, utility and functionality to our customers. Our Huanghe trucks were the first heavy truck series we introduced into the PRC market in the 1960s, and we have since positioned the Huanghe series as an efficient, robust and affordable model of heavy trucks. Our Sitaier series, which enjoys a wide customer base, benefited from our adoption of the Steyr technology from Austria in the 1980s. We launched our Sitaier King series to cater to China's new generation of corporate users and private enterprises, who demand greater performance and a more comfortable driving environment in their trucks. Through our research and development efforts, we developed the HOWO series in 2005, which targets high-end market and more discerning customers. With the adoption of many leading technologies, our HOWO series provides additional safety features and a more comfortable driving environment compared to our previous product series.

We believe that our well-recognized "中國重汽" (China Heavy Truck), "SINOTRUK" brand name and the solid reputation and proven track record of our products and services constitute key competitive advantages in retaining customer loyalty and penetrating new regional markets.

Experienced and entrepreneurial management team with strategic vision and leadership

Most of our senior management have over 20 years of experience in the automotive industry in China and have been with us since 2000. Under their collective leadership, Sinotruk Group has become China's leading heavy truck manufacturer in less than five years.

Mr. Ma Chunji, our chairman, is a highly regarded corporate executive in China with over 30 years' experience in government, corporate management and strategic planning. Under his leadership, Sinotruk Group has emerged into a leading heavy truck manufacturer in China. Mr. Ma received a "National Model Worker" award, one of the highest civilian honors in China, from the State Council in 2005. In 2006, he was conferred a lifetime membership at the World Confederation of Productivity Science. Mr. Cai Dong, our president, is a well-recognized manufacturing specialist who leads our research and development, production and marketing. He received an "outstanding national entrepreneur" award conferred jointly by the China United Enterprises Association, China Entrepreneurs Association and China Enterprise Management Science Foundation in April 2006. Mr.

Ma, Mr. Cai and other members of our senior management have made significant contributions to the growth of our business from annual sales of approximately 7,300 units of trucks in 2001 to 51,573 units of trucks in 2006 and to 63,274 units of trucks for the nine months ended September 30, 2007. Their strategic vision, experience and entrepreneurship are key to our long-term success.

Our Business Strategies

We aim to strengthen our leading position in the PRC heavy truck industry, particularly in the heavier categories of heavy trucks, to globalize our business and to become a leading heavy truck manufacturer in the world. We will focus on technological leadership, cost competitiveness, product diversification and international expansion. To that end, we have developed the following business strategies:

Continue to develop new technologies and products

We have developed four branded product series to target different customer groups. We have introduced more than 2,000 models within the Huanghe, Sitaier, Sitaier King and HOWO series. We intend to continue to capitalize on our research and development strengths to develop new technologies and products.

- We plan to enhance the functionality and features of our existing series to meet the needs of users of specialty vehicles, such as tippers, cement mixers, oil tank trucks and fire engines.

- We will continue to place strong emphasis on developing new product series, mainly the heavier categories of heavy trucks, by applying the latest technologies to meet changing customer needs. We are actively developing a new truck manufacturing platform to produce the next-generation heavy trucks. We are also developing new diesel engine models with higher fuel efficiency, higher-power performance and better emission control.

- We will also enhance and expand our research and development capabilities of our nationally accredited Sinotruk Jinan Technical Center. Through focused research and development efforts and procurement of additional state-of-the-art testing equipment, we plan to develop new models of heavy trucks, including key parts and components, with less deadweight, higher utility, lower level of emission and better fuel efficiency.

Enhance our operating efficiency and cost competitiveness

We will continue to enhance our operating efficiency and our cost competitiveness through the following measures:

- We plan to upgrade our existing production facilities and deploy more advanced manufacturing equipment in order to improve product quality and reduce production costs per unit through economies of scale and advanced technologies.

- With our proprietary TRP system, we endeavor to further streamline our overall production process and reduce intermediate steps to achieve more accurate deployment of parts and components. We intend to integrate the application of our TRP system with our financial reporting and control system to strengthen our internal control and improve our operating efficiency.

- As we further enhance our production scale, we intend to use our increased purchasing power to attract more suppliers to build new plants near our manufacturing sites to better serve our procurement needs.

Expand our production capacity to meet customer demand and capture growth opportunities in the heavy truck market

We plan to continue to expand our production capacity in order to meet market demand for our products, to capture growth opportunities in the heavy truck market and to gain additional market share both in China and overseas. We intend to upgrade our manufacturing technologies and expand our production capacities of trucks, engines and other key parts and components.

- We are constructing new truck manufacturing facilities in Zhangqiu district in Jinan to increase the annual production capacity of Sinotruk Jinan Commercial Truck Company to 50,000 units of heavy trucks by 2010 from its current output of 10,000 units a year.

- We are relocating the engine manufacturing facilities of Sinotruk Hangzhou Engine to Xiaoshan district in Hangzhou and expanding its annual engine manufacturing capacity to 100,000 units by 2008 from its current output of 60,000 units a year.

- We are also expanding our production capacity of other key parts and components, such as cabins and axles, in keeping up with our truck and engines expansion plans.

Expand our domestic sales and service network to penetrate new regional markets

We have established extensive sales and service network throughout China. We intend to further expand our domestic network to penetrate new regional markets.

- We will contract additional third party companies and service stations to sell and service our products across China. In addition, we will contract dealers to sell our spare parts exclusively and encourage large dealers in our major markets to develop 4S centers. We aim to establish sales relationships with 410 additional third party companies , including 55 4S centers, 125 exclusive dealers and 230 general dealers and sales partners, as well as 330 contracted service stations by 2008.

- We will continue our successful relationship with refitting companies to further strengthen our penetration in regional markets and increase the variety of our refitted trucks.

- We will enhance our service scope by further increasing our *qinren* ("親人") service standards.

We believe that, with the expansion of our sales and service network, we will be able to further strengthen our market influence, increase our market share and enhance the level of customer satisfaction.

Globalize our business

We have achieved initial success in our expansion into the overseas markets and we currently sell our products in approximately 30 countries and regions in the world. Our export sales accounted for 0.9%, 11.5%, 12.2% and 16.7%, respectively, of our revenue for 2004, 2005, 2006 and the nine months ended September 30, 2007. Our ultimate goal is to leverage our success in the PRC market to become a major player in the global heavy truck market. To that end, we intend to initially focus our efforts on servicing customers in developing countries, and gradually expand into developed countries when we consider it appropriate to do so. Depending on the tariff rates of different countries and regions, we plan to export either completed trucks or our CKD products. We aim to increase our export sales volume to one-third of our overall sales volume by 2010.

- We have identified market opportunities in certain developing countries and regions where the level of economic development is comparable to that of China. We will continue to choose our target markets based on their similarities with the PRC market in terms of customer needs, requirements and purchasing power and will continue to focus on these markets in the near future.

- We plan to further expand into overseas markets through a variety of methods, including: (i) establishing more branch offices in overseas countries; (ii) enhancing our sales and service network through cooperation with local dealers and service providers; and (iii) building CKD centers with local heavy truck manufacturers.

Continue to build our SINOTRUK brand-name

Our brand name of "中國重汽" (China Heavy Truck) in Chinese and "SINOTRUK" in English is widely recognized in China and some overseas markets. Our four truck series have achieved widespread reputation among end users in China. We intend to continue to strengthen our 中國重汽 (China Heavy Truck) and SINOTRUK brand name through the following methods:

- We plan to continue to increase our promotion and advertising efforts through broadcast and print media, billboard postings and trade shows to further raise the awareness and profile of our products, brand and corporate image.

- We plan to continue to cultivate customer loyalty through continuous improvement of our product quality and customer services and establishment of more 4S centers and exclusive dealerships nationwide.

- We aim to increase the public awareness of our environmentally friendly manufacturing process as we continue to improve the environmental aspects of our heavy truck production.

Our Principal Products

Our principal products are heavy trucks, including cargo trucks, chassis and semi-tractor trucks. We also manufacture related key parts and components, such as cabins, diesel engines, truck frames and axles. For 2004, 2005, 2006 and the nine months ended September 30, 2007, we produced 43,955 units, 42,066 units, 53,526 units and 70,248 units of heavy trucks, respectively, and sold 43,216 units, 35,378 units, 51,573 units and 63,274 units of heavy trucks, respectively.

Heavy Trucks

We offer a wide range of truck products to our customers. As of the Latest Practicable Date, we had developed four series of trucks:

- HOWO (豪濼);
- Sitaier King (斯太爾王);
- Sitaier (斯太爾); and
- Huanghe (黃河).

Our four product series offer an aggregate of more than 2,000 models of heavy trucks as classified under NDRC rules. Most of our models have GVW ranging from 14 to 32 tonnes for cargo trucks and truck chassis and trailing capacity ranging from 25 to 40 tonnes for semi-tractor trucks. We also manufacture lighter trucks within our Huanghe series with a GVW of 11 to 14 tonnes for cargo trucks and truck chassis. In addition, our trucks and chassis may be refitted into other types of truck vehicles such as tippers, oil-tank trucks, fire engines and cement mixers. Our products are widely used in the infrastructure, construction, container transportation, logistics, mining, steel and chemical industries.

We endeavor to improve the performance and functionality of our trucks as our customers are becoming increasingly focused on safety features, environmental friendliness and ergonomic design of our products. Our trucks are known for their high utility, reliability, adaptability, fuel economy and safety.

The following table illustrates our major subseries within our four product series as of the Latest Practicable Date:

HOWO	Sitaier King	Sitaier	Huanghe
HOWO-7	Sitaier-King	Sitaier	Huanghe Shaoshuai (黃河少帥)
HOWO-8		Jin Wangzi (金王子)	
		Haojun (豪駿)	
		Huanghe Wangzi	

The following table sets forth units sold information of our major truck products for the periods indicated:

	Units sold			
	2004	2005	2006	Nine months ended September 30, 2007
Cargo trucks and chassis	21,289	21,266	33,797	34,341
11 tonnes<GVW≤14 tonnes	78	82	260	215
14 tonnes<GVW≤19 tonnes	2,110	1,163	1,257	610
19 tonnes<GVW≤26 tonnes	4,386	14,101	22,471	21,238
26 tonnes<GVW≤32 tonnes	11,564	5,138	9,495	12,011
32 tonnes<GVW	3,151	782	314	267
Semi-tractor trucks	21,927	14,112	17,776	28,933
12 tonnes<trailing capacity≤25 tonnes	1,743	3,769	6,589	4,592
25 tonnes<trailing capacity≤40 tonnes	19,960	10,227	11,169	24,313
40 tonnes<trailing capacity	224	116	18	28
Total	**43,216**	**35,378**	**51,573**	**63,274**

The following table sets forth units sold information of our four truck series for the periods indicated:

	Units sold			
	2004	2005	2006	Nine months ended September 30, 2007
HOWO	13	7,344	21,395	39,932
Cargo trucks and chassis	7	2,382	11,575	22,399
Semi-tractor trucks	6	4,962	9,820	17,533
Sitaier King	27,083	18,501	19,344	12,075
Cargo trucks and chassis	12,609	12,584	14,473	9,291
Semi-tractor trucks	14,474	5,917	4,871	2,784
Sitaier	16,120	9,422	10,245	10,546
Cargo trucks and chassis	8,673	6,189	7,163	2,201
Semi-tractor trucks	7,447	3,233	3,082	8,345
Huanghe	—	111	589	721
Cargo trucks and chassis	—	111	586	490
Semi-tractor trucks	—	—	3	231
Total	**43,216**	**35,378**	**51,573**	**63,274**

Sales volume of each truck series during the Track Record Period generally fluctuated in accordance with the general market conditions in China. The sales volumes of Sitaier King and Sitaier decreased significantly in 2005 due to the industry-wide slow down in 2005 but then increased in 2006 due to the ensuing recovery and further increased in the nine months ended September 30, 2007 due to the generally favourable market conditions in China. HOWO series was officially launched in 2005 but we sold 13 units during its trial launch in 2004.

HOWO Series. The HOWO series is our latest product line and was officially introduced to the market in 2005. The HOWO series was designed to target the high-end market, offering more powerful engines, additional safety features, more ergonomic design, and more comfortable driving environment while remaining cost competitive. In April 2006, the Ministry of Communications of the PRC awarded eight of our HOWO models top 24 models of cargo vehicle in China as measured by performance, safety and environmental friendliness. In August 2006, our HOWO series was voted one of the top heavy truck brands with the highest level of customer satisfaction by the China Market and Brand User Satisfaction Polling Organizational Committee. The following table illustrates selected models and the major characteristics of our HOWO products:

HOWO Characteristics

HOWO/6x4
semi-tractor truck

HOWO/8x4 oil tanker

HOWO/8x4 cement mixer

HOWO/6x4 tipper

HOWO/6x4 cargo truck

HOWO/8x4 cargo truck

Characteristics	Range of specifications
Number of basic models	669
Engine types	In-line 6-cylinder diesel engine
Engine power	266-410 horsepower
Gearbox	Manual 6-12 speeds
GVW for cargo trucks and truck chassis	16-42 tonnes
Trailing capacity for semi-tractor trucks	30-40 tonnes
Maximum speed	102 km/h

Our HOWO trucks have adopted many leading technologies in the automotive and heavy truck industry, including controller area network systems, automatic malfunction diagnostic systems, and full suspension shock absorber cabin design. Our proprietary full suspension shock absorber feature provides a more comfortable cabin environment and alleviates driver fatigue. We believe our HOWO series leads the PRC heavy truck market in terms of comfort and anti-fatigue features. Other optional features offered by our HOWO products include cruise control, power window, refrigerator, air-conditioning and heating system, adjustable steering wheel, power-heated seat and double-decker bunk bed.

We officially launched our HOWO series in 2005. Our HOWO trucks are equipped with China II or China III Engines and ABS systems. Of our 669 models of HOWO products, 526 are subject to the China II emission standards while 143 are subject to the China III emission standards. In 2004, we sold 13 units during our trial launch. For 2005, 2006 and the nine months ended September 30, 2007, we sold 7,344 units, 21,395 units and 39,932 units of HOWO trucks, respectively. The following table illustrates the price range and average selling price of our HOWO trucks:

Year/Period	**Price range**	**Average selling price**
	(Rmb in thousands)	
2005	143.4 - 307.1	276.9
2006	148.5 - 307.5	252.1
Nine months ended September 30, 2007	121.7 - 373.7	249.4

Sitaier King Series. We developed our Sitaier King series based on our Sitaier prototype through technology innovations. Our Sitaier King series was designed to target the mid- to high-end market by offering additional comfort features with modern aerodynamic technology and ergonomic design. Our Sitaier King series was well received by the market after its official introduction in 2002. In January 2006, our Sitaier King series was rated the most influential heavy truck brand in China for 2005 in terms of, among others, product quality, service and brand recognition, by the China top 10 Best-Brand Polling Organizational Committee. The following table illustrates selected models and the major characteristics of our Sitaier King products:

Sitaier King Characteristics

Sitaier King /4x2 semi-tractor truck

Sitaier King /6x4 cargo truck

Sitaier King /6x4 tipper

Sitaier King /6x4 oil tanker

Sitaier King /8x4 cargo truck

Sitaier King /6x4 cargo truck

Sitaier King /6x4 cement mixer and transport

Characteristics	Range of specifications
Number of basic models	524
Engine types	In-line 6-cylinder diesel engine
Engine power	266-410 horsepower
Gearbox	Manual 6-9 speeds
GVW for cargo trucks and truck chassis	16-42 tonnes
Trailing capacity for semi-tractor trucks	30-40 tonnes
Maximum speed	93 km/h

Our Sitaier King trucks are equipped with air-conditioning and heating system, adjustable steering wheel and audio system. Other optional features include air suspension seats and double-decker bunk bed. Of our 524 models of Sitaier King products, 469 are subject to the China II emission standards while 55 are subject to the China III emission standards. For 2004, 2005, 2006 and the nine months ended September 30, 2007, we sold 27,083 units, 18,501 units, 19,344 units and 12,075 units of Sitaier King trucks, respectively. The following table illustrates the price range and average selling price of our Sitaier King trucks:

Year/Period	Price range	Average selling price
	(Rmb in thousands)	
2004	139.1 - 332.4	204.1
2005	119.7 - 316.1	210.6
2006	118.8 - 284.7	212.0
Nine months ended September 30, 2007	108.2 - 299.6	210.7

Sitaier Series. We introduced Sitaier series based on the Steyr technologies we purchased from Steyr of Austria in the 1980s. We have developed three subseries under our Sitaier series: Sitaier, Jin Wangzi and Haojun. The Sitaier series has become our mainstream product in the PRC market. The following table illustrates selected models and the major characteristics of our Sitaier series:

Sitaier Characteristics


Sitaier/6x4 cargo truck


Sitaier/4x2 semi-tractor truck


Sitaier/6x4 tipper


Haojun/6x4 oil tanker


Sitaier/6x4 cement mixer and transport


Sitaier/8x4 cargo truck


Sitaier/8x4 cargo truck

Characteristics	Range of specifications
Number of basic models	701
Engine types	In-line 6-cylinder diesel engine
Engine power	266-410 horsepower
Gearbox	Manual 6-9 speeds
GVW for cargo trucks and truck chassis	16-42 tonnes
Trailing capacity for semi-tractor trucks	30-40 tonnes
Maximum speed	93 km/h

Our Sitaier trucks are equipped with power steering and audio system. Of our 701 models of Sitaier products, 613 are subject to the China II emission standards while 88 are subject to the China III emission standards. For 2004, 2005, 2006 and the nine months ended September 30, 2007, we sold 16,120 units, 9,422 units, 10,245 units and 10,546 units, respectively, of Sitaier heavy trucks. The following table illustrates the price range and average selling price of our Sitaier trucks:

Year/Period	Price range	Average selling price
	(Rmb in thousands)	
2004	133.9 - 309.6	191.7
2005	132.5 - 288.5	191.2
2006	127.4 - 326.1	195.4
Nine months ended September 30, 2007	97.7 - 366.3	201.4

Our Sitaier subseries was introduced to the market in late 1980s. For 2004, 2005, 2006 and the nine months ended September 30, 2007, we sold 15,084 units, 7,939 units, 3,747 units and 1,718 units of Sitaier subseries trucks.

We launched our Jin Wangzi subseries in 2006. Our Jin Wangzi subseries is a more advanced version of its predecessor, the Huanghe Wangzi subseries, which was officially launched in 2004. Our Jin Wangzi trucks adopted the chassis technology from Steyr and the modern cabin design from MAN of Germany. For 2004, 2005, 2006 and the nine months ended September 30, 2007, we sold 1,036 units, 1,483 units, 4,804 units and 6,722 units, respectively, of Jin Wangzi trucks and its predecessor Huanghe Wangzi subseries.

We officially launched the Haojun subseries in 2006, and it has become widely used for refitting into specialty vehicles. For 2006 and the nine months ended September 30, 2007, we sold 1,694 units and 2,106 units, respectively of Haojun trucks.

Huanghe Series. The Huanghe series is the first product series that one of our predecessors Jinan Auto Manufacturing Factory developed in the 1960s based on our proprietary technologies. The Huanghe series offers lighter trucks with GVW between 11 to 16 tonnes targeting customers with relatively high level of price sensitivity. We have developed the Huanghe Shaoshuai subseries under our Huanghe series. The following table illustrates selected models and the major characteristics of our Huanghe series products:

Huanghe Characteristics

Huanghe Shaoshuai/4x2 cargo truck

Huanghe Shaoshuai/4x2 semi-tractor truck

Huanghe Shaoshuai/4x2 tipper

Characteristics	Range of specifications
Number of basic models	136
Engine types	In-line 4/6-cylinder diesel engine
Engine power	140-260 horsepower
Gearbox	Manual 5-6 speeds
GVW for cargo trucks and truck chassis	11-16 tonnes
Trailing capacity for semi-tractor trucks	25-29 tonnes
Maximum speed	98 km/h

Of our 136 models of Huanghe products, 126 are subject to the China II emission standards while 10 are subject to the China III emission standards. For 2005, 2006 and the nine months ended September 30, 2007, we sold 111 units, 589 units and 721 units, respectively, of Huanghe trucks. The following table illustrates the price range and average selling price of our Huanghe trucks:

Year/Period	Price range	Average selling price
	(Rmb in thousands)	
2005	103.9 - 279.5	117.0
2006	94.0 - 286.3	126.7
Nine months ended September 30, 2007	94.9 - 167.9	126.3

Prior to 2005, our Huanghe series products manufactured and sold by our Parent Company were primarily specialty vehicles designed for refitting purposes.

The Huanghe-Shaoshuai subseries was officially introduced to the market in 2005. Our Huanghe-Shaoshuai trucks feature MAN-designed driver cabins. Other optional features offered by our Huanghe-Shaoshuai trucks include ABS.

Parts and Components

We produce most key truck parts and components internally, including cabins, engines, axles and truck frames. We also procure from third party suppliers certain parts and components, such as gearboxes and steering gears. Currently, our self-produced parts and components are primarily for internal needs, with the balance used in after-sales services or sold to third parties. We anticipate an increasing demand for our parts and components from after-sales services as our heavy truck sales volume increases.

For information relating to our procurement and outsourcing of parts and components, see the section entitled "— Supplies" below.

Cabins. We manufacture four cabin series, HOWO cabins, Sitaier cabins, Sitaier King cabins and Huanghe cabins, respectively, for our four truck series. All our cabin series are cab-over type to maximize the chassis and loading spaces with fixed bumper-to-bumper length. We have designed Huanghe cabins, Sitaier cabins and Sitaier King cabins based on Steyr and MAN technologies, and developed HOWO cabins based on our own design to cater to the requirements of the PRC markets and regional preferences.

Engines. We have developed our engines based on the Steyr technology. After many years of research and development, we believe our engines are among the best in the PRC truck engine industry as measured by quality and fuel efficiency. Currently, we produce engines with a displacement of 9.726 liters, which meet the China II and China III emission standards. We believe that the implementation of mandatory compliance with China III emission standards will not have a material adverse financial impact on our operations. Firstly, we expect that the increased production costs from such compliance can be partially offset by increasing the selling prices. Secondly, as we have long prepared ourselves for such compliance through proactive research and development efforts in this area, we currently have a large number of heavy truck models that meet China III standards, which should help us gain more market share in China. Lastly, since China III has similar standards as those under Euro III, compliance with China III can further benefit our export, which has been growing rapidly in recent years.

We manufacture engines through Sinotruk Jinan Power, which has production facilities in Jinan as well as Hangzhou. Most of our engine models are powerful high-speed diesel engines that can be used in a wide range of vehicles, such as trucks, buses and construction vehicles.

The table below sets out the breakdown of volume of engines used for internal production, sold to related parties and sold to third parties during the Track Record Period.

	Year ended December 31,			Nine months ended September 30,
	2004	2005	2006	2007
Used for internal production	2,172	4,022	50,923	68,259
Sold to related parties	147	209	3,239	6,204
Sold to third parties	17,743	17,144	5,598	4,458
Total	20,062	21,375	59,760	78,921

Currently, the engines we produce are primarily used internally for our truck production. As of September 30, 2007, our engine production capacity was approximately 100,000 engines per year. The engines produced in excess of our internal production needs are sold to related parties and third parties. We plan to continue to expand our engine production and increase our external engine sales.

We primarily manufacture WD615 series diesel engines with over 350 models as classified under the NDRC rules. Our WD615 engines are water-cooled, in-line, 6-cylinder, 4-stroke, direct-injection, turbo-charging, high-speed diesel engines with a displacement of 9.726 liters. The standard speed of our WD615 engines ranges from 1,000 rpm to 2,600 rpm and the output ranges from 196 kW to 302 kW.

The following are some special features of our WD615 engines:

- Fuel economy: the minimum fuel consumption of our WD615 engines is 193g/kWh;
- Low emission: our WD615 engines comply with China II and China III Standards;
- High torque back-up: the torque back-up (the percentage between the maximum and standard torque) of our WD615 engines is 32%;

- Low temperature ignition: our WD615 engines can start at -10°C without the low temperature ignition device and can start at -40°C with the device; and
- High altitude performance: less than 5.4% power loss at 3,800 meters above sea level.

We started to improve the existing fuel injection system, inhaust and exhaust system and electronic control system of our engines in 2006. We are technologically prepared for mass-production of China IV engines when market conditions are suitable for its launch, and we are also technologically prepared for mass-production of engines with a displacement of 12 liters.

Truck Axles. We produce three principal series of heavy truck axles:

- double deceleration driving axles based on the Steyr technology;
- single deceleration driving axles based on the ArvinMeritor, Inc. technology; and
- HOWO single deceleration driving axles based on our proprietary technology.

Our double deceleration driving axle series is based on the Steyr technology imported in the 1980s. Over the years, we have improved its power transmission and its adaptability to road conditions, especially for trucks working on construction and mining sites.

Our single deceleration driving axle series is based on the ArvinMeritor, Inc. technology from the United States. We have improved its adaptability to the traffic conditions in China and made it better suited for trucks used for long distance transportation.

Our HOWO single deceleration driving axle series is based on our proprietary technology. We completed our development and engineering of the HOWO single deceleration driving axle series in 2004. The HOWO axles are simple in structure and reliable in functionality.

All our heavy trucks use our own axles.

Other Related Businesses

In addition to the principal businesses described above, we are also engaged in other related businesses, including providing financial services to our subsidiaries and providing design and research services to our associates.

According to the General Principles of Loans promulgated by the PBOC in 1996, any loans between companies in China must be transacted through an authorized financial institution. Thus, Sinotruk Finance Company was established with the approval from relevant government authorities to function as an authorized non-bank financial institution specifically to facilitate our internal financing transactions and provide financial services for Sinotruk Group, including deposit taking, intra-group funding, and bank note discounting. Following our listing, Sinotruk Finance Company will provide financial services to us only. Sinotruk Finance Company has not been involved nor plan to involve in any matters relating to our equity capital transactions.

Our PRC legal counsel, DeHeng Law Offices, has confirmed that Sinotruk Finance Company has obtained all the relevant permits and licenses to provide financial services, and has been in compliance with all the relevant rules and regulations concerning financial businesses in the PRC.

Our Manufacturing Process

We believe our production techniques and equipment represent the leading technology currently utilized in China for the manufacturing of heavy truck and, in certain cases, the imported equipment we use represents the highest level of technology internationally. Our manufacturing equipment and techniques enhance the quality and reliability of our products. Our selected equipment includes:

- compartment welding robot machines imported from ABB Company of Sweden;
- large-scale press machines produced by Kojima of Japan;
- main frame punching machines imported from Soenen Company of Belgium;
- motor crankshaft automatic line comprising 15 horizontal centers of the HPC800HP model produced by Cincinnati Company of United States;
- 13 processing centres and seven dedicated modular machine tools imported from Mitsubishi Company in Japan for the production of cylinder covers;
- motor component automatic production line comprising a cluster of CNC machines such as German Naxos crankshaft grinding machines, Schenck fully automatic balancing machines and Aichelin controlled atmosphere nitrogenation lines;
- founding production line comprising essential equipment such as static pressure moulding and core making imported from HWS Company of Germany;
- spline cold rolling mill imported from GROB Company in Switzerland for the production of transmission shafts;
- sets of Gleason equipment imported from Gleason Corporation in the United States;
- gear shaving grinder imported from Gleason-Hurth Company in Germany;
- road simulation test bench equipment imported from INSTRON Company in Germany; and
- 16-tonne hot-press forging, a forging production line comprising 6,300-tonne main machines.

We manufacture key parts and components on various different production lines. We carefully monitor each stage of our manufacturing process both by quality control engineers and through specialized testing equipment to ensure that our final product achieves the highest possible quality standard.

The major steps of our truck manufacturing process are briefly described below:

- ***processing and assembly of key parts and components***

  Unfinished parts and components, both self-manufactured and outsourced, are processed according to their respective specifications for assembling into a complete key part, such as cabin, engine or axle.

- ***assembly of truck chassis***

Parts and components for truck frames are processed on our general assembly lines for assembling into complete truck frames. Other parts, including cabins, engines, axles, gearboxes, steering boxes, tires and electrical systems, are installed in the truck frame to form a complete truck chassis.

- ***inspection and testing***

Our truck chassis and parts are subject to automated and manual inspections and testings. We inspect and test all our truck chassis and parts and components in compliance with the relevant technical standards issued by the PRC government.

- ***warehousing***

Once offloaded from the general assembly lines, the trucks and truck chassis are sent to a warehouse before delivery to our customers or to refitting companies for body refitting.

The following diagram illustrates the overall assembly process for our heavy trucks:

In addition to the general assembly for complete trucks, our manufacturing processes for parts and components involve design, research and development, prototyping, testing, mass-production, quality control and inspection, packaging and delivery.

The details of our production lead time are as follows:

Key parts	Time period
• Engines	60 days
• Axles	30 days
• Driver cabin	20 days

General assembly and body fitting	Time period
• Semi-tractor trucks	7-10 days
• Chassis for cargo trucks	7-10 days
• Body fitting for cargo truck	4-5 days
• Chassis for tippers	7-10 days
• Body fitting for tippers	Around 20 days
• Chassis for cement mixers	7-10 days
• Body fitting for cement mixers	Variable as it is commissioned to refitting companies

Our production lead time also includes the time for delivering trucks to customers before we recognize sales, which typically takes five to 20 days.

Quality Control

We maintain strict quality control over the research and development, engineering and production of our trucks and parts and components. Our production quality management system includes automated and manual quality inspections and spot checks at various points during the production process, commencing with raw materials and outsourced parts and components. We select and control the sources of our raw materials and parts and components that we do not produce ourselves. We also maintain a list of preferred suppliers for our raw materials and outsourced parts and components. In addition, we inspect raw materials and outsourced parts and components upon arrival. For additional information on our raw materials, outsourced parts and components and suppliers, see "— Supplies" below.

Our independent quality control departments within each operating subsidiary are designed to monitor the quality of our products at the different stages of their production. We also designate management level personnel to conduct unannounced site visits and spot checks during the production process. We conduct testing and inspections internally during each stage of our assemblies of parts and components. In addition, we conduct various quality inspections during our general assembly:

- quality inspection of all parts and components before loading onto the general assembly lines;
- automated testing by quality control equipment at various check points;
- inspections by quality control engineers at various check points; and
- complete vehicle inspection and testing upon offloading from the general assembly lines.

Before it is released to the market, each of our trucks must pass our comprehensive functional testing, including environmental and safety testing.

Most of our manufacturing subsidiaries are certified under the ISO quality system. The table below sets forth the quality certificates we have received:

Recipient	Certificate	Validity period
Sinotruk Jinan Truck Company	ISO9001:2000	Oct. 2007-2010
Sinotruk Hangzhou Engine	ISO/TS16949:2002	June 2005-2008
Sinotruk Chongqing Fuel System	ISO/TS16949:2002	June 2005-2008
Sinotruk Jinan Commercial Truck Company	ISO9001:2000	Nov. 2005-2008
Sinotruk Jinan Axle & Transmission Company	ISO/TS16949:2002	Sep. 2006-2009

Sales and Customers

Our customers are purchasers of our products for resale or for their own uses, and they include third-party dealers, refitting companies and a small percentage of end-users. We sell substantially all of our trucks through third-party dealers, which primarily consist of general dealers and 4S centers. We also sell our truck chassis to refitting companies, which purchase our truck chassis, refit them and sell such refitted trucks to end-users. We sell a limited amount of trucks directly to end-users, primarily large corporations and equipment procurers for large national projects. In addition, we sell our products overseas through approximately 20 export agents and dealers. End-users of our trucks can be broadly divided into the following categories:

- infrastructure developers;
- construction companies;
- container transportation companies;
- logistics service providers;
- mining companies;
- steel companies;

- chemical companies; and
- users of specialty vehicles, such as tippers, oil-tank trucks, fire engines and cement mixers.

Sales to our five largest customers represented approximately 12.9%, 11.0%, 18.6% and 20.0% of our revenues for 2004, 2005, 2006 and the nine months ended September 30, 2007, respectively. The largest customer accounted for approximately 3.1%, 4.4%, 9.2% and 9.0% of our revenues during the respective periods. All of our dealers are independent third parties and transact business with us on arm's-length basis.

Our Parent Company has a 15% equity ownership in Shandong Dongyue Specialty Vehicles Manufacturing Co., Ltd., which was one of our top five customers for 2004, 2005, 2006 and the nine months ended September 30, 2007. Except for this ownership interest, none of the Directors, their respective associates or, so far as the Directors are aware, any of our Shareholders who owns more than 5% of our issued share capital immediately upon completion of the Global Offering has any interest in any of our top five customers for 2004, 2005, 2006 and the nine months ended September 30, 2007.

Domestic sales network

We maintain an extensive sales network in China. As of September 30, 2007, our domestic sales network comprised approximately 780 third party companies that had established sales relationship with us, of which 101 were 4S centers that sell our products and provide services to our products exclusively, 35 were exclusive dealers that sell our products exclusively, and approximately 650 were general dealers or sales partners that have entered into framework agreement with us to potentially become our general dealers in the future. Our exclusive dealers sell our truck products exclusively and our general dealers are not obligated to sell our truck products exclusively, although we encourage them to do so. Compared to exclusive dealers and general dealers, our 4S centers are contractual dealers established based on our uniform standard, and provide a broader range of services, including truck sales, parts supplies, information gathering and other after-sales services. In addition, our 4S centers are required under their contracts with us to sell our heavy trucks on an exclusive basis and may not sell heavy trucks made by other manufacturers. We have also established business relationships with over 200 contractual refitting companies nationwide. Our relationship with refitting companies allows us to reach more niche markets of specialty vehicles in different regions of China. Our domestic sales network covers various cities in each province and autonomous region in China, with a well-established presence in Beijing, Shanghai, Tianjin, Chongqing and each provincial capital city.

We select our dealers mainly based on their reputation, sale network coverage and size of work force in their respective local market. Our selection criteria include:

- understanding of local markets and ability to market locally;
- sales force;
- shop locations;
- after-sales service capabilities; and
- shop facilities and equipment.

We enter into a distribution agreement with each of our dealers. The distribution agreements with our general dealers generally have a term ranging from three to six years and the distribution agreements with our 4S centers generally have a term of ten years. These agreements specify, among other things, the geographic distribution and sales areas, sales targets, minimum sales prices, marketing efforts, settlement terms and commission rates. Before the expiration of the existing distribution agreements, we evaluate the dealers' performance during the year and will not renew our agreements with dealers that receive unsatisfactory reviews. Pursuant to the distribution agreements, we offer our dealers various commissions and bonuses linked to their historical performance. We also regularly provide staff and marketing training to our domestic dealers on an annual basis, supplemented by special training sessions on new products, market updates and important technological advancements. Dealers can elect to terminate the distribution agreements upon their expiration.

As of September 30, 2007, we had 66 sales offices throughout China to manage our 4S centers, dealers and sales partners. Our sales branch offices regularly evaluate the performance of dealers, coordinate sales and after-sales services, collect information on industry developments, conduct market surveys and analysis, and serve as communication channels between the local dealers and us. Our sales offices are not engaged in direct sales of our products.

Overseas sales network

We sell products to approximately 30 countries and regions. Our current international marketing strategy focuses on emerging markets in Southeast Asia, the Middle East, the Russia, Africa, Central and South America and Central Asia. We intend to gradually expand our overseas sales to other regions in the world. As of September 30, 2007, we distribute our products outside China through approximately 20 export agents and dealers. Also, we are planning to build three CKD facilities overseas, through cooperation with local heavy truck manufacturers. Our overseas sales increased from 216 units in 2004 to 3,817 units in 2005, 5,869 units in 2006 and 10,013 units for the nine months ended September 30, 2007. Our products sold to the overseas markets are serviced by approximately 46 third-party service stations. Our overseas sales are managed by our subsidiaries, Sinotruk Shandong Import & Export Company, Sinotruk Jinan Ganghua Import & Export Company, Sinotruk Hong Kong International Investment Company and Sinotruk Jinan Truck Company. For 2004, 2005, 2006 and the nine months ended September 30, 2007, revenue generated from products sold overseas amounted to approximately Rmb 96.5 million, Rmb 1,051.9 million, Rmb 1,562.7 million and Rmb 2,691.6 million, or approximately 0.9%, 11.5%, 12.2% and 16.7%, respectively, of our total revenue of the respective periods.

During the Track Record Period, we made a portion of our export sales to dealers in Iran and Sudan. For 2004, 2005 and 2006 and the nine months ended September 30, 2007, truck sales to these two countries accounted for approximately 0%, 7.7%, 8.7% and 7.4% of our total sales, respectively. These exported trucks, like our trucks in general, contained no content of U.S. origin or only de minimis amounts of such U.S. content. No U.S. employees or agents on our behalf are involved in supplying such trucks and related services and technology to Iran and Sudan. We do not expect significant increases in our export sales to Iran and Sudan in the near future, and our aggregate annual export sales to Iran and Sudan will not exceed 10% of our total annual sales in the foreseeable future. We do not make sales to companies active in the petroleum or defence industries in those countries.

As of the Latest Practicable Date, we had never had any assets located in either Iran or Sudan, except for accounts receivable from Iranian and Sudanese customers in connection with the export sales described above. We will institute appropriate internal controls so that the use of proceeds of the Global Offering by us or our affiliates will not cause any U.S. person, as defined in U.S. economic sanctions, to violate U.S. economic sanctions. You may find additional information in "Appendix VII — Statutory and General Information — Other information — Background on OFAC sanctions" in this prospectus.

Our overseas dealers provide services ranging from sales, market development, information collection to after-sales service for our products. We generally take into consideration the following criteria in selecting our overseas dealers:

- qualification to operate automobile dealer business, reputation within the industry and within the country of operation;
- ability to conform with our uniform sales outlet image and layout standard;
- ability to meet sales targets;
- marketing abilities to promote our products and ability to gather market information; and
- ability to provide after-sales services.

We enter into distribution agreements with our overseas dealers. Our overseas distribution agreements are usually of a term of one to two years. Pursuant to our distribution agreements, our overseas dealers are subject to mandatory annual sales targets. We may terminate any overseas dealership if the dealer fails to achieve its sales target in any year.

Sales and settlement arrangements and payment terms

Generally, our trucks are made to order. We begin assembly of our trucks upon receipt of customer orders, which include orders from third-party dealers, refitting companies and end-users. Our customers are typically required to pay an advance deposit of Rmb 10,000 to Rmb 20,000 per truck at the time of their purchase order. Our sales to dealers and our sales to other customers are generally subject to the same sales policies governing return, exchange or other sales-related issues. We do not deliver trucks to any dealers on a consignment basis. Our truck dealers are required to pay for their orders prior to delivery either in cash or immediately available funds or bank notes with a tenure of usually three to six months, which represents the credit term granted to our customers who pay by bank notes. We generally do not extend credit in our truck sales, except for sales in connection with large quantity purchase orders from end-users who have established credit-worthiness.

On some occasions, in order to shorten the delivery time, some of our truck products are sent to and stored at our service centers closest to the dealers placing the purchase orders before payment. Specialty vehicles or trucks with special features typically require refitting or modifications at our contractors' facilities. We usually ship our chassis to the refitting companies for modification or installation of additional parts and components for these special orders.

A small percentage of our truck sales are made pursuant to tripartite financing arrangements among a small number of our dealers, banks and us. Banks typically will enter into a tripartite financing agreement with dealers who have demonstrated good credit history. Pursuant to such tripartite agreements, the dealers typically are required to deposit certain percentage (typically 30%) of the total purchase price in the relevant bank and the relevant bank will typically agree to finance the purchase of trucks on behalf of the dealer in consideration of our agreeing to buy back such trucks from the bank, should the dealer fail to repay the full amount to the bank within the stipulated timeframe. Such financing arrangements are beneficial to us, bank and the truck dealers in the following ways: (i) our credit risk exposure is reduced by its control of the goods until they are fully paid; (ii) we receive more funds in the form of banks notes, which improves its liquidity as bank notes can be used to pay its suppliers; (iii) truck dealers can leverage banks' credit to purchase more trucks to meet the market demand and make more profits; and (iv) banks receive fees for issuing bank notes; and its risk of not receiving the full funds is minimized through its mortgage interest in the trucks and our guarantee. The directors believe that such financing agreements are in line with the common market practice for vehicle sales. Our PRC legal advisers, DeHeng Law Offices, have confirmed that such tripartite arrangements are legal and valid under the relevant PRC laws and regulations.

Under our accounting policy, advance payments received by us under such tripartite financing agreements will not be recognized as sales until the trucks are delivered to the dealers and the dealers confirm the receipt of the trucks, at which point the legal title or the possession is transferred and we no longer retain any control over, and have responsibility towards, these trucks, other than replacement of minor defected parts. The financing arrangement of our trucks does not affect our revenue recognition, and sales revenues are recognized only when our trucks are delivered to the truck dealer upon the bank's release of trucks. The bank notes received are initially recorded as advances from customers until the trucks are delivered. During the Track Record Period, we had made no buybacks under the tripartite financing arrangements. In the opinion of the Directors, the financial information in the Accountants' Report set forth in Appendix I to this prospectus fully complies with such accounting policy in all material respects. For 2004, 2005 and 2006 and the nine months ended September 30, 2007, approximately 20, 6, 5 and 10 dealers were involved in such financing arrangements, and approximately 0.9%, 2.2%, 1.2% and 1.0% of our total revenue were generated under sales from such arrangements.

For our parts and components products, our dealers, 4S centers and service stations normally pay in cash or by bank remittance, and we may grant credit to customers who have a long-term relationship with us or possess strong financial credit-worthiness. However, the credit term generally is no more than six months.

Pricing policy

We determine and adjust our product selling prices from time to time on the basis of market supply and demand.

In determining our prices, we take into account our costs of production, pricing of comparable products in the market, prevailing market conditions for our products and the positioning of our products in the relevant market.

Marketing

We market our products through a mix of marketing activities, including print and broadcast media, point-of-sale support materials, billboards and the Internet. We employ advertising companies in China, which are responsible for all aspects of our advertisements. For 2004, 2005, 2006 and the nine months ended September 30, 2007, we spent an aggregate of Rmb 40.1 million, Rmb 53.1 million, Rmb 90.9 million and Rmb 88.6 million, respectively, on advertising and marketing campaigns designed to increase sales of our products and to enhance our brand awareness.

We also promote and market our products through our sales network and our after-sales services network throughout China. We use the information we collect through our "one through-line" MIS system to identify customer demographics, determine which products and options are most in demand and optimize inventory control. Our "one through-line" MIS system has also provided us with the ability to track customer preferences in various regions and to adjust our production and distribution efforts accordingly.

To introduce our products to a broader group of customers and further expand our customer base, we participate in trade shows and exhibitions, including major heavy truck-related exhibitions and other automobile-related exhibitions in major cities of China. We also organize promotional events with our dealers to market our new products and enhance our brand recognition.

After-Sales Services

Our trucks are serviced by a national after-sales network operated by independent third parties. As of September 30, 2007, we had approximately 700 contracted after-sales service stations. Our after-sales services include provision of repair services and sale of spare parts. We closely monitor customer reports of defects or problems with our products. In an industry that is highly competitive, we endeavor to provide quality service under our service motto "*qinren*" (親人), or "to treat our customers like family members." We require our authorized service stations to act under this motto. They are not only required to provide customary services such as repair and maintenance, but also communicate with our customers to understand how our products can be improved, what aspects of other models are preferred and how problems can be rectified, and to collect market intelligence in general.

As part of our after-sales services, we provide standard warranties to our end-users. Our warranty is free of charge for six to 18 months depending on the type of vehicles and engines in question. During the warranty period, we pay our contracted service stations for parts and labor covered by the warranty on the basis of actual warranty costs incurred. Beyond our warranty period, customers have to pay for all parts and labor. For 2004, 2005, 2006 and the nine months ended September 30, 2007, our total warranty costs were approximately Rmb 128.0 million, Rmb 89.9 million, Rmb 169.9 million and Rmb 197.1 million, respectively.

We also utilize our one-through-line MIS system and a 24-hour toll-free telephone service hot line in China to timely respond to customer inquiries and complaints, provide assistance for repairs or replacements, track product defect occurrence and pattern and collect market intelligence to further improve our products. Our extensive service network in China enables us to resolve most of the routine customer complaints within 24 hours in most of the geographic areas in China and most major problems within three days. To improve our customer services on a continuous basis, we regularly evaluate the performance of our contracted service stations on the basis of their customer service capabilities based on site visits. We believe that our dedication to providing timely and quality after-sales services to our customers has contributed to our customer loyalty.

Supplies

Our principal raw materials include steel, such as steel sheets, pig iron, coils and profiled steel, and, to a lesser extent, rubber, paint and a variety of other materials. We purchase our principal raw materials from third-party suppliers. We also procure from third-party suppliers some key parts and components, such as gearboxes, steering gears and a few other generic components to satisfy our current needs. To ensure our quality requirements, we generally select key suppliers with qualification certificates issued by the relevant government authorities or industry associations. Our selection criteria include the candidates' technical qualifications, manufacturing facilities, production capacity, pricing, product quality and available services. To ensure competitive pricing for our procured raw materials and parts and components, we typically use a bidding process to select suppliers from our approved list of suppliers.

We attempt to limit our supplier risk by purchasing raw materials and parts and components from more than one single supplier. We are able to do so for a majority of our principal raw materials and some of our parts and components. We purchase gearboxes from Shaanxi Fast Gear Co., Ltd. and Chongqing Qijiang Gear Transmission Co., Ltd. and steering gears solely from the Jinan subsidiary of ZF of Germany. For further information on the key parts and components that we manufacture ourselves, see the section entitled "— Our Principal Products — Parts and Components" above.

Purchases from our five largest suppliers accounted for approximately 42.7%, 29.2%, 15.6% and 13.8%, respectively, of our total purchases for 2004, 2005, 2006 and the nine months ended September 30, 2007. For 2004 and 2005, our single largest engine supplier prior to January 1, 2006, Weichai Power, accounted for approximately 86.2% and 64.6%, respectively, of our purchases of engines. Weichai Power has since January 1, 2006 ceased to be our supplier. For information relating to the prior ownership interest of our Parent Company in Weichai Power, see "Appendix VII — Statutory and General Information — Further Information About Us — Corporate history and reorganization" in this prospectus.

We generally pay our suppliers of steel products upon receipt of their deliveries. Payments for all other supplies, including outsourced parts and components and other raw materials, are generally due in one to three months after receipt of deliveries. We believe that these credit terms granted by our suppliers are in line with current general market practices in China.

None of the Directors, their respective associates or, so far as the Directors are aware, any of our Shareholders who owns more than 5% of our issued share capital immediately upon completion of the Global Offering has any interest in any of our top five suppliers for 2004, 2005, 2006 and the nine months ended September 30, 2007.

Research and Development

As the first domestic manufacturer to import heavy truck technologies from Europe, we have gained expertise in truck design and engineering through two decades of proprietary research and international collaborations. Our research and development is conducted through Sinotruk Jinan Technical Center and Sinotruk Factory Design Institute, supported by a variety of coordinated research and development efforts at specialized research and development departments at our subsidiaries. These specialized research and development departments focus on developing new products, improving emission level for our trucks, enhancing the functionalities of various parts and components of a truck, such as cabins, engines, vehicle bodies, and refining production engineering and other special aspects of heavy trucks, by applying state-of-the-art technology and utilizing advanced equipment.

Our research and development center is a nationally accredited heavy truck research and development institute and has led a national heavy truck research project, "863" project commissioned by the PRC government. In recent years and particularly during the Track Record Period, our research and development efforts have primarily focused on improving the design and engineering of key truck components, such as cabin, axle and chassis, to enhance the functionality, performance and loading capacity of our products. As a result of our research and development efforts, in July 2006, we received gold medals for our driver cabin, our driving axle, our truck chassis and suspension system in the China International Patent and Brand Expo organized by the PRC State Intellectual Property Office. We believe our heavy truck manufacturing technologies excel in the PRC market, due in large part to the sophistication of our research and development capabilities, which directly lead to improvement of our production efficiency and product popularity.

As of September 30, 2007, our research and development team consisted of 370 people. We recruit talented engineers from all over China. We also emphasize retention of our research and development personnel. Some of our research and development engineers possess more than 20 years of experience in developing automobile and related products.

For 2004, 2005, 2006 and the nine months ended September 30, 2007, our expenditures in research and development totaled Rmb 87.4 million, Rmb 78.4 million, Rmb 93.7 million and Rmb 95.1 million, respectively.

Intellectual Property

We regard our copyrights, trademarks, patents, trade secrets and other intellectual rights as critical to the success of our business. One of our key objectives is to develop our products with our proprietary technologies so that we can provide our customers with advanced technological solutions at competitive prices. We rely on trademark, patent and copyright laws, trade secret protection, non-competition and confidentiality pledges by our executive officers, and key research and development personnel to protect our intellectual property rights.

Our Parent Company has registered a number of trademarks and service marks with the PRC and Hong Kong trademark authorities, such as the trademarks of "SINOTRUK," "斯太爾" (Sitaier), "斯太爾王" (Sitaier King), "豪濼" (HOWO) and the service mark of "親人" (qinren) with the PRC trademark authorities. According to a license agreement dated November 3, 2007, our Parent Company granted a non-exclusive right for us to use all its registered trademarks and service marks free of charge for an initial term of three years, which is renewable at our request. As of September 30, 2007, we owned 52 registered patents issued by the PRC patent authorities, of which six were invention patents, 45 were utility model patents and one was a design patent. As of the same date, our Parent Company was the legal owner of 578 registered patents issued by the PRC patents authorities, of which 18 were invention patents, 481 were utility model patents and 79 were design patents. We are authorized to use all of these patents owned by our Parent Company free of charge for an initial term of three years, renewable at the same terms at our option, pursuant to a license agreement dated November 3, 2007.

As our rights under these license agreements are non-exclusive, each subsidiary of our Parent Company, other than our company, also has the right to use these trademarks, service marks and patents.

Inventory

Although our production is largely order based, we maintain inventories of raw materials and parts and components to promptly fill purchase orders. Our inventories also include finished products and work-in-progress at any time of reference. Our inventory build-up from time to time is also attributable to our sales practice and developing new products market conditions as follows:

- As part of our sales policy, we generally do not sell our trucks on credit except to buyers with solid financial credit and upon approval of our top management. All trucks which are made to order but not yet fully paid for by customers are recorded as inventory.

- As our principal truck manufacturing facilities are located in Jinan and we sell our products throughout China, the delivery of our trucks from our warehouses to our customers usually takes three to 10 days depending on the distance. Such trucks in transit are accounted as inventory and delay our recognition of revenue until they are received and accepted by the customers.

- Purchase orders for specialty vehicles or for trucks with special features generally take longer to deliver. To the extent that we need to refit the trucks to meet end-users' special needs, we typically ship our truck chassis to third-party refitting companies for modification or installation of additional parts and components. In such cases, the time required to complete the relevant refitting requirements prolongs our inventory turnover and delays our recognition of revenue.

To minimize our inventory build-up and shorten our inventory turnover, we have put in place a TRP system and "one-through-line" MIS system to manage our inventory, production and delivery on a real-time basis. Through the computerized system, we attempt to monitor our inventory and production to avoid excessive inventory and enhance production efficiency. It is our policy to maintain a minimum level of inventory of raw materials and parts and components. We have made arrangements with most of our suppliers of raw materials and outsourced parts and components to reduce our risk of excessive inventory. Under these arrangements, we have raw materials and parts and components delivered to our warehouses in advance of their anticipated use, and they remain as the suppliers' inventories until we use them in our production.

We divide our inventory into raw materials, work-in-progress and finished goods to assist our internal tracking processes. Our inventory turnover for 2004, 2005, 2006 and the nine months ended September 30, 2007 was approximately 73 days, 107 days, 89 days and 68 days, respectively. As of September 30, 2007, our provisions for inventory impairment were approximately Rmb 72.5 million.

Competition

The PRC heavy truck manufacturing industry is highly concentrated and competitive. For 2005, 2006 and the nine months ended September 30, 2007, PRC manufacturers sold a total of 236,586, 307,296 and 374,895 heavy trucks, respectively, with 202,842, or 85.7%, 257,536, or 83.8%, and 309,242, or 82.5%, respectively, of these heavy trucks produced by the five largest manufacturers, according to the China Automobile Industry Association. For further information on the PRC heavy truck industry, see "Industry Overview and Regulation" in this prospectus.

We also face competition from non-PRC manufacturers. In recent years, China's accession to the WTO has accelerated competition from foreign heavy truck makers, not only through imported foreign-made trucks and parts and components, but also through increasing entries by foreign heavy truck manufacturers into China. Foreign heavy truck manufacturers that have formed Sino-foreign joint ventures in China to produce heavy trucks or have established technological collaborative relationships with local manufactures include Volvo Truck Corporation, Nissan Motor Co., Ltd. and Isuzu Motors Limited. Intense competition in the heavy truck industry in China has added pricing pressure as well as generated incentive for heavy truck manufacturers in China to hasten technological innovations. We believe imports of heavy trucks declined due to intense competition in the heavy truck industry in China, which has caused price pressure and rapid technological improvements, making domestic heavy trucks a better value than imports.

We believe that the principal factors affecting competition in the PRC heavy truck market are research and development, product quality, pricing, brand recognition, customers' delivery schedules, responsiveness to design specifications of customers, distribution channels and capabilities, and customer services. To further improve our competitiveness, we plan to strengthen our research and development capabilities, enhance our production capacities, diversify and upgrade our product lines, increase quality and cost control, further promote our brand names through advertising, and further integrate our sales network with our service network.

Properties and Facilities

Our manufacturing facilities

As of September 30, 2007, our total production capacity was approximately 70,000 units of trucks and 100,000 units of engines on an annualized basis. Our major manufacturing facilities are located in Jinan of Shandong province, Chongqing municipality and Hangzhou of Zhejiang province. The following table sets forth the relevant details of our major manufacturing facilities for the periods as indicated.

Location	Primary manufacturing company	Product	Annual Capacity as of December 31, 2004	Utilization rate for 2004	Annual Capacity as of December 31, 2005	Utilization rate for 2005	Annual Capacity as of December 31, 2006	Utilization rate for 2006	Annual Capacity as of September 30, 2007	Annualized Utilization rate as of September 30, 2007
Jinan, Shandong . .	Sinotruk Jinan Truck Company	Trucks	40,000	95.9%	60,000	51.9%	60,000	74.6%	60,000	133%
Jinan, Shandong . .	Sinotruk Jinan Commercial Truck Company	Trucks	4,000	84.1%	8,000	47.2%	8,000	96.9%	10,000	139%
Jinan, Shandong . .	Sinotruk Jinan Power	Engines	—	—	—	—	30,000	51.0%	40,000	112%
Jinan, Shandong . .	Sinotruk Jinan Axle & Transmission Company	Axles	100,000	164.8%	170,000	78.8%	282,000	59.4%	282,000	116%
Chongqing	Sinotruk Chongqing Fuel System	Fuel pump & nozzle	80,000	87.6%	120,000	38.5%	135,000	61.3%	135,000	103%
Hangzhou, Zhejiang	Sinotruk Hangzhou Engine	Engines	50,000	45.7%	50,000	36.8%	50,000	91.0%	60,000	106%

We have calculated our utilization rates listed in the above table by dividing our actual production output during the period by the design production capacity at the end of each period. Our design production capacity is based on eight working hours per day and design specifications of our equipment. As we often acquire new equipment or upgrade existing facilities during the year, the year end manufacturing capacity is usually higher than the actual capacity available during the year. As a result, the annual utilization rate does not necessarily reflect our actual utilization of the manufacturing facilities during the year. In fact, we have consistently experienced capacity shortage, especially during the peak months. Based on our outlook on the heavy truck market in China and overseas, we believe our capacity expansion plan is critical in attaining our goal of becoming the leading heavy truck manufacturer in China.

The overall lower utilization rate at our manufacturing facilities in 2005 and the subsequent increase were consistent with the lower market demand for heavy trucks due to the industry-wide slow down in 2005 and the subsequent recovery in 2006. The utilization rates of our production facilities for the nine months ended September 30, 2007 increased substantially because of our increased sales volume driven by strong market demand.

The utilization rate of the manufacturing capacity of Sinotruk Jinan Axle & Transmission Company exceeded 100% in 2004 because we had to use more than one shift to maximize the utilization of our equipment due to market demand. The utilization rate of manufacturing capacity of Sinotruk Jinan Axle & Transmission Company decreased in 2005 and 2006 as we completed phase two and phase three of our manufacturing capacity expansion project at Sinotruk Jinan Axle & Transmission Company in the respective year.

During the Track Record Period, Sinotruk Hangzhou Engine experienced a rapid increase in utilization rate, from 45.7% in 2004 to 91.0% in 2006. Prior to 2006, a majority of the engines used in our truck production was provided by Weichai Power. Since 2006, we primarily rely on self-produced engines to meet our truck production needs, which significantly increased the utilization rate of the manufacturing capacity at Sinotruk Hangzhou Engine, which produced approximately 75% of our total engine units produced in 2006. In addition to the impact of such change in our engine strategy, the utilization rate of Sinotruk Hangzhou Engine increased also because of the industry-wide recovery in heavy truck sales in 2006.

Our production facilities under construction

We are currently planning to increase our manufacturing capacity and improve our manufacturing process by adding more facilities, assembly lines and advanced manufacturing equipment. We have manufacturing facilities under construction in Hangzhou and Jinan.

Hangzhou. The existing facilities of Sinotruk Hangzhou Engine are located in the central urban area of Hangzhou. Such location has severely limited Sinotruk Hangzhou Engine's ability to expand its production and the facilities are currently running close to their maximum capacity. To increase our engine manufacturing capacity and upgrade production equipment at Sinotruk Hangzhou Engine to meet our growing needs, we have decided to relocate our engine manufacturing facilities in Hangzhou to new facilities in Xiaoshan district in the suburb of Hangzhou with a total site area of approximately 230,000 square meters. The construction of the new facilities commenced in September 2006 and is expected to be completed by 2008.

Jinan. We have acquired approximately 2.1 million square meters of land use rights in the Zhangqiu district in the suburb of Jinan, a portion of which are currently used to house the production facilities of Sinotruk Jinan Power. We plan to relocate the operations of Sinotruk Jinan Commercial Truck Company to this site upon the completion of constructions of new facilities on this site, which is expected to be in late 2007. According to our feasibility study, we aim to increase the truck manufacturing capacity of Sinotruk Jinan Commercial Truck from 10,000 units a year to almost 30,000 units a year by the end of 2007. We also plan to complete the installation of all new manufacturing equipment and the construction of all ancillary facilities at this site by 2010, at which point we aim to increase the manufacturing capacity of Sinotruk Jinan Commercial Truck to 50,000 units. The total investment for this project is estimated to be Rmb 600.0 million. We have used primarily working capital from operations and bank borrowings to fund this project so far and also expect to use a portion of the proceeds from the Global Offering to fund this project.

For further information on our contemplated relocations, see "Risk Factors — Risks Relating to Our Business — We may lack adequate production capacity to meet further market demand for our products, and our contemplated facility expansion may not be completed as smoothly as we plan, all of which could cause us to lose market share" in this prospectus.

Other properties

In addition to our manufacturing facilities, as of September 30, 2007, we maintain sales offices across China. We lease the premises for our sales offices. These premises range in size from approximately 20 square meters to approximately 1,800 square meters and we use them primarily for managing our sales network and promoting and coordinating the sales and services of our products. We use the land or buildings in respect of all the properties we currently occupy as legally permitted in China.

As of September 30, 2007, we had not completed the registration of the relevant long-term land use rights certificate for property No. 7 from our Parent Company to us, and had not obtained the relevant building ownership certificates for three buildings of property No. 5 as identified in "Appendix IV — Property Valuation Report" in this prospectus. We are in the process of registering or applying for the relevant title documents to these properties. We expect to complete the registration for property No. 5 within approximately one year after our listing and expect to take longer to complete the registration for property No. 7. Our PRC counsel has advised that these registration or application processes are procedural and we do not expect any material legal obstacles in obtaining the relevant title documents to these properties. The properties without building ownership certificates identified above are used for research purposes, and have an aggregate area of 2,508.5 square meters, which account for approximately 0.3% of the total gross floor area of the total properties we own. The properties with defective title do not individually or as a whole materially contribute to our revenues.

We also use the properties leased from related parties for production and office uses. These leases are of a transitional nature and form part of our relocation to Xiaoshan district of Hangzhou and Zhangqiu district of Jinan. In addition, we lease various properties from independent third parties mostly used as our sales offices and storage spaces. Among these leased properties, the landlords of a total lease area of approximately 42,249.8 square meters have not provided to us the building ownership certificates or titles, accounting for approximately 59% of our total lease area from third parties. As of the Latest Practicable Date, we had not received from our lessors the relevant title documents for all leasehold properties identified under property No. 20 as identified in "Appendix IV — Property Valuation Report" in this prospectus.

Our Parent Company has undertaken to indemnify us against any loss arising from the title defects of the above properties and confirmed that the title defects of the above properties should not have a material legal risk on our business and our Listing. We confirm that the above properties are not crucial to our operations as a whole and that the operations we conduct within those properties do not individually or as a whole materially contribute to our revenues.

Details of our properties are set forth in "Appendix IV — Property Valuation Report" to this prospectus.

Sallmanns (Far East) Limited has valued our property interests as of September 30, 2007. A summary of values and valuation certificates issued by Sallmanns (Far East) Limited are included in Appendix IV to this prospectus.

Legal Proceedings and Potential Litigation

As of the Latest Practicable Date, we were not involved in any litigation, arbitration or administrative proceedings that could have a material adverse effect on our financial condition and results of operations. We have, however, from time to time, been involved in certain legal proceedings, such as bank loan disputes, debt disputes, customer and supplier disputes and product quality claims arising out of the ordinary course of our businesses or the listing of Sinotruk Jinan Truck Company on the Shenzhen Stock Exchange. As of the Latest Practicable Date, we were involved in a number of lawsuits, nine of which each involved claims of over Rmb 1 million. We estimate that the total amount of claims of all law suits was approximately Rmb 24.0 million. None of these litigation, arbitration and administrative proceedings, individually or in the aggregate, have had any material adverse effect on our financial position or results of operations. As part of our accounting policy, we make full provision for legal claims where our PRC legal counsel determines that the risk of losing under the relevant claim is 50% or higher and will not make provision for legal claims where the risk of losing is lower than 50%. Under such policy, our total provision for legal claims was Rmb 4.3 million as of September 30, 2007. As we have already made full provisions for claims subject to high risk of losing, we did not disclose any contingent liability with respect to legal claims. Please see also note 28(a) to our Accountant's Report included in this prospectus.

On November 1, 2007, Weichai Power published an announcement alleging infringements to four of its utility model patents by its competitors, including us. Weichai Power has indicated in the announcement that it may take legal actions against the named infringers including us. The technologies involved in these patents are being used in certain parts we outsourced. After due inquiry and reasonable investigations of Weichai Power's allegations, we believe that the relevant technologies involved in the four utility model patents in dispute were either in the public domain or had been used by us prior to the issuance of the respective patent. We initiated proceedings to repeal these patents in question under the applicable PRC patent laws and the patent review committee of the State Intellectual Property Office of the PRC issued formal notice of acceptance of our repeal application on November 6, 2007.

We believe that the parts affected by these alleged infringements are only de minimis in amount, ancillary in nature and equivalent parts made with alternative application technologies at comparable costs are readily available in the market. As such, we can substitute the allegedly "infringing" parts with viable replacements at similar costs without causing significant disruption or other material adverse effect to our production of engines and trucks. Our Parent Company has also undertaken to indemnify us for any loss or damage that we may suffer as a result of any lawsuits filed by Weichai Power against us. Therefore, we believe that, even if the threatened legal action were to materialize and be resolved in an outcome unfavorable to us, it should not result in any material adverse impact on our business and operations. However, we cannot guarantee that there will not be any other possible disputes with, or claims made by, Weichai Power in the future.

Environmental Compliance

We are subject to national and local environmental protection regulations in China. Under the current PRC environmental laws, if the PRC government finds our operations to be in violation of applicable PRC environmental protection laws or regulations, we will be given a period of time to remedy the violation. Should we fail to do so, the PRC government may force a shut-down of our operations until such time as we have complied with the regulations. In addition, our products are subject to environmental regulations on emissions. Our products currently meet the standards imposed by the PRC government.

We strive to reduce the environmental impact from our products and processes. For disposal of used oil and hazardous wastes, we have hired companies certified by the relevant PRC authorities, such as Jinan Hanyang Solid Waste Disposal Co., Ltd. and Jinan Xinyuan Recycle Company, to dispose of such wastes as required by the PRC law. Both companies are independent of us. They are responsible for the delivery and disposal of oil and waste generated by our operations. We dispose of other solid and liquid wastes generated during our production process in accordance with the PRC laws and regulations. In the past, the PRC environmental authorities have imposed sanctions on us for incidents of non-compliance with respect to our production and facilities. These sanctions primarily related to noise pollution and dust pollution. In each occasion, we ceased such pollution and promptly modified our production process to comply with orders issued by the environmental authorities. In addition, we are in the process of relocating substantially all of our manufacturing facilities currently located in urban areas to suburbs in Jinan and Hangzhou that are more suitable for manufacturing activities and industrial development. The aggregate environmental fines imposed on us amounted to approximately Rmb 18,000 during the Track Record Period. These sanctions have not resulted in any material adverse impact on our business, financial condition and results of operations. However, as disclosed in “Risk Factors — Risks Relating to the Heavy Truck Industry in China — Environmental protection laws and policies in China and other countries where our products are marketed may subject us to significant compliance costs” and “Industry Overview and Regulation — Regulations” in this prospectus, we cannot give any assurance on the impact of environmental regulations on our operations in the future.

We consider environmental compliance important to our operations. Under the PRC laws, we are not allowed to start our construction projects until we have obtained the relevant approvals from the relevant environmental authorities and satisfied with our own environmental impact assessment. Under the Law on Environmental Impact Assessment effective from September 1, 2003, we must submit environmental impact assessment reports to the State Environmental Protection Administration at the relevant national, provincial or local levels with respect to any environmentally sensitive projects, which include, as set forth in the catalog published by the State Environmental Protection Administration, machinery and equipment manufacturing. For any environmentally sensitive project, we must engage an independent qualified environmental appraiser to assess the environmental impact and to prepare the report for submission to the government. In addition, the PRC laws do not permit any environmentally sensitive project to begin construction until the government regulators are satisfied with the environmental impact assessment.

We incurred annual expenditures of approximately Rmb 14.3 million, Rmb 10.4 million, Rmb 12.6 million and Rmb 17.2 million relating to environmental compliance matters for 2004, 2005, 2006 and the nine months ended September 30, 2007, respectively.

Insurance

We currently hold insurance policies that we believe are sufficient for our operations, as well as customary and standard for companies of comparable size in the heavy truck manufacturing industry in China. For the nine months ended September 30, 2007, we incurred insurance premiums of approximately Rmb 13.8 million for insuring our property and equipment. In addition, we maintain insurance coverage against workplace or work-related deaths and injuries for the benefit of our employees and we paid a total of approximately Rmb 2.3 million, Rmb 2.3 million, Rmb 3.0 million and Rmb 2.9 million in insurance premiums for such insurance for 2004, 2005, 2006 and the nine months ended September 30, 2007.

We do not maintain product liability insurance or third party liability insurance for claims of personal injury or property damage arising from accidents on our property or relating to our operations or products. Nor do we maintain business interruption insurance. Although no material third party liability claims or accident compensation claims have been filed against us in the past, there can be no assurance that such claims will not be brought against us in the future. See "Risk Factors — Risks Relating to the Heavy Truck Industry in China — The customary practice of not carrying product liability insurance in the PRC automotive industry may subject us to potential product liability claims" in this prospectus.

Trade Financing

As part of our trade financing arrangements, our Parent Company and some of our subsidiaries entered into contracts with respect to bank and commercial notes with certain commercial banks in China. Under these contracts, we are normally required to make an initial deposit into the bank in an amount of 50% of the face amount of the bank/commercial notes we issued and presented to the relevant banks for discounting. Upon presentation, we obtain an amount equal to the face amount of the bank/commercial notes after deducting discounted interest. The difference between the initial deposit and discounted amount represents trade financing granted to us by the relevant banks and counts toward the credit limit under our overall facilities granted to us by the relevant banks. These notes are typically due in six months. On or before the due date, we pay the remaining 50% of the face amount.

As the discounted interest rates of bank/commercial notes are normally lower than the prevailing interest rates for short-term bank loans, to take advantage of these lower interest rates, our Parent Company and some of our PRC subsidiaries obtained working capital through issuing commercial/bank notes to each other and discounting them from relevant banks during the Track Record Period, in amounts which exceeded the amount of actual intra-Group transactions. As advised by our PRC legal counsel, DeHeng Law Offices, during the process of restructuring and listing application, such a practice is not in compliance with the PRC Negotiable Instruments Law and other relevant PRC laws (hereinafter referred to as "non-compliant trade financing").

The working capital obtained from banks through such non-compliant trade financing during the Track Record Period was estimated to be nil, Rmb 1.7 billion, Rmb 0.6 billion and nil, respectively.[1]

We ceased to conduct such non-compliant trade financing in September 2006 and have subsequently taken a series of actions to address this issue:

(1) ***Legal opinion from our PRC counsel.*** To obtain an assessment on the legal consequences of such non-compliant trade financing on us and our Directors and senior management, we have sought legal advice from our PRC counsel, DeHeng Law Offices. On the basis that we have utilized such trade financing practice to fund short-term working capital and we have repaid all amounts due to the relevant banks on time, our PRC counsel advised that we and our Directors and senior management will not be subject to any criminal, administrative or civil liabilities, sanctions, fines or penalties in China as a result of such non-compliant trade financing activities. Our PRC counsel has further advised that, based on the fact that the relevant banks have not incurred any losses, we will not be liable to the banks for any liabilities or damages arising from such trade financing practice. These legal opinions are consistent with the confirmations we obtained from the relevant banks and relevant government agencies as further described below.

(2) ***Confirmations from relevant banks.*** In May, 2007, we met with the relevant lending banks that have entered into trade financing arrangements with us and obtained their confirmations that they will not take any legal action against us, our Directors or senior management in relation to the non-compliant trade financing because we have not misled or defrauded them and they had not incurred any losses as a result of our non-compliant trade financing activities.

(3) ***Confirmations from and consultation with relevant government agencies.*** In addition, in June 2007, we have obtained written confirmation from the Jinan District Office (the "District Office") of the People's Bank of China (PBOC), one of the eight district offices of PBOC in charge of Shandong and Henan provinces. The PBOC is responsible for drafting the PRC Negotiable Instruments Law and other related rules and regulations. In its written response on June 26, 2007, the District Office was of the view that our issuance of bank/commercial notes in an amount in excess of the underlying transactions to fund short-term working capital needs at lower interest rates was not in compliance with the PRC Negotiable Instruments Law. However, the District Office confirmed that it will not impose any penalty on us and our Directors or senior management for the following reasons: (i) Article 27(2) of the PRC Administrative Penalty Law specifically provides that

1. The total bank/commercial notes issued within our Parent Company and our PRC subsidiaries and discounted from relevant banks exceeded the amount of actual intra-group transactions by nil, Rmb 6.8 billion and Rmb 2.4 billion, respectively, for 2004, 2005 and 2006. Because bank/commercial notes are normally due in six months and we have normally deposited in the relevant banks 50% of the face amount of such bank/commercial notes, the working capital obtained through non-compliant trade financing on an annual basis was estimated to be 25% of the difference between the total amount of commercial/bank notes discounted and the amount of actual intra-Group transactions.

administrative penalties may be waived for immaterial breaches of law that have been rectified promptly without serious consequence being caused, (ii) we have repaid the obligations due under the notes on time, and (iii) such non-complaint activities have not resulted in any economic disputes or losses.

On July 3, 2007, we, together with our PRC counsel, met with the China Banking Regulatory Commission ("CBRC") to make further consultations on our non-compliant trade financing activities. The CBRC deemed our non-compliant trade financing to be one of those "immaterial breaches of law" as provided under Article 27(2) of the PRC Administrative Penalty Law, which states that "penalties may be waived for immaterial breaches of law that have been rectified promptly with no serious consequence caused." As such, the CBRC will not take any punitive measures against the banks involved in our non-compliant trade financing activities since such trade financing activities have not resulted in any loss on those banks and we have ceased to conduct these activities and have undertaken not to engage in such activities in the future.

(4) ***Strengthening our internal control systems.*** In connection with our engagement of Protiviti, an independent internal control advisor, to examine our overall internal control systems, we have particularly asked Protiviti to examine our internal control policies and procedures in relation to our bank/commercial note transactions. With the assistance of Protiviti, we have formulated and approved a series of specific internal guidelines to ensure cross checking of bank/commercial notes against underlying contracts and ensure that all future trade financings are properly supported by actual transactions or real debt relationship. The key measures include:

- setting up cross-checking mechanisms to ensure that the duties of trade financing-related matters, such as issuing and approving of bank/commercial notes, are properly segregated;

- setting up mechanisms to prepare and review the notes summary and notes payable summary periodically; and

- engaging an independent internal control and risk consulting company to review and test our trade financing activities periodically for compliance with the policies and review reports that have been reviewed and approved by the audit committee.

On July 4, 2007, we have separately engaged Protiviti to review the compliance of the approved internal control policies and procedures over issuing, recording and management of bank/commercial notes for the period from January 1, 2007 to September 30, 2007. In the special reports issued by Protiviti to us on July 28, 2007 and October 10, 2007, Protiviti concluded that:

- It did not identify any operating ineffectiveness of internal controls over the bank/commercial notes transactions from January 1, 2007 to September 30, 2007; and

- It did not identify any bank/commercial notes issued among the subsidiaries of the company from January 1, 2007 to September 30, 2007, which were not supported by genuine commercial transactions.

Please see "— Internal Controls" below for further information on the engagement, scope of work, findings and recommendations of Protiviti in relation to our internal control systems in general.

Our Parent Company has agreed to indemnify us against any and all potential losses, liabilities and expenses, if any, arising out of claims, fines, penalties and sanctions relating to our use of these non-compliant commercial/bank notes.

Internal Controls

With the objectives of establishing and maintaining high standards of internal control over our operations and financial management, we have adopted a set of policies and procedures to promote the consistency and transparency of our operational and financial management with built-in checks and balances. We have also retained Protiviti to evaluate our internal controls and to provide recommendations on how we can further improve the effectiveness of our internal control system.

The scope of work conducted by Protiviti since its appointment in January 2007 includes review of our internal controls over financial reporting at both entity level and process level, making recommendations to improve our existing internal control system, conducting follow-up testing and review of remedial measures implemented. Certain corporate governance measures including the role of the audit committee and effectiveness of internal audit functions were also reviewed. Key business processes such as sales, procurement, inventory management, fixed assets, treasury management and financial reporting were selected for review and testing.

In addition, Protiviti conducted extensive interviews with personnel in charge of each of our business units, performed walkthrough tests of control points and reviewed our procedural manuals.

Based on its review, Protiviti has identified certain deficiencies in our internal control systems, such as the entity level control, process level control and information technology general control. It has also provided recommendations to rectify these control deficiencies. We have implemented various measures based on Protiviti's recommendations and have rectified most of the deficiencies identified.

In July 2007, Protiviti performed walkthrough test of key control points on a sample basis and noted that new control measures had been implemented and confirmed that the remediation on process level control deficiencies had been completed and only remediation on a few areas within the entity level control and technology general control was still in the process:

Key findings	Recommendations
Lack of a systematic risk assessment process	To establish a formal corporate risk assessment process led by the internal audit department of the company

Key findings	Recommendations
Lack of timely and comprehensive policies and procedures in the key business areas	To understand and document, supplement and consummate the respective policies and procedures in the key business areas
Insufficient self-assessment system	To set up a systematic self-assessment mechanism and perform self-assessment on a regular basis
Lack of a set of centralized policies relating to information technologies	To adjust the structure of the IT organizations, clarify and redefine their roles and responsibilities, and enhance the relevant policies.

In addressing these remaining few remedial tasks, with the assistance of Protiviti, we set up future action plans and work plans, and timetable to adopt the remaining recommendations of Protiviti. Internal control is usually an ongoing process and we will implement and integrate the remaining few recommendations with our existing internal controls.

In addition, in order to ensure that our internal control systems are up-to-date and functioning properly, we will adopt additional measures after listing, including:

- We will engage an independent consulting firm to review our trade financing activities on a full scope basis every quarter for the 12 months after listing;
- We will engage an independent consulting firm to review and test the effectiveness of our internal control measures with respect to every quarter for the 12 months after listing;
- We will disclose these review results in our interim/annual reports;
- We will continue to engage an independent professional party to conduct periodic review and test the effectiveness of our internal control system subsequent to the first 12 months after the Listing, until our independent non-executive Directors determine otherwise; and
- Our audit committee will review the internal control environment on a continuing basis after listing.

We believe our Board of Directors comprising independent non-executive Directors and Directors with relevant industrial expertise will assess the adequacy and effectiveness of our internal control system based on the independent professional party's periodic review. For the independence and qualifications of our Directors, please see the section headed "Directors, Senior Management and Employees."

Immediately prior to the Global Offering, our Parent Company, through Sinotruk (BVI), owned 100% of the share capital of our company. Upon completion of the Global Offering, public investors will own approximately 31.9% of our issued share capital, NSSF will own approximately 3.2% of our issued share capital, and our Parent Company, through Sinotruk (BVI), will own and control approximately 64.9% of our share capital assuming the Over-allotment Option is not exercised (or public investors will own approximately 35% of our issued share capital, NSSF will own approximately 3.5% of our issued share capital, and our Parent Company will indirectly own approximately 61.5% of our issued share capital if the Over-allotment Option is exercised in full) and will be our largest and indirect controlling shareholder. As of the Latest Practicable Date, the ultimate beneficial owner of our Parent Company is the Shandong provincial government.

Pursuant to the Reorganization, our Parent Company injected all of its core heavy truck and engine manufacturing and related businesses into our company. Following the Reorganization, other than China Heavy Truck Group Jining Commercial Vehicle Co., Ltd. and Jinan Hua Wo Truck Corporation described below, our Parent Company has retained the ownership of businesses of manufacturing of buses and specialty vehicles and property management, which are insignificant to us. For the three years ended December 31, 2006 and the nine months ended September 30, 2007, the turnover of the buses produced by the Parent Company amounted to approximately Rmb 49.3 million, Rmb 55.0 million, Rmb 43.1 million and Rmb 60.5 million respectively. The technology and procedures used in manufacture of heavy trucks and buses are different from each other even though parts and components, such as engines and axles, can be commonly used in the manufacture of both heavy trucks and buses.

With segregate business segments, different markets, target customers and products, we believe we do not compete with the business of our Parent Company.

Subsequent to the Reorganization, China Heavy Truck Group Company continues to hold interests in the following companies whose principal business may directly or indirectly compete with ours.

- CNHTC Jining Commercial Truck Co., Ltd., or Jining Company

As of the Latest Practicable Date, our Parent Company owned 51% equity interests in Jining Company with the remaining 36% equity interests held by Yankuang Group Company Limited and remaining 13% by Jining Mine Group Company Limited. Both minority equity holders are independent enterprises established in China. Jining Company was incorporated in China in January 2005 and is principally engaged in the manufacture and sale of commercial vehicles mainly for customers in the coal industry. The board of directors of Jining Company currently consists of nine directors, four of whom were appointed by our Parent Company. As of the Latest Practicable Date, the directors of Jining Company appointed by the Parent Company were Li Xiuquan, Qian Zhusheng, Tang Hongrong and Sun Jianpo, who do not hold any of our management positions, and there is no over-lap of directors and senior management between us and Jining Company.

Our Directors believe that we are capable of, and have been, carrying on our business of manufacturing heavy trucks and related parts and components independently of, and at arm's length from, the business of Jining Company. Jining Company, with a registered capital of Rmb 100,000,000, started its business operations in 2005. In 2005, Jining Company recorded a turnover of Rmb 6.6 million and made a loss of approximately Rmb 1.4 million. In 2006, Jining Company made a loss of approximately Rmb 26.9 million and recorded a turnover of approximately Rmb 250.4 million. For the nine months ended September 30, 2007, Jining Company made a loss of approximately Rmb 8.6 million and recorded a turnover of approximately Rmb 521.8 million. As Jining Company is a company established in 2005 and had not recorded any profit, our Parent Company has not reached any agreed terms with the other shareholders of Jining Company with respect to the transfer by our Parent Company of its interests in Jining Company to us before the Reorganization. Jining Company has not therefore become a part of our company. Our Directors are also of the view that the extent of competition with the business of Jining Company will not have a material impact on our business as a whole.

It is not expected that the parties may reach any agreed terms with respect to the transfer by our Parent Company of its interests in Jining Company to us before the Listing. In the future, we will consider acquiring the interests in Jininig Company and will continue to negotiate with the other shareholders of Jining Company if there is any change in the performance of the business, prevailing market conditions and business objectives. It is not our present intention to use proceeds from the Global Offering to acquire interests in Jining Company should the acquisition take place.

Pursuant to the Non-competition Undertaking as described below, after the Listing, we may exercise our option to acquire Jining Company at any time when we consider it beneficial to do so and the other shareholders of Jining Company consent to such transfer. We will strictly follow the procedures set out under "Corporate Governance" in this prospectus when exercising the option and implementing the Non-competition undertaking.

- Jinan Hua Wo Truck Corporation, or Hua Wo

As of the Latest Practicable Date, our Parent Company owned 50% interests in Hua Wo, a Sino-foreign equity joint venture established in China in July 2003 with a registered capital of US$72,290,000. The remaining 50% interests of Hua Wo are held by two independent third parties controlled by Volvo Truck Corporation. This joint venture was approved by the NDRC in 2003.

Hua Wo is principally engaged in the manufacture and sale of high-end heavy trucks in China. Hua Wo heavy trucks are currently assembled from Volvo CKD packages and their average prices are three to four times higher than the average prices of our heavy trucks. The board of directors of Hua Wo currently consists of four directors, two of whom are appointed by our Parent Company. As of the Latest Practicable Date, the directors of Hua Wo appointed by our Parent Company were Li Guoxing and Zhang Houqin, who are not members of our management team, and there is no over-lap of directors and senior management between us and Hua Wo.

Our Directors consider that we are capable of, and have been, carrying on our business of manufacturing heavy trucks and related key parts and components independently of, and at arm's length from, the business of Hua Wo. As a joint venture established in China by our Parent Company with foreign investors, Hua Wo has a business objective different from ours. Hua Wo currently is managed by its foreign shareholders and our Parent Company remains a passive investor. In each of 2004 and 2005, our Parent Company received a dividend of approximately Rmb 3,000,000. For

2004, 2005 and 2006, Hua Wo had a turnover of approximately Rmb 274.0 million, Rmb104.7 million and Rmb 150.9 million respectively and a profit of approximately Rmb 15.6 million, Rmb 8.9 million and Rmb 1.8 million. For the nine months ended September 30, 2007, Hua Wo had unaudited nil turnover and a loss of approximately Rmb 9.0 million. Due to the difficulties in obtaining consents from the foreign shareholders to allow our Parent Company to transfer its interests in Hua Wo to us during the Reorganization and any change in shareholders of Hua Wo is to be approved by the relevant government approval authority, Hua Wo remains outside our company. Furthermore, because the business objectives of Hua Wo are different from ours and its target markets different from ours, our Directors are of the view that the extent of competition with the business of Hua Wo will not have a material impact on our business as a whole.

Pursuant to the Non-competition Undertaking as described below, after the Listing, we may exercise our option to acquire the 50% ownership that our Parent Company currently holds in Hua Wo at any time when (i) we consider it beneficial to do so and (ii) the foreign shareholders consent to such transfer and waive their right of first refusal under the joint venture agreement and the PRC laws governing equity joint ventures. We will strictly follow the procedures set out under "Corporate Governance" of this prospectus when exercising the option and implementing the Non-competition Undertaking.

We expect that consent from the other shareholders of Hua Wo for the transfer by our Parent Company of its interests in Hua Wo will not be obtained in the short term. In the future, we will not rule out the possibility of acquiring interests in Hua Wo if it is practicable and beneficial to us as a whole. From time to time, we will continue to negotiate with the other shareholders of Hua Wo if there is any change in the performance of the business, prevailing market conditions and business objectives. It is not our present intention to use proceeds from the Global Offering to acquire interests in Hua Wo should the acquisition take place.

Non-competition Undertaking

In connection with the Global Offering, pursuant to the Non-competition Undertaking, China Heavy Truck Group Company has irrevocably and unconditionally undertaken with us (for ourselves and on behalf of each of our subsidiaries) that, with effect from the Listing Date:

- if China Heavy Truck Group Company (or its associates) plans to participate or engage in any new activities or new business which may directly or indirectly compete with the Restricted Business (as defined below), China Heavy Duty Group Company will give us a first right of refusal to participate or engage in these new activities or new business and will not participate or engage in these activities unless with our prior written consent;

- if China Heavy Truck Group Company (or its associates) becomes aware of a business opportunity which directly or indirectly competes, or may lead to competition, with the Restricted Business, it will notify us of such business opportunity immediately upon becoming aware of such opportunity. China Heavy Truck Group Company is also obliged to use its best efforts to procure that such opportunity is first offered to us on terms and conditions no less favorable than those offered to China Heavy Truck Group Company, any of its associates or any other third party;

- at any time so long as the Non-competition Undertaking remains valid and subject to the compliance with all legal requirements and satisfaction of all conditions, we have the option at any time to purchase, and have the first right of refusal to purchase, (i) the equity interests held by China Heavy Truck Group Company in Jining Company and Hua Wo (as the case may be) and (ii) any business of China Heavy Truck Group Company (including its subsidiaries and associates) which is in direct or indirect competition with the Restricted Business;

- should we be unable to exercise the option under the Non-competition Undertaking for reasons beyond our control and our independent non-executive Directors decide that the Non-competition Undertaking is no longer sufficient to protect the interests of our Shareholders as a whole, China Heavy Truck Group Company will take appropriate measures, including possible disposal of its interests, to avoid any conflicts of interests;

- if China Heavy Truck Group Company becomes aware of any matter of potential conflicts of interests between it and our company, in particular, a transaction between it and our company, China Heavy Truck Group Company will keep our board (including our independent non-executive Directors) informed of the matter on a timely basis; and

- in the case of Jining Company, China Heavy Truck Group Company will, in its capacity as a controlling shareholder, use its best endeavours to procure Jining Company to minimize or avoid any competition with our company in respect of its future development (including expansion of its customer base).

We will recommend our exercise of the first right of refusal to participate in new business opportunities and the option to purchase any business of China Heavy Truck Group Company under the Non-competition Undertaking to our independent non-executive Directors, and we will not exercise such first right of refusal or the option unless with the consent of our independent non-executive Directors. There were no pre-determined terms as to the exercise of the option to purchase any business of China Heavy Trucks Group Company under the Non-competition Undertaking. When considering whether or not to exercise our option at any time to purchase and our first right of refusal to purchase any business of China Heavy Truck Group Company under the Non-competition Undertaking, our independent non-executive Directors will consider, among others, the following factors:

- the valuation of the relevant business;
- the performance of the relevant business;
- the compatibility of the strategy of the relevant business with ours;
- the prevailing market conditions;
- our available resources; and
- other options available to us to purchase similar businesses from third parties or establish similar businesses.

As used in this “Relationship with the Parent Company” section, “Restricted Business” refers to the business of research, development, manufacture and sale of heavy trucks and related parts and components and other businesses as conducted by us or any of our subsidiaries as of the Listing Date and in the future.

The Non-competition Undertaking will become effective on the Listing Date and remain effective until the earliest of:

- China Heavy Truck Group Company is no longer a controlling shareholder of our company; or

- our Shares are no longer listed on the Stock Exchange; or

- we and our subsidiaries cease to carry on the Restricted Business or the Restricted Business ceases to be a major business of ourselves and our subsidiaries.

We and China Heavy Truck Group Company have agreed that all new competing businesses which may be entered into by China Heavy Truck Group Company and which are considered to be material for disclosure by our Directors will be disclosed by way of an announcement. China Heavy Truck Group Company will provide annual confirmation for the compliance of the Non-competition Undertaking. We will include such confirmation in our annual report.

Our Directors confirm that the business not injected into our company as a result of the Reorganization will operate independently from our company, in particular, in the following aspects:

- *Management Independence*. The directors and senior management of the subsidiaries and associates of our Parent Company do not have substantial overlapping with that of our company and they are under independent management.

  Three members of our Board of Directors, namely, Mr. Ma Chunji, Mr. Wang Haotao and Mr. Wang Guangxi, are also directors of our Parent Company. Mr. Ma Chunji, being our chairman and the chairman to our Parent Company, will be principally responsible for the overall strategy and development of our company and our Parent Company. Mr. Wang Haotao is one of our executive Directors and vice president is a member of the board of directors of our Parent Company. Mr. Wang Haotao will be principally responsible for our group's production management and procurement. Mr. Wang Haotao's main role in our Parent Company is to be responsible for the co-ordination of the refitting business, which remains in our Parent Company. Mr. Wang Guangxi is one of our executive Directors and a member of the board of directors and chief accountant of our Parent Company. Mr. Wang Guangxi is principally responsible to oversee the risk management and control of our group. Mr. Wang Guangxi is mainly responsible to do the liaison and co-ordination works with local government authorities on behalf of our Parent Company. Mr. Ma Chunji, Mr. Wang Haotao and Mr. Wang Guangxi will allocate substantial part of their time to the operation and management of our group.

Despite the fact that some of our executive Directors are also directors of our Parent Company, we are of the view that there are sufficient and effective control mechanism to enable our Directors to discharge their duties appropriately, avoid potential conflicts of interest and safeguard the interests of our Shareholders as a whole on the following grounds:

— the core business of manufacture and sale of trucks has been injected into our company and the businesses between us and that of our Parent Company are of two different business segments with different markets, target customers and products, except Jining Company and Hua Wo. Foreseeable conflicts of interests will arise only with respect to matters involving Jining Company and Hua Wo or connected transactions with our Parent Company (including its associates). As stated in the paragraph headed "Relationship with the Parent Company — Corporate Governance", any matters of potential conflicts of interests will be deferred to the decision of our independent non-executive Directors and the interested Directors will be abstained from voting, not to be counted in the quorum and not to attend in the discussion (unless his attendance is specifically invited by the disinterested Directors) of the relevant decision. In addition, the directors of Jining Company and Hua Wo do not over-lap with any of our Directors;

— the non-over-lapping Directors and the independent non-executive Directors together will compose more than majority of our Board;

— a system of stringent corporate governance has been adopted by our company to ensure the implementation of the Non-competition Undertaking, deal with potential conflicts of interests and safeguard the interests of our Shareholders as a whole. Details of the corporate governance has been summarized in "Relationship with the Parent Company — Corporate Governance";

— there is no over-lap of the directors and senior management of the key subsidiaries of the Parent Company (not included in our group) and our subsidiaries; none of the over-lapping Directors has any shareholding interests in our company or our Parent Company. Their appointments to our Parent Company are made by the government and their duties are limited to managing the organization in accordance with the instructions of the government, who is the ultimate shareholder;

— the over-lapping Directors will allocate substantially all their time to our management and operation and will continue to undertake the same duties as before the Reorganization, being mainly responsible for the core business of manufacture and sales of heavy trucks; and

— all our executive Directors, including the over-lapping Directors, will only receive their remuneration, benefits and rewards from our group.

- *Operational Independence.* As a result of the Reorganization, save Jining Company and Hua Wo, the core business of manufacturing and sales of heavy trucks and related business was transferred to and injected into our company. The principal businesses of our Parent Company and our company are segregated and are of different business segments, markets and products, and therefore, different operating and development strategies.

  With respect to the potential competition with Jining Company and Hua Wo, given their relatively small size of operations as compared to ours, our Directors are of the view that extent of competition with their business will not have a material impact on our business as a whole. In addition, we have adopted a robust system of corporate governance to manage potential conflicts of interests, if any, between us and China Heavy Truck Group Company.

  We will continue to have continuing connected transactions with China Heavy Truck Group Company (including its associates) after the Listing. Details of the continuing connected transactions are set out in the section under "Connected Transactions". Despite the continuation of the connected transactions, we will be able to function and operate independently from China Heavy Truck Group Company (including its associates) on the following grounds:

  — Patents Licensing Agreement and Trademarks Licensing Agreement — our subsidiary, Sinotruk Jinan Technical Center, will engage in the research and development and all intellectual property rights will be registered in our name after our incorporation.

  — Leasing Agreements — some of the leases are of very short duration and these are transitional arrangement during the re-allocation period of our production facilities.

  — Provision of ancillary services — it is we who provides the services and the service fees are minimal compared to our total turnover.

  — Products and parts sales and purchases — the costs of purchases and income from sales are of not more than 6% of our turnover for the year ended December 31, 2006. In addition, it is not difficult to find substitute suppliers and customers.

  — Purchase of services — the costs of purchases of services is less than 1% of our turnover for the year ended December 31, 2006.

- *Financial Independence.* Our company and our Parent Company will be financially independent and as of the Latest Practicable Date, all guarantees and loans provided by and from our Parent Company were discharged and released.

Corporate Governance

To ensure the enforcement of the Non-competition Undertaking and to better protect the interests of our Shareholders as a whole, we have adopted a corporate governance system to manage the potential conflicts of interests between us and China Heavy Truck Group Company.

Not less than one-third of our Board will consist of independent non-executive Directors to ensure that our Board is able to effectively exercise independent judgement in its decision-making process and provide independent advice to our Shareholders. We will ensure that our independent non-executive Directors are of sufficient calibre, knowledge and experience, have no connection or relationship with us or our connected persons and will carry weight in our decision-making process.

We have adopted the following decision-making procedures for matters or transactions of potential conflicts of interests between us and China Heavy Truck Group Company, including matters relating to Jining Company and Hua Wo:

- any of our Directors with duties in our Parent Company will not vote or be counted in the quorum on any resolutions of our board of directors relating to our transactions (including the exercise of the options to acquire Jining Company and Hua Wo under the Non-Competition Undertaking) with our Parent Company;

- any of our Directors who shall not vote or be counted in the quorum shall not attend the relevant part of the board meeting or participate in the discussions on the relevant resolution unless his attendance and participation are specifically invited by the disinterested directors, but subject to the aforesaid restrictions on voting and being counted in the quorum on the relevant resolution;

- any new activities and opportunities under the Non-competition Undertaking (including the exercise of the option) and all matters determined by the Board as inherent with potential conflict of interests will be deferred to our independent non-executive Directors for discussions and decision and when necessary, they will employ an independent financial adviser to advise them on these matters;

- our annual report will include the views and decisions, with basis, of our independent non-executive Directors on any new activities and opportunities under the Non-competition Undertaking or matters inherent with potential conflict of interests with China Heavy Truck Group Company referred to them;

- depending on factors including the performance of the business and prevailing market conditions and consent of the other counterparties of Jining Company and Hua Wo, we intend to exercise the options under the Non-competition Undertaking within three years from the Listing Date. Before we exercise the options, our independent non-executive Directors will have the discretion to determine whether it is in our interests and the interests of our Shareholders to exercise the options. Our independent non-executive Directors may, where necessary and at our cost, engage an independent financial adviser to advise them. We will inform our Shareholders of the decisions and views of our independent non-executive Directors by means of an announcement;

- should we be unable to exercise the options for reasons beyond our control, we will defer the matter for decision to the independent non-executive Directors, who will retain an independent financial adviser for further advice. Should our independent non-executive Directors decide that the Non-competition Undertaking is no longer sufficient to protect the interests of our Shareholders as a whole, we will take appropriate measures, including disposal by our Parent Company of its interests pursuant to the Non-competition Undertaking, to avoid any potential conflict of interests with Jining Company and Hua Wo;

- our independent non-executive Directors will review the compliance of the Non-competition Undertaking on an annual basis and disclose in our annual report the results of their review; and

- all new activities and opportunities between us and any of Jining Company and Hua Wo (including the exercise or non-exercise of the options) and any on-going connected transactions will comply with the applicable requirements under Chapter 14A of the Listing Rules.

The following is a summary of the transactions which have been and are expected to be carried out between us or our subsidiaries and our Connected Persons following the Listing.

Transaction	Our group member	Connected person	Nature of relationship
Exempt Continuing Connected Transactions			
Patents licensing	Our company	China Heavy Truck Group Company	Our controlling shareholder
Trademarks licensing	Our company	China Heavy Truck Group Company	Our controlling shareholder
Provision of ancillary services, such as water supply, electricity supply and natural gas supply	Sinotruk Jinan Axle & Transmission Company	China Heavy Truck Group Company (for itself and on behalf of its subsidiaries and associates)	
Provisions of technical support, research and development services	Sinotruk Jinan Technical Center	China Heavy Truck Group Company	Our controlling shareholder
	Sinotruk Jinan Truck Company	Special Vehicle Company	Subsidiary of China Heavy Truck Group Company
	Sinotruk Jinan Commercial Truck Company	Jinan Bus Co., Ltd.	Subsidiary of China Heavy Truck Group Company
	Sinotruk Jinan Power	Jinan Investment Co., Ltd.	Subsidiary of China Heavy Truck Group Company
		Jining Company	Subsidiary of China Heavy Truck Group Company
		Taian Wuyu Special Truck Co., Ltd.	Subsidiary of China Heavy Truck Group Company
		Hangzhou Engine Factory	Subsidiary of China Heavy Truck Group Company
		Tianjin Heavy Truck Hangye Vehicles Distribution Co., Ltd.	Associate of China Heavy Truck Group Company
		Beijing Heavy Truck Hezhong Vehicles Distribution Co., Ltd.	Associate of China Heavy Truck Group Company
		Jinan Heavy Truck Staier Auto Parts Sales Co., Ltd.	Associate of China Heavy Truck Group Company
		Jinan Heavy Truck Chuangye Trading Co., Ltd.	Associate of China Heavy Truck Group Company
		Laizhou Anda Machinery Manufacture Co., Ltd.	Associate of China Heavy Truck Group Company

Transaction	Our group member	Connected person	Nature of relationship
		Shanxi Zhongzhong Trucks Sales Co., Ltd.	Associate of China Heavy Truck Group Company
Non-exempt continuing connected transactions			
Sales of products	Sinotruk Jinan Truck Company	Special Vehicle Company	Subsidiary of China Heavy Truck Group Company
	Sinotruk Jinan Commercial Truck Company	Taian Wuyue Special Truck Co., Ltd.	Subsidiary of China Heavy Truck Group Company
	Sinotruk Jinan Power	Tianjin Heavy Truck Hangye Vehicles Distribution Co., Ltd.	Associate of China Heavy Truck Group Company
	Sinotruk Jinan Ganghua Import & Export Company	Beijing Heavy Truck Hezhong Vehicles Distribution Co., Ltd.	Associate of China Heavy Truck Group Company
	Sinotruk Shandong Import & Export Company	Shanxi Zhongzhong Trucks Sales Co., Ltd.	Associate of China Heavy Truck Group Company
	Sinotruk Hong Kong International Investment Company		
Purchase of products	Sinotruk Jinan Truck Company	Special Vehicle Company	Subsidiary of China Heavy Truck Group Company
	Sinotruk Jinan Commercial Truck Company	Taian Wuyue Special Truck Co., Ltd.	Subsidiary of China Heavy Truck Group Company
	Sinotruk Jinan Power	Jinan Investment Co. Ltd.	Subsidiary of China Heavy Truck Group Company
	Sinotruk Jinan Ganghua Import & Export Company		
	Sinotruk Shandong Import & Export Company		
	Sinotruk Hong Kong International Investment Company		
Sales of parts and components	Sinotruk Jinan Truck Company	Jinan Bus Co., Ltd.	Subsidiary of China Heavy Truck Group Company
	Sinotruk Jinan Commercial Truck Company	Jining Company	Subsidiary of China Heavy Truck Group Company
	Sinotruk Jinan Power	Special Vehicle Company	Subsidiary of China Heavy Truck Group Company

Transaction	Our group member	Connected person	Nature of relationship
	Sinotruk Jinan Ganghua Import & Export Company		
	Sinotruk Shandong Import & Export Company		
	Sinotruk Hong Kong International Investment Company		
Purchase of parts and components	Sinotruk Jinan Truck Company	Jinan Bus Co., Ltd.	Subsidiary of China Heavy Truck Group Company
	Sinotruk Jinan Commercial Truck Company	Jining Company	Subsidiary of China Heavy Truck Group Company
	Sinotruk Jinan Power	Special Vehicle Company	Subsidiary of China Heavy Truck Group Company
	Sinotruk Jinan Ganghua Import & Export Company		
	Sinotruk Shandong Import & Export Company		
	Sinotruk Hong Kong International Investment Company		
Purchase of services including property management, medical, staff training	Sinotruk Jinan Truck Company	China Heavy Truck Group Company	Our controlling shareholder
	Sinotruk Jinan Commercial Truck Company	Real Estate Company	Subsidiary of China Heavy Truck Group Company
	Sinotruk Jinan Power		
	Sinotruk Jinan Technical Center		
	Sinotruk Factory Design Institute		
	Sinotruk Finance Company		
	Sinotruk Jinan Ganghua Import & Export Company		
	Sinotruk Shandong Import & Export Company		
Leasing of properties	Sinotruk Jinan Axle & Transmission Company	China Heavy Truck Group Company	Our controlling shareholder

Transaction	Our group member	Connected person	Nature of relationship
	Sinotruk Jinan Truck Company	Qingdao Oriental Special Vehicle Company	Associate of China Heavy Truck Group Company
	Sinotruk Jinan Commercial Truck Company	Hangzhou Engine Factory	Subsidiary of China Heavy Truck Group Company
	Sinotruk Hangzhou Engine	China Heavy Truck Resources Supply Company	Associate of China Heavy Truck Group Company
	Sinotruk Shandong Import & Export Company	Vehicle Inspection Center	Subsidiary of China Heavy Truck Group Company
	Sinotruk Jinan Technical Center	Jinan Hua Wo Truck Corporation	Associate of China Truck Group Company
	Sinotruk Finance Company	Shandong Xinhai Guarantee Co., Ltd.	Associate of China Heavy Truck Group Company
	Sinotruk Jinan Power		

Exempt Continuing Connected Transactions

Patents Licensing Agreement

In our manufacturing operations, we require the use of certain patents owned by China Heavy Truck Group Company. On November 3, 2007, China Heavy Truck Group Company entered into a patents licensing agreement (the "Patents Licensing Agreement") with us whereby China Heavy Truck Group Company has granted a non-exclusive right for us to use the patents set out in "Appendix VII — Statutory and General Information — Further Information About Our Business — Intellectual property rights — Patents" (the "Licensed Patents") in this prospectus. The Licensed Patents are currently used by China Heavy Truck Group Company (including its associates) and us. The Patents Licensing Agreement, where applicable, is subject to the shareholders' approval of Sinotruk Jinan Truck Company as required by the Listing Rules of Shenzhen Stock Exchange.

Pursuant to the Patents Licensing Agreement, the Licensed Patents will be licensed at no cost to us for a term of three years commencing from November 1, 2007. Upon expiration of the term, we have the right to request a renewal by at least 90 days' prior written notice. Should we request for a renewal of the Patents Licensing Agreement, China Heavy Truck Group Company will not be entitled to reject our request. The Patents Licensing Agreement only provides that we can terminate the Patents Licensing Agreement by giving a prior written notice of not less than 60 days. We will refer the termination, if any, of the Patents Licensing Agreement to our independent non-executive Directors for review. Our Directors have confirmed that the duration of the Patents Licensing Agreement is consistent with normal business practices and will secure long-term rights for us to use the Licensed Patents.

We will use the Licensed Patents within the scope specified in the Patents Licensing Agreement. We have undertaken not to do anything which may have a negative impact on the proprietorship rights of China Heavy Truck Group Company over the Licensed Patents. We have also undertaken to assist China Heavy Truck Group Company in taking administrative or judicial proceedings to protect the Licensed Patents, to keep confidential information on the Licensed Patents and to ensure products produced by using the Licensed Patents are of the same or higher quality and standard as produced by China Heavy Truck Group Company using the Licensed Patents.

We may not sub-license the Licensed Patents to, or allow the use of the Licensed Patents by, any third party unless with prior written consent from China Heavy Truck Group Company. However, we are entitled to sub-license any of the Licensed Patents to our subsidiaries and associates provided that we consider the terms of such sub-licenses are not more favorable than the terms of the Patents Licensing Agreement.

Given that (a) the huge number of patents means that assignments of the Licensed Patents will involve extensive costs and expenses, including valuation costs, which can be time-consuming; (b) we are able to use the Licensed Patents pursuant to the Patents Licensing Agreement; and (c) there are protective provisions in the Patents Licensing Agreement, the Licensed Patents are not being transferred to us.

Trademarks Licensing Agreement

We will continue to use certain trademarks owned by China Heavy Truck Group Company after the Listing. On November 3, 2007, China Heavy Truck Group Company entered into a trademarks licensing agreement (the "Trademarks Licensing Agreement") with us whereby China Heavy Truck Group Company has granted a non-exclusive right for us to use the trademarks set out "Appendix VII — Statutory and General Information — Further Information About Our Business — Intellectual property rights — Trademarks" (the "Licensed Trademarks") in this prospectus. The Licensed Trademarks are currently used by China Heavy Truck Group Company (including its associates) and us. The Trademarks Licensing Agreement, where applicable, is subject to the shareholders' approval of Sinotruk Jinan Truck Company as required by the Listing Rules of Shenzhen Stock Exchange.

Pursuant to the Trademarks Licensing Agreement, the Licensed Trademarks will be licensed at no cost to us for a term of three years commencing from November 1, 2007. Upon expiration of the term, we have the right to request a renewal by at least 90 days' prior written notice. Should we request a renewal of the Trademarks Licensing Agreement, China Heavy Truck Group Company will not be entitled to reject our request. Our Directors have confirmed that the duration of the Trademarks Licensing Agreement is consistent with normal business practices and will secure long-term rights for us to use the Licensed Trademarks.

We will use the Licensed Trademarks within the scope specified in the Trademarks Licensing Agreement. We have undertaken not to do anything which may have a negative impact on the proprietorship rights of China Heavy Truck Group Company over the Licensed Trademarks. We may not sub-license the Licensed Trademarks to, or allow the use of the Licensed Trademarks by, any third party unless with prior written consent from China Heavy Truck Group Company. However, we are entitled to sub-license any of the Licensed Trademarks to our subsidiaries and associates. China Heavy Truck Group Company and its subsidiaries and associates are entitled to use the Licensed Trademarks provided that China Heavy Truck Group Company may not allow any of its subsidiaries or associates to use the Licensed Trademarks whose business may be competing with ours.

Provision of Ancillary Services

As a result of the Reorganization, we, mainly through our subsidiary, Sinotruk Jinan Axle & Transmission Company, will provide utilities services to China Heavy Truck Group Company (including its associates) after the Listing. The ancillary services provided include water supply, electricity supply and natural gas supply. In this regard, we have entered into an ancillary services agreement ("Ancillary Services Agreement") with China Heavy Truck Group Company on November 3, 2007. The Ancillary Services Agreement, where applicable, is subject to the shareholders' approval of Sinotruk Jinan Truck Company as required by the Listing Rules of Shenzhen Stock Exchange.

The term of the Ancillary Services Agreement is three years commencing on November 1, 2007. Pursuant to the Ancillary Services Agreement, we (including our subsidiaries) will provide ancillary services, including water supply, electricity supply and natural gas supply, to China Heavy Truck Group Company (including its associates). Should we provide the services to independent third parties in the future, we agree that we (including our subsidiaries) will supply the services to China Heavy Truck Group Company (including its associates) on terms equivalent to those we offer to independent third parties. Both parties will assess and determine the extent of the ancillary services required on an annual basis. We (including our subsidiaries) will provide the ancillary services at a consideration determined on basis of (a) the PRC government-proposed prices; or (b) if there are no PRC government-proposed prices, the market prices; or (c) if both parties do not agree on the market prices, cost plus a reasonable margin. The market prices are determined by reference to, among others, the prices at which similar services are charged by independent third parties.

The ancillary services in 2004 and 2005 were provided by Sinotruk Axle & Transmission Division, which was part of our Parent Company and as a result of the Reorganization, Sinotruk Axle & Transmission Division, together with other companies, became Sinotruk Jinan Axle & Transmission Company.

The ancillary services were provided for production use and domestic use by the staff of our Parent Company. The service fee received by Sinotruk Axle Power Factory for each of 2004 and 2005 was approximately Rmb 6,400,000. Since before 2006, meters for the services have not been fully installed, the historical figures for 2004 and 2005 cannot be relied upon as a reference for the bases of estimating the annual caps. Starting from 2006, upon the establishment of Sinotruk Jinan Axle & Transmission Company, meters were installed and the fees are charged based on the readings from the meters. For 2006 and the nine months ended September 30, 2007, the service fee was approximately Rmb 3,850,000 and Rmb 1,596,000 respectively.

The following are our estimated annual caps of our ancillary services for the three years ending December 31, 2007, 2008 and 2009:

Year ending December 31, 2007	Year ending December 31, 2008	Year ending December 31, 2009
	(in Rmb)	
2,600,000	2,600,000	2,600,000

The service fee received for the nine months ended September 30, 2007 decreased because some of the staff of our Parent Company have moved to live in areas nearer to the city centre and the demand for ancillary services will be adjusted accordingly. We made the above estimate of annual caps with respect to historical figure for the nine months ended September 30, 2007.

Technology Support and Services Agreement

As a result of the Reorganization, Sinotruk Jinan Technical Center became our subsidiary. China Heavy Truck Group Company (including its associates) will require technical support from us. On November 3, 2007, we (for ourselves and on behalf of our subsidiaries) entered into a technology support and services agreement (the "Technology Support and Services Agreement") with China Heavy Truck Group Company (for itself and on behalf of its affiliates). The term of the Technology Support and Services Agreement is three years commencing from November 1, 2007. Pursuant to the Technology Support and Services Agreement, we (including our subsidiaries) will provide to China Heavy Truck Group Company (including its associates) services such as technology research and development, technology consultancy and support services. The Technology Support and Services Agreement, where applicable, is subject to the shareholders' approval of Sinotruk Jinan Truck Company as required by the Listing Rules of Shenzhen Stock Exchange.

The specific terms of technology research and development and support services will be further determined by the parties in separate agreements on a case-by-case basis and the fees for technology research and development services will be based on cost plus a 10% margin. The ownership of the proprietorship rights of the patents derived from such technology research and development services will be determined pursuant to the terms of the separate agreements.

Before the Reorganization, the technology support and services were provided by Sinotruk Jinan Technical Center, which was then a subsidiary of China Heavy Truck Group Company. After the Reorganization, Sinotruk Jinan Technical Center became our subsidiary and started to provide the technology support and service to China Heavy Truck Group Company (including its associates) in late 2006. There were no historical figures on the fees relating to such technology consultancy and support services and technology research and development services received or provided for 2004, 2005, 2006 and the nine months ended September 30, 2007.

The following are our estimated annual caps of the technology research and development and support services for the three years ending December 31, 2007, 2008 and 2009:

Year ending December 31, 2007	Year ending December 31, 2008	Year ending December 31, 2009
	(in Rmb)	
1,500,000	1,500,000	1,500,000

The annual caps for the technology research and development and support services are based on (a) product research, testing and consulting of approximately Rmb 30,000 to Rmb 50,000 each unit and with approximately of not more than Rmb 500,000 each year; and (b) finished products and parts and components testings of Rmb 40 per kilometer and an estimate of not more than Rmb 1,000,000 each year.

Exemption from Reporting, Announcement and Independent Shareholders' Approval

We estimate that the aggregate annual consideration under each of the transactions referred to under "— Exempt Continuing Connected Transactions — Patents Licensing Agreement" "— Trademarks Licensing Agreement", "— Provision of Ancillary Services" and "— Technology Support and Services Agreement" above is less than 0.1% of each of the percentage ratios (other than the profits ratio) under Rule 14A.31(2)(a) of the Listing Rules. In addition, these connected transactions are on normal commercial terms. Therefore, they are exempted from all reporting, announcement and independent shareholders' approval requirements under Rule 14A.33(3)(a) of the Listing Rules. We will comply with the requirements under Chapter 14A of the Listing Rules should the exemption not be available for the above transactions.

Non-exempt Continuing Connected Transactions

Products Sales and Purchase Agreements

Before the Listing, we have been purchasing refitted trucks (including specialty vehicles) from China Heavy Truck Group Company (including its associates) to mainly satisfy orders from overseas customers. China Heavy Truck Group Company (including its associates) has mainly been purchasing chassis from us and refitted the trucks purchased from us into other types of vehicles to satisfy orders from its customers. After the Listing, the transactions between us and China Heavy Truck Group Company (including its associates) will continue.

In this regard, the following agreements have been entered into between us (for ourselves and on behalf of our subsidiaries) and China Heavy Truck Group Company (for itself and on behalf of its associates):

- a sales agreement between us (for ourselves and on behalf of our subsidiaries) as supplier and China Heavy Truck Group Company (for itself and on behalf of its associates) as purchaser on November 3, 2007 (the "Products Sales Agreement"); and

- a purchase agreement between China Heavy Truck Group Company (for itself and on behalf of its associates) as supplier and us (for ourselves and on behalf of our subsidiaries) as purchaser on November 3, 2007 (the "Products Purchase Agreement" which, together with the Products Sales Agreement, the "Products Sales and Purchase Agreements").

Each of the Products Sales and Purchase Agreements is for a term of three years commencing on November 1, 2007. Pursuant to the Products Sales and Purchase Agreements, the parties agreed that (a) we will supply products include trucks, chassis and semi-tractor trucks to China Heavy Truck Group Company (including its associates); and (b) China Heavy Truck Group Company (including its associates) will sell products include refitted trucks to us. The Products Sales and Purchase Agreements, where applicable, are subject to the shareholders' approval of Sinotruk Jinan Truck Company as required by the Listing Rules of Shenzhen Stock Exchange.

Pursuant to the Products Sales Agreement, we agreed that we will supply to China Heavy Truck Group Company (including its associates) products on terms which are equivalent to those offered by us to independent third parties. Similarly, pursuant to the Products Purchase Agreement, China Heavy Truck Group Company (including its associates) agreed that it will not supply to us (including our subsidiaries) products on terms less favorable than those China Heavy Truck Group Company (including its associates) offers to independent third parties. The consideration of the transactions will be (a) the prices proposed by the PRC government; or (b) if there are no prices proposed by the PRC government, the market price or cost with a reasonable margin.

For 2004, 2005, 2006 and the nine months ended September 30, 2007, the costs of purchases by us (including our subsidiaries) from China Heavy Truck Group Company (including its associates) amounted to approximately Rmb 376.6 million, Rmb 398.6 million, Rmb 470.4 million and Rmb 387.8 million, respectively.

For 2004, 2005, 2006 and the nine months ended September 30, 2007, the costs of purchases by China Heavy Truck Group Company (including its associates) from us (including our subsidiaries) amounted to approximately Rmb 585.1 million, Rmb 294.7 million, Rmb 513.3 million and Rmb 357.1 million, respectively.

The following are our estimated annual caps of our sales and purchases of trucks for the three years ending December 31, 2007, 2008 and 2009:

	Year ending December 31, 2007	Year ending December 31, 2008	Year ending December 31, 2009
		(in Rmb)	
Purchases by us from China Heavy Truck Group Company	594,000,000	685,000,000	773,000,000
Purchases by China Heavy Truck Group Company from us.	640,000,000	586,000,000	654,000,000

During the Track Record Period, we purchased from China Heavy Truck Group Company (including its associates) mainly refitted trucks for export to overseas customers. Fluctuations in the costs of purchase by China Heavy Truck Group Company (including its associates) from us (including our subsidiaries) in 2005 and 2006 are in line with the market situation as a result of government policies and measures. Please refer to the paragraph "Risk Factors — Risks Relating to Heavy Truck Industry in China — We operate in a cyclical industry and other results of operations tend to fluctuate with the performance of the PRC industrial sector and overall economic development in China". The estimated annual cap for our purchases from China Heavy Truck Group Company (includes its associates) for the year ending December 31, 2007 is expected to increase by approximately 26.4% from that in 2006, which we believe is in line with the market increase in 2007.

We expect that infrastructure and resettlement works in cities to increase. Commensurate with these increases, there will be increasing demands for trucks in infrastructure and construction industries etc. China Heavy Truck Group Company (includes its associates) is expected to continue to purchase our trucks and chassis and refit our products into other types of trucks to satisfy the market demands. The estimated annual cap for purchases by China Heavy Truck Group Company (includes its associates) from us for the year ending December 31, 2007 is expected to increase by approximately 24.8% from that in 2006. The expected increase is mainly due to an addition of one-time large order which is expected to be included in our sales towards the end of 2007. Accordingly, the estimated annual caps for 2008 and 2009 do not take into account such single order.

We have made the above estimate of annual caps with respect to our mutual sale and purchase of truck products on the basis of factors such as expected growth of productions, expected increases in demand for truck products and our plan of future development in a range between 10% and 15%.

Pursuant to the Listing Rules, the Products Sale Agreement and the Products Purchase Agreement are subject to the announcement and shareholders' approval requirements.

Mutual Supply Agreements

Before the Listing, we have been purchasing parts and components and semi-finished products such as beams and panels, which are not crucial to truck manufacturing and can be obtained from sources other than from our Parent Company, from China Heavy Truck Group Company (including its associates). China Heavy Truck Group Company (including its associates) has been purchasing parts and components and semi-finished products such as axles and engines from us. After the Listing, the transactions between us and China Heavy Truck Group Company (including its associates) will continue.

In this regard, the following agreements have been entered into between us (for ourselves and on behalf of our subsidiaries) and China Heavy Truck Group Company (for itself and on behalf of its associates):

- a sales agreement between us (for ourselves and on behalf of our subsidiaries) as supplier and China Heavy Truck Group Company (for itself and on behalf of its associates) as purchaser on November 3, 2007 (the "Parts Supply Agreement"); and

- a purchase agreement between China Heavy Truck Group Company (for itself and on behalf of its associates) as supplier and us (for ourselves and on behalf of our subsidiaries) as purchaser on November 3, 2007 (the "Parts Purchase Agreement", which together with the Parts Supply Agreement, the "Mutual Supply Agreements").

Each of the Mutual Supply Agreements is for a term of three years commencing on November 1, 2007. Pursuant to the Mutual Supply Agreements, the parties agreed that (a) we will supply raw materials, parts and components and semi-finished products to China Heavy Truck Group Company (including its associates); and (b) China Heavy Truck Group Company (including its associates) will provide to us (including our subsidiaries) raw materials, parts and components and semi-finished products. The Mutual Supply Agreements, where applicable, are subject to the shareholders' approval of Sinotruk Jinan Truck Company as required by the Listing Rules of Shenzhen Stock Exchange.

Pursuant to the Mutual Supply Agreements, we have agreed that we will supply to China Heavy Truck Group Company (including its associates) any of the raw materials, parts and components and semi-finished products stipulated therein on terms which are equivalent to those we offer to independent third parties. Similarly, China Heavy Truck Group Company (including its associates) has agreed that it will not supply to us (including our subsidiaries) any of the raw materials, parts and components and semi-finished products stipulated therein on terms less favorable than those China Heavy Truck Group Company (including its associates) offers to independent third parties. The consideration of the transactions will be based on (a) prices proposed by the PRC government; or (b) if there are no prices proposed by the PRC government, the market price or cost with a reasonable margin.

For 2004, 2005, 2006 and the nine months ended September 30, 2007, the costs of purchases by us (including our subsidiaries) from China Heavy Truck Group Company (including its associates) amounted to approximately Rmb 1,677.9 million, Rmb 1,389.5 million, Rmb 33.2 million and Rmb 115.2 million, respectively.

For 2004, 2005, 2006 and the nine months ended September 30, 2007, the costs of purchases by China Heavy Truck Group Company (including its associates) from us (including our subsidiaries) amounted to approximately Rmb 240.8 million, Rmb 767.4 million, Rmb 430.2 million and Rmb 596.6 million, respectively.

The following are our estimated annual caps of our mutual supplies and purchases for the three years ending December 31, 2007, 2008 and 2009:

	Year ending December 31, 2007	Year ending December 31, 2008	Year ending December 31, 2009
		(in Rmb)	
Purchases by us from China Heavy Truck Group Company	165,000,000	175,000,000	201,000,000
Purchases by China Heavy Truck Group Company from us	782,000,000	923,000,000	1,064,000,000

The increase in our purchases of parts and components from China Heavy Truck Group Company (including its associates) in 2004 and 2005 was in line with the increase in our production and due to purchases from Weichai Factory and Weichai Power. The drastic decrease in our purchases in 2006 was mainly due to cessation of transactions with Weichai Factory and Weichai Power. The estimated annual cap for our purchases of parts and components from China Heavy Truck Group Company (includes its associates) is expected to have a drastic increase from that in 2006 because most of our customers for trucks in the first half of 2007 have specifically requested to install oil-immersed filters, a more costly part and component. In addition, the production volume of HOWO series is expected to increase by approximately 80% in 2007, and correspondingly our increase in purchases for parts and components.

The drastic increase in purchases by China Heavy Truck Group Company (including its associates) in 2004 and 2005 was mainly due to purchases by Weichai Factory and Weichai Power from Hangzhou Engine Factory. Transactions with Weichai Factory and Weichai Power ceased in 2006 as a result of the Reorganization, which contributed to the decrease in purchases from us in 2006. The estimated annual caps for purchases by China Heavy Truck Group Company (includes its associates) from us for 2007, 2008 and 2009 are based on the increase in market demand for trucks in 2007.

We have made the above estimate of annual caps with respect to our mutual supply and purchase of goods and products on the basis of factors such as the historical purchase amounts, in particular, by reference to the figures for the nine months ended September 30, 2007, cessation of transactions with Weichai Factory and Weichai Power, expected growth of productions, expected increases in demand for goods and products and increases in production capacity in a range between 10% and 20%.

Pursuant to the Listing Rules, the Parts Supply Agreement is subject to announcement and independent shareholders' approval requirements, and the Parts Purchase Agreement is subject to the announcement requirement.

Purchase of Services

China Heavy Truck Group Company (including its associates) has been providing services such as property management, transportation, staff training, medical services and products testing and improvement services to us (including our subsidiaries). After the Listing, the supply of services by China Heavy Truck Group (including its associates) to us (including our subsidiaries) will continue.

To our knowledge, our Parent Company is the only qualified entity in Jinan, Shandong Province, the PRC to provide testing services on trucks.

We are required to provide medical services to our staff under the staff medical insurance plan and such services are to be provided by hospitals designated by the relevant authorities. The hospital and medical services under our Parent Company have not been included in our group as a result of the Reorganization because they do not relate to our core business, but will remain in our Parent Company, which has been designated and will continue to provide medical services to our staff after Listing. In particular, the medical centres currently established by our Parent Company will continue to provide medical services to our staff who work in production facilities not located in urban area.

Some of our production facilities have no public transportation access and it will be more cost and administration effective to continue the transportation services provided by our Parent Company after the Listing instead of sourcing another supplier.

In this regard, we (for ourselves and on behalf of our subsidiaries) and China Heavy Truck Group Company (for itself and on behalf of its associates) have entered into a service agreement on November 3, 2007 whereby China Heavy Truck Group Company (including its associates) will continue to provide services such as property management, transportation, staff training, medical services and products testing and improvement services to us (including our subsidiaries) (the "General Services Purchase Agreement"). The General Services Purchase Agreement, where applicable, is subject to the shareholders' approval of Sinotruk Jinan Truck Company.

The General Services Purchase Agreement is for a term of three years commencing on November 1, 2007. Pursuant to the General Services Purchase Agreement, China Heavy Truck Group Company (including its associates) has agreed that it will not provide any of the services to us (including our subsidiaries) on terms less favorable than those China Heavy Truck Group Company (including its associates) offers to independent third parties. The consideration of the transactions will be based on (a) prices proposed by the PRC government; or (b) if there are no prices proposed by the PRC government, the market price or cost with a reasonable margin.

China Heavy Truck Group Company (including its associates) has been providing most of the services to us at no cost before 2006. The historical amount on service fees received by China Heavy Truck Group Company (including its associates) for the whole Track Record Period cannot be relied for reference. For 2004, 2005, 2006 and the nine months ended September 30, 2007, the services fees received by China Heavy Truck Group Company (including its associates) amounted to approximately Rmb 20.9 million, Rmb 36.7 million, Rmb 101.2 million and Rmb 75.8 million, respectively. Before 2006, most of the services provided by China Heavy Truck Group Company (including its associates) were provided free of charge, so the historical figures cannot be used as a reference.

The following are our estimated annual caps of our purchase of services for the three years ending December 31, 2007, 2008 and 2009:

Year ending December 31, 2007	Year ending December 31, 2008	Year ending December 31, 2009
	(in Rmb)	
109,000,000	114,000,000	109,000,000

The service fees received by China Heavy Truck Group Company (including its associates) in 2006 did not account for the whole-year service fees because service fees for certain services such as services provided to Jinan Power Company commenced in July 2006. As such, the 2006 historical figures cannot be used as a basis for estimating or justifying the annual caps.

We made the above estimate of annual caps of our purchase of services with respect to factors such as the amount of service fees fixed in the existing agreements (with staff training expenses of approximately Rmb1.8 million, and property management services of approximately Rmb 20.0 million), increases in demand and frequencies for staff transportation services because of the relocation of the production facilities, the estimated medical expenses of Rmb1,000,000 per annum based on staff head-counts, plus an expected change within 10% of the expenses. The estimated annual cap for 2009 decreases from that in 2008 because relocation of our production facilities is expected to be completed and some services from our Parent Company to Sinotruk Jinan Commercial Truck Company on the existing production facilities are expected to cease.

Pursuant to the Listing Rules, the General Services Purchase Agreement is subject to the announcement requirement.

Leasing Agreements

Our subsidiaries have entered into leasing agreements with China Heavy Truck Group Company (including its associates) in relation to the properties they lease from and to China Heavy Truck Group Company (including its associates) (the "Leasing Agreements"). Details of the Leasing Agreements are as follows:

Leases from China Heavy Truck Group Company (including its associates)

Date of agreement	Landlord	Tenant	Rental (per annum or contract sum)	Properties	Term	User
June 1, 2006 . . .	China Heavy Truck Group Company	Sinotruk Jinan Axle & Transmission Company	Rmb 3,323,930.19	1. 85 Jianshe Road, Shizhong District, Jinan 2. Dangjiazhuang Town, Shizhong District, Jinan	Three years from June 1, 2006	Production

Date of agreement	Landlord	Tenant	Rental (per annum or contract sum)	Properties	Term	User
July 1, 2007 . . .	China Heavy Truck Group Company	Sinotruk Jinan Truck Company	Rmb 2,086,306.20*	Dangjiazhuang Town, Shizhong District, Jinan and 2 units located in Beijing and Shenyang respectively	Six months from July 1, 2007	Production and Office
May 31, 2005 . .	Qingdao Oriental Special Vehicle Company, an associate of China Heavy Truck Group Company	Sinotruk Jinan Truck Company	Rmb 35,000	871 Chongqing Zhong Road, Qingdao	Three years from May 31, 2005	Sales services
July 1, 2007 . . .	China Heavy Truck Group Company	Sinotruk Jinan Commercial Truck Company	Rmb 4,314,624.08*	1. 195 Majiazhuang, Tianqiao District, Jinan	Six months from July 1, 2007	Production
				2. 158 Daqiao Road, Licheng District, Jinan		Production and office
				3. Dangjiazhuang Town, Shizhong District, Jinan		Production
				4. 988 Zhongqi Huanghe Road, Jinan Economy and Development Zone		Production
July 11, 2007 . .	Hangzhou Engine Factory	Sinotruk Hangzhou Engine	Rmb 7,830,000*	66 Hushu South Road, Gongshu District, Hangzhou	From July 1, 2007 to May 31, 2008	Production and office
July 11, 2007 . .	Hangzhou Engine Factory	Hangzhou Automobile Engine Foundry Co., Ltd.	Rmb 4,270,000	229 Shixiang Road, Hangzhou	From July 1, 2007 to June 30, 2008	Production
July 3, 2006 . . .	China Heavy Truck Resources Supply Company, an associate of China Heavy Truck Group Company	Sinotruk Shandong Import & Export Company	Rmb 736,938	36-1 Wuyingshan Zhong Road, Tianqiao District, Jinan	Three years from July 3, 2006	Office
July 1, 2006 . . .	China Heavy Truck Group Company	Sinotruk Jinan Technical Center	Rmb 951,518.70	159 Yingxiongshan Road, Shizhong District, Jinan	Three years from July 1, 2006	Research and development

* *These rentals refer to the contract sum.*

The renewal term of six months for the second and fourth leases listed above aims to provide us flexibility in connection with the relocations being carried out by the tenants.

Leases to China Heavy Truck Group Company (including its associates)

Date of agreement	Landlord	Tenant	Rental (per annum)	Properties	Term	User
July 1, 2007 . . .	Sinotruk Finance Company	Shandong Xinhai Guarantee Co., Ltd.	Rmb 149,472	39 Wuyingshan East Road, Jinan	One year from July 1, 2007	Office
July 1, 2006 . . .	Sinotruk Jinan Power	Jinan Automobile Test Center	Rmb 630,550.80	165 Yingxiongshan Road, Shizhong District, Jinan	Three years from July 1, 2006	Office
May 28, 2007 . .	Sinotruk Jinan Truck Company	Jinan Hua Wo Truck Corporation	Rmb 1,594,320	Dangjiazhuang Town, Shizhong District, Jinan	Five years from September 2, 2003	Production
May 28, 2007 . .	Sinotruk Jinan Power	Jinan Hua Wo Truck Corporation	Rmb 1,456,350	Dangjiazhuang Town, Shizhong District, Jinan	Five years from September 2, 2003	Production

The rentals payable or received by our subsidiaries to China Heavy Truck Group Company (including its associates) under the Leasing Agreements are determined at arms' length and reflect market rates. Our subsidiaries and China Heavy Truck Group Company entered into the Leasing Agreements on normal commercial terms. Sallmanns (Far East) Limited, an independent valuer, has confirmed that the rentals payable or received by our subsidiaries under the Leasing Agreements are fair and reasonable.

Pursuant to the Listing Rules, the Leasing Agreements (in aggregate) are subject to the announcement requirement.

Waivers from Announcement and Independent Shareholders' Approval

After the Listing, we will continue to carry on the transactions described in "— Non-exempt Continuing Connected Transactions" above, which will constitute non-exempt continuing connected transactions under the Listing Rules. Pursuant to the Listing Rules, the transactions under the Products Sales Agreement, the Products Purchase Agreement and the Parts Supply Agreement would normally require full reporting, announcement and prior approval by independent shareholders. The transactions under the Parts Purchase Agreement, the General Services Purchase Agreement and the Leasing Agreements (in aggregate) would normally require full reporting and announcement, as each of the percentage ratios (other than profits ratio) calculated by reference to Rule 14.07 of the Listing Rules is expected on an annual basis to be (i) less than 2.5% or (ii) less than 25% and the total consideration is less than HK$10,000,000. In addition, our Directors (including the independent non-executive Directors) confirm that it is in the interests of our company to continue with these transactions after the Listing and that such transactions are conducted on normal commercial terms or terms that are more favorable in the ordinary and usual course of business and are fair and reasonable and in the interests of our Shareholders as a whole.

On the above basis, we have applied for, and the Stock Exchange has granted, a waiver pursuant to Rule 14A.42(3) of the Listing Rules to exempt:

- the non-exempt continuing connected transactions described in the transactions under the the Products Sales Agreement, the Products Purchase Agreement and the Parts Supply Agreement above from strict compliance with the announcement and independent shareholders' approval requirements, and

- the non-exempt continuing connected transactions described in transactions under the Parts Purchase Agreement, the General Services Purchase Agreement and Leasing Agreements (in aggregate) above from strict compliance with the announcement requirement of the Listing Rules,

subject to (i) the Directors undertaking that we would comply with the applicable requirements under Chapter 14A of the Listing Rules for the three years ending December 31, 2009; and (ii) the aggregate value of each of the non-exempt continuing connected transactions described above for each financial year not exceeding the relevant cap set above.

The Directors are of the view that the annual caps of all the non-exempt continuing connected transactions described in "— Non-exempt Continuing Connected Transactions" above are fair and reasonable.

Confirmation from the Joint Sponsors and our Directors

The Joint Sponsors have taken into account the relevant documentation, information and historical figures provided by us, and have participated in due diligence and discussions with us, to satisfy themselves of the reliability of the information provided in relation to the connected transactions described in this "Connected Transactions" section. Accordingly, the Joint Sponsors and our Directors (including the independent non-executive Directors) are of the view that (i) each of the continuing connected transactions described in the "Connected Transactions" has been entered into in the ordinary and usual course of our business on normal commercial terms and the terms of such transactions are fair and reasonable as far as we are concerned and are in the interests of our Shareholders as a whole and (ii) that the proposed annual caps for these non-exempt continuing connected transactions referred to in "— non-exempt Continuing Connected Transactions" above for which waiver is sought are fair and reasonable, taken as a whole.

Directors and Senior Management

The following table provides information about our Directors and our senior management.

Name	Age	Position
Ma Chunji	53	Chairman
Cai Dong	43	Executive Director and President
Wang Haotao	43	Executive Director and Vice President
Wei Zhihai	52	Executive Director and Vice President
Wang Guangxi	53	Executive Director and Vice President
Tong Jingen	45	Executive Director and chief economist
Wang Shanpo	42	Executive Director and chief engineer
Shao Qihui	72	Independent Non-executive Director
Lin Zhijun	52	Independent Non-executive Director
Ouyang Minggao	48	Independent Non-executive Director
Hu Zhenghuan	72	Independent Non-executive Director
Chen Zheng	61	Independent Non-executive Director
Li Xianyun	75	Independent Non-executive Director

Executive Directors

Ma Chunji (馬純濟), aged 53, is the Chairman of our board. Mr. Ma is a senior economist with over 30 years' experience in government, corporate management and strategic planning. Mr. Ma graduated from the Central Party College (中央黨校) in 1995 with a diploma in economic management. He is currently the vice-chairman of China Association of Automobile Manufacturers (中國汽車工業協會) and a member of the Tenth National People's Congress. Mr. Ma joined us in August 2000. Mr. Ma received a "National Model Worker" award from the State Council in 2005. In 2006, he was conferred a lifetime membership at the World Confederation of Productivity Science (世界生產力科學院). He is also the Chairman of our Parent Company. Prior to joining us, Mr. Ma had been vice mayor of Jinan Municipal Government, the head of Jinan Auto Accessory Works (濟南汽車配件廠), which is independent from us, the director of the Economic Committee of Jinan (濟南市經委), and deputy commissioner of Jinan Mechanics and Industrial Bureau (濟南市機械工業局).

Cai Dong (蔡東), aged 43, is our executive Director and president. Mr. Cai is a senior engineer with an executive MBA degree from Nankai University (南開大學). He joined Jinan Auto Manufacturing Factory in 1983 and later leads our research and development, production and marketing. He received an "Outstanding National Entrepreneur" award conferred jointly by the China United Enterprises Association (中國企業聯合會), China Entrepreneurs Association (中國企業家協會) and China Enterprise Management Science Foundation (中國企業管理科學基金會) in April 2006. Mr. Cai was previously director of the technology center of our Parent Company. Mr. Cai was a director, chief engineer and the general manager of our Parent Company from 2001 to 2007.

Wang Haotao (王浩濤), aged 43, is our executive Director and vice president. Mr. Wang is an engineer with extensive experience in business development. Mr. Wang graduated from Shandong Agricultural Machinery College (山東農業機械學院) with a diploma in machinery engineering in 1987. He joined the Parent Company in 1987. Mr. Wang is currently the vice general manager and director of our Parent Company as well as the chairman of Sinotruk Jinan Truck Company. He was the director of business development and international cooperation department of our Parent Company from 1994 to 1998, the deputy general manager of our Parent Company in 2001 and the chairman of CNHTC Jinan Bus Co., Ltd. in 2002.

Wei Zhihai (韋志海), aged 52, is our executive Director and vice president. Mr. Wei graduated from Tsinghua University with a diploma in legal studies in 2005. Mr. Wei is a senior economist with over 20 years of experience in business development and corporate management. He joined us in 2004 and was appointed the chairman of Sinotruk Shandong Import & Export Company in the same year. Mr. Wei is the chairman of Sinotruk Hong Kong International Investment Company. Prior to joining us, Mr. Wei was the deputy director of the Economic Committee of Jinan, and the head of Jinan No. 4 Machine Tool Works (濟南第四機床廠). Mr. Wei was a director and the deputy general manager of our Parent Company from 2004 to 2007.

Wang Guangxi (王光西), aged 53, is our executive Director and vice president. Mr. Wang graduated from Shandong Economic Management Cadres College (山東經濟管理幹部培訓學院) with a diploma in economic management in 1994. Mr. Wang is a senior accountant with over 20 years of experience in financial management and internal control. He joined us in 2000 and is currently also the deputy general manager, chief accountant and director of our Parent Company. Prior to 2000, Mr. Wang had been the director of the finance department and deputy chief accountant of Jinan Auto Accessory Works. Mr. Wang was responsible for our accounting and financial functions during the Track Record Period.

Tong Jingen (童金根), aged 45, is our executive Director, company secretary and chief economist. Mr. Tong graduated with a master's degree in engineering from Tsinghua University in 1989. Mr. Tong is a senior economist with approximately 20 years of experience in corporate management and business development in the automotive industry. He joined Jinan Auto Manufacturing Factory in 1983 and was the chief economist and director of our Parent Company from July 2002 to April 2007. Mr. Tong was the deputy director of the corporate management department of Jinan Motor Vehicle Company (濟南汽車製造總廠) from 1995 to 1996, and was the deputy manager of sales department of our Parent Company from 1998 to 2001. Mr. Tong was a non-executive director of Weichai Power from 2003 to 2006.

Wang Shanpo (王善坡), aged 42, is our executive Director and chief engineer. Mr. Wang graduated with a master's degree in engineering from Shandong Industrial University (山東工業大學) in 1984. Mr. Wang is a senior engineer with approximately 20 years of experience in automotive research and development and engineering. He joined the Parent Company in 1984 and was the chief engineer of our Parent Company. Mr. Wang was the director of Sinotruk Technical Center from 1999 to 2000.

Independent Non-executive Directors

Shao Qihui (邵奇惠), aged 72, is our independent non-executive Director. Mr. Shao is a senior engineer who has extensive experience in engineering. Mr. Shao has designed and invented lever vehicle steering with variable transmission ratio and processing machine tools and was among the first professionals awarded with "Outstanding Contributor" by the State. Mr. Shao currently is a member of the Standing Committee of the Chinese People's Political Consultative Conference, the honorary chairman of the Society of Automotive Engineers of China (中國汽車工程學會), a member of the PRC State Commission of Science and Technology (中國國家科學技術委員會) and the honorary chairman of the Federation of Machinery Industry of China (中國機械工業聯合會). He was the Governor of Heilongjiang Province from 1989 to 1994 and the head of the State Bureau of Mechanical Industry (國家機械工業局) from 1998 to 1999.

Lin Zhijun (林志軍), aged 52, is our independent non-executive Director. Mr. Lin graduated from Xiamen University in 1982 with a master degree in economics and later received a Ph.D. degree in Economics from Xiamen University (廈門大學) in 1985. He is a member of the American Certified Public Accountants (AICPA), the Chinese Institute of Certified Public Accountants (CICPA) and the Certified Management Accountants of Australia (CMA). He is currently a professor and the head of the department of Accountancy and Law in the Hong Kong Baptist University. Mr. Lin was previously an auditing staff at an international accounting firm (Touche Ross International, now known as "Deloitte Touche Tohmatsu") in Toronto, an associate professor of economics in Xiamen University, and a professor in accountancy of Lethbridge University in Canada. Mr. Lin currently is an independent non-executive director of China Everbright Limited, a company whose securities are listed on the Stock Exchange.

Ouyang Minggao (歐陽明高), aged 48, is our independent non-executive Director. Professor Ouyang graduated from the Technical University of Denmark with a Doctorate degree in engineering in 1993. He is one of the nationally recognized experts in the area of strategic development of automobile technology and energy. He is currently a Standing Member of the Chinese People's Consultative Conference (全國政協常委), dean of the department of automotive engineering in Tsinghua University and director of the National Laboratory of Automobile Safety and Energy Saving (汽車安全與節能國家重點實驗室). In addition, he is also an executive member of the Society of Automobile Engineering of China (中國汽車工程協會). Professor Ouyang has extensive experience in the research and development in automobile energy and new engines and has worked over 30 patents. Mr. Ouyang has been granted various awards for his inventions, including "Award for Originality" for electronically controlled diesel oil injection system.

Hu Zhenghuan (胡正寰), aged 72, is our independent non-executive Director. Professor Hu graduated from University of Science and Technology Beijing (北京科技大學, formerly Beijing Institute of Metallurgy 北京鋼鐵學院) in 1956. Professor Hu has been the vice-dean of the mechanical engineering department in Beijing University of Technology (北京工業大學), the head of Mechanical Engineering Research Centre, the head of the Research Centre of Parts Rolling and a council member of China Engineering Society (中國機械工程協會). Professor Hu has been granted various awards, including the "State Outstanding Technical Officer", "Technology Achievement" and "State Outstanding Contributor". Professor Hu was elected the member of the Chinese Academy of Engineering (中國工程院) in 1997 and has been one of the core members engaged in the research of parts rolling technology in China since 1958.

Chen Zheng (陳正), aged 61, is our independent non-executive director. Mr. Chen graduated from the Beijing University of Technology (北京工業大學) in 1970 with a bachelor degree in mechanical engineering. Mr. Chen has over 30 years of experience in the mechanical design and automotive engineering field. He has been the deputy head of the technology division of China Auto Parts and Accessories Corporation (中國汽車零部件工業公司), the department head of the international cooperation department of China National Automotive Industrial Corporation (中國汽車工業總公司), the vice general manager of China National Automotive Industry Import and Export Corporation (中國汽車工業進出口公司) and the vice chairman of the board of directors of China Automotive Finance Company Limited (中汽財務有限責任公司).

Li Xianyun (李羨雲), aged 75, is our independent non-executive director. Mr. Li graduated from the Jilin University of Technology (吉林工業大學) in 1956 with a bachelor degree in automotive engineering. Mr. Li has been an engineer of Beijing Automotive and Tractor Research Laboratory (北京汽車拖拉機研究所) and Changchun Automotive Research Institute (長春汽車研究所), the chief engineer of China Auto Parts and Accessories Corporation (中國汽車零部件工業公司) and the senior engineer of China Automobile Industry Federation (中國汽車工業聯合會). He has substantial experience in the research and development of automobile technology and corporate strategic management. Mr. Li has been appointed as one of the members of the expert committee of China Association of Automobile Manufacturers (中國汽車工業協會) since 2004.

Company secretaries and qualified accountant

Mr. Tong Jingen (童金根), aged 45, is our executive Director and Company Secretary. Please refer to the paragraph headed "Executive Directors" above.

Mr. Kwok Ka Yiu (郭家耀), aged 42, is our company secretary, qualified accountant and financial controller. Mr. Kwok has nearly seven years of audit experience in one of the prestigious international audit firms, KPMG and over ten years of financial and accounting experiences with companies listed on the Stock Exchange. Mr. Kwok holds an MBA degree from the University of Hong Kong and is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Kwok joined us in May 2007.

Rule 8.12 Requirements

Rule 8.12 of the Listing Rules requires a new applicant for a primary listing on the Stock Exchange to have sufficient management presence in Hong Kong, which normally means that at least two of the new applicant's executive directors are ordinarily residents in Hong Kong.

Our board of Directors does not have two executive Directors who are ordinarily residents in Hong Kong. Our central management and operation are based in Jinan, Shandong Province, PRC.

Since our principal business operation are located in the PRC, our senior management based in the PRC. Our joint company secretary, Mr. Kwok Ka Yiu, and one independent non-executive Director, Mr. Lin Zhijun, are ordinarily residents in Hong Kong. Our executive Director, Mr. Tong Jingen travels frequently between Hong Kong and the PRC.

Given that our central management and operation are based in the PRC, we consider that it would be practically difficult and commercially unfeasible for us to comply with the requirements of rule 8.12 of the Listing Rules. We have applied for, and the Stock Exchange has granted a waiver from strict compliance of rule 8.12 of the Listing Rules subject to the following conditions:

(a) we will appoint two authorized representatives pursuant to rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange and ensure that we comply with the Listing Rules at all times. The two authorised representatives to be appointed are Mr. Tong Jingen and Mr. Kwok Ka Yiu. Both of the authorised representatives will be available to meet with the Stock Exchange in Hong Kong within a short period of time upon request and will be readily contactable by telephone, facsimile or e-mail. Each of the two authorised representatives has been duly authorised to communicate on our behalf with the Stock Exchange;

(b) both our authorised representatives have the telephone and fax numbers and e-mail addresses of all members of our Board (including the independent non-executive Directors) and our senior management and are able to contact promptly at all times as and when the Stock Exchange wishes to contact them for any matters;

(c) all our Directors are in possession of valid travel documents which will enable them to travel to Hong Kong and meet the Stock Exchange at short notice; and

(d) we will retain CICC Hong Kong and JPMorgan as the compliance advisers pursuant to rule 3A.19 of the Listing Rules at least for a period of one year from the Listing Date until the date on which we have fully complied with rule 13.46 in respect of our first full year financial results after the Listing Date. The compliance advisers will act as our channel of communication with the Stock Exchange in addition to our authorised representatives.

Rule 8.17 Requirements

According to rule 8.17 of the Listing Rules, the secretary of our company must be a person who is ordinarily resident in Hong Kong and who has the requisite knowledge and experience to discharge the functions of secretary of a listed company and who (a) is a member of The Hong Kong Institute of Chartered Secretaries, a solicitor or barrister as defined in the Legal Practitioners Ordinance or a professional accountant; or (b) is an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions as a company secretary of a listed company.

Mr. Tong Jingen has approximately 20 years of experience in corporate management and business development. Through active and substantive participation in the Global Offering, he has acquired knowledge in, among others, the Listing Rules. Given that Mr. Tong has extensive experience in corporate management and is familiar with the corporate management of companies incorporated in the PRC, we appointed Mr. Tong as our joint secretary to facilitate and co-ordinate the corporate management between our company and our PRC subsidiaries.

To enhance Mr. Tong's knowledge and familiarisation of the applicable rules and regulations in Hong Kong, we have further appointed Mr. Kwok Ka Yiu, who possesses the formal qualifications required under rule 8.17(2) and (3) of the Listing Rules, as our joint company secretary to work closely with and assist Mr. Tong in discharging his duties as our company secretary and acquiring the relevant knowledge. Subject to the terms and conditions of the service agreement, we intend to appoint Mr. Kwok for a term of three years. During Mr. Kwok's engagement period, he will ensure that at all times he will be able to provide assistance to Mr. Tong and Mr. Tong will actively and substantially participate in the secretarial and legal issues. Mr. Tong will attend secretarial training courses provided by recognised professional bodies and will seek advice and assistance from our legal advisers and compliance adviser. Upon the expiry of the three-year period, we will further evaluate the then qualifications and experience of Mr. Tong to determine and demonstrate to the Stock Exchange if Mr. Tong has satisfied the requirements stipulated under rule 8.17 of the Listing Rules.

We have therefore applied for and the Stock Exchange has granted a waiver from strict compliance of rule 8.17 of the Listing Rules.

Board Committees

Strategy and investment committee

We established a strategy and investment committee within our Board on July 26, 2007 with written terms of reference. The primary duties of the strategy and investment committee are to make our long-term tactical plan and business development strategies.

The strategy and investment committee currently has seven members, namely Ma Chunji, Cai Dong, Shao Qihui, Ouyang Minggao, Hu Zhenghuan, Wang Haotao and Wang Shanpo. Ouyang Minggao, Shao Qihui and Hu Zhenghuan are our independent non-executive Directors. The chairman of this committee is Ma Chunji.

Audit committee

We established an audit committee within our Board on July 26, 2007 with written terms of reference in compliance with the Listing Rules. The primary duties of the audit committee are to review and supervise our financial reporting process and internal control system.

The audit committee currently has five members, namely Lin Zhijun, Chen Zheng, Ouyang Minggao, Wang Guangxi and Tong Jingen. Lin Zhijun, Ouyang Minggao and Chen Zheng are our independent non-executive Directors. The chairman of this committee is Lin Zhijun. With his past working experience as an auditor and his academic background in finance and accounting, we are of the view that Mr. Lin has the appropriate accounting and financial expertise as required under Rule 3.10(2) of the Listing Rules. In addition, Ouyang Minggao and Chen Zheng have extensive expertise in the industries.

Remuneration committee

We established a remuneration committee within our Board on July 26, 2007 with written terms of reference. The primary duties of the remuneration committee are to evaluate the performance of our senior management and make recommendations on their remuneration. The remuneration committee also monitors the remuneration and other benefits we provide to our Directors.

The remuneration committee currently has five members, namely Chen Zheng, Lin Zhijun, Li Xianyun, Wei Zhihai and Tong Jingen. Chen Zheng, Lin Zhijun and Li Xianyun are our independent non-executive Directors. The chairman of this committee is Chen Zheng.

Compensation

The aggregate amounts of salaries, pension scheme contributions, other allowances and benefits-in-kind paid by us to our Directors and senior management members for 2004, 2005, 2006 and the nine months ended September 30, 2007 were approximately Rmb 7.1 million, Rmb 5.2 million, Rmb 5.5 million and Rmb 4.6 million, respectively. No other payments were paid or were payable by us or any of our subsidiaries to our Directors or senior management members during the Track Record Period.

Employees

We believe that our management and key employees represent some of the most talented and experienced executives and employees in the heavy truck industry in China. We conduct periodic reviews of our employees' job performance and we determine salaries and discretionary bonuses based upon these reviews. We have entered into employment contracts (which include compensation clauses), and confidentiality agreements with key management personnel and technicians.

As of September 30, 2007, we employed 13,944 people at our management offices, manufacturing facilities and branch offices throughout China. The table below sets forth the number of our employees by function as of the time indicated:

	As of September 30, 2007	
	Number	**% of total**
Management	118	0.8
Sales and distribution	912	6.5
Marketing	34	0.2
Technology and engineering	1,714	12.3
Research and development	370	2.7
Manufacturing	8,567	61.5
General and administrative	2,229	16.0
Total	**13,944**	**100.0**

In order to efficiently manage our workforce, we also retain qualified employment agencies in China to select contract employees who possess the skills and experience that we require. The number of our contract employees fluctuates with our production requirements. As of September 30, 2007, we had approximately 7,700 contract employees, mainly as manufacturing workers and technicians on the production front. As of the same date, we had approximately 2,229 employees in general and administrative, representing 16.0% of our total number of employees. The employees in this category primarily comprise the management, accounting, purchasing, logistics and human resource personnel at our subsidiaries, and general supporting employees who are responsible for security, warehouse, office maintenance and other operational matters.

For 2004, 2005, 2006 and the nine months ended September 30, 2007, we incurred staff costs of Rmb 575.6 million, Rmb 565.1 million, Rmb 749.5 million and Rmb 813.0 million, respectively, representing 5.7%, 6.2%, 5.9% and 5.0% of our revenues during those respective periods. The income of our senior and mid-level managers generally consists of a basic salary and a performance based bonus or deduction.

We believe that we have a good working relationship with our employees. We have not experienced any significant labor disputes or any difficulties in recruiting staff for our operations. Our employees are not a party to any collective bargaining agreements, but are represented by labor unions organized under the PRC laws and regulations.

Employee benefits

As required by PRC regulations, we participate in various employee benefit plans that are organized by provincial and municipal governments, including housing, maternity, workers' compensation, unemployment and pension benefit plans. We are required under PRC law to make contributions to these benefit plans based on percentages ranging from 40.8% to 47.7% of the salaries, bonuses and certain allowances of our employees other than contract employees, up to a maximum amount specified by the relevant local governments from time to time. A participating employee of the retirement plan is entitled to a pension equal to a fixed proportion of the prevailing salary at the participating employee retirement date. The total amount of contributions we made to such mandatory employee benefit plans for 2004, 2005, 2006 and the nine months ended September 30, 2007, was approximately Rmb 60.8 million, Rmb 49.9 million, Rmb 82.0 million, and Rmb 93.0 million, respectively. We are not required to contribute to the employee benefit plans for our contract employees, which are the responsibilities of the employment agencies through which we retain these contract employees.

Compliance Advisors

We will appoint CICC Hong Kong and JPMorgan to be our Compliance Advisors upon listing in compliance with Rules 3A.19 of the Listing Rules. We will enter into a compliance advisors' agreement with the Compliance Advisors prior to the listing date, the material terms of which are as follows:

- we will appoint CICC Hong Kong and JPMorgan as our joint Compliance Advisors for the purpose of Rules 3A.19 of the Listing Rules for a period commencing on the date of listing of our Shares on the Stock Exchange and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the financial year ending December 31, 2008, or until the agreement is terminated, whichever is earlier; and

- the Compliance Advisors will provide us with services, including providing us with proper guidance and advice as to compliance with the requirements under the Listing Rules and applicable laws, rules, codes and guidelines.

So far as our Directors are aware, immediately following completion of the Global Offering (without taking into account the exercise of the Over-allotment Option), the following persons will:

- have interests or short positions in our Shares or underlying Shares which would fall to be disclosed to us under the provision of Divisions 2 and 3 of Part XV of the SFO and would represent 5% or more of our share capital, or
- be, directly and/or indirectly interested in 10% or more of the nominal value of any class of our share capital, carrying right to vote in all circumstances at our general meeting:

Name	Number of Shares	%
Sinotruk (BVI) Limited	1,429,800,000	64.9%

Sinotruk (BVI) Limited is a company incorporated in the British Virgin Islands whose entire issued share capital is held by China Heavy Truck Group Company. 105,300,000 Shares out of the 1,429,800,000 Shares held by Sinotruk (BVI) Limited are under short position under the SFO because of the securities lending agreement with JPMorgan Securities.

Contribution to the National Social Security Fund

In accordance with the Provisional Measures on the Administration of the Reduction of the State-owned Shares for the Raising of Social Security Funds (減持國有股籌集社會保障資金管理暫行辦法) promulgated by the State Council, Sinotruk (BVI) is required to transfer to the NSSF such number of Shares as is equivalent to 10% of the number of the Offer Shares (70,200,000 Shares before the exercise of the Over-allotment Option and 80,730,000 Shares in the event of the exercise in full of the Over-allotment Option). At the time of the Listing, such Shares will be registered in the name of the NSSF. These Shares will not constitute any part of the Offer Shares but will be considered as part of the Shares to be held by public investors for the purpose of Rule 8.08 of the Listing Rules. Neither the Parent Company nor us will receive any proceeds from such transfer by the Parent Company to the NSSF or any subsequent disposal of such Shares by the NSSF.

The transfer of such Shares by the Parent Company to the NSSF Council was approved by the SASAC on April 16, 2007. We have been advised that the aforementioned transfer and the holding of Shares by the NSSF Council following such transfer have been approved by the relevant authorities and comply with the relevant requirements.

Under the Provisional Measures on the Administration of the Reduction of the State-owned Shares for the Raising of Social Security Funds, there is no transfer restriction on the transfer of any shares to the NSSF.

Except as disclosed in this prospectus, our Directors are not aware of any person who will, immediately following the completion of the Global Offering, be directly or indirectly interested in 10% or more of our issued share capital. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our company.

The following is a description of our share capital in issue and to be issued as fully paid or credited as fully paid immediately before and after completion of the Global Offering (excluding any Shares which may be issued under the Over-allotment Option):

Authorized share capital:		*HK$*
100,000,000,000	Shares	10,000,000,000
Issued Shares:		
1,500,000,000	Shares in issue at the Latest Practicable Date	150,000,000
Shares to be issued:		
702,000,000	Shares to be issued by us under the Global Offering	70,200,000
Total Shares already issued and to be issued under the Global Offering:		
2,202,000,000	Shares	220,200,000

Assumptions

The table above assumes the Global Offering has become unconditional and has been completed. It does not take into account any of the following:

- any of our Shares which may be issued upon the exercise of the Over-allotment Option;
- any Shares which may be issued under the general mandate referred to in "— General Mandate to Issue Shares" below; and
- any Shares which may be repurchased by us pursuant to the general mandate given to our Directors for repurchase referred to in "— General Mandate to Repurchase Shares" below.

Ranking

The Offer Shares will rank equally with all our Shares now in issue and to be issued and will qualify for all dividends, income and other distributions and any other rights and benefits attaching or accruing to our Shares after the completion of the Global Offering.

General Mandate to Issue Shares

Our Directors have been granted a general unconditional mandate to allot, issue and deal with our Shares (otherwise than pursuant to, or in consequence of, the Global Offering, any scrip dividend scheme or similar arrangement or any adjustment of rights to subscribe for our Shares under options and warrants, or a specific authority granted by our Shareholders) with an aggregate nominal value of not more than the sum of:

- 20% of the aggregate nominal value of our share capital in issue immediately following the completion of the Global Offering (without taking into account Shares to be issued upon exercise of the Over-allotment Option); and

- the aggregate nominal value of our share capital repurchased by us (if any).

The general mandate to issue Shares will remain in effect until the earliest of:

- the conclusion of our next annual general meeting;
- the expiration of the period within which our next annual general meeting is required by any applicable law or our Articles of Association to be held; and
- it is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

For further details of this general mandate, see "Appendix VII — Statutory and General Information — Further Information About Us — Written resolutions of our sole shareholder" in this prospectus.

General Mandate to Repurchase Shares

Our Directors have also been granted a general unconditional mandate to exercise all our powers to repurchase up to 10% of our share capital in issue immediately following the completion of the Global Offering (without taking into account Shares to be issued upon the exercise of the Over-allotment Option).

This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which our Shares are listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and the Listing Rules. For a summary of the Listing Rules relating to share repurchases, see "Appendix VII — Statutory and General Information — Further Information About Us — Written resolutions of our sole shareholder" in this prospectus.

The general mandate to repurchase Shares will remain in effect until the earliest of:

- the conclusion of our next annual general meeting;
- the expiration of the period within which our next annual general meeting is required by any applicable law or our Articles of Association to be held; and
- it is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

Record Dates

The record date to determine the holders of our Shares entitled to the payment of dividends or other distributions (whether in cash, stock or property) will be the date of the general meeting of Shareholders at which such dividends and other distributions are declared. The record date to determine the holders of our Shares entitled to vote at a general meeting will be the date of such general meeting.

As part of the International Placing, in October 2007, we and the Joint Global Coordinators have entered into corporate placing agreements with certain corporate investors whereby the corporate investors will subscribe at the Offer Price for such number of Offer Shares that may be subscribed with an aggregate of US$200 million. Based on the low-end of the indicative offer price range of HK$10.00, and using the exchange rate of HK$7.8 to US$1.00, the total number of Offer Shares subscribed by the corporate investors will be 156,000,000 Shares, which represents approximately 7.08% of our issued share capital immediately following the Global Offering (assuming the Over-allotment Option is not exercised).

The details of the subscriptions by the corporate investors are as follows:

(a) Li Ka Shing Foundation Limited has agreed to subscribe for such number of Offer Shares that can be subscribed with US$12.5 million at the Offer Price, rounded to the nearest board lots of Shares. Based on the low-end of the indicative offer price range of HK$10.00, Li Ka Shing Foundation Limited will subscribe for 9,750,000 Shares, representing approximately 0.44% of our issued share capital upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Li Ka Shing Foundation was set up in 1980 to co-ordinate donations towards medical, education, cultural and other community welfare projects in a systemic manner. The Li Ka Shing Foundation and other private charitable foundations established by Mr. Li Ka Shing have supported numerous charitable activities with grants, sponsorships and commitments of over HK$8.4 billion.

(b) Soyeridge Holdings Limited has agreed to subscribe for such number of Offer Shares that can be subscribed with US$12.5 million at the Offer Price, rounded to the nearest board lots of Shares. Based on the low-end of the indicative offer price range of HK$10.00, Soyeridge Holdings Limited will subscribe for 9,750,000 Shares, representing approximately 0.44% of our issued share capital upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Soyeridge Holdings Limited is an indirect wholly-owned subsidiary of Cheung Kong (Holdings) Limited. Cheung Kong (Holdings) Limited is a company listed on the Stock Exchange, and its principal activities are investment holding and project management. Its subsidiaries are active in the field of property development and investment, hotel and serviced suite operation, property and project management and investment in securities.

(c) China Life group has agreed to subscribe for such number of Offer Shares that can be subscribed with US$25 million at the Offer Price, rounded to the nearest board lots of Shares. Based on the low-end of the indicative offer price range of HK$10.00, China Life group will subscribe for an aggregate of 19,500,000 Shares, representing approximately

0.89% of our issued share capital upon completion of the Global Offering (assuming the Over-allotment Option is not exercised), and details of the breakdown are as follows:

(i)	China Life Insurance Company Limited	US$10 million	Approximate 7,800,000 Shares (based on the low-end of the indicative offer price range of HK$10.00)
(ii)	China Life Insurance (Overseas) Co. Ltd	US$10 million	Approximate 7,800,000 Shares (based on the mid-point low-end of the indicative offer price range of HK$10.00)
(iii)	China Life Insurance (Group) Company	US$5 million	Approximate 3,900,000 Shares (based on the low-end of the indicative offer price range of HK$10.00)

China Life Insurance Company Limited is a company incorporated in the PRC and its shares are listed on the Stock Exchange, the New York Stock Exchange and the Shanghai Stock Exchange.

China Life Insurance (Overseas) Co. Ltd is a company incorporated in Hong Kong and is a wholly owned subsidiary of China Life Insurance (Group) Company.

China Life Insurance (Group) Company is a company incorporated in the PRC under the Ministry of Finance, the PRC and is the ultimate holding company of China Life Insurance Company Limited.

(d) Dashing Champion Investments Limited has agreed to subscribe for such number of Offer Shares that can be subscribed with US$25 million at the Offer Price, rounded to the nearest board lots of Shares. Based on the low-end of the indicative offer price range of HK$10.00, Dashing Champion Investments Limited will subscribe for 19,500,000 Shares, representing approximately 0.89% of our issued share capital upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Dashing Champion Investments Limited is a company incorporated in the British Virgin Islands and is wholly owned by Bank of China Group Investment Limited ("BOCGI"). BOCGI is a wholly owned subsidiary of Bank of China Limited. BOCGI has invested in a large number of large infrastructures and other major projects in Hong Kong and Macau areas, the PRC and overseas, covering such sectors as real estate, industry, energy, transportation, media, hotels and finance.

(e) Honeybush Limited has agreed to subscribe for such number of Offer Shares that can be subscribed with US$25 million at the Offer Price, rounded to the nearest board lots of

Shares. Based on the low-end of the indicative offer price range of HK$10.00, Honeybush Limited will subscribe for 19,500,000 Shares, representing approximately 0.89% of our issued share capital upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Honeybush Limited is a private limited company incorporated in the British Virgin Islands and is a trustee for Mr. Kuok Hock Nien and several companies owned and/or controlled by Mr. Kuok Hock Nien and/or interests associated with him.

(f) Chow Tai Fook Nominee Limited has agreed to subscribe for such number of Offer Shares that can be subscribed with US$25 million at the Offer Price, rounded to the nearest board lots of Shares. Based on the low-end of the indicative offer price range of HK$10.00, Chow Tai Fook Nominee Limited will subscribe for 19,500,000 Shares, representing approximately 0.89% of our issued share capital upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Chow Tai Fook Nominee Limited is a company incorporated in Hong Kong and is wholly and beneficially owned by Dato' Dr. Cheng Yu-Tung.

(g) Maniton Holdings Inc. has agreed to subscribe for such number of Offer Shares that can be subscribed with US$25 million at the Offer Price, rounded to the nearest board lots of Shares. Based on the low-end of the indicative offer price range of HK$10.00, Maniton Holdings Inc. will subscribe for 19,500,000 Shares, representing approximately 0.89% of our issued share capital upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Maniton Holdings Inc. is a company incorporated in the British Virgin Islands and is wholly and beneficially owned by Mr. Yung Chi Kin.

(h) Equity Advantage Limited has agreed to subscribe for such number of Offer Shares that can be subscribed with US$25 million at the Offer Price, rounded to the nearest board lots of Shares. Based on the low-end of the indicative offer price range of HK$10.00, Equity Advantage Limited will subscribe for 19,500,000 Shares, representing approximately 0.89% of our issued share capital upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Equity Advantage Limited is a company incorporated in the British Virgin Islands and an investment holding company with investments across a broad range of industries. Equity Advantage Limited is ultimately and wholly owned by the Dickson Poon family.

(i) Government of Singapore Investment Corporation Pte Ltd ("GIC") has agreed to subscribe for such number of Offer Shares that can be subscribed with US$25 million at the Offer Price, rounded to the nearest board lots of Shares. Based on the low-end of the indicative offer price range of HK$10.00, GIC will subscribe for 19,500,000 Shares, representing approximately 0.89% of our issued share capital upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).

GIC is a global investment management company established in 1981 to manage Singapore's foreign reserves. GIC invests internationally in equities, fixed income, foreign exchange, commodities, money markets, alternative investments, real estate and private equity. With its current portfolio size of more than US$100 billion, GIC is amongst the world's largest fund management companies.

The corporate investors are well-known financial and investment institutions. We believe that the status and experience of the corporate investors will further enhance our financial and operational management capabilities and strengthen our overall internal and risk control systems.

To our knowledge and after making reasonable inquiry, none of the corporate investors is our connected person (as defined in the Listing Rules) or any of their respective associates. The Shares to be held by the corporate investors pursuant to the above corporate placing agreements will be counted towards our public float.

Conditions Precedent

The subscription obligations of each corporate investors is conditional upon the Hong Kong Underwriting Agreement and the International Underwriting Agreement having been entered into and become unconditional and not be terminated pursuant to the terms thereto.

Restrictions on Disposals

Each of the corporate investors has agreed that, without the prior written consent from us and the Joint Global Coordinators or unless otherwise provided in the relevant corporate placing agreement, it will not, whether directly or indirectly, for a period of twelve months following the Listing Date, dispose of any of the Shares subscribed and allotted to it under its respective corporate placing agreement, or any direct or indirect interest in any company or entity holding any of such Shares.

For the above purpose, references to "dispose of" or "disposal" include in respect of any Shares, offering, pledging, charging, selling, mortgaging, lending, creating, transferring or otherwise disposing of any legal or beneficial interest (including by the creation of or an agreement to create or selling or granting or agreeing to sell or grant any option or contract to purchase or any warrant or right to purchase) in Shares or any securities convertible into or exercisable or exchangeable for such Shares, or contracting to do so, whether directly or indirectly, or entering into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences or incidents of ownership of such Shares or securities whether any of the foregoing transactions is to be settled by delivery of Shares or such other securities, cash or otherwise.

You should read this section in conjunction with our consolidated financial information, including the accompanying notes, in the Accountants' Report in Appendix I to this prospectus. Our consolidated financial information as of and for each of the three years ended December 31, 2004, 2005 and 2006 and as of and for the nine months ended September 30, 2007 were prepared in accordance with HKFRS, which may differ in material respects from generally accepted accounting principles in other jurisdictions.

The following discussion contains certain forward-looking statements that involve risks and uncertainties. Our future results could differ materially from those discussed below as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this prospectus.

Overview

We, together with our Parent Company, are the largest heavy truck manufacturer in China as measured by sales volume for the nine months ended September 30, 2007. According to the China Automotive Industry Association, Sinotruk Group increased its market share from approximately 8.2% in 2003 to 20.8% for the nine months ended September 30, 2007 in terms of the aggregate sales volume of heavy trucks in China. We contributed approximately 95.4%, 85.3%, 90.5% and 90.1% of Sinotruk Group's total volume of heavy trucks for 2004, 2005, 2006 and the nine months ended September 30, 2007, respectively.

We enjoy widespread brand recognition in the PRC automotive industry and a growing reputation overseas. The predecessor to our Parent Company was the first domestic manufacturer of heavy trucks and built China's first heavy truck in 1960. We utilize heavy truck technologies that originated in Europe. Through years of research and innovation, we have developed various proprietary technologies and processes that have enabled our products to meet the needs of our customers in target markets. We market our products under the brand name "中國重汽" (China Heavy Truck) in Chinese and "SINOTRUK" in English, which evokes our status as a dedicated manufacturer of heavy trucks in China. In October 2006, our brand was awarded as one of the top 10 PRC brands by the World Confederation of Productivity Science.

We specialize in the research, development and manufacturing of heavy trucks and related key parts and components, including cabins, engines and axles. Our principal products, under the current PRC industry standard, include cargo trucks and truck chassis with GVW over 14 tonnes as well as semi-tractor trucks with trailing capacity over 12 tonnes. Our major product series include HOWO, Sitaier King, Sitaier and Huanghe, each of which is further divided into various subseries to target different sectors of our product market. Over the years, we have registered with the PRC government more than 2,000 models, as classified under the PRC automotive industry regulations. Through our diverse product portfolio, we service a wide range of customers from all major industries that utilize heavy trucks, including infrastructure, construction, container transportation, logistics, mining, steel and chemical industries.

For 2004, 2005, 2006 and the nine months ended September 30, 2007, our revenues were approximately Rmb 10,163.6 million, Rmb 9,114.4 million, Rmb 12,767.5 million and Rmb 16,141.4 million, respectively, and net profits attributable to our equity holders were Rmb 301.3 million, Rmb 77.9 million, Rmb 638.5 million and Rmb 831.6 million, respectively.

The following table presents our selected consolidated financial data as of and for the years ended December 31, 2004, 2005, 2006 and the nine months ended September 30, 2006 and 2007.

	Year ended December 31,			Nine months ended September 30,	
	2004	2005	2006	2006	2007
				(unaudited)	
	(Rmb in thousands)				
Selected Consolidated Income Statement Information					
Revenue	10,163,580	9,114,437	12,767,450	9,092,213	16,141,370
Cost of sales	(8,694,750)	(7,983,012)	(10,529,568)	(7,504,091)	(13,184,227)
Gross profit	1,468,830	1,131,425	2,237,882	1,588,122	2,957,143
Distribution costs	(334,572)	(427,401)	(649,904)	(463,666)	(778,269)
Administrative expenses	(529,834)	(497,995)	(638,673)	(468,069)	(604,698)
Other gains — net	153,318	88,489	372,555	347,674	114,224
Operating profit	757,742	294,518	1,321,860	1,004,061	1,688,400
Finance costs — net	(206,141)	(58,556)	(135,202)	(78,296)	(73,492)
Profit before income tax	551,601	235,962	1,186,658	925,765	1,614,908
Income tax expense	(189,950)	(112,357)	(406,775)	(312,056)	(540,980)
Profit for the period	361,651	123,605	779,883	613,709	1,073,928
Attributable to:					
Equity holder of our company	301,323	77,869	638,465	523,470	831,568
Minority interests	60,328	45,736	141,418	90,239	242,360

	As of December 31,			As of September 30,
	2004	2005	2006	2007
	(Rmb in thousands)			
Selected Consolidated Balance Sheet Information				
Assets				
Non-current Assets	2,156,060	2,952,193	3,090,734	3,742,977
Current Assets	9,307,988	12,821,107	12,447,254	11,213,722
Total Assets	11,464,048	15,773,300	15,537,988	14,956,699
Equity and Liabilities				
Total Equity	(1,288,192)	(1,402,613)	1,585,033	2,656,617
Non-current Liabilities	2,173,466	1,957,167	506,463	1,768,083
Current Liabilities	10,578,774	15,218,746	13,446,492	10,531,999
Total equity and liabilities	11,464,048	15,773,300	15,537,988	14,956,699

Basis of Presentation

Our financial information has been prepared as a combination of business under common control in a manner similar to a pooling of interest. Our financial information presents our results of operations as if we had been in existence since January 1, 2004 and as if our Reorganization, which was effective on June 30, 2006, had been completed as of January 1, 2004. Although we entered into a trust agreement with Weichai Factory in 2004 regarding the daily operations of Hangzhou Engine Factory, we retained ultimate ownership of Hangzhou Engine Factory and exercised effective control over the financial policies of Hangzhou Engine Factory during the Track Record Period, including during the term of the trust agreement with Weichai Factory from September 2004 to December 2005. Our effective control over Hangzhou Engine Factory was demonstrated by our approval of the appointment of the head of Hangzhou Engine Factory, as well as our required approval of its business plan. Hangzhou Engine Factory's key personnel were also appointed by us prior to the trust arrangement, and a majority of such personnel continued to serve in their appointed capacities during the trust period. DeHeng Law Offices, our PRC legal counsel has opined that, notwithstanding the trust arrangement, we have had legal and effective control over Hangzhou Engine Factory during the term of the trust agreement.

In connection with the Reorganization, the following businesses were transferred to us:

- substantially all of the manufacturing and sale of heavy trucks and related parts and components; and

- the provision of services related to our business.

The assets and liabilities transferred to us have been stated at historical carrying amounts and are referred to as the Listing Business in this prospectus.

As part of the Reorganization, the following businesses were not transferred to us but were retained by our Parent Company:

- the manufacturing and sale of specialty vehicles and passenger vehicles, and the assets and liabilities related to these operations;
- equity interests in certain companies not strategically complementary to our business, which mainly comprised companies engaged in property development and the provision of loan guarantee services; and
- auxiliary facilities such as schools and hospitals.

These businesses and operations were not acquired by us pursuant to the Reorganization because they are in dissimilar businesses and operations as compared with us. Accordingly, they have not been included in our financial information throughout the relevant periods as they had distinct and separate management personnel, maintained separate accounting records and have been historically financed as if they were autonomous. These businesses and operations are referred to as the Non-Listing Business in this prospectus.

In order to streamline the operations of the Listing Business, certain of our assets and liabilities were transferred to or retained by the Parent Company pursuant to the Reorganization Agreement dated April 2, 2007. These assets and liabilities were historically associated with and formed an integral part of the Listing Business. These transferred/retained assets and liabilities do not operate autonomously and do not constitute separable business units of our group. They do not constitute standalone businesses and did not have standalone profit and loss accounts and cash flow statements during the relevant Track Record Period. The Directors consider that our group has sufficient financial resources and assets to carry out the Listing Business in the foreseeable future and the transfer or retention, as applicable, would not curtail the Listing Business's operations. After corroborating the above facts, it is considered that the transferred or retained assets and liabilities have no impact for the purpose of Listing Rules 8.05(1)(a) on the profit requirement. In selecting the assets and liabilities to be transferred/retained, we considered the following:

- Assets that will not be utilized by the Listing Business after the Listing will be transferred to or retained by the Parent Company; and
- Liabilities where legal obligations rest with the Parent Company and that will no longer be associated with the Listing Business after the Listing will be transferred to or retained by the Parent Company.

The transferred/retained assets and liabilities were transferred out based on their carrying value in the accounting record of the respective company pursuant to the clauses set out in the Reorganization Agreement. Accordingly, for the purpose of preparing the consolidated financial statements for inclusion in the prospectus, the transferred/retained assets and liabilities were segregated from our books and records based on the carrying amounts of the individual assets and liabilities recorded in the general ledger of the respective company and the effect of the transfer (liabilities net of assets) was reflected as a capital contribution from the Parent Company.

Details of the assets and liabilities transferred/retained are as follows:

	Assets and liabilities transferred to the Parent Company	Assets and liabilities retained by the Parent Company	Total
		(Rmb in thousands)	
ASSETS			
Non-current assets			
Property, plant and equipment[(1)]	48,159	412,348	460,507
Deferred income tax assets[(2)]	88,624	119,439	208,063
	136,783	531,787	668,570
Current assets			
Inventories[(3)]	—	34,842	34,842
Trade and other receivables[(4)]	—	121,722	121,722
Amounts due from related parties[(5)]	—	1,157,475	1,157,475
Restricted cash[(6)]	—	1,538,192	1,538,192
Cash and cash equivalents[(7)]	—	58,828	58,828
	—	2,911,059	2,911,059
LIABILITIES			
Non-current liabilities			
Borrowings[(8)]	—	600,000	600,000
Other long-term payables[(9)]	—	20,000	20,000
Termination benefits, post-employment benefits and medical insurance plan[(10)]	477,810	54,490	532,300
	477,810	674,490	1,152,300
Current liabilities			
Trade and other payables[(11)]	—	3,372,058	3,372,058
Borrowings[(12)]	—	888,738	888,738
Amounts due to related parties[(13)]	—	278,218	278,218
Provisions for other liabilities and charges[(14)]	—	7,953	7,953
	—	4,546,967	4,546,967
MINORITY INTERESTS[(15)]	17,906	—	17,906
Net contributions from the Parent Company	323,121	1,778,611	2,101,732

The following is a description of assets and liabilities transferred to, or retained by, the Parent Company that corresponds to the numbering in the table above:

(1) Property, plant and equipment of approximately Rmb 460.5 million including the following:

a) Transferred property, plant and equipment of approximately Rmb 48.2 million consisting of:

i. Buildings of approximately Rmb 46.2 million originally held by Sinotruk Jinan Commercial Truck Company, which were transferred to the Parent Company on June 30, 2006. These buildings are located in the areas to be rezoned for non-industrial use according to the new zoning regulations of Jinan municipal government. As a heavy truck manufacturer, we primarily use this land and the buildings on it for industrial purposes. As a result, it was not possible for our Parent Company to obtain all the necessary consents and approvals from relevant government authorities to transfer these land and buildings to us. To solve this re-zoning issue, we plan to relocate the production facilities of Sinotruk Jinan Commercial Truck Company to the Zhangqiu district in Jinan by 2008. Upon such relocation, the original buildings will no longer be used by Sinotruk Jinan Commercial Truck and therefore we have transferred such buildings to the Parent Company. While we plan to relocate our manufacturing facilities from these rezoned areas to new locations, we will need to continue our daily operations at the current sites until the completion of the relocation. Pending the construction of the new plants and the completion of the relocation, the aforementioned buildings are being leased by our Parent Company to Sinotruk Jinan Commercial Truck Company.

ii. Buildings of approximately Rmb 1.9 million originally held by Sinotruk Finance Company, which were primarily used for staff quarters. As we will provide rental allowances to staff instead of providing staff quarters after the Listing, we decide to transfer these buildings to the Parent Company for other use.

b) Retained property, plant and equipment of approximately Rmb 412.3 million consisting of:

i. Buildings of approximately Rmb 79.6 million originally held by Hangzhou Engine Factory, which were not injected to Sinotruk Hangzhou Engine upon its establishment in April 2006 because these buildings are located in the areas to be rezoned for non-industrial use according to Hangzhou city's new zoning regulations and our primary use of the land on which these buildings are located will no longer meet the non-industrial use requirements. As it was not possible for our Parent Company to obtain all necessary governmental consents and approvals to transfer these land and buildings to us, we are currently in the process of relocating Sinotruk Hangzhou Engine to the Xiaoshan district in Hangzhou, and Sinotruk Hangzhou Engine will no longer use these land and buildings for its productions after its relocation . Such relocation is expected to be completed by mid-2008. Pending the completion of the relocation, Sinotruk Hangzhou Engine needs to continue its daily operations at the current sites by leasing the aforementioned from the Parent Company until the relocation is completed;

ii. Construction-in-progress of approximately Rmb 190.0 million. During the Track Record Period, our subsidiaries received from their respective employees advances for construction of premises used for employee housing (職工集資建房). These premises will be sold to the employees at cost upon completion of the construction by offsetting the advances from employees. As we will not maintain such arrangement upon Listing, the cost of construction which was recorded as property, plant and equipment, together with the advances from employees (see Note (11)c) below), was retained by the Parent Company;

iii. Machinery of approximately Rmb 24.6 million. This machinery was used to manufacture China I Engines (a model of engine). As the Listing Business will no longer manufacture this type of engine after the Listing, we determined to have the Parent Company retain this machinery. The Parent Company subsequently sold this machinery to third parties which provide repairs and maintenance services for this engine model;

iv. Vehicles of approximately Rmb 0.4 million. We determined to have the Parent Company to retain these vehicles as these vehicles will be used to support the auxiliary facilities retained by the Parent Company such as schools and hospitals; and

v. Buildings of approximately Rmb 117.7 million. These buildings will be used by the Parent Company as offices for the companies within the Non-Listing Business or as premises supporting the auxiliary facilities such as schools and hospitals and therefore we determined to have the Parent Company retain these buildings.

(2) Net deferred income tax assets of approximately Rmb 208.1 million, of which Rmb 88.6 million was associated with the assets and liabilities transferred to the Parent Company and Rmb 119.4 million was associated with the assets and liabilities retained by the Parent Company. Such net deferred income tax assets were calculated based on the differences between the tax base and the carrying amount of the assets and liabilities transferred or retained, multiplied by the relevant income tax rate.

(3) Inventories of approximately Rmb 34.8 million consisting of spare parts for China I Engines (a model of engine). As the Listing Business will no longer manufacture this type of engine after the Listing, we determined that these spare parts should remain with the Parent Company. These spare parts were stated at the lower of cost or net realizable value. The Parent Company subsequently sold these spare parts to third parties which provide repairs and maintenance services for this engine model.

(4) Trade and other receivables of approximately Rmb 121.7 million consisting of:

a) Net trade receivables of approximately Rmb 65.8 million due from Chongqing Hongyan, which is not a related party of the Company. As the Group has ceased doing business with Chongqing Hongyan since 2006 and such trade receivables will not relate to the Listing Business going forward, we determined to have the Parent Company retain these trade receivables. These trade receivables were subsequently settled with our Parent Company.

b) Net trade receivables of approximately Rmb 13.8 million primarily arising from the sale of China I Engine. As the Listing Business will no longer manufacture this type of engine after the Listing (see Note (3) above), we determined to have the Parent Company retain the related trade receivables. Most of these trade receivables were subsequently settled by the Parent Company.

c) Other receivables of approximately Rmb 42.1 million, primarily arising from the cash advance to third parties. As we do not intend to maintain such cash advances to third parties by the Listing Business, we determined that these receivables be retained by the Parent Company.

(5) Amounts due from related parties of approximately Rmb 1,157.5 million. These amounts solely consist of receivables from the Non-Listing Business. As such, we determined to have these receivables retained by the Parent Company. As a result, we no longer have these amounts due from related parties.

(6) Restricted cash of approximately Rmb 1,538.2 million, comprising mainly (i) security deposits of Rmb 1,315.7 million for notes payables; and (ii) bank deposits of Rmb 221.5 million pledged for borrowings. As the related facilities were retained by the Parent Company (see Note (8) and Note (11)(a) below), the related restricted cash was also retained by the Parent Company.

(7) Cash and cash equivalents of approximately Rmb 58.8 million. These cash and cash equivalents were deposited in bank accounts held in the name of the Parent Company and therefore were retained by the Parent Company to finance the Parent Company's short-term cash flow needs.

(8) Bank borrowings of approximately Rmb 600 million borrowed by the Parent Company. As the legal obligations of such bank borrowings rest with the Parent Company, and we will arrange our own banking facilities and credit lines upon the Listing, we determined to have the Parent Company retain such bank borrowings. Retaining these bank borrowings by the Parent Company is also considered to be an alternative method of cash injection by the Parent Company to the Listing Business.

Of these bank borrowings, Rmb 340 million was guaranteed by Sinotruk Finance Company (a company within the Listing Business) and Rmb 260 million was guaranteed by an unrelated third party. In April 2007, the guarantee provided by Sinotruk Finance Company was released by the relevant banks.

(9) Other long-term payables of approximately Rmb 20.0 million, representing payables to Xi'an Airplane Industry Group Finance Company, arising from the inclusion of Sinotruk Finance Company in Sinotruk Group in 2004. Such payables were retained with the Parent Company as the legal obligation rested with the Parent Company.

(10) Non-current liabilities of approximately Rmb 532.3 million arising out of termination benefits, post-employment benefits and medical insurance plan in connection with certain retired and early retired employees being transferred to or retained by the Parent Company. As these employees will not provide services to us after the Reorganization, their related termination benefits, post-employment benefits and medical insurance plan liabilities were transferred to / retained by the Parent Company.

(11) Trade and other payables of approximately Rmb 3,372.1 million consisting primarily of:

a) Notes payables of approximately Rmb 2,435.0 million held under the name of the Parent Company. As the legal obligations of such notes payables rest with the Parent Company, and we will arrange our own credit facilities upon the Listing, we determined to have the Parent Company retain such notes payables. The restricted cash used to secure these notes payables were also retained by the Parent Company (see Note (6) above).

b) Trade payables of approximately Rmb 61.3 million. These trade payables primarily arose from sale of China I Engine. As the Listing Business will no longer manufacture this type of engine after the Listing (see Note (3) above), we determined that these related trade payables be retained by the Parent Company.

c) Advances from employees for construction of premises of approximately Rmb 313.9 million. During the relevant periods, the Listing Business received advances from employees for construction of premises. These premises will be sold to the employees at cost upon completion of the construction by offsetting the advances from employees. As we will not maintain such arrangement upon the Listing, the advances from employees, together with the cost of construction which were recorded as property, plant and equipment (see Note (1)(b)(ii) above), were determined to be retained with the Parent Company.

d) Deposits from Weichai Factory and Weichai Power of approximately Rmb 249.9 million. As disclosed in the section entitled "History, Reorganization and Corporate Structure" in this prospectus, a trust agreement was signed by the Parent Company with Weichai Factory on September 20, 2004, pursuant to which Weichai Power was entrusted with the responsibility of managing the daily operations of Hangzhou Engine Factory, and a deposit of approximately Rmb 249.9 million was paid to the Parent Company. As such deposit will not relate to the Listing Business, and the legal obligation of such payable rest with the Parent Company, we determined that such payable be retained by the Parent Company pursuant to the Reorganization Agreement. Such deposit was repaid by the Parent Company to Weichai Factory and Weichai Power in November 2006.

e) Other miscellaneous payables in an aggregate amount of approximately Rmb 77.0 million. As the legal obligations of these other payables rest with the Parent Company, and we will arrange our own banking facilities upon the Listing, we determined to have the Parent Company retain these other payables.

(12) Short-term borrowings of approximately Rmb 888.7 million borrowed by the Parent Company. As the legal obligations of such bank borrowings rest with the Parent Company, and we will arrange our own credit facilities with banks upon the Listing, such bank borrowings were retained by the Parent Company. Retaining these bank borrowings by the Parent Company is also considered to be an alternative method of cash injection by the Parent Company to the Listing Business.

Of these bank borrowings, approximately Rmb 180.0 million was guaranteed by a company within the Non-Listing Business and Rmb 50.0 million was guaranteed by Sinotruk Jinan Axle & Transmission Company. In March 2007, the short-term borrowing of Rmb 50.0 million was repaid by our Parent Company.

(13) Amounts due to related parties of approximately Rmb 278.2 million. As the Listing Business will finance its operations through its own credit facility lines and through working capital generated from operations, these payables were retained by the Parent Company.

(14) Provision for other liabilities and charges of approximately Rmb 8.0 million, which mainly represented provision for potential claims. We have made provision for these potential claims based on our best estimate based on the legal advice we have received. These provisions were retained by the Parent Company as the legal obligation rests with the Parent Company.

(15) Minority interests in the amount of approximately Rmb 17.9 million, representing minority shareholders' share of net liabilities transferred to the Parent Company pursuant to the Reorganization. Such net liabilities consisted primarily of liabilities relating to Sinotruk Jinan Truck's post-employment benefits transferred to our Parent Company.

Our PRC legal advisers have confirmed that the Reorganization is legal and valid under PRC laws. For more detailed information on our Reorganization, please refer to the "Corporate history and reorganization" section in Appendix VII to this prospectus.

Because of the Reorganization and the transfer of assets and liabilities described above, our financial information included in this prospectus may not necessarily reflect our results of operations, financial position and cash flows had we been a separate, stand-alone entity during the periods presented. Our financial position and results of operations for the historical periods prior to June 30, 2006 may not be directly comparable to any subsequent period. The comparability of our financial position and results of operations for 2004, 2005 and 2006 is also affected by the fact that our finance company, a major segment of our operations, was only acquired in October 2004. You should read our consolidated financial statements and the accompanying notes included in the Accountants' Report in Appendix I to this prospectus for more detailed financial information.

Key Factors Affecting Our Results of Operations

The following key factors affect our financial condition and results of operations and are important to your understanding of our business:

Demand for Heavy Trucks in China. Our results of operations are affected by the demand for heavy trucks in China. Market demand for heavy trucks in China in recent years has been driven by a number of factors, including the growth of the PRC economy, the industrialization in China and an improved national highway network. Other factors, such as the macroeconomic policies of the PRC government and automotive industry regulations, have also impacted the demand for heavy trucks. For instance, overall annual sales of heavy trucks in China varied significantly from 354,000 units in 2004 to 237,000 units in 2005 and to 307,000 units in 2006 largely due to fluctuations in market demand for heavy trucks in China. In line with the general market conditions in China, our annual sales also decreased from 43,216 units of trucks in 2004 to 35,378 units of trucks in 2005 and increased to 51,573 units of trucks in 2006. These and other factors will continue to affect the market demand for our products. Any significant change in the demand for heavy trucks in China will affect our results of operations and financial condition.

Increasing Competition. We face increasing competition in the PRC heavy truck market primarily from domestic competitors, and to a lesser extent, from foreign heavy truck manufacturers. Factors that are critical to our successful competition in this market include new product design, research and development, marketing, product quality and after-sales services. Increasing competition has in the past caused, and may continue to cause, oversupply and reduced profit margins, which could adversely affect our results of operations.

Cost of Raw Materials, Parts and Components. The cost of raw materials, parts and components accounts for a significant portion of our cost of sales. Historically, price increases in raw materials such as steel have affected our gross profit. As we increase our truck production under our capacity expansion plans, we expect our requirements for raw materials, parts and components to increase. Fluctuations in the price of raw materials, parts and components will continue to have an impact on our results of operations.

Regulatory Environment of the PRC Automotive Industry. We have derived most of our revenues and profits in China, and the PRC market will continue to be our principal market. Our performance will, therefore, continue to be affected by the political, economic, legal and other developments in China. The PRC government has recently promulgated regulations on emission standards, recall of defective vehicles, anti-overloading and vehicle brand-specific sales requirements. In early 2005, the PRC government issued rules and regulations to clamp down on truck overloading and to standardize the size and axle load of heavy trucks. Such policies may affect the market demand for heavy trucks in 2005. The PRC government may impose additional or more stringent requirements, which could affect the manufacture and sale of our heavy trucks. We may incur higher production and other costs in complying with such requirements, which could adversely affect our results of operations.

Production Capacity. We are subject to capacity constraints on our production of trucks and engines. Our principal manufacturing facilities operate at full or close to full capacity during peak season. As a result, we need to increase our production capacity in order to meet market demand and grow our business. Our expansion plans contemplate the construction and relocation of our existing facilities to Zhangqiu district in Jinan and to Xiaoshan district in Hangzhou by mid 2008. Our ability to increase our production capacity will be crucial to our success in gaining market share and increasing revenue. However, if we over-expand our production capacity, our results of operations will be adversely impacted.

Corporate Income Taxation. Prior to our Reorganization, Sinotruk Group was a wholly state-owned enterprise with operations across different regions in China. Currently we are subject to the PRC corporate income tax rate of 33% except for a number of our subsidiaries. For details on our effective tax rates during the Track Record Period, please see "— Results of Operations — Income tax expense".

On March 16, 2007, the Tenth National People's Congress enacted a new Enterprise Income Tax Law, which provides for a unified income tax rate of 25% to both domestic enterprises and foreign-invested enterprises. The new tax law will become effective on January 1, 2008. As a result, the tax rate for domestic enterprises will be reduced to 25%, whereas the tax rate for foreign-invested enterprises that have enjoyed preferential tax treatment, including our sino-foreign joint venture, Jinan Fuqiang Power, will be increased to 25% upon the expiration of their preferential tax treatment. Fuqiang Power currently enjoys a preferential rate of 12% until the end of 2007. In addition, the carrying value of our deferred tax assets as of December 31, 2006 was recognized at the existing statutory income tax rate of 33%. Most of such carrying value will be realized in 2007, while the remaining portion will be realized in 2008 and will be subject to a write down due to the tax rate reduction under the new Enterprise Income Tax Law to be effective from January 1, 2008. Also, the deferred tax assets arise in 2007 will be recognized at the new statutory income tax rate of 25%. As a result, the effective tax rate for 2007 is expected to be higher than the effective tax rate supposed to be under the existing tax regime, thus adversely affecting our net profit after taxation for 2007.

Fluctuation of Foreign Exchange Rates. We procure substantially all of our requirements of raw materials and parts and components from PRC domestic suppliers denominated in Renminbi. Substantially all of our other expenditures, including utilities and salaries, are also denominated in Renminbi. Although we sell most of our products domestically, our exports have been increasing over the years. In addition, our export strategy contemplates substantial increases in our exports over the next few years. We price our exported products on the basis of their comparable domestic prices with reference to market supply and demand and pricing of comparable products in the international marketplace. To the extent that Renminbi significantly appreciates against other currencies, our revenue and profit from exports will be affected.

Interest Rates. One important source of funding for our operations is bank borrowings. As of December 31, 2004, 2005, 2006 and September 30, 2007, our outstanding bank borrowings (including short-term commercial paper and short-term bonds) were Rmb 6,356.4 million, Rmb 10,170.8 million, Rmb 8,182.9 million and Rmb 4,554.7 million, respectively. As commercial banks in China link the interest rates on their bank loans to primary rates published by the PBOC, any fluctuation in such primary rates will affect our finance costs and net profit.

Critical Accounting Policies

We prepare financial statements in accordance with HKFRS, which requires us to make judgments, estimates and assumptions that affect (i) the reported amounts of our assets and liabilities, (ii) the disclosure of our contingent assets and liabilities at the end of each fiscal period and (iii) the reported amounts of revenues and expenses during each fiscal period. We continually evaluate these estimates based on our own experience, knowledge and assessment of current business and other conditions, our expectations based on available information and other reasonable assumptions, which together form our basis for making judgments about matters that are not readily apparent from other sources. Since the use of estimates is an integral component of the financial reporting process, our actual results could differ from those estimates. Some of our accounting policies require a higher degree of judgment than others in their application.

When reviewing our financial statements, you should consider (i) our selection of critical accounting policies, (ii) judgments and other uncertainties affecting the application of such policies, (iii) the sensitivity of reported results to changes in the relevant conditions and assumptions. We believe the following accounting policies involve the most significant judgment and estimates used in the preparation of our financial statements:

Property, Plant and Equipment. Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. We estimate residual values, useful lives and related depreciation charges for property, plant and equipment based on the historical experience of the actual residual values and useful lives of property, plant and equipment of similar nature and functions. Such estimates could change significantly as a result of technical innovations, changes in market conditions and competition. We will increase the depreciation charges where residual values or useful lives are less than previously estimated, or write off or write down technologically obsolete or non-strategic assets that have been abandoned or sold. Subsequent improvements to our property, plant and equipment are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when the future economic benefits associated with the improvement is likely to realize and the cost of the improvement can be measured reliably. All other repairs and maintenances are expensed during the financial period in which they are incurred. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

We calculate depreciation of property, plant and equipment by using the straight-line method to allocate their costs less accumulated impairment losses and their residual values over their estimated useful lives. Based on the asset type, we estimate the expected useful life of an asset as follows:

Buildings	8-35 years
Machinery	8-15 years
Furniture, fittings and equipment	4-18 years
Vehicles	8 years

We review the estimated residual values and useful lives of assets, and adjust them if appropriate, at each balance sheet date.

Inventories. Inventories are stated at the lower of cost and net realizable value. We determine cost using the weighted average method. The cost of finished goods and work in progress consists of design costs, raw materials, direct labor, other direct manufacturing costs and related production overhead (based on normal operating capacity), and does not include any borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. We write down inventories to their net realizable value based on an assessment of the realizability of our inventories. At the end of each reporting period, we carry out a comprehensive stock taking exercise. In the event that the inventory cost is higher than the net realizable value or sales price below cost due to inventory damage or obsolesce, provision for impairment of inventory is made for the difference to the extent that its carrying value is higher than the net realizable value. The identification of impairment requires the use of judgment and estimates. Where the expectation is different from our original estimate, such difference will impact carrying value of inventories and provision for write-down of inventories in the years/periods in which our estimate has been changed. In order to readily identify slow-moving and obsolete items, we conduct periodic stock takes and inventory aging reviews. See note 3(j) to Accountants' Report in Appendix I to this prospectus.

Current Income Tax and Deferred Income Tax. We are subject to income taxes in the jurisdictions where we have operations. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. If the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the periods in which such determination are made. We make provisions for deferred income tax in full, using the liability method, on the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, we do not account for the deferred income tax if it arises from initial recognition of an asset or liability in a transaction other than a business combination that affects neither accounting nor taxable profit or loss at the time of the transaction. We determine the deferred income tax at the tax rates applicable on the balance sheet date and expected to be applicable when the related deferred income tax asset is realized or the deferred income tax liability is settled.

We recognize deferred tax assets relating to certain temporary differences and tax losses to the extent we consider it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilized. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and taxation in the period in which our estimate is changed. Please see "— Key factors affecting our result of operations — Corporate income taxation" for the impact of the new Enterprise Income Tax Law on our deferred income tax assets effective tax rate and results of operations in 2007.

Pension Obligations. We have both defined benefit and defined contribution plans. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of services and compensation. A defined contribution plan is a pension plan under which we pay contributions at a fixed rate into a separate entity. We have no legal or constructive obligations to pay further contributions if the entity does not hold sufficient assets to pay all employees the relevant benefits relating to their services in the current and prior periods.

The liability recognized in our balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that have terms to maturity approximating to the terms of the pension liability. Actuarial gains and losses, arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the present value of the defined benefit obligation, are recognized in the income statement over the employees' expected average remaining working lives.

Termination Benefits. Termination benefits are payable when we terminate employment before the normal retirement date, or whenever an employee accepts voluntary early retirement in exchange for such benefits. We recognize termination benefits when we are committed to either terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal, or providing such benefits as a result of an offer made to encourage voluntary early retirement. Early retirement benefits due in more than 12 months after our balance sheet date are discounted to present value using the same estimated discount rate as for the defined benefit plans.

Other Post-Employment Benefits. We are committed to paying fixed contributions to employees who formally retired before May 1, 2002 on a monthly basis and we have no further payment obligations towards employees who retired after May 1, 2002. However, we provided post-retirement healthcare benefits to our retirees in Jinan until March 1, 2006. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period.

The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are recognized in the consolidated income statement over the expected average remaining working lives of the related employees. Other key assumptions that affect the amounts of post-employment benefits recognized in the balance sheet and income statement are the salary increase rates and mortalities. The average salary increase rates we adopted were 5% to 12% for 2004, 2005 and 2006. The mortality presumption we adopted was the average life expectancy of residents in China plus two years. Any changes in these assumptions will impact the carrying amount of our other post-employment obligations. These obligations are valued annually by independent qualified actuaries.

Trade and Other Receivables. Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that we will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of a debtor, probability that a debtor will enter bankruptcy or financial reorganization, and default or delinquency in payment are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated income statement as part of administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recovery of amount previously written off is credited against the administrative expenses in our consolidated income statement.

Warranty Claims. We generally offer warranties ranging from six months to 18 months for our trucks and engines. We estimate the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. Factors that could impact the estimated claim information include the rate of defect and quality initiatives as well as parts and labor costs.

Contingent Liabilities in respect of Legal Claims. We have been involved in certain legal disputes in the ordinary course of business. Contingent liabilities arising from these disputes have been assessed by us with reference to legal advices we received. Provisions on the potential obligations have been made based on our best estimates and judgment.

Results of Operations

The table below summarizes our audited consolidated results for 2004, 2005, 2006 and the nine months ended September 30, 2006 and 2007.

	Year ended December 31,						Nine months ended September 30,			
	2004		2005		2006		2006		2007	
							(unaudited)			
	(Rmb in thousands, except percentages)									
Revenue	10,163,580	100.0%	9,114,437	100.0%	12,767,450	100.0%	9,092,213	100.0%	16,141,370	100.0%
Cost of sales	(8,694,750)	(85.5)	(7,983,012)	(87.6)	(10,529,568)	(82.5)	(7,504,091)	(82.5)	(13,184,227)	(81.7)
Gross profit	1,468,830	14.5	1,131,425	12.4	2,237,882	17.5	1,588,122	17.5	2,957,143	18.3
Distribution costs	(334,572)	(3.3)	(427,401)	(4.7)	(649,904)	(5.1)	(463,666)	(5.1)	(778,269)	(4.8)
Administrative expenses	(529,834)	(5.2)	(497,995)	(5.5)	(638,673)	(5.0)	(468,069)	(5.1)	(604,698)	(3.7)
Other gains — net	153,318	1.5	88,489	1.0	372,555	2.9	347,674	3.8	114,224	0.7
Operating profit	757,742	7.5	294,518	3.2	1,321,860	10.4	1,004,061	11.0	1,688,400	10.5
Finance income	39,580	0.4	96,179	1.1	124,233	1.0	105,445	1.2	65,376	0.4
Finance costs	(245,721)	(2.4)	(154,735)	(1.7)	(259,435)	(2.0)	(183,741)	(2.0)	(138,868)	(0.9)
Finance costs-net	(206,141)	(2.0)	(58,556)	(0.6)	(135,202)	(1.1)	(78,296)	(0.9)	(73,492)	(0.5)
Profit before income tax	551,601	5.4	235,962	2.6	1,186,658	9.3	925,765	10.2	1,614,908	10.0
Income tax expense	(189,950)	(1.9)	(112,357)	(1.2)	(406,775)	(3.2)	(312,056)	(3.4)	(540,980)	(3.4)
Profit for the year/period	361,651	3.6	123,605	1.4	779,883	6.1	613,709	6.7	1,073,928	6.7
Attributable to:										
Equity holder	301,323	3.0	77,869	0.9	638,465	5.0	523,470	5.7	831,568	5.2
Minority interests	60,328	0.6	45,736	0.5	141,418	1.1	90,239	1.0	242,360	1.5
	361,651	3.6	123,605	1.4	779,883	6.1	613,709	6.7	1,073,928	6.7
Dividends paid to equity holder of our company	—	—	—	—	(60,918)	0.5%	(60,918)	0.7%	—	—
Dividends paid to minority interests	—	—	—	—	(1,749)	—	(1,749)	—	(1,346)	—

Business Segments. Our operations are organized into four business segments according to the nature of products and services provided:

- Trucks — manufacture and sale of trucks primarily by Sinotruk Jinan Truck Company, Sinotruk Jinan Commercial Truck Company, Sinotruk Jinan Axle & Transmission Company and Sinotruk Shandong Import & Export Company;

- Engines — manufacture and sale of engines primarily by Sinotruk Jinan Power including its foundry and casting divisions, Sinotruk Hangzhou Engine, and Sinotruk Chongqing Fuel System;

- Finance — taking deposits from our subsidiaries, facilitating borrowings for affiliated companies, inter-bank lending, discounting notes of affiliated companies and providing entrusted loans and entrusted investments between affiliated companies; these services are primarily provided by Sinotruk Finance Company, which is also referred to as our finance company in this prospectus; and

- Others — design and research services provided by Sinotruk Factory Design Institute and Sinotruk Jinan Technical Center.

Each business segment consists of a group of assets and operations engaged in providing products and services that are subject to risks and returns different from those of other business segments. For more details on the compositions of our major business segments, please refer to the chart illustrating our management structure and segment information in the section entitled "History, Reorganization and Corporate Structure — Corporate Structure" in this prospectus.

The following table illustrates our revenues by business segment. Our external sales represent the sales of products or services to external parties, which include third-party customers and our related parties. Our inter-segment revenue represents the internal sales of products or services between our segments and is eliminated upon consolidation. Inter-segment sales are conducted at prices and on terms mutually agreed among those business segments.

	Year ended December 31,			Nine months ended September 30,	
	2004	2005	2006	2006	2007
				(unaudited)	
	(Rmb in thousands)				
Trucks					
External sales	9,109,108	8,213,714	11,982,650	8,608,044	15,174,066
Inter-segment revenue	33,996	10,549	68,366	52,554	28,353
Engines					
External sales	1,047,461	881,845	731,567	437,822	952,216
Inter-segment revenue	561,530	532,178	2,382,684	1,667,256	3,104,550
Finance					
External sales	3,842	15,951	50,265	41,901	11,488
Inter-segment revenue	3,150	116,391	94,098	77,700	71,080
Others					
External sales	3,169	2,927	2,968	4,446	3,600
Inter-segment revenue	7,207	27,248	46,631	34,253	45,321
Elimination	(605,883)	(686,366)	(2,591,779)	(1,831,763)	(3,249,304)
Total Revenue (after eliminations)	**10,163,580**	**9,114,437**	**12,767,450**	**9,092,213**	**16,141,370**

Geographical Segments. The following table illustrates our revenues by geographical segment on the basis of the geographic locations of our customers.

	Year ended December 31,			Nine months ended September 30,	
	2004	2005	2006	2006	2007
				(unaudited)	
	(Rmb in thousands)				
Revenue					
Mainland China	10,067,086	8,062,585	11,204,734	7,842,534	13,449,722
Overseas	96,494	1,051,852	1,562,716	1,249,679	2,691,648
	10,163,580	9,114,437	12,767,450	9,092,213	16,141,370

Revenue. Revenue represents net invoiced value of goods sold and service fees received net of sales incentives such as commissions and rebates, and excludes sales taxes. Our total revenue comprises revenues from our four business segments: trucks, engines, finance and others.

Sales of our truck products in recent years have experienced a shift to higher-end models with the launch of our Sitaier King series in 2002 and the official launch of our HOWO series in 2005. These higher-end products have higher average selling prices than those for our Sitaier and Huanghe series as further described in "Business — Our Principal Products".

The following table sets forth our product mix by sales volume for the periods indicated:

	2004	2005	2006	Nine months ended September 30, 2007
HOWO trucks	—	20.8%	41.5%	63.1%
Sitaier King trucks	62.7%	52.3	37.5	19.1
Sitaier trucks	34.9	22.4	7.3	16.7
Huanghe trucks	2.4	4.5	13.7	1.1
Total	100%	100%	100%	100%

In addition, we have experienced a significant growth in our export sales during the Track Record Period. Export sales increased from Rmb 96.5 million in 2004 to Rmb 1,051.9 million in 2005, Rmb 1,562.7 million in 2006, and further increased to Rmb 2,691.6 million for the nine months ended September 30, 2007. Our increase in export sales reflects the initial success of our long-term strategy to increasingly globalize our operations. Over the Track Record Period, we were able to establish an overseas network as well as identify and introduce products, such as HOWO, in our target export markets. The average selling prices for export sales were generally higher than those for domestic sales.

The inter-segment revenue for our truck segment comprises the sales of raw materials, primarily steel and crude parts, by the truck segment to our engine segment. Such sales are made pursuant to our centralized purchase arrangement under which we purchase some of our key raw materials and parts through our truck segment to obtain better prices and payment terms as a result of our large purchase volume.

The inter-segment revenue for our engine segment primarily comprises the sales of engines and related parts to our truck segment.

The inter-segment revenue for our finance segment represents primarily the revenues from providing financial services to our other segments.

The inter-segment revenue for our other services comprises primarily the fees from providing design and research services to our other segments.

Cost of Sales. Cost of sales represents costs of goods sold which consist primarily of costs of raw materials, parts and components, labor costs, some research and development expenses, depreciation expenses and utilities attributable to manufacturing and other production costs directly incurred during the production process.

The research and development expenses attributable to cost of sales mainly include costs of raw materials and testing, design fees related to research and development, and costs related to our research projects on China III and China IV engines.

Distribution Costs. Distribution costs primarily comprise salaries and benefits for sales personnel, transportation and storage costs, advertising and marketing expenses, warranty expenses and other sales-related costs such as rebates to dealers, packaging fees and commissions related to export sales.

Administrative Expenses. Administrative expenses mainly comprise salaries and benefits for our management and administrative staff and research and development personnel, repair and maintenance costs and depreciation expenses of office buildings and equipment, amortization expenses of intangible assets and land use rights, bad debt expense and other administration-related expenses.

Other Gains/(Losses) — Net. Other gains/(losses) represent the net balance of our gains or losses from disposal of property, plant and equipment, sales to third parties of scraps and extra spare parts and components we purchased, gains or losses on waivers of debt, government grants, rental income, gains from settlement of post-employment benefits and medical insurance plans, and other miscellaneous gains and losses.

Finance Costs — Net. Net finance costs represent the net balance of our interest expenses related to our borrowings and discounting on our notes receivable, our interest income on bank deposits, and our net foreign exchange gains/(losses).

Income Tax Expense. Sinotruk (Hong Kong) International Investment Limited, one of our subsidiaries, is subject to Hong Kong profits tax at the rate of 17.5% on its estimated taxable profit.

According to the Income Tax Law for Foreign Investment Enterprises and Foreign Enterprises and other policies related to income tax relief, Jinan Fuqiang Power is subject to a corporate income tax rate of 24%. It is exempted from corporate income tax for two years, starting from its first profitable year, which is 2002, and is then entitled to a 50% reduction in corporate income tax, resulting in an income tax rate of 12%, for three years thereafter until 2007.

In addition to the above mentioned companies, four of our subsidiaries that were previously subject to the statutory income tax rate of 33% were granted preferential tax treatments by relevant local tax authorities in the second half of 2007. However, it is uncertain whether we can continue to enjoy these preferential treatments under the new tax law after January 1, 2008.

Our remaining subsidiaries are subject to the PRC enterprise income tax, which has been provided based on the statutory income tax rate of 33% of the taxable income as determined in accordance with the relevant PRC income tax rules and regulations. According to PRC government's approval, we are authorized to compute our taxable income on a consolidated basis for our wholly owned subsidiaries prior to December 31, 2006. However, under relevant tax regulations, a company shall not continue to calculate income tax on a consolidated basis since the year when the company becomes listed. Therefore, our PRC subsidiaries will be subject to enterprise income tax based on their own taxable income at the applicable statutory income tax rate. Please see notes 19(c) and 26 to the Accountants' Report for further information.

According to the PRC tax laws and regulations, not all salary costs are permitted to be deducted. Under Jinan city's tax regulations, the deductible salary in the city of Jinan was Rmb 800 per month per person for 2004, Rmb 960 per month per person for the period from January 1, 2005 to June 30, 2006 and Rmb 1,600 thereafter. However, the actual monthly salary is approximately Rmb 2,800 for our group. Accordingly, staff salary in excess of Rmb 800, Rmb 960 or Rmb 1,600, whichever is applicable during the relevant periods, is not deductible. According to the new PRC Enterprise Income Tax effective on January 1, 2008, all salary costs are deductible from taxable income.

See "Note 26 — Taxation" to the Accountants' Report in Appendix I to this prospectus for further details of the income tax regime.

Nine Months Ended September 30, 2007 Compared with Nine Months Ended September 30, 2006

Revenue. The following table sets forth both our external sales and inter-segment sales by each segment for the nine months ended September 30, 2006 and 2007.

	Nine months ended September 30,					
	2006			2007		
	(unaudited)					
	(Rmb in millions)					
	External sales	Inter-segment revenue	Segment total	External sales	Inter-segment revenue	Segment total
Segment						
Trucks	8,608.1	52.6	8,660.7	15,174.1	28.4	15,202.5
Engines	437.8	1,667.3	2,105.1	952.2	3,104.6	4,056.8
Finance	41.9	77.7	119.6	11.5	71.1	82.6
Others	4.4	34.3	38.7	3.6	45.3	48.9
Elimination	—	(1,831.9)	(1,831.9)	—	(3,249.4)	(3,249.4)
Total revenue (after elimination)	**9,092.2**	**—**	**9,092.2**	**16,141.4**	**—**	**16,141.4**

Our total consolidated revenue increased Rmb 7,049.2 million, or approximately 77.5%, to Rmb 16,141.4 million for the nine months ended September 30, 2007 from Rmb 9,092.2 million for the same period in 2006. The increase primarily reflected increased sales of trucks.

Truck segment. Our revenue from truck sales to external parties increased Rmb 6,566.0 million, or approximately 76.3%, to Rmb 15,174.1 million for the nine months ended September 30, 2007 from Rmb 8,608.1 million for the same period in 2006. The increase was primarily due to: (i) increased overall sales volume from 37,436 units to 63,274 units, and (ii) increased sales of our high-end products such as our HOWO series, which accounted for 63.1% of our total sales volume for the nine months ended September 30, 2007.

The inter-segment revenue for our truck segment decreased Rmb 24.2 million, or approximately 46.0%, to Rmb 28.4 million for the nine months ended September 30, 2007 from Rmb 52.6 million for the same period in 2006. The decrease was primarily due to the decreased sales of scrap materials by Sinotruk Axle & Transmission to our engine segment as our manufacturing processes improved and less waste was produced during the process.

Engine segment. Our revenue from engine sales to external parties increased Rmb 514.4 million, or approximately 117.5%, to Rmb 952.2 million for the nine months ended September 30, 2007 from Rmb 437.8 million for the same period in 2006. The increase was primarily due to the increased sales volume of our engines which was made possible by our increased engine manufacturing capacity at Sinotruk Jinan Power.

The inter-segment revenue for our engine segment increased Rmb 1,437.3 million, or approximately 86.2%, to Rmb 3,104.6 million for the nine months ended September 30, 2007 from Rmb 1,667.3 million for the same period in 2006. The increase was primarily due to our engine segment selling more engines and parts to the truck segment as our truck sales volume increased for the nine months ended September 30, 2007.

Finance segment. Our revenue from finance services to external parties decreased Rmb 30.4 million, or approximately 72.6%, to Rmb 11.5 million for the nine months ended September 30, 2007 from Rmb 41.9 million for the same period in 2006. The decrease was due to our receipt of less interest income from bills rediscounting as we reduced the amount of our rediscounting business with financial institutions.

The inter-segment revenue for our finance segment slightly decreased Rmb 6.6 million, or approximately 8.5%, to Rmb 71.1 million for the nine months ended September 30, 2007 from Rmb 77.7 million for the same period in 2006.

Others. Our revenue from other services to external parties decreased slightly to approximately Rmb 3.6 million for the nine months ended September 30, 2007 from Rmb 4.4 million for the same period in 2006.

The inter-segment revenue from our other services increased Rmb 11.0 million, or approximately 32.1%, to Rmb 45.3 million for the nine months ended September 30, 2007 from Rmb 34.3 million for the same period in 2006. The increase was primarily due to the increased income of Sinotruk Technical Center from design and research fees for new truck models.

Cost of Sales and Gross Profit Margin. Our cost of sales increased by Rmb 5,680.1 million, or 75.7%, to Rmb 13,184.2 million for the nine months ended September 30, 2007 from Rmb 7,504.1 million for the same period in 2006. The overall increase in cost of sales was primarily due to (i) an increase in the purchases of raw materials and parts and components resulting from the increased sales volume of our trucks and (ii) an increase in manufacturing costs including direct labor, depreciation, utilities and other direct production expenses as a result of our increased truck and engine production.

The following table sets forth our gross profit margin for each major segment for the nine months ended September 30, 2006 and 2007.

	For the nine months ended September 30,	
	2006	2007
	(unaudited)	
Gross profit margin (including inter-segment transactions):		
Trucks	14.5%	15.0%
Engines	17.5	19.3
Finance	33.5%	47.6%

The gross profit margin for our truck segment increased to 15.0% for the nine months ended September 30, 2007 from 14.5% for the same period in 2006. The increase was primarily due to the following factors: (i) our export sales accounted for a larger portion of our total sales for the nine months ended September 30, 2007, and export sales generally have a higher profit margin than our domestic sales of trucks; (ii) the increased sales of our HOWO series, which has a higher gross profit margin; and (iii) lower overhead cost per truck through economies of scale as our sales volume increased.

The gross profit margin for our engine segment increased to 19.3% for the nine months ended September 30, 2007 from 17.5% for the same period in 2006. The increase was primarily due to the following factors: (i) the increased production volume of Sinotruk Jinan Power, resulting in lower unit production cost; (ii) the increased proportion of self-produced parts used in our engine production, which had a lower cost than procured parts; and (iii) the improved manufacturing processes at Sinotruk Jinan Power after its trial production period in early 2006, which reduced the defect rate and improved efficiency in our production.

The gross profit margin for our finance segment increased to 47.6% for the nine months ended September 30, 2007 from 33.5% for the same period in 2006. The increase was primarily due to the fact that profit margin on loans is generally higher than on rediscounting bank/commercial notes, and our finance company focused on loan operations for the nine months ended September 30, 2007.

The gross profit margin analysis on our "Others" segment is not included here as the amounts of revenue and cost of sales from this segment historically have been small and immaterial to our operations as a whole, and we do not expect this segment to become a material source of revenue or cost in the future.

Distribution Costs. Our distribution costs were Rmb 778.3 million for the nine months ended September 30, 2007, representing an increase of Rmb 314.6 million, or 67.8%, from Rmb 463.7 million for the same period in 2006. The increase was primarily due to the following factors: (i) an increase in transportation and storage costs as a result of increased sales volume and export volume, increased gas prices and particularly our increased export sales to Russia, which involved long distance of transportation; (ii) an increase in warranty expenses due to our increased sales; and (iii) an increase in other sales-related expenses including rebates to dealers and packaging fees.

The following table illustrates the breakdown of major components of distribution costs for the nine months ended September 30, 2006 and 2007.

	For the nine months ended September 30,			
	2006		2007	
	(unaudited)			
	(Rmb in thousands)			
Sales employee benefits	29,426	6.3%	54,304	7.0%
Transportation expenses	157,982	34.1	247,827	31.8
Advertising costs	66,489	14.3	88,595	11.4
Warranty expenses	97,248	21.0	165,381	21.3
Others	112,521	24.3	222,162	28.5
Total distribution costs	**463,666**	**100.0%**	**778,269**	**100.0%**

Administrative Expenses. Administrative expenses were Rmb 604.7 million for the nine months ended September 30, 2007, representing an increase of Rmb 136.6 million, or 29.2%, from Rmb 468.1 million for the same period in 2006. The increase was primarily due to our increased employee salary and benefit expenses for our administrative and managerial personnel and other expenses such as business travel and general office expenses, as a result of our increased sales and production. We made a provision of approximately Rmb 4.9 million for impairment of receivables for the nine months ended September 30, 2007 based on our judgment and estimates of potential bad debt for our receivable balance as of September 30, 2007 on the basis of our aging analysis and past experience.

The following table illustrates the breakdown of major components of administrative costs for the nine months ended September 30, 2006 and 2007.

	Nine months ended September 30,			
	2006		2007	
	(unaudited)			
	(Rmb in thousands)			
Administrative employee benefits expenses	226,060	48.3%	285,934	47.3%
Depreciation expenses	32,170	6.9	32,742	5.4
Provision for impairment of receivables	(7,739)	(1.7)	4,936	0.8
Others	217,578	46.5	281,086	46.5
Total administrative costs	**468,069**	**100.0%**	**604,698**	**100.0%**

Other gains — net. Our net other gains were Rmb 114.2 million for the nine months ended September 30, 2007, a decrease of Rmb 233.5 million, or 67.2%, from Rmb 347.7 million for the same period in 2006. The decrease was primarily due to a one-time actuarial gain of Rmb 301.2 million on the settlement of medical insurance plans in earlier 2006, and the fact that we did not have similar gains for the nine months ended September 30, 2007. The decrease was partially offset by the increase of foreign exchange gains in the relevant period of 2007, which represented the appreciation of our EURO-denominated accounts receivables.

The following table illustrates the breakdown of major components of our other gains for the nine months ended September 30, 2006 and 2007.

	Nine months ended September 30,			
	2006		2007	
	(unaudited)			
	(Rmb in thousands)			
Sales of by-products	72,632	20.9%	68,077	59.6%
(Losses)/gains on disposal of property, plant and equipment	(29,245)	(8.4)	(2,694)	(2.4)
Gains/(losses) on waiver of debt	6	0.0	234	0.2
Government grants	1,120	0.3	4,869	4.3
Rental income	6,273	1.8	5,713	5.0
Gains from settlement of medical insurance plans	301,220	86.6	—	—
Foreign exchange gains/(losses)	(1,161)	(0.3)	38,674	33.9
Others	(3,171)	(0.9)	(649)	(0.6)
Total other gains — net	**347,674**	**100.0%**	**114,224**	**100.0%**

Operating Profit. Our operating profit was Rmb 1,688.4 million for the nine months ended September 30, 2007, an increase of Rmb 684.3 million, or 68.2%, from Rmb 1,004.1 million for the same period in 2006 as a result of the cumulative effects of the foregoing factors.

Finance costs — net. Our net finance costs were Rmb 73.5 million for the nine months ended September 30, 2007, a decrease of Rmb 4.8 million, or 6.1%, from Rmb 78.3 million for the same period in 2006. The decrease was primarily due to our decreased total loan amount resulting from (i) our better operational results and increased working capital, which allowed us to repay our bank loans as they became due and reduce our bank borrowings; and (ii) the transfer of certain assets and liabilities to our Parent Company during our Reorganization.

The following table illustrates the breakdown of major components of our net finance costs for the nine months ended September 30, 2006 and 2007.

	For the nine months ended September 30,	
	2006	**2007**
	(unaudited)	
	(Rmb in thousands)	
Interest expense:		
— Bank borrowings	(95,662)	(77,418)
— Discount of notes receivable	(93,055)	(61,424)
Finance income — Net foreign exchange gains/(losses) on financing activities	4,976	(26)
Finance costs	(183,741)	(138,868)
Finance income — Interest income on bank deposits	105,445	65,376
Net finance costs	**(78,296)**	**(73,492)**

Income Tax Expense. Income tax expense was Rmb 541.0 million for the nine months ended September 30, 2007, an increase of Rmb 228.9 million, or 73.3%, from Rmb 312.1 million for the same period in 2006. The increase in income tax expense was primarily due to our increased taxable profit for the nine months ended September 30, 2007. Our effective income tax rate was approximately 33.5% for the nine months ended September 30, 2007, which decreased slightly from approximately 33.7% for the same period in 2006.

Profit for the Year. As a result of the above factors, our net profit for the nine months ended September 30, 2007 increased by Rmb 460.2 million, or 75.0%, to Rmb 1,073.9 million from Rmb 613.7 million for the same period in 2006. Our net profit margin was 6.7% for the nine months ended September 30, 2007, which was unchanged from that for the same period in 2006. The net profit margin for the nine months ended September 30, 2006 reached 6.7% primarily because of the one-time gain on the settlement of employee medical insurance plans in early 2006. The net profit attributable to our equity holder was Rmb 523.5 million and Rmb 831.6 million for the nine months ended September 30, 2006 and 2007, respectively.

Minority Interests. Minority interests increased by Rmb 152.2 million, or 168.7%, to Rmb 242.4 million for the nine months ended September 30, 2007 from Rmb 90.2 million for the same period in 2006. The increase in minority interests was primarily due to the increased net profit from Sinotruk Jinan Truck Company resulting from (i) the increased sales volume of trucks, and (ii) the injection of 51% equity interest of Jinan Axle & Transmission Company into Sinotruk Jinan Truck Company on June 30, 2006.

2006 Compared with 2005

As the arrangements pursuant to the Reorganization became effective on June 30, 2006 and for reasons discussed above in "Basis of Presentation", our financial results for 2006 may not be directly comparable to the financial results for 2005.

Revenue. The following table sets forth both our external sales and inter-segment sales by each segment in 2005 and 2006.

	Year ended December 31,					
	2005			2006		
	(Rmb in millions)					
	External sales	Inter-segment revenue	Segment total	External sales	Inter-segment revenue	Segment total
Segment						
Trucks	8,213.7	10.5	8,224.3	11,982.7	68.4	12,051.0
Engines	881.8	532.2	1,414.0	731.6	2,382.7	3,114.3
Finance	16.0	116.4	132.3	50.3	94.1	144.4
Others	2.9	27.2	30.2	3.0	46.6	49.6
Elimination	—	(686.4)	(686.4)	—	(2,591.8)	(2,591.8)
Total revenue (after elimination)	**9,114.4**	**—**	**9,114.4**	**12,767.5**	**—**	**12,767.5**

Our total consolidated revenue increased Rmb 3,653.1 million, or approximately 40.1%, to Rmb 12,767.5 million in 2006 from Rmb 9,114.4 million in 2005. The increase primarily reflected increased sales of trucks.

Truck segment. Our revenue from truck sales to external parties increased Rmb 3,769.0 million, or approximately 45.9%, to Rmb 11,982.7 million in 2006 from Rmb 8,213.7 million in 2005. The increase was primarily due to: (i) increased sales volume from 35,378 units to 51,573 units, among which our export sales increased from 3,817 units to 5,869 units as we were recovering from an industry-wide slow down and increased our sales to overseas markets; and (ii) increased sales of our high-end products such as our HOWO series, which was officially launched in 2005 and gained increasing market acceptance in 2006. Volume increase accounted for approximately 99.8% of our truck revenue increase.

The inter-segment revenue for our truck segment increased Rmb 57.9 million, or approximately 551.4%, to Rmb 68.4 million in 2006 from Rmb 10.5 million in 2005. The increase was primarily due to the increased sales of steel and other raw materials to our engine segment resulting from the higher engine production volume in 2006.

Engine segment. Our revenue from engine sales to external parties decreased Rmb 150.2 million, or approximately 17.0%, to Rmb 731.6 million in 2006 from Rmb 881.8 million for the same period in 2005. The decrease was primarily due to the fact that Hangzhou Engine Factory sold most of its engines to Weichai Power in 2005 when the daily operations of Hangzhou Engine Factory were under the management of Weichai Power pursuant to a trust agreement dated September 20, 2004 between our Parent Company and Weichai Factory and the fact that we ceased such practice and sold engines directly to our truck segment in 2006 after the trust agreement was terminated, which resulted in less external revenue.

Prior to the termination of the trust arrangement in January 2006, we exercised substantive control over Hangzhou Engine Factory. During this period, Hangzhou Engine Factory's operations and sales were primarily based on sales orders from Weichai Power. Such sales were recorded as external sales for segment accounting purposes. Since the termination of the trust arrangement, Hangzhou Engine Factory has primarily sold its products to us. Such sales were recorded as inter-segment sales, which were also buttressed by a corresponding increase in our sales of trucks in 2006. Accordingly, inter-segment sales have increased significantly since the termination of the trust arrangement.

The inter-segment revenue for our engine segment increased Rmb 1,850.5 million, or approximately 347.7%, to Rmb 2,382.7 million in 2006 from Rmb 532.2 million in 2005. The increase was primarily due to the following factors: (i) Hangzhou Engine Factory sold its products directly to our truck segment instead of Weichai Power since the termination of the trust agreement in 2006, as described above; and (ii) our engine segment sold more engines and parts to the truck segment as our truck sales volume increased in 2006.

Finance segment. Our revenue from finance services to external parties increased Rmb 34.3 million, or approximately 214.4%, to Rmb 50.3 million in 2006 from Rmb 16.0 million in 2005. The increase was due to the increased interest income primarily from loans to CNHTC Real Estate Company, which is our related party and regarded as an external party for the purpose of our segment analysis. All our loans to CNHTC Real Estate Company and other related parties were repaid by the end of 2006. For further details on loans to related parties, please see note 35 to the Accountants' Report in this prospectus.

The inter-segment revenue for our finance segment decreased Rmb 22.3 million, or approximately 19.2%, to Rmb 94.1 million in 2006 from Rmb 116.4 million in 2005. The decrease was primarily due to the fact that fewer bank acceptance notes were rediscounted through our finance company as the prime interest rate increased since 2005. In the environment of increasing interest rate, our profit from rediscounting our bank acceptance notes decreased. As a result, our bank acceptance notes were presented directly to commercial banks for discounting instead.

Others. Our revenue from other services to external parties increased slightly to approximately Rmb 3.0 million in 2006 from Rmb 2.9 million in 2005.

The inter-segment revenue from our other services increased Rmb 19.4 million, or approximately 71.3%, to Rmb 46.6 million in 2006 from Rmb 27.2 million in 2005. The increase was primarily due to the design and research services provided for the development of the HOWO 9 subseries and new models of semi-tractor trucks.

Cost of Sales and Gross Profit Margin. Our cost of sales increased by Rmb 2,546.6 million, or 31.9%, to Rmb 10,529.6 million in 2006 from Rmb 7,983.0 million in 2005. The overall increase in cost of sales was primarily due to (i) an increase in the purchases of raw materials and parts and components resulting from the increased sales volume of our trucks, (ii) a shift in our product mix to more high-end trucks and the higher manufacturing cost resulting from the upgraded configurations for such high-end models, including the HOWO series; and (iii) an increase in salary and benefit expenses for manufacturing personnel and manufacturing overhead as a result of increased truck and engine production.

The following table sets forth our gross profit margin for each major segment in 2005 and 2006.

	Year ended December 31,	
	2005	2006
Gross profit margin (including inter-segment transactions):		
Trucks	13.5%	15.0%
Engines	7.4	16.7
Finance	26.3%	33.8%

The gross profit margin for our truck segment increased to 15.0% in 2006 from 13.5% in 2005. The increase was primarily due to the following factors: (i) our increased export sales, which generally have a higher gross profit margin than our domestic sales of trucks; (ii) the increased sales of our HOWO series, which has a higher gross profit margin; (iii) lower overhead cost per truck through economies of scale as our sales volume increased; and (iv) lower unit cost of raw materials and parts as we consolidated most of the purchases of raw materials and parts for our truck and engine segments and purchased large quantities of materials and parts at more favorable prices through our centralized purchasing arrangements.

The gross profit margin for our engine segment increased to 16.7% in 2006 from 7.4% in 2005. The increase was primarily due to the following factors: (i) the increased production volume driven by the high market demand, resulting in lower unit production cost; and (ii) a change in our engine product mix as we increased the proportion of our higher-powered engines, which had a higher unit gross profit margin.

The gross profit margin for our finance segment increased to 33.8% in 2006 from 26.3% in 2005. The increase was primarily due to the increased interest income resulting from our larger amount of loans made to our related parties in proportion to the interest income from rediscounting of bank acceptance notes in 2006, and the fact that loans generally have a higher profit margin than that of rediscounting bank acceptance notes.

Distribution Costs. Our distribution costs were Rmb 649.9 million in 2006, representing an increase of Rmb 222.5 million, or 52.1%, from Rmb 427.4 million in 2005. The increase was primarily due to the following factors: (i) an increase in warranty expenses due to our increased sales; (ii) an increase in advertising expenses to promote our newly launched models including the HOWO 8 subseries and Haojun subseries; (iii) an increase in transportation and storage costs as a result of increased sales volume and export volume, and increased gas prices; and (iv) an increase in other sales-related expenses including rebates to dealers and packaging fees.

The following table illustrates the breakdown of major components of distribution costs in 2005 and 2006.

	Year ended December 31,			
	2005		2006	
	(Rmb in thousands)			
Sales employee benefits	37,420	8.8%	39,698	6.1%
Transportation expenses	211,658	49.5	235,615	36.3
Advertising costs	53,104	12.4	90,936	14.0
Warranty expenses	67,740	15.8	150,524	23.2
Others	57,479	13.5	133,131	20.4
Total distribution costs	**427,401**	**100.0%**	**649,904**	**100.0%**

Administrative Expenses. Administrative expenses were Rmb 638.7 million in 2006, representing an increase of Rmb 140.7 million, or 28.3%, from Rmb 498.0 million in 2005. The increase was primarily due to our increased employee salary and benefit expenses for our administrative and managerial personnel and other expenses such as business travel and general office expenses, as a result of our increased sales and production. In the three months ended December 31, 2006, we had bad debt expenses of approximately Rmb 8.6 million charged to our income statement based on our year-end review of certain aged receivables of Sinotruk Jinan Truck Company and Sinotruk Commercial Truck Company.

The following table illustrates the breakdown of major components of administrative costs in 2005 and 2006.

	Year ended December 31,			
	2005		2006	
	(Rmb in thousands)			
Administrative employee benefits expenses	255,211	51.2%	306,477	48.0%
Depreciation expenses	36,109	7.3	38,796	6.1
Provision for impairment of receivables	(936)	(0.2)	896	0.1
Others	207,611	41.7	292,504	45.8
Total administrative costs	**497,995**	**100.0%**	**638,673**	**100.0%**

Other gains — net. Our net other gains were Rmb 372.6 million in 2006, an increase of Rmb 284.1 million, or 321%, from Rmb 88.5 million in 2005. The increase was primarily due to the nonrecurring gain of 301.2 million from the settlement of medical insurance plans, the increased sales of scraps and spare parts and components and our gain on waiver of certain accounts payable by our suppliers in 2006. These increase and gains were partially offset by our losses on disposal of property, plant and equipment.

On March 1, 2006, with the approval of governmental authorities, some of our subsidiaries operating in Jinan joined the social security medical plan, which is a defined contribution plan administered by relevant labor and social welfare authorities of Jinan. Our required contributions to the social medical security plan are calculated based on 8% of the total salary of our employees, subject to a certain ceiling. Under this plan, our obligations for post-retirement healthcare benefits are limited to the contributions made and we are relieved from our obligations under the previous post-retirement healthcare plan, which was a defined benefit plan and constituted higher amount of liability for us. Thus, our discontinuing the previous healthcare plan and joining the social medical security plan resulted in one-time gain on settlement in 2006. Such gains were recorded as other gains in our consolidated income statement and were non-recurring in nature. Our recognition of Rmb 301.2 million in gains from settlement of medical insurance plans did not require consent or approval from the PRC governmental authorities. The basis upon which we quantified and recognized such amounts as other gains in 2006 was an independent actuarial report we commissioned. See also note 22(c) to the Accountants' Report included in this prospectus.

The following table illustrates the breakdown of major components of our other gains in 2005 and 2006.

	Year ended December 31,			
	2005		2006	
	(Rmb in thousands)			
Sales of by-products	89,166	100.8%	111,001	29.8%
Losses on disposal of property, plant and equipment	(15,525)	(17.5)	(52,151)	(14.0)
Gains on waiver of debt	1,073	1.2	382	0.1
Government grants	2,877	3.3	5,970	1.6
Rental income	10,938	12.3	6,414	1.7
Gains from settlement of post-employment benefits	3,060	3.4	—	—
Gains from settlement of medical insurance plans	—	—	301,220	80.9
Others	(3,100)	(3.5)	(281)	(0.1)
Total other gains — net	**88,489**	**100.0%**	**372,555**	**100.0%**

Operating Profit. Our operating profit increased by Rmb 1,027.4 million, or 348.9%, to Rmb 1,321.9 million in 2006 from Rmb 294.5 million in 2005. The increase was mainly due to our increased sales volume, in particular our increased sales of high-end trucks, the one-time actuarial gain from the settlement of medical insurance plans, and the fact that a higher portion of gross profit from our engines segment was retained internally since we resumed the management of the daily operations of Hangzhou Engine Factory in 2006.

Finance costs — net. Our net finance costs were Rmb 135.2 million in 2006, an increase of Rmb 76.6 million, or 130.7%, from Rmb 58.6 million in 2005. The increase was primarily due to the following factors: (i) our increased interest expense from discounting a larger amount of notes receivable in 2006, which was partially offset by an increase in our interest income from our increased amount of bank deposits; and (ii) our decreased net foreign exchange gains in 2006 as we had a lower outstanding balance of U.S. dollar-denominated loans in 2006 than in 2005, which resulted in less foreign exchange gains from the appreciation of Renminbi since July 2005.

The following table illustrates the breakdown of major components of our net finance costs in 2005 and 2006.

	Year ended December 31,	
	2005	2006
	(Rmb in thousands)	
Interest expense:		
— Bank borrowings	(132,514)	(118,559)
— Discount of notes receivable	(59,593)	(143,881)
Finance income — Net foreign exchange (losses)/gains on financing activities	37,372	3,005
Finance costs	(154,735)	(259,435)
Finance income — Interest income on bank deposits	96,179	124,233
Net finance costs	**(58,556)**	**(135,202)**

Income Tax Expense. Income tax expense was Rmb 406.8 million in 2006, an increase of Rmb 294.4 million, or 261.9%, from Rmb 112.4 million in 2005. Our effective income tax rate was approximately 34.3% in 2006, which decreased from approximately 47.6% in 2005. The higher effective income tax rate in 2005 was primarily due to our lower taxable profit in 2005 than 2006, while the amount of non tax-deductible items remained stable in 2005. The increase in income tax expense was primarily due to our increased taxable profit in 2006. In addition, we were not able to enjoy tax deductions for individual salaries in excess of Rmb 960 under PRC tax law, while our average salary rose during 2006.

Profit for the Year. As a result of the above factors, our net profit in 2006 increased by Rmb 656.3 million, or 531.0%, to Rmb 779.9 million from Rmb 123.6 million in 2005. Our net profit margin increased to 6.1% in 2006 from 1.4% in 2005. The net profit attributable to our equity holder was Rmb 77.9 million and Rmb 638.5 million in 2005 and 2006, respectively.

Minority Interests. Minority interests increased by Rmb 95.7 million, or 209.4%, to Rmb 141.4 million in 2006 from Rmb 45.7 million in 2005. The increase in minority interests was primarily due to (i) the increased net profit from Sinotruk Jinan Truck Company, and (ii) the injection of 51% equity interests of Jinan Axle & Transmission Company into Sinotruk Jinan Truck Company on June 30, 2006.

2005 Compared with 2004

Revenue. The following table sets forth both our external sales and inter-segment sales by each segment for 2004 and 2005.

	Year ended December 31,					
	2004			2005		
	(Rmb in millions)					
	External sales	Inter-segment revenue	Segment total	External sales	Inter-segment revenue	Segment total
Segment						
Trucks	9,109.1	34.0	9,143.1	8,213.7	10.5	8,224.2
Engines	1,047.5	561.5	1,609.0	881.8	532.2	1,414.0
Finance	3.8	3.2	7.0	16.0	116.4	132.4
Others	3.2	7.2	10.4	2.9	27.3	30.2
Elimination	—	(605.9)	(605.9)	—	(686.4)	(686.4)
Total Revenue (after eliminations)	**10,163.6**	**—**	**10,163.6**	**9,114.4**	**—**	**9,114.4**

Total revenue from our operations in 2005 was Rmb 9,114.4 million, which represented a decrease of Rmb 1,049.2 million, or approximately 10.3%, from Rmb 10,163.6 million in 2004. The decrease primarily reflected a decrease in our truck sales volume due to an industry-wide slow down as a result of macroeconomic policy adjustments in China.

Truck segment. Our revenue from truck sales to external parties decreased Rmb 895.4 million, or approximately 9.8%, to Rmb 8,213.7 million in 2005 from Rmb 9,109.1 million in 2004. The decrease was primarily due to the decreased sales volume from 43,216 units in 2004 to 35,378 units in 2005, as the entire heavy truck industry was adversely impacted by uncertainties resulting from a series of PRC government policy changes including new maximum GVW regulations, which affected potential buyers' purchasing decisions. According to the China Automotive Industry Association, the industry-wide heavy truck sales volume declined 33.2% in 2005. Despite the overall downward trend in our industry, we, together with our Parent Company, increased our market share from 12.7% in 2004 to 18.6% in 2005, according to the China Automotive Industry Association. We also increased our truck export sales from 216 units in 2004 to 3,817 units, due to our increased sales and marketing efforts in overseas markets, which partially offset the impact of decrease in our domestic truck sales.

The inter-segment revenue for our truck segment decreased Rmb 23.5 million, or approximately 69.1%, to Rmb 10.5 million in 2005 from Rmb 34.0 million in 2004. The decrease was primarily due to the decreased sales of raw materials such as steel to our engine segment as a result of the lower engine production volume in 2005.

Engine segment. Our revenue from engine sales to external parties decreased Rmb 165.7 million, or approximately 15.8%, to Rmb 881.8 million in 2005 from Rmb 1,047.5 million in 2004. The decrease was primarily due to the shift in the product mix of Hangzhou Engine Factory from high-powered engines to low-powered engines when Hangzhou Engine Factory's daily operations were managed by Weichai Power for the most part of 2005, and the decline in our truck sales volume in 2005.

The inter-segment revenue for our engine segment decreased Rmb 29.3 million, or approximately 5.2%, to Rmb 532.2 million in 2005 from Rmb 561.5 million in 2004. The decrease was primarily due to our decreased truck sales volume, and the fact that a majority of engines produced at Hangzhou Engine Factory were sold to Weichai Power when it managed Hangzhou Engine Factory's daily operations pursuant to the trust agreement dated September 20, 2004.

Finance segment. As our finance company began its operation at the end of October 2004, its revenue in 2004 included revenues for two months only, which was not comparable to the full year revenue in 2005. The primary source of inter-segment revenue for our finance company in 2005 was from rediscounting bank acceptance notes for our subsidiaries.

Others. Our revenue from other services to external parties slightly decreased by Rmb 0.3 million, or approximately 9.4%, to Rmb 2.9 million in 2005 from Rmb 3.2 million in 2004.

The inter-segment revenue for our other services increased by Rmb 20.1 million, or approximately 279.2%, to Rmb 27.3 million in 2005 from Rmb 7.2 million in 2004. The increase was primarily due to more design and research service fees for internal projects being recognized in 2005 as we completed more internal projects, such as the construction of certain Zhangqiu facilities and development of HOWO series.

Cost of Sales and Gross profit margin. Our cost of sales decreased by Rmb 711.8 million, or 8.2%, to Rmb 7,983.0 million in 2005 from Rmb 8,694.8 million in 2004. The overall decrease in cost of sales was primarily due to the reduced truck sales and production.

The following table sets forth our gross profit margin for each of our major business segments in 2004 and 2005.

	Year ended December 31,	
	2004	**2005**
Gross profit margin (including inter-segment transactions):		
Trucks	11.6%	13.5%
Engines	24.4	7.4
Finance[(1)]	—	—

(1) As our finance segment only began its operations at the end of October 2004, its gross profit margin in 2004, although can be calculated based on two months of operating data, was not meaningful for comparison with its gross profit margin in 2005, which was based on a full year's performance.

The gross profit margin for our truck segment increased to 13.5% in 2005 from 11.6% in 2004 despite our decreased sales volume in 2005. The increase was primarily due to the higher gross profit margin on our increased export sales in 2005 and the higher unit gross profit margin on our HOWO series, which was officially launched in 2005.

The gross profit margin for our engine segment decreased to 7.4% in 2005 from 24.4% in 2004. The decrease was primarily due to the lower gross profit margin on low-power engines, which accounted for the majority of the products manufactured by Hangzhou Engine Factory when its daily operations were managed by Weichai Power for the most part of 2005.

Distribution Costs. Our distribution costs were Rmb 427.4 million in 2005, an increase of Rmb 92.8 million, or 27.7%, from Rmb 334.6 million in 2004. The increase was primarily due to the increased transportation costs as a result of our increased export sales from 216 units in 2004 to 3,817 units in 2005, most of which were sold to the Middle East in 2005 as opposed to Southeast Asia in 2004, and the increased advertising expenses relating to the launch of HOWO Series in 2005. These increases were partially offset by the decrease in warranty expenses as a result of the decline in the sales volumes of trucks in 2005.

The following table illustrates the breakdown of major components of distribution costs in 2004 and 2005.

	Year ended December 31,			
	2004		2005	
	(Rmb in thousands)			
Sales employee benefits	44,277	13.2%	37,420	8.8%
Transportation expenses	101,044	30.2	211,658	49.5
Advertising costs	40,101	12.0	53,104	12.4
Warranty expenses	98,940	29.6	67,740	15.8
Others	50,210	15.0	57,479	13.5
Total distribution costs	**334,572**	**100.0%**	**427,401**	**100.0%**

Administrative Expenses. Administrative expenses were Rmb 498.0 million in 2005, representing a decrease of Rmb 31.8 million, or 6%, from Rmb 529.8 million in 2004. The decrease was primarily due to the fact that no additional provision for impairment of receivables was provided in 2005 as a result of our strengthened management of receivables, and a decrease in administrative and managerial employee salaries and benefits resulting from the decrease in sales and production of trucks as their compensation is determined to a certain extent by sales revenue. The decrease was partially offset by our increased depreciation expenses primarily due to the completion of more construction projects in 2005.

The following table illustrates the breakdown of major components of administrative expenses in 2004 and 2005.

	Year ended December 31,			
	2004		2005	
	(Rmb in thousands)			
Administrative employee benefits expenses	264,303	49.9%	255,211	51.2%
Depreciation expenses	23,831	4.5	36,109	7.3
Provision for impairment of receivables	29,359	5.5	(936)	(0.2)
Others	212,341	40.1	207,611	41.7
Total administrative costs	**529,834**	**100.0%**	**497,995**	**100.0%**

Other gains — net. Our net other gains were Rmb 88.5 million in 2005, a decrease of Rmb 64.8 million, or 42.3%, from Rmb 153.3 million in 2004. The decrease was primarily due to a larger amount of government grants received in 2004 compared to 2005, and a larger amount of gains on waiver of debt in 2004 compared to 2005. The larger amount of government grants in 2004 related to the PRC central government's support for the restructuring of the predecessor of our Parent Company in 2000. The support of the central government primarily comprised Rmb 1.2 billion in grant and instructions for certain banks to waive certain debts of ours. The Rmb 1.2 billion was disbursed in installments during the period from 2001 to 2004, and we received the last installment of Rmb 67.2 million in 2004. The other government grant we received in 2004 was a refund of value-added tax of Rmb 1.9 million for our foundry division, which is of recurring nature as it is a regular subsidy for the foundry industry. These grants were recognized by us rather than our Parent Company because such amounts were related to the Listing Business. The government grants we received in 2005 primarily comprised a refund of value-added tax of Rmb 1.7 million for our foundry division, and a non-recurring refund of value-added tax of Rmb 1.2 million to us. The waiver of debt in 2004 was also related to the restructuring of the predecessor of our Parent Company in 2000. The waiver of certain debts instructed by the central government was finally realized through our lump-sum settlements with the bank in 2004 when it was restructuring its assets in connection with its contemplated listing in China and overseas. The discounted lump-sum payments of these debts reflected part of the principal and interest amounts waived by the bank. Such waivers are unconditional in nature. We did not have similar gains on waiver of debt by any bank in 2005.

The following table illustrates the breakdown of major components of our other gains in 2004 and 2005.

	Year ended December 31,			
	2004		2005	
	(Rmb in thousands)			
Sales of by-products	54,687	35.7%	89,166	100.8%
Losses on disposal of property, plant and equipment	(15,398)	(10.0)	(15,525)	(17.5)
Gains on waiver of debt	33,994	22.2	1,073	1.2
Government grants	69,662	45.4	2,877	3.2
Rental income	15,219	9.9	10,938	12.4
Gains from settlement of post-employment benefits	—	—	3,060	3.5
Gains from settlement of medical insurance plan	—	—	—	—
Others	(4,846)	(3.2)	(3,100)	(3.6)
Total other gains — net	**153,318**	**100.0%**	**88,489**	**100.0%**

Operating Profit. Our operating profit decreased by Rmb 463.2 million, or 61.1%, to Rmb 294.5 million in 2005 from Rmb 757.7 million in 2004. The decrease was mainly due to our decreased sales volume and increased distribution costs.

Finance Costs — Net. Our net finance costs in 2005 were Rmb 58.6 million, which represented a decrease of 71.6% from our finance costs of Rmb 206.1 million in 2004. The decrease in our net finance costs was primarily due to our decreased interest expense from lower discounting rate on notes receivable, the increased interest income on our increased amount of bank deposits, and the net foreign exchange gains arising from our outstanding balance of U.S. dollar-denominated loans and the appreciation of Renminbi since July 2005. The decrease in our finance costs was partially offset by our increased interest expense on additional bank borrowings in 2005.

The following table illustrates the breakdown of major components of our net finance costs in 2004 and 2005.

	Year ended December 31,	
	2004	**2005**
	(Rmb in thousands)	
Interest expense:		
— Bank borrowings	(115,921)	(132,514)
— Discount of notes receivable	(108,822)	(59,593)
Finance income — Net foreign exchange (losses)/gains on financing activities	(20,978)	37,372
Finance costs	(245,721)	(154,735)
Finance income — Interest income on bank deposits	39,580	96,179
Net finance costs	**(206,141)**	**(58,556)**

Income Tax Expense. Our income tax expense was Rmb 190.0 million and Rmb 112.4 million in 2004 and 2005, respectively. The decrease was primarily due to our decreased taxable profit. Our effective income tax rate was approximately 47.6% in 2005, which increased from approximately 34.4% in 2004. The increase in our effective income tax rate was primarily due to our increased amount of non tax-deductible items in proportion to our lower basis of taxable profit in 2005. In particular, we were not able to enjoy tax deductions for individual salaries in excess of Rmb 960, while our average salary rose during 2005.

Profit for the Year. As a result of the above factors, our profit for the year in 2005 decreased by Rmb 238.1 million, or 65.8%, to Rmb 123.6 million from Rmb 361.7 million for the same period in 2004. Our net profit margin decreased to 1.4% in 2005 from 3.6% in 2004. The profit for the year attributable to our equity holder was Rmb 301.3 million and Rmb 77.9 million in 2004 and 2005, respectively.

Minority Interests. Minority interests decreased by Rmb 14.6 million, or 24.2%, to Rmb 45.7 million in 2005 from Rmb 60.3 million in 2004. The decrease in minority interests was primarily due to the decreased net profit from Sinotruk Jinan Truck Company.

Liquidity and Capital Resources

We have funded our operations primarily through internally generated cash flows, debt offerings and bank borrowings. As a result, our liquidity will be affected if there is any significant decrease in demand for our products or in the availability of bank loans and debt offerings.

Cash flow

The following table presents selected cash flow data from our consolidated cash flow statements for the periods indicated.

	Year ended December 31,			Nine months ended September 30,	
	2004	2005	2006	2006	2007
				(unaudited)	
			(Rmb in millions)		
Net cash generated from operating activities	1,767.8	1,121.0	2,126.8	3,179.2	2,732.2
Net cash used in investing activities	(664.8)	(739.4)	(1,245.3)	(932.7)	(717.7)
Net cash (used)/generated from in financing activities	(1,026.2)	(22.6)	(83.7)	(2,066.2)	(1,687.1)
Net increase in cash and cash equivalents	76.8	359.0	797.8	180.3	327.4

Nine months ended September 30, 2007. Net cash generated from operating activities for the nine months ended September 2007 was Rmb 2,732.2 million. This amount primarily reflected the following: (i) our profit before income tax of Rmb 1,614.9 million for the nine months ended September 30, 2007; (ii) an increase of Rmb 2,118.5 million in our trade and other payables and amounts due to related parties as a result of our increased procurement of materials and supplies; and (iii) a decrease of Rmb 474.7 million in our bills receivables due from discounted bills as a result of our decreased discounting business during the period. The effect of these factors was partially offset by (i) an increase of Rmb 1,439.2 million in inventories primarily as a result of our increased finished trucks in transit or being refitted; and (ii) our income tax payment of Rmb 387.7 million.

Net cash used in investing activities for the nine months ended September 30, 2007 was Rmb 717.7 million, and was primarily attributable to acquisition of property, plant and equipment of Rmb 751.0 million in connection with the capacity expansion of Sinotruk Jinan Power, relocation projects of Sinotruk Hangzhou Engine and Sinotruk Jinan Commercial Truck Company, and the capacity expansion of Sinotruk Jinan Truck Company. These cash outflows were partially offset by the interest income of Rmb 70.4 million on our bank deposits.

Net cash used in financing activities for the nine months ended September 30, 2007 was Rmb 1,687.1 million, primarily reflecting (i) repayments of borrowings in the amount of Rmb 6,445.3 million; and (ii) payment of Rmb 17.0 million for professional fees and application fees relating to the listing. These cash outflows were partially offset by proceeds from bank borrowings in the amount of Rmb 3,613.6 million and a decrease in restricted cash of Rmb 1,163.0 million used as security deposits for our bank borrowings.

We had cash and cash equivalents of Rmb 2,654.3 million as of September 30, 2007, as compared with cash and cash equivalents of Rmb 1,706.9 million as of September 30, 2006.

2006. Net cash generated from operating activities in 2006 was Rmb 2,126.8 million. This amount primarily reflected the following: (i) our profit before income tax of Rmb 1,186.7 million; (ii) an increase of Rmb 2,366.2 million in our trade and other payables and amounts due to related parties as a result of increased amount of procurement of raw materials, parts and components to meet the rising truck demand in 2006; and (iii) a decrease of Rmb 118.0 million in our receivables due from discounted bills. The effect of these factors was partially offset by (i) an increase of Rmb 1,476.8 million in our trade and other receivables and amounts due from related parties resulting primarily from our increased truck sales; and (ii) a decrease of Rmb 23.4 million in termination benefits, post-employment benefits and medical insurance plan due to our benefit policy change resulting in gain on settlements in 2006.

Net cash used in investing activities in 2006 was Rmb 1,245.3 million, and was primarily attributable to acquisitions of property, plant and equipment of Rmb 1,345.4 million in connection with capacity expansions, including the expansion of manufacturing facilities of Sinotruk Hangzhou Engine, the expansion of our foundry center and equipment purchases related to the expansion of Sinotruk Jinan Axle & Transmission Company. These cash outflows were partially offset by our interest income of Rmb 124.2 million on our bank deposits.

Net cash used in financing activities in 2006 was Rmb 83.7 million, primarily reflecting (i) repayments of borrowings in the amount of Rmb 8,254.3 million; (ii) our distribution to equity holder of Rmb 72.0 million, representing primarily the amount withdrawn by our Parent Company for the Non-Listing Business; and (iii) our reorganization costs as a result of transferring certain cash and cash equivalents in the amount of Rmb 58.8 million to our Parent Company in connection with the asset injection to Sinotruk Jinan Power as part of our Reorganization on June 30, 2006. These cash outflows were partially offset by proceeds from bank borrowings in the amount of Rmb 7,114.9 million and a decrease in restricted cash of Rmb 1,206.3 million used as security deposits for our bank borrowings.

We had cash and cash equivalents of Rmb 2,321.9 million as of December 31, 2006, a net increase of Rmb 794.3 million, as compared with cash and cash equivalents of Rmb 1,527.6 million as of December 31, 2005.

2005. Net cash generated from operating activities in 2005 was Rmb 1,121.0 million. This amount primarily reflected the following: (i) our profit before income tax of Rmb 236.0 million; (ii) an increase of Rmb 1,268.5 million in our trade and other payables and amounts due to related parties as a result of a longer payment period to our suppliers implemented to better manage our operating cash needs; and (iii) a decrease of Rmb 639.8 million in our trade and other receivables and amounts due from related parties primarily due to (a) our decreased trade receivables from a related party as a result of our collection efforts in the fourth quarter of 2005, (b) our decreased prepayments for supplies as a result of our receiving the delivery of the supplies we prepaid for in the fourth quarter of 2005, and (c) decreased notes receivables from third parties as a result of their repayment of these notes receivables. The effect of these factors was partially offset by (i) an increase of Rmb 592.7 million in receivables due from discounted bills as a result of our increased volume of note discounting business; and (ii) an increase in our inventory of Rmb 406.0 million primarily as a result of a higher level of raw materials and parts and components inventory arising from our decreased truck sales.

Net cash used in investing activities in 2005 was Rmb 739.4 million, and was primarily attributable to our prepayments of Rmb 48.7 million for land use rights, and purchases of property, plant and equipment of Rmb 794.2 million in connection with our capacity expansion. These cash outflows were partially offset by our interest income on bank deposits and the repayment of the Rmb 30 million loan we granted to a third party in 2003.

Net cash used in financing activities in 2005 was Rmb 22.6 million, reflecting primarily our repayment of certain bank borrowings in the amount of Rmb 4,142.3 million; (ii) our distribution to equity holders of Rmb 279.0 million, representing primarily the amount withdrawn by our Parent Company for the Non-Listing Business; and (iii) an increase in restricted cash of Rmb 2,946.7 million pledged for our bank borrowings and notes payables. These cash outflows were partially offset by our net proceeds from additional bank borrowings and issuance of the short-term commercial paper.

We had cash and cash equivalents of Rmb 1,527.6 million as of December 31, 2005, a net increase of Rmb 357.6 million from cash and cash equivalents of Rmb 1,170.0 million as of December 31, 2004.

2004. Net cash generated from operating activities in 2004 was Rmb 1,767.8 million. This amount primarily reflected the following: (i) our profit before income tax of Rmb 551.6 million; (ii) a decrease of Rmb 475.9 million in our trade and other receivables and amounts due from related parties primarily due to our decreased notes receivable and trade receivables as a result of the new incentives we provided to customers who pay in cash and the higher discounting rate on bank acceptance notes in 2004; and (iii) an increase of Rmb 1,695.0 million in our trade and other payables and amounts due to related parties as a result of the increased procurement costs of raw materials, parts and components due to our increased truck sales. The effect of these factors was partially offset by: (i) an increase in our inventory of Rmb 870.2 million as a result of a larger number of trucks in transit and trucks to be refitted due to our increased truck sales; and (ii) an increase in restricted cash of Rmb 104.3 million as security deposits for our notes payables arising in the ordinary course of business.

Net cash used in investing activities in 2004 was Rmb 664.8 million, and was primarily attributable to our prepayments of Rmb 144.3 million for land use rights, and purchases of property, plant and equipment of Rmb 687.0 million in connection with capacity expansion and product development, including establishing a parts manufacturing center in Jinan, and the acquisition of assembly lines and equipment for truck frame and HOWO cabins. These cash outflows were partially offset by the proceeds of Rmb 72.0 million from disposal of certain property, plant and equipment.

Net cash used in financing activities in 2004 was Rmb 1,026.2 million, primarily reflecting our repayment of bank borrowings of Rmb 3,336.3 million and distribution to equity holders of Rmb 338.1 million by our Parent Company, representing primarily the payment we made in 2004 on behalf of the Non-Listing Business with respect to the amount we received on behalf of such Non-Listing Business in 2003, and an increase in restricted cash of Rmb 1,312.4 million as pledged deposits. These cash outflows were partially offset by our proceeds of Rmb 3,960.6 million from bank borrowings.

We had cash and cash equivalents of Rmb 1,170.0 million as of December 31, 2004, a net increase of Rmb 76.8 million from cash and cash equivalents of Rmb 1,093.2 million as of December 31, 2003.

Net current assets/liabilities and capital resources

	As of December 31,			As of September 30,
	2004	2005	2006	2007
	(Rmb in millions)			
Current assets				
Inventories	2,142.9	2,521.5	2,610.4	4,062.0
Trade and other receivables	1,666.7	995.6	4,097.6	2,745.3
Loans and receivables	30.0	592.7	474.7	—
Amounts due from related parties	1,569.9	1,528.4	96.3	88.7
Restricted cash	2,728.6	5,655.2	2,846.4	1,663.4
Cash and cash equivalents	1,170.0	1,527.6	2,321.9	2,654.3
Sub total	9,308.1	12,821.0	12,447.3	11,213.7
Current liabilities				
Trade and other payables	4,904.7	5,424.3	3,673.8	7,060.3
Current income tax liabilities	0.6	20.3	132.1	317.1
Borrowings	5,223.4	9,194.7	7,775.6	2,872.5
Amounts due to related parties	387.0	528.0	1,794.6	68.6
Provisions for other liabilities and charges	63.1	51.5	70.4	213.5
Sub total	10,578.8	15,218.8	13,446.5	10,532.0
Total net current (liabilities)/assets	(1,270.7)	(2,397.8)	(999.2)	681.7

Equity

Our equity was negative as of December 31, 2004 and 2005 mainly because our Parent Company was loss making prior to its restructuring in 2000. In connection with our Listing, our financial information was prepared to present our financial conditions as if we had been in existence throughout the Track Record Period and as if our Company is the holding company of the Listing Business since the beginning of the Track Record Period. As of January 1, 2004, the equity of the Listing Business as a whole was negative due to the historical accumulated losses. On June 30, 2006, the effective date of our Reorganization, the assets and liabilities which were historically associated with and formed a part of the Listing Business were retained by or transferred to the Parent Company as described in "— Basis of Presentation." The impact of transferring/retaining a majority of these liabilities, consisting primarily notes payable and short-term borrowings, amounting to approximately Rmb 2.1 billion, was reflected as capital contributions by the Parent Company to us on June 30, 2006. As a result of such capital contributions, our equity turned into positive after June 30, 2006. As of September 30, 2007, our equity increased to Rmb 2,656.6 million from Rmb 1,585.0 million at the end of 2006 as a result of our improved profitability.

As of September 30, 2007, we had a working capital of Rmb 681.7 million, which was a significant improvement from a previous working capital deficit. Our directors believe that we have sufficient financial resources to meet our existing capital requirements, including:

- Cash generated from our operations;
- Banking facilities of approximately Rmb 11.5 billion as of September 30, 2007, of which approximately Rmb 7.0 billion remained undrawn as of such date, compared with banking facilities of approximately Rmb 6.9 billion and undrawn facilities of approximately Rmb 1.4 billion, respectively, as of December 31, 2006. Although such borrowings are due within one year, the banks have advised us that such terms will be automatically extended to March 30, 2009 at the earliest; and
- The proceeds of this offering.

Trade and other receivables

Our trade receivables consist of accounts receivables and notes receivables. Notes receivable, which account for a majority of our trade receivables, mostly consist of bank notes. This reflects our sales practice that we generally do not extend trade credit to our customers and a large portion of our sales are settled by bank notes.

The following table describes our trade receivables as of the dates indicated:

	As of December 31,			As of September 30,
	2004	2005	2006	2007
	(Rmb in thousands)			
Accounts receivables	560,880	428,725	441,541	1,107,689
Less: Provision for impairment of accounts receivables	(78,523)	(62,649)	(23,949)	(25,839)
Accounts receivables — net	482,357	366,076	417,592	1,081,850
Notes receivables	587,931	174,850	3,325,306	978,594
Trade receivables — net	**1,070,288**	**540,926**	**3,742,898**	**2,060,444**

As of September 30, 2007, we had notes receivables in the amount of Rmb 978.6 million primarily consisting of approximately Rmb 918.8 million bank notes issued by third parties for truck sales. In addition, we had account receivables in the amount of Rmb 1,107.7 million, of which, approximately Rmb 795.1 million were secured by letters of credit issued by overseas third parties.

As of December 31, 2006, we had notes receivables in the amount of Rmb 3,325.3 million consisting of the following: (i) approximately Rmb 2,466.6 million issued by our Parent Company and related parties to finance our working capital, most of which was not related to our truck sales but rather related to bank/commercial notes we issued to our internal counterparties; and (ii) approximately Rmb 858.7 million obtained from our external customers in connection with our product sales, all of which consisted of bank acceptance notes. As of December 31, 2004 and 2005, our notes receivables in the amount of Rmb 587.9 million and Rmb 174.9 million primarily consisted of bank acceptance notes received from third parties relating to truck sales respectively.

In practice, the delivery of bank acceptance notes is viewed as effective payment by businesses in China. As such, we excluded notes receivables and used only the average balances of our gross accounts receivables as our basis in calculating our turnover of trade receivables during the periods indicated as shown in the following table:

	Year ended December 31,			Nine months ended September 30,
	2004	2005	2006	2007
Accounts receivable turnover (days)	22	20	12	13

The accounts receivable turnover is calculated using the following formula:

Accounts receivable turnover (days) = average accounts receivable balance for the period / revenue x 365 days for a year or 270 days for a nine-month period.

Accounts receivable turnover improved during the Track Record Period as our sales volume increased. Had we included all trade receivable balances (including accounts receivables and notes receivables), the trade receivable turnover (days) would have been 46, 35, 62 days and 49 days for 2004, 2005, 2006 and the nine months ended September 30, 2007, respectively. See note 10 to the Accountants' Report included in this prospectus.

Our trade receivable turnover decreased from 46 days in 2004 to 35 days in 2005 primarily because we strengthened the policies on extending trade credit to our customers in 2005. Our trade receivable turnover increased from 35 days in 2005 to 62 days in 2006 primarily as a result of the increased discounted bank/commercial notes from trade financing. Our trade receivable turnover decreased to 49 days for the nine months ended September 30, 2007 primarily due to our increased sales and decreased notes receivable balance.

The following table sets forth an aging analysis for our trade receivables as of the dates indicated:

	As of December 31,			As of September 30,
	2004	2005	2006	2007
	(Rmb in thousands)			
Less than 3 months	383,886	222,149	2,481,588	919,840
3 months to 6 months	666,288	218,212	1,249,635	370,088
6 months to 12 months	12,190	3,979	9,484	779,437
1 year to 2 years	44,616	120,019	23,453	14,101
2 years to 3 years	21,815	12,285	2,465	2,463
Over 3 years	20,016	26,931	222	354
	1,148,811	603,575	3,766,847	2,086,283

We grant trade credit of up to 90 days to our selected long-term key domestic customers after approval by our general managers. Our trade receivables of six months to 12 months old increased from Rmb 9.5 million as of December 31, 2006 to Rmb 779.4 million as of September 30, 2007, most of which arose from the fact that we settled a large amount of export sales to overseas customers via letters of credit, and most of such letters of credit had terms of six to 12 months. Our trade receivables of one to two years increased from Rmb 44.6 million in 2004 to Rmb 120.0 million in 2005, primarily due to the longer credit period that Hangzhou Engine Factory extended to Chongqing Hongyan for engine sales during the relevant period. Such accounts receivables were part of the assets retained by our Parent Company pursuant to the Reorganization effective on June 30, 2006 as further described in "— Basis of Presentation". Our Parent Company subsequently settled these accounts receivables with Chongqing Hongyan.

Because we had a large number of customers, we do not believe that we had any material concentration of credit risks with respect to our trade receivables.

The following table describes our other receivables as of the dates indicated:

	As of December 31,			As of September 30,
	2004	2005	2006	2007
	(Rmb in thousands)			
Jinan Huaiyin Real Estate Company	40,718	35,632	—	—
Jinan Land Reserve Center	128,656	41,817	—	—
Qilukaoger Company	3,000	24,658	—	—
Dongxing Property Company	30,500	2,000	1,500	—
Jinan Sanjian Property Development Company	118,671	69,674	48,522	48,522
Staff Advances	15,600	10,888	6,672	7,786
Others	124,259	63,400	56,527	143,772
Total	**461,404**	**248,069**	**113,221**	**200,080**

Our receivables with Jinan Huaiyin Real Estate Company were related to the prepayment for the transfer of a dormitory, and these receivables were settled in 2006. Our receivables with Jinan Land Reserve Center were related to the sales of land use rights of approximately Rmb 580 million, which sales were completed and the receivables were settled in 2006. Our receivables with Qilukaoger Company and Dongxing Property Company were related to the sales of land use rights, sales of which had been completed, and the receivables were settled in 2006 and September 2007, respectively. Our receivables with Jinan Sanjian Property Development Company ("Jinan Sanjian") were related to the sales of land use rights, which will be settled through Jinan Sanjian's future provision of construction services to us. We expect the receivables with Jinan Sanjian will be settled before June 30, 2008, when the construction services provided by Jinan Sanjian is estimated to be completed. None of the above companies are related to or affiliated with us.

Inventories

Our inventories consist of raw materials, work in progress and finished goods. We record our inventories at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labor, other direct costs and related production overhead (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

The following table describes our inventories as of the dates indicated:

	As of December 31,			As of September 30,
	2004	2005	2006	2007
	(Rmb in thousands)			
Raw materials	610,081	796,151	804,436	793,049
Work in progress	300,292	219,253	287,833	258,304
Finished goods - axles and engines	420,025	261,124	294,977	187,906
Finished goods - trucks	925,194	1,385,019	1,308,020	2,895,243
Less: Provision for write-down of inventories	(112,655)	(140,015)	(84,868)	(72,540)
	2,142,937	2,521,532	2,610,398	4,061,962

The following table sets forth the cost of inventories we recognised as expenses and included in our cost of sales during the periods indicated:

	Year ended December 31,			As of September 30,
	2004	2005	2006	2007
	(Rmb in thousands)			
Distribution cost	353	207	174	1,626
Administrative expenses	15,004	9,889	12,512	7,514
Cost of sales	7,798,098	6,893,985	9,161,667	11,623,324
	7,813,455	6,904,081	9,174,353	11,632,464

Finished trucks account for a significant portion of our inventories. Our high level of finished truck inventories is due primarily to (i) our strict credit sale policy under which we generally require our customers to fully pay for the trucks by cash or bank notes before we deliver the truck, and as a result, trucks which are ordered but not fully paid for by the customers and the trucks being delivered to customers remain as part of our inventories, and (ii) the large number of truck chassis we ship to refitting companies for further modification to be refitted into specialty vehicles per customer orders, which are recorded as inventory. Our inventory of work in progress is relatively less significant as we typically have a short production lead time on general assembly, typically ranging from seven days to 10 days. We generally begin assembly of heavy trucks upon receipt of a purchase order. In order to promptly fill purchase orders, we maintain a reasonable amount of inventories of raw materials and parts and components. Our finished trucks as of September 30, 2007 were Rmb 2,895.2 million, representing an increase of Rmb 1,587.2 million from our finished truck inventory at the end of 2006. The increase was primarily due to our increased number of trucks in transit to our customers or being refitted according to customers' specifications for the nine months ended September 30, 2007. As of September 30, 2007, we had approximately 15,709 units of finished trucks in inventory, of which approximately 4,800 units were sold subsequently as of the Latest Practicable Date.

The following table sets forth the inventory turnover during the periods indicated:

	Year ended December 31,			Nine months ended September 30,
	2004	2005	2006	2007
Inventory turnover (days)	73	107	89	68

Inventory turnover = average inventory balance for the period/cost of sales x 365 days for a year or 270 days for a nine-month period.

Inventory turnover (days) increased significantly from 73 days in 2004 to 107 days in 2005 due to the decreased sales caused by an industry-wide slow down in 2005. In 2006 inventory turnover days improved to 89 days primarily due to the recovery of the market and our strengthened inventory management system after we completed the upgrade of our MIS system. For the nine months ended September 30, 2007, our inventory turnover days further improved to 68 days as a result of the increased market demand for our trucks.

Trade and other payables

Our trade and other payables consist of trade and bills payables, advances from customers, staff welfare and salaries payables, taxes other than our corporate income tax liabilities, accrued expenses and other payables. We recognize our trade payables initially at their fair value and subsequently value them at their amortized cost using the effective interest method. The general payment periods for trade payables are one to six months.

The following table describes our trade and other payables as of the dates indicated:

	As of December 31,			As of September 30,
	2004	2005	2006	2007
	(Rmb in thousands)			
Trade and bills payables	3,281,194	3,960,201	3,023,345	5,932,941
Advances from customers	345,849	415,418	251,238	482,286
Staff welfare and salaries payable	119,190	130,638	40,065	106,612
Taxes other than income tax liabilities	132,516	81,297	30,253	23,444
Accrued expenses	105,794	40,126	91,130	176,459
Other payables	920,189	796,664	237,766	338,594
	4,904,732	5,424,344	3,673,797	7,060,336

The following table sets forth the trade and bills payable turnover during the periods indicated.

	Year ended December 31,			Nine months ended September 30,
	2004	2005	2006	2007
Trade and bills payable turnover (days)	106	166	121	92

The trade and bills payables turnover is calculated using the following formula:

Trade and bills payable turnover days = average trade and bills payable balance for the period / cost of sales x 365 days for a year or 270 days for a nine-month period.

Our suppliers generally grant credit terms of 30 to 90 days to us. However, it is generally accepted by the suppliers that we use bank notes to settle trade balances upon the expiration of the credit terms. In 2006, approximately 40% of our trade payables are settled by bank notes, 35% are settled by cash and 25% are settled by commercial notes. Through payment by bank/commercial notes, we obtain additional 180 days credit from banks, and essentially extend our payment time for the purchases. As the average trade and bills payable turnover days are calculated taking into account the actual payment time and include both trade payables and bills payables, they are generally longer than the credit terms granted to us.

Trade and bills payable turnover (days) increased significantly from 106 days in 2004 to 166 days in 2005 due to our longer payment period as a result of the industry-wide slow down in 2005. In 2006 turnover days decreased to 121 days as the market recovered and our sales increased. For the nine months ended September 30, 2007, our trade and bills payable turnover days further decreased to 92 days primarily due to our increased cost of sales resulting from our increased sales and faster payments to our suppliers as a result of our improved working capital during the period.

The following table sets forth an aging analysis for our trade and bills payables as of the dates indicated:

	As of December 31,			As of September 30,
	2004	2005	2006	2007
	(Rmb in thousands)			
Less than 3 months	108,317	49,972	2,538,736	4,603,975
3 months to 6 months	3,029,365	3,868,609	56,714	497,327
6 months to 12 months	66,700	801	368,696	793,560
1 year to 2 years	52,298	15,783	42,995	19,164
2 years to 3 years	10,732	4,151	14,717	14,155
Over 3 years	13,782	20,885	1,487	4,760
	3,281,194	3,960,201	3,023,345	5,932,941

Indebtedness

Borrowings

Our total borrowings as of December 31, 2004, 2005, 2006 and September 30, 2007, were Rmb 6,356.4 million, Rmb 10,170.8 million, Rmb 8,182.9 million and Rmb 4,554.7 million, respectively. The following table sets forth our guaranteed loans, secured and unsecured loans as of the respective balance sheet date:

	As of December 31,			As of September 30,
	2004	2005	2006	2007
	(Rmb in thousands)			
Non-current				
Long-term bank borrowings				
guaranteed	1,130,167	633,750	405,750	—
secured	2,879	2,397	1,623	422,795
unsecured	—	340,000	—	1,259,448
	1,133,046	976,147	407,373	1,682,243
Current				
Long-term bank borrowings, current portion				
guaranteed	78,870	19,156	—	—
secured	140,585	140,568	423	3,408
unsecured	348,968	8,968	—	—
	568,423	168,692	423	3,408
Short-term bank borrowings				
guaranteed	495,889	685,847	830,000	—
secured	3,978,151	6,453,352	5,947,131	765,076
unsecured	180,900	908,769	998,003	2,104,000
	4,654,940	8,047,968	7,775,134	2,869,076
Short-term commercial paper	—	978,036	—	—
	5,223,363	9,194,696	7,775,557	2,872,484
Total borrowings	**6,356,409**	**10,170,843**	**8,182,930**	**4,554,727**

For 2004, 2005 and 2006, our long-term bank borrowings were generally at an amount lower than our short-term bank borrowings in order to save interest cost as the interest rates for long-term bank borrowings were relatively higher than that of the short-term bank borrowings. For the nine months ended September 30, 2007, we reduced our short-term borrowings and incurred more long-term bank borrowings with a view to optimizing our debt structure. As of September 30, 2007, our bank borrowings of approximately Rmb 1,191.3 million were secured by certain land use rights, bank balances, bank acceptance notes and certain loans to related parties. As of the Latest Practicable Date, all of the guarantees provided by our Parent Company were released by the relevant lending banks.

The following table sets forth the carrying amounts of our total borrowings as of the respective balance sheet date:

	As of December 31,			As of September 30,
	2004	2005	2006	2007
	(Rmb in thousands)			
Renminbi borrowings	5,847,752	9,733,355	8,182,930	4,512,448
U.S. dollar borrowings	82,889	437,488	—	—
Euro borrowings	425,768	—	—	—
HK dollar borrowings	—	—	—	42,279
Total	**6,356,409**	**10,170,843**	**8,182,930**	**4,554,727**

The following table sets forth the weighted average effective interest rates of our borrowings as of the respective balance sheet date:

	As of December 31,			As of September 30,
	2004	2005	2006	2007
Bank borrowings				
Renminbi	4.57%	5.07%	4.55%	5.65%
U.S. dollar	2.93	4.72	—	—
Euro	4.50%	—	—	—
HK dollar	—	—	—	5.01%
Short-term bonds				
Renminbi	—	3.62%	—	—

Interest rates of the bank borrowings denominated in Renminbi are reset periodically according to the primary rate announced by PBOC. The interest rates of our borrowings denominated in Euro and our short-term bonds were fixed. Our borrowings denominated in U.S. dollar and HK dollar were at variable rates.

The following table sets forth the maturities of our total borrowings as of the respective balance sheet dates:

	As of December 31,			As of September 30,
	2004	2005	2006	2007
	(Rmb in thousands)			
Within 1 year	5,223,363	9,194,696	7,775,557	2,872,484
Between 1 and 2 years	402	600,404	60,416	1,317,106
Between 2 and 5 years	279,250	1,643	1,205	355,973
Wholly repayable within 5 years	5,503,015	9,796,743	7,837,178	4,545,563
Over 5 years	853,394	374,100	345,752	9,164
Total	**6,356,409**	**10,170,843**	**8,182,930**	**4,554,727**

As of September 30, 2007, our outstanding bank borrowings due within one year were Rmb 2,872.5 million, with annual interest rates ranging from 3.12% to 7.29%. See "Indebtedness" in this section for further details on our borrowings.

Our gearing ratio was 55.4%, 64.5%, 52.7% and 30.5% as of December 31, 2004, 2005, 2006 and September 30, 2007, respectively. The gearing ratio is calculated by dividing our borrowings by our total assets and has not taken into account the proceeds from the Global Offering.

Provisions for other liabilities and charges

	Legal claims	Product warranties	Total
	(Rmb in thousands)		
As of January 1, 2004	4,969	34,691	39,660
Additional provision	3,591	127,969	131,560
Utilized during the year	—	(108,129)	(108,129)
As of December 31, 2004	8,560	54,531	63,091
Additional provision	3,199	89,914	93,113
Utilized during the year	—	(104,743)	(104,743)
As of December 31, 2005	11,759	39,702	51,461
Additional provision	51	169,900	169,951
Utilised during the year	—	(143,064)	(143,064)
Transfer to CNHTC resulting from the Reorganisation	(7,953)	—	(7,953)
As of December 31, 2006	3,857	66,538	70,395
Additional provision	436	197,128	197,564
Utilized during the period	—	(54,454)	(54,454)
As of September 30, 2007	4,293	209,212	213,505

The amounts under legal claims represented provisions for certain legal claims brought against us. The provision charge is recognized in our income statement as administrative expenses. The Rmb 8.0 million of legal claims were transferred on CNHTC in the year 2006 as they were claims related to the Non-Listing Business. The utilization of the respective amounts of provision for product warranties for 2004, 2005, 2006 and the nine months ended September 30, 2007 was for actual payment for warranty services performed during the respective year.

Contingencies

We have contingent liabilities in respect of legal claims arising in the ordinary course of business. We do not anticipate any material liabilities to arise from the contingent liabilities other than those provided for in note 31 to the Accountants' Report.

The following table sets forth our outstanding loan guarantees as of the dates indicated:

	As of December 31,			As of September 30,
	2004	2005	2006	2007
	(Rmb in thousands)			
Outstanding loan guarantees provided to related parties	232,254	200,890	390,000	—
Outstanding loan guarantees provided to third parties	150,000	210,000	—	—
	382,254	410,890	390,000	—

All above guarantees have been released as of September 30, 2007.

Except as disclosed in this prospectus, we confirm that there has not been any material change in our contingent liabilities since September 30, 2007.

Capital Expenditures and Commitments

Capital expenditures

Our capital expenditures are primarily used to expand our production capacity and upgrade our existing plants and equipment. We made capital expenditures of Rmb 963.1 million, Rmb 974.7 million, Rmb 1,162.7 million and Rmb 830.0 million for 2004, 2005, 2006 and the nine months ended September 30, 2007, respectively. These capital expenditures were funded by bank loans and our internally generated funds.

As part of our business development strategy, we have approved capital expenditures aggregating approximately Rmb 1.5 billion, Rmb 1.3 billion and Rmb 1.1 billion for 2007, 2008 and 2009, respectively. Our current estimate of capital expenditure by segment for 2007 and 2008 is as follows.

	Year ended December 31,		
	2007	2008	2009
	(Rmb in millions)		
Trucks	690	470	370
Engines	780	790	605
Corporate & others	30	40	100
Total	1,500	1,300	1,075

We anticipate that the capital expenditures listed above will be financed by the internally generated funds, net proceeds from the Global Offering attributable to us and bank borrowings. Our current plan with respect to future capital expenditures is subject to change as our business plan evolves or market conditions change.

Capital commitments

Set forth below is our capital commitments contracted for as of September 30, 2007:

	As of September 30, 2007
	(Rmb in millions)
Property, plant and equipment	947.3

Our capital commitments as of September 30, 2007 were primarily for manufacturing capacity expansion of Sinotruk Jinan Power, relocation of Sinotruk Hangzhou Engine and Sinotruk Jinan Commercial Truck Company.

Contractual commitments

Our contractual commitments consist primarily of payment obligations under our various bank borrowings and our operating lease arrangements. We lease certain of our land use rights and office premises and our operating lease obligations represent our minimum lease payment obligations under these non-cancellable operating leases. As of September 30, 2007, our contractual commitments were as follows:

	Payment Due within				
	Total	**1 year**	**1 to 2 years**	**2 to 5 years**	**over 5 years**
	(Rmb in thousands)				
Bank borrowings	4,554,727	2,872,484	1,317,106	355,973	9,164
Operating lease obligations .	48,442	26,506	11,265	10,671	—
Total	**4,603,169**	**2,898,990**	**1,328,371**	**366,644**	**9,164**

Off-balance Sheet Arrangements

Except for the contingent liabilities set forth above, we have not entered into any off-balance sheet guarantees or other commitments to guarantee the payment obligations of any third parties. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging or research and development services with us.

Working Capital

Taking into account the net cash flow from operating activities, the available existing banking facilities (including the committed renewal or extensions of these banking facilities upon their expiration or their subsequent new banking facilities) and the estimated net proceeds from the Global Offering, our Directors are satisfied that we have sufficient working capital for at least the next 12 months from the date of this prospectus.

Profit Forecast

We believe that, in the absence of unforeseen circumstances and on the bases and assumptions set out in Appendix III to this prospectus, our forecast consolidated profit attributable to equity holder of our company for the year ending December 31, 2007 is unlikely to be less than Rmb 1,003.3 million.

Forecast consolidated profit attributable to equity holder of our company	not less than Rmb 1,003.3 million
Forecast pro forma basic earnings per Share	not less than Rmb 0.46 (HK$0.47)

The bases and assumptions on which we have prepared the above profit forecast are set out in Appendix III to this prospectus.

The calculations of forecast pro forma basic earnings per Share assume no exercise of the Over-allotment Option.

The calculation of the forecast basic earnings per Share on a pro forma basis is based on the forecast consolidated profit attributable to equity holders of our company for the year ending December 31, 2007 and assuming a total of 2,202,000,000 Shares were in issue during the entire year.

Dividend Policy

Our Directors intend to declare dividends, if any, in Hong Kong dollars with respect to Shares on a per Share basis and will pay such dividends in Hong Kong dollars. Any final dividend for a fiscal financial year will be subject to shareholders' approval.

Considering our financial position, our Directors currently intend, subject to certain limitations, and in the absence of any circumstance which might reduce the amount available for distribution whether by losses or otherwise, to distribute to our Shareholders not less than 15% of our profits available for distribution in respect of the year ending December 31, 2007, and, for subsequent years, a portion of our profits available for distribution. There is, however, no assurance that dividends of such amount or any amount will be declared or distributed in any year. The declaration and the amount of dividends are in the sole discretion of our Directors, subject to our results of operations, financial condition, capital requirements and any other factors which the Board may deem relevant.

We are a holding company incorporated in Hong Kong and conduct our core business operations through our operating subsidiaries in China. As a result, our profits available for dividend distribution are dependent on the profits available for distribution from our PRC subsidiaries. The PRC laws permit payment of dividends only out of net income as determined in accordance with PRC accounting standards and regulations. Determination of net income under PRC accounting standards and regulations may differ from determination under HKFRS in significant aspects, such as the use of different principles for recognition of revenues and expenses. Our PRC subsidiaries are required to set aside a portion of their net income each year to fund designated statutory reserve funds in connection with certain mandatory social welfare programs. These reserves are not distributable as cash dividends. As a result, our primary source of funds for dividend payments is subject to these and other legal restrictions and uncertainties.

Market Risks

Interest rates

Our income and operating cash flows are substantially independent of fluctuations in market interest rates as we have no significant interest-bearing assets. Our exposure to interest rates risk is mainly attributable to our borrowings. An interest rate hike would increase our financing costs and also adversely affect the ability of prospective buyers of heavy trucks to obtain financing and hence our sales and results of operations. Historically we have not used any financial instruments to hedge against interest rate risks.

Inflation and deflation

There has not been significant inflation or deflation in China in recent years, and thus neither inflation nor deflation has had a significant effect on our business during the past three years. According to the National Bureau of Statistics of China, China's overall national inflation rate, as represented by percentage increases in the general consumer price index, was 3.9%, 1.8% and 1.5% for 2004, 2005 and 2006 respectively.

Foreign exchange fluctuations

Our functional currency is Renminbi as most of our transactions are settled in Renminbi. However, foreign currencies are required to settle our sales in overseas and our purchases of imported parts prior to 2005 and purchases of equipment. Prior to 2006, we also had debt obligations denominated in U.S. Dollars and Euro. Thus, foreign currency fluctuations, particularly fluctuations in the U.S. Dollar and Euro against the Renminbi have affected, and will continue to affect, our results of operations. See "Risk Factors — Risks Relating to Conducting Business in China — We are subject to foreign exchange regulations and controls in China" and "— We may become vulnerable to exchange rate fluctuations" for further details. Historically we have not used any financial instruments to hedge against foreign exchange risks.

Fluctuation in the price of certain commodities

Our primary exposure to commodity risk arises from our procurement of certain raw materials, such as steel and iron, as well as the price of energy used in the manufacturing process. For details, see the section entitled "Risk Factors — Risks Relating to Our Business — If our suppliers fail to deliver parts and components and raw materials on a timely basis or meet our product quality standards, our business could be adversely affected" in this prospectus. We currently do not hedge against commodity risk, which we believe is in line with the PRC automotive industry practice.

Unaudited Pro Forma Net Tangible Assets

The following is an illustrative and unaudited pro forma statement of our adjusted net tangible assets which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on September 30, 2007. This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of financial position had the Global Offering been completed as at September 30, 2007 or at any future date.

	Adjusted consolidated net tangible assets attributable to equity holders of the company as at September 30, 2007	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted net tangible assets	Unaudited pro forma adjusted net tangible assets per Share	Unaudited pro forma adjusted net tangible assets per Share
	(Note 1)	(Note 2)		(Note 3)	(Note 3)
		(Rmb in thousands)		Rmb	HK$ equivalent
Based on low-end of the indicative offer price range of HK$10.00 Per Share	1,766,096	6,357,805	8,123,901	3.69	3.84
Based on high-end of the indicative offer price range of HK$12.88 per Share	1,766,096	8,201,773	9,967,869	4.53	4.71

(1) The adjusted consolidated net tangible assets attributable to the equity holders of our company as at September 30, 2007 is extracted from the Accountants' Report set out in Appendix I to this prospectus, after deducting intangible assets of approximately Rmb 5,896,000.

(2) The estimated net proceeds from the Global Offering are based on the respective low and high ends of the indicative offer price range of HK$10.00 and HK$12.88 per Share, after deduction of the underwriting fees and other related expenses payable by our company. The estimated net proceeds are converted into Renminbi at the rate of RMB0.96035 to HK$1.00.

(3) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraph and on the basis that 2,202,000,000 Shares were in issue immediately following the completion of the Global Offering. The unaudited pro forma net tangible assets per Share is converted into Renminbi at the rate of RMB0.96035 to HK$1.00.

With reference the valuation of the property interests as set out in Appendix IV to this prospectus, the net revaluation surplus, representing the excess of market value of the property interests over their book value is about Rmb 870,976,000. Such net revaluation surplus has not been included in our consolidated financial information as at September 30, 2007 and will not be included in our financial statements for the year ending December 31, 2007. It is our accounting policy to state our property, plant and equipment and land use rights at cost less accumulated depreciation or accumulated amortization and any impairment losses rather than at revalued amounts. The above adjustment does not take into account the above revaluation surplus or the related additional depreciation or amortization. Had the property interests been stated at such valuation, an additional depreciation and amortization of Rmb 4,515,000 and Rmb 14,627,000 per annum, respectively, would be charged against the consolidated income statement.

No adjustment has been made to the unaudited pro forma adjusted net tangible assets to reflect any of our trading results or other transactions entered into subsequent to September 30, 2007.

No Material Adverse Change

We confirm that there is no material adverse change in our financial or trading position since September 30, 2007 (being the date to which our latest consolidated financial results were prepared as set out in the Accountants' Report set out in Appendix I to this prospectus).

Future Plans

Our corporate objective is:

- to maintain our leading position in the PRC heavy truck industry,
- to globalize our business, and
- to become a leading heavy truck manufacturer in the world

In order to achieve our corporate objective, we have developed the following business strategies:

- Continue to develop new technologies and products;
- Enhance our operating efficiency and cost competitiveness;
- Expand our production capacity to meet customer demand and capture growth opportunities in the heavy truck market;
- Expand our domestic sales and service network to penetrate new regional markets;
- Globalize our business; and
- Continue to build our SINOTRUK brand-name.

See "Business — Our Business Strategies" for additional information on our business strategies.

Use of Proceeds

We estimate that the net proceeds of the Global Offering, after deducting related expenses payable by us, will be approximately HK$7,580.3 million, assuming an Offer Price of HK$11.44 per Share, being the mid-point of our proposed range of indicative offer prices of HK$10.00 and HK$12.88, and before exercise of Over-allotment Option.

To effect our future plans and strategies, we plan to use our net proceeds from this Global Offering as follows:

- Approximately HK$1,200 million for expanding the engine manufacturing capacity and enhancing the technology level of Sinotruk Hangzhou Engine, including the relocation of its manufacturing facilities, in Xiaoshan district of Hangzhou;
- Approximately HK$800 million for expanding our forging capacity and enhancing the technology level at Sinotruk Jinan Power in Zhangqiu district of Jinan;
- Approximately HK$700 million for expanding our truck manufacturing capacity and enhancing technology level at Sinotruk Jinan Truck Company, including the construction of its new manufacturing facilities in Jinan;

- Approximately HK$600 million for expanding our truck manufacturing capacity at and enhancing technology level at Sinotruk Jinan Commercial Truck Company, including the construction of its new manufacturing facilities in Zhangqiu district of Jinan;

- Approximately HK$700 million for research and development;

- Approximately HK$600 million for domestic and overseas market expansion;

- Approximately HK$2,500 million for repaying some of our borrowings. As of September 30, 2007, we had borrowings in an aggregate principal amount of approximately Rmb 2,872.5 million, with annual interest rates ranging from 3.12% to 7.29% and maturity dates between October 2007 and September 2008; and

- The remaining net proceeds for our general working capital.

In the event that the Over-allotment Option is exercised in full, we estimate that we will receive net proceeds of approximately HK$8,724.4 million after deducting the underwriting commissions and other estimated offering expenses. We intend to use additional net proceeds of approximately HK$1,144.1 million to repay the remaining balance of our borrowings in the amount of approximately Rmb 372.5 million after the repayment of HK$2,500 million described above and to increase our general working capital up to approximately HK$870 million. The remaining additional net proceeds will be proportionally allocated to research and development, and domestic and overseas market expansion.

To the extent that our net proceeds from the Global Offering are not immediately required for the above purposes, we intend to place them in short-term, interest-bearing, foreign currency deposits at any commercial bank in China or Hong Kong.

In the event that the Offer Price is set at the high-end of the indicative offer price range and the Over-allotment Option is not exercised at all, we will receive net proceeds of approximately HK$8,540.4 million. We intend to use additional net proceeds of approximately HK$960.1 million to repay the remaining balance of our borrowings in the amount of approximately Rmb 372.5 million after the repayment of HK$2,500 million described above and to increase our general working capital up to approximately HK$850 million. The remaining additional net proceeds will be proportionally allocated to research and development, and domestic and overseas market expansion. In the event that the Offer Price is set at the high-end of the indicative offer price range and the Over-allotment Option is exercised in full, we will receive net proceeds of approximately HK$9,828.4 million. We intend to use additional net proceeds of approximately HK$2,248.1 million to repay the remaining balance of our borrowings in the amount of approximately Rmb 372.5 million after the repayment of HK$2,500 million described above and to increase our general working capital up to approximately HK$980 million. The remaining additional net proceeds will be proportionally allocated to research and development, and domestic and overseas market expansion.

In the event that the Offer Price is set at the low-end of the indicative offer price range and the Over-allotment Option is not exercised at all, we will receive net proceeds of approximately HK$6,620.3 million. Under such circumstances, the net proceeds allocated to repay our borrowings and for working capital will be reduced. In the event that the Offer Price is set at the low-end of the indicative offer price range and the Over-allotment Option is exercised in full, we will receive net proceeds of approximately HK$7,620.3 million. We intend to use additional net proceeds of approximately HK$40.0 million to repay our borrowings.

Hong Kong Underwriters *(in alphabetical order)*

Joint Lead Managers

- China International Capital Corporation (Hong Kong) Limited
- J.P. Morgan Securities (Asia Pacific) Limited

Co-Lead Manager

- CCB International Capital Limited

Co-Managers

- First Shanghai Securities Limited
- Taifook Securities Company Limited
- VC Brokerage Limited

Hong Kong Public Offering

Hong Kong Underwriting Agreement

We and the Parent Company entered into the Hong Kong Underwriting Agreement with the Hong Kong Underwriters on November 14, 2007. Pursuant to the Hong Kong Underwriting Agreement, we are offering initially 70,200,000 Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price on and subject to the terms and conditions of this prospectus and the Application Forms. Subject to the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be offered pursuant to this prospectus and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares now being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Purchase Agreement having been signed and becoming unconditional.

Grounds for termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination by the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) if, at any time prior to 8:00 a.m. on Wednesday, November 28, 2007:

(1) there shall have occurred, developed, existed or come into effect:

- any change in, or any event or series of events likely to result in any change in, local, national or international financial, political, economic, military, industrial, fiscal, regulatory, currency or market conditions or equity securities or stock or other financial market conditions or any monetary or trading settlement system (including, without limitation, any change in the system under which the value of the Hong Kong currency is linked to that of the United States or a devaluation of the Renminbi against any other currencies) in China, Hong Kong, the United States, the United Kingdom, Japan, Singapore, France, Germany or any other member of the European Union, or any other jurisdictions that are relevant to our principal business; or

- any new law or change in existing laws or any change in the interpretation or application thereof by any court or other competent authority in China, Hong Kong, the United States, the United Kingdom, Japan, Singapore, France, Germany or any other member of the European Union, or any other jurisdictions that are relevant to our principal business; or

- any event of force majeure affecting Hong Kong, the United States, the United Kingdom, Japan, China, Singapore, France, Germany or any other member of the European Union, or any other jurisdictions that are relevant to our principal business including, without limiting the generality thereof, any act of God, war, outbreak or escalation of hostilities (whether or not war is declared) or act of terrorism, or declaration of a national or international emergency or war, riot, public disorder, civil commotion, economic sanctions, fire, flood, explosion, epidemic (including SARS or H5N1 or such related or mutated forms), outbreak of an infectious disease, calamity, crisis, strike or lock-out (whether or not covered by insurance); or

- the imposition of any suspension or restriction on trading in securities generally on the New York Stock Exchange or the Stock Exchange or any suspension of trading of any of our securities on any exchange or over-the-counter market or any major disruption of any securities settlement or clearing services or procedures or on commercial banking activities in the United States, Hong Kong, China, European Union, Japan, or any other jurisdictions that are relevant to our principal business; or

- any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary and/or the Hong Kong Monetary Authority or otherwise), New York (imposed at Federal or New York State level or otherwise), China, the European Union or Japan; or

- a change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in Hong Kong, the United States, the United Kingdom, Japan, China, Singapore, France, Germany or any member of the European Union, or any other jurisdictions that are relevant to our principal business; or

- any material litigation or claim or proceedings (including but not limited to a petition for winding up or liquidation) being instigated or threatened against us or any of our subsidiaries or our Parent Company; or

which, in the sole opinion of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

(a) is or will be, or is likely to be, materially adverse to our management, business, financial, trading or prospects of our company and subsidiaries as a whole; or

(b) has or will have or is likely to have a material adverse impact on the success of the Global Offering and/or make it impracticable or inadvisable or inexpedient for any material part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged; or

(c) makes it impracticable, inadvisable or inexpedient to proceed with the Hong Kong Public Offering and/or the International Offering on the terms and in the manner contemplated in this prospectus; or

(2) there shall have occurred, developed, existed or come into effect any material breach by us or the Parent Company of any of the provisions of the Hong Kong Underwriting Agreement; or

(3) there shall have occurred, developed, existed or come into effect any matter or event showing any of the warranties given by us or the Parent Company in the Hong Kong Underwriting Agreement to be untrue or misleading in a material respect; or

(4) there shall have occurred, developed, existed or come into effect any matter which would, had it arisen immediately before the date of this prospectus, not having been disclosed in this prospectus, constitute a material omission therefrom; or

(5) there shall have occurred, developed, existed or come into effect any statement contained in this prospectus, the Application Forms and the formal notice that is discovered to be or has become untrue, incorrect or misleading in any material respect; or

(6) there shall have occurred, developed, existed or come into effect the occurrence of any event, act or omission which gives or is likely to give rise to any material liability of ours or of the Parent Company pursuant to the indemnities referred to in the Hong Kong Underwriting Agreement;

(7) there shall have developed, occurred, existed or come into effect:

- other than with the approval of the Joint Global Coordinators, the issue or requirement to issue by us of a supplementary prospectus or offering document pursuant to the Companies Ordinance or the Listing Rules in circumstances where the matter to be disclosed is, in the sole opinion of the Joint Global Coordinators, materially adverse to the marketing for or implementation of the Global Offering; or

- any change or development or event involving a prospective change, or a materialization of, any of the risks set out in the section entitled "Risk Factors" in this prospectus, which in the sole opinion of Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) has, or shall have or is likely to have a material adverse effect on the success of the Hong Kong Public Offering or the International Offering; or

- any forecasts, expressions of opinion or expectation contained in this prospectus becomes or is discovered to be untrue, inaccurate, incomplete or misleading in any material respect or in the case of forecasts, expressions of opinion, intention or expectation, are not fair and honest based on reasonable assumptions in any material respect with reference to the facts and circumstances then subsisting; or

- any material adverse change or prospective material adverse change in the business, results of operations, financial or trading position or prospects of our Company and our subsidiaries as a whole; or

(8) we withdraw this prospectus and the Application Forms or the Global Offering;

in which case the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) may terminate the Hong Kong Underwriting Agreement with immediate effect.

Undertakings

We have undertaken to the Stock Exchange that, except pursuant to the Global Offering or the Over-allotment Option, at any time during the period commencing on the date of this prospectus and ending on the date which is six months from the date on which dealings in the Shares commence on the Stock Exchange (the "First Six-month Period"), we will not, without the prior consent of the Stock Exchange and unless in compliance with the requirements of the Listing Rules, allot or issue or agree to allot or issue any Shares or other securities of ours (including warrants or other convertible securities) or grant or agree to grant any options or rights over any Shares or other securities of ours or enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequence of ownership of any Shares or offer to or agree to do any of the foregoing or have any intention to do so.

We have undertaken to each of the Joint Global Coordinators, the Hong Kong Underwriters and the Joint Sponsors pursuant to the Hong Kong Underwriting Agreement, and will undertake to each of the Joint Global Coordinators and the International Underwriters pursuant to the International

Underwriting Agreement, and the Parent Company has undertaken and will undertake to procure that, except pursuant to the Global Offering (including pursuant to the Over-allotment Option) and except for the adoption of any share option scheme and the grant of share options under the share option scheme during a period of 12 months from the date of the Hong Kong Underwriting Agreement and the International Underwriting Agreement respectively, we will not, without the prior written consent of the Joint Global Coordinators and unless in compliance with the requirements of the Listing Rules, offer, accept subscription for, pledge, issue, sell, lend, mortgage, assign, charge, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of our share capital or other securities of ours or any interest therein (including but not limited to any securities convertible into or exercisable or exchangeable for or that represent the right to receive such share capital), or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such share capital or securities or any interest therein, whether any of the foregoing transactions is to be settled by delivery of share capital or such other securities, in cash or otherwise.

Sinotruk (BVI) has undertaken to each of the Joint Global Coordinators, the Hong Kong Underwriters, the Joint Sponsors and us that except pursuant to the Global Offering (including pursuant to the Over-allotment Option) or as disclosed in this prospectus, it will not, without the prior written consent of the Joint Global Coordinators and unless in compliance with the requirements of the Listing Rules, at any time during a period of 12 months after the date of the Hong Kong Underwriting Agreement and the International Underwriting Agreement respectively, offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of our share capital, debt capital or other securities or any interest therein held by it (including, but not limited to any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such share capital or other securities or any interest therein) or enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of such other securities, in cash or otherwise.

Sinotruk (BVI) has undertaken to the Stock Exchange that, except pursuant to the Global Offering (including pursuant to the Over-allotment Option):

(i) except pursuant to the Stock Borrowing Agreement, it will not, without the prior written consent of the Stock Exchange and unless in compliance with the requirements of the Listing Rules, during the First Six-month Period, dispose of any of the Shares in respect of which Sinotruk (BVI) is shown by this prospectus to be the beneficial owner; and

(ii) it will not, without the prior written consent of the Stock Exchange, in the six months after the expiry of the First Six-month Period dispose of any of the Shares if, immediately following such disposal, Sinotruk (BVI) would cease to be our controlling shareholder.

Further, the Parent Company (i) has undertaken to each of us, the Joint Global Coordinators, the Hong Kong Underwriters and the Joint Sponsors, and (ii) will undertake to each of us, the Joint Global Coordinators and the International Underwriters that, except pursuant to the Global Offering (including pursuant to the Over-allotment Option) or as disclosed in this prospectus, it will not, without the prior written consent of the Joint Global Coordinators and unless in compliance with the requirements of the Listing Rules, at any time during a period of 12 months after the date of the Hong Kong Underwriting Agreement and the International Underwriting Agreement, respectively, offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the share capital, debt capital or other securities or any interest in Sinotruk (BVI) held by it (including, but not limited to any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such share capital or other securities of Sinotruk (BVI) or any interest therein) or enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of such other securities, in cash or otherwise.

The Parent Company has undertaken to us, the Joint Global Coordinators, the Joint Sponsors, the Hong Kong Underwriters and the Stock Exchange that it will, at any time within the period commencing the date of this prospectus and ending on the date which is 12 months after the date on which dealings in the Shares commence on the Stock Exchange, immediately inform us, the Joint Global Coordinators, the Joint Sponsors and the Stock Exchange of:

(i) any pledge of or charge over any shares or other share capital of Sinotruk (BVI) beneficially owned by the Parent Company and the number of such shares or other securities so pledged or charged; and

(ii) any indication received by it, either verbal or written, from any pledgee or chargee of any shares or other share capital of Sinotruk (BVI) pledged or charged that any such shares or other share capital of Sinotruk (BVI) will be disposed of.

Sinotruk (BVI) has undertaken to us, the Joint Global Coordinators, the Joint Sponsors, the Hong Kong Underwriters and the Stock Exchange that it will, at any time within the period commencing on the date of this prospectus and ending on the date which is 12 months after the date on which dealings in the Shares commence on the Stock Exchange, immediately inform us, the Joint Global Coordinators, the Joint Sponsors and the Stock Exchange of:

(i) any pledge of or charge over any Shares or other share capital ours beneficially owned by it and the number of such Shares or other securities so pledged or charged; and

(ii) any indication received by it, either verbal or written, from any pledgee or chargee of any Shares or other share capital of ours pledged or charged that any such Shares or other share capital of ours will be disposed of.

Sinotruk (BVI) has also undertaken to us, the Joint Global Coordinators, the Joint Sponsors and each of the Hong Kong Underwriters, and will undertake to us, the Joint Global Coordinators and each of the International Underwriters, that it will not and will procure that we will not issue or agree to issue any Shares or other securities of ours or repurchase any securities of ours or grant or agree to grant any options (save and except for the adoption of, and the grant of share options by us pursuant to, the share option scheme), warrants or other rights to subscribe for Shares or other securities on or before the date falling 12 months after the date of the Hong Kong Underwriting Agreement and the International Underwriting Agreement, respectively, without first having obtained the prior written consent of the Joint Global Coordinators on behalf of the Hong Kong Underwriters or (as the case may be) the International Underwriters.

Sinotruk (BVI) has further undertaken that, in the event of disposal by it of any share capital or any interest in our Shares during the 12 month period after the date of the Hong Kong Underwriting Agreement and the International Underwriting Agreement, respectively, it will take all reasonable steps to ensure that such a disposal will not create a disorderly or false market for the Shares.

The Parent Company has undertaken to us, the Joint Global Coordinators, the Joint Sponsors and each of the Hong Kong Underwriters, and will undertake to us, the Joint Global Coordinators, the Joint Sponsors and each of the International Underwriters, that it will not issue or agree to issue any shares or other securities of Sinotruk (BVI) or repurchase any securities of Sinotruk (BVI) or grant or agree to grant any options, warrants or other rights to subscribe for shares or other securities of Sinotruk (BVI) on or before the date falling 12 months after the date of the Hong Kong Underwriting Agreement and the International Underwriting Agreement, respectively, without first having obtained the prior written consent of the Joint Global Coordinators on behalf of the Hong Kong Underwriters or (as the case may be) the International Underwriters.

We will also inform the Stock Exchange as soon as we have been informed of the above matters (if any) by the Parent Company and disclose such matters by way of a press notice which is published in the newspapers as soon as practicable after being so informed by the Parent Company.

International Offering

In connection with the International Offering, it is expected that we and the Parent Company, among others, will enter into the International Underwriting Agreement with the International Underwriters. Under the International Underwriting Agreement, the International Underwriters will, subject to certain conditions set out therein, severally agree to purchase the International Offer Shares being offered pursuant to the International Offering or procure purchasers for such International Offer Shares.

We are expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Global Coordinators on behalf of the International Underwriters at any time from the day on which dealings in the Shares commence on the Stock Exchange until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require us to allot and issue up to an aggregate of 105,300,000 additional Shares representing approximately 15% of the initial Offer Shares, at the same price per Share under the International Offering, to, among other things, cover over-allocations (if any) in the International Offering.

We and the Parent Company will each agree to indemnify the International Underwriters against certain liabilities, including liabilities under the U.S. Securities Act.

Total Commission and Expenses

The Hong Kong Underwriters will receive an underwriting commission of 3.4% on the Offer Price of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering, out of which they will pay any sub-underwriting commission. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the Joint Global Coordinators and the relevant International Underwriters (but not the Hong Kong Underwriters). In addition, we have agreed to pay the Underwriters an incentive fee of 1.6% of the portion of the offering size of the Global Offering that exceeds US$300 million, and the Underwriters have agreed that such incentive fee is for the sole benefit of the Joint Global Coordinators.

The aggregate commissions and fees, together with listing fees, SFC transaction levy, Stock Exchange trading fee, legal and other professional fees and printing and other expenses relating to the Global Offering are estimated to range from approximately HK$399.7 million to approximately HK$501.4 million (assuming the Over-allotment Option is not exercised) and are payable by us.

Each of our company and the Parent Company has agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer, including losses incurred arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us or the Parent Company of the Hong Kong Underwriting Agreement.

Hong Kong Underwriters' Interests in Our Company

Except as disclosed in this prospectus and except for its obligations under the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding interests in our company or the right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in us or any of our subsidiaries.

Following the completion of the Global Offering, the Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Underwriting Agreements.

Global Offering

This prospectus is published in connection with the Hong Kong Public Offering as a part of the Global Offering. The Global Offering comprises:

- the Hong Kong Public Offering of 70,200,000 Offer Shares (subject to adjustment as mentioned below) in Hong Kong as described below in the section entitled "— Hong Kong Public Offering" below; and

- the International Offering of an aggregate of 631,800,000 Offer Shares (subject to adjustment and Over-allotment Option as mentioned below) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S.

China International Capital Corporation Limited and J.P. Morgan Securities Ltd. are the Joint Bookrunners. China International Capital Corporation (Hong Kong) Limited and J.P. Morgan Securities (Asia Pacific) Limited are the Joint Lead Managers and Joint Sponsors of the Global Offering.

You may apply for Shares under the Hong Kong Public Offering or apply for or indicate an interest in Shares under the International Offering, but may not do both.

The requisite PRC governmental approvals in respect of the Global Offering have been obtained.

Hong Kong Public Offering

Number of Shares initially offered

We are initially offering 70,200,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10% of the total number of Offer Shares initially available under the Global Offering.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Subject to adjustments mentioned below, the Offer Shares will represent approximately 31.9% of our share capital in issue immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the section entitled "— Conditions of the Global Offering" below.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Offer Shares available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) is to be divided into two pools for allocation purposes: 35,100,000 Offer Shares for pool A and 35,100,000 Offer Shares for pool B. The Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, SFC transaction levy and Stock Exchange trading fee payable) or less. The Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK$5 million up to the total value of Offer Shares in pool B (excluding the brokerage, SFC transaction levy and Stock Exchange trading fee payable). You should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Offer Shares in one (but not both) of the pools are under subscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in this other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 35,100,000 Offer Shares in pool A or 35,100,000 Offer Shares in pool B are liable to be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment. If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents

(i) 15 times or more but less than 50 times,

(ii) 50 times or more but less than 100 times, and

(iii) 100 times or more

of the number of Offer Shares initially available under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation, the total number of Offer Shares available under the Hong Kong Public Offering will be increased to

210,600,000 Shares (in the case of (i) above),

280,800,000 Shares (in the case of (ii) above) and

351,000,000 Shares (in the case of (iii) above)

representing approximately 30%, 40% and 50% of the Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option). In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares initially allocated to the International Offering will be correspondingly reduced in such manner as the Joint Global Coordinators deem appropriate. In addition, the Joint Global Coordinators may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

If the Hong Kong Public Offering is not fully subscribed for, the Joint Global Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Global Coordinators deem appropriate.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the Application Form submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

The listing of the Offer Shares on the Stock Exchange is sponsored by the Joint Sponsors. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$12.88 per Offer Share in addition to any brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Share. If the Offer Price, as finally determined in the manner described in the section entitled "— Pricing of the Global Offering" below, is less than the maximum price of HK$12.88 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section entitled "How to Apply for Hong Kong Offer Shares" below.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

International Offering

Number of Shares offered

Subject to reallocation as described above, the International Offering will consist of an aggregate of 631,800,000 Offer Shares.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the section entitled "— Pricing of the Global Offering" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not the relevant investor is likely to buy further Shares and/or hold or sell its Shares after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to our benefit and our Shareholders as a whole.

The Joint Global Coordinators (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application of Shares under the Hong Kong Public Offering.

Over-allotment Option

In connection with the Global Offering, we are expected to grant an Over-allotment Option to the International Underwriters exercisable by the Joint Global Coordinators on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the Joint Global Coordinators have the right, exercisable at any time from the day on which trading of the Shares commences on the Stock Exchange until 30 days after the last day for lodging of applications under the Hong Kong Public Offering, to require us to allot and issue up to 105,300,000 additional Shares representing approximately 15% of the initial Offer Shares, at the same price per Share under the International Offering, to, among other things, cover over-allocations in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional Shares will represent approximately 4.6% of our enlarged share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, we will make a press announcement to inform the public of such exercise.

Pricing of the Global Offering

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings and placements under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around Wednesday, November 21, 2007, and in any event not later than Monday, November 26, 2007, by agreement between and among the Joint Global Coordinators (on behalf of the Underwriters) and us.

The Offer Price will not be more than HK$12.88 per Offer Share and is expected to be not less than HK$10.00 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. You should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative offer price range stated in this prospectus.

The Joint Global Coordinators, on behalf of the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our company, reduce the number of Offer Shares offered in the Global Offering and/or the indicative offer price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause there to be published in the South China Morning Post and the Hong Kong Economic Times notices of the reduction. Upon issue of such a notice, the number of Shares offered in the Global Offering and/or the revised offer price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Global Coordinators (on behalf of the Underwriters) and us, will be fixed within such revised offer price range. You should have regard to the possibility that any announcement of a reduction in the number of Shares being offered under the Global Offering and/or the indicative offer price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, use of proceeds disclosure and the profit forecast for the year ending December 31, 2007 and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction. You should note that, as an applicant under the Hong Kong Public Offering, your applications can in no circumstances be withdrawn once submitted, even if the number of Shares being offered under the Global Offering and/or the offer price range is so reduced. In the absence of any such notice so published, the Offer Price, if agreed upon among us and the Joint Global Coordinators (on behalf of the Underwriters), will under no circumstances be set outside the offer price range as stated in this prospectus.

In the event of a reduction in the number of Shares being offered under the Global Offering, the Joint Global Coordinators may at their discretion reallocate the number of Shares to be offered under the Hong Kong Public Offering and the International Offering, respectively, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares in the Global Offering. The Offer Shares to be offered in the International Offering and the Offer Shares to be offered in the Hong Kong Public Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Global Coordinators.

The net proceeds of the Global Offering accruing to us (after deduction of underwriting fees and estimated expenses payable by us in relation to the Global Offering, assuming the Over-allotment Option is not exercised) are estimated to be approximately HK$6,620.3 million, assuming an Offer Price per Offer Share of HK$10.00, or approximately HK$8,540.4 million, assuming an Offer Price per Share of HK$12.88 (or if the Over-allotment Option is exercised in full, approximately HK$7,620.3 million, assuming an Offer Price per Share of HK$10.00, or approximately HK$9,828.4 million, assuming an Offer Price per Share of HK$12.88).

The final Offer Price, the indications of interest in the Global Offering, the results of applications and the basis of allotment of Offer Shares available under the Hong Kong Public Offering are expected to be announced on Tuesday, November 27, 2007 in the South China Morning Post and the Hong Kong Economic Times.

Underwriting Arrangements

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to us, and the Joint Global Coordinators (on behalf of the Underwriters) agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

These underwriting arrangements, including the respective Underwriting Agreements, are summarized in the section entitled "Underwriting" in this prospectus.

Dealing

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, November 28, 2007, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:30 a.m. on Wednesday, November 28, 2007.

Conditions of the Global Offering

Acceptance of all applications for Offer Shares pursuant to the Hong Kong Public Offering will be conditional on, among others:

(i) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, our Shares being offered pursuant to the Global Offering (including the additional Shares which may be made available pursuant to the exercise of the Over-allotment Option) (subject only to allotment); and

(ii) the execution and delivery of the International Underwriting Agreement on the Price Determination Date; and

(iii) the obligations of the Underwriters under each Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with its terms;

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between us and the Joint Global Coordinators (on behalf of the Underwriters), the Global Offering will not proceed.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms. If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by us in the South China Morning Post and the Hong Kong Economic Times on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section entitled "How to Apply for Hong Kong Offer Shares" in this prospectus. In the meantime, all application monies will be held in a separate bank account with the receiving banker or any other bank in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on Wednesday, November 28, 2007 if (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section entitled "Underwriting — Hong Kong Public Offering — Grounds for Termination" in this prospectus has not been exercised.

1. WHO CAN APPLY FOR THE HONG KONG OFFER SHARES

You can apply for Hong Kong Offer Shares if you or any person(s) for whose benefit you are applying, are an individual, and:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States; and
- are not a legal or natural person of the People's Republic of China (other than Hong Kong, Macau and Taiwan) (except qualified domestic institutional investors).

If you wish to apply for Hong Kong Offer Shares online through the designated website at **www.eipo.com.hk**, referred to herein as the "**White Form eIPO**" service, in addition to the above you must also:

- have a valid Hong Kong identity card number; and
- be willing to provide a valid e-mail address and a contact telephone number.

You may only apply by means of the **White Form eIPO** service if you are an individual applicant. Corporations or joint applicants may not apply by means of **White Form eIPO**.

If the applicant is a firm, the application must be in the names of the individual members, not the firm's name. If the applicant is a body corporate, the Application Form must be signed by a duly authorized officer, who must state his or her representative capacity.

If an application is made by a person duly authorized under a valid power of attorney, the Joint Global Coordinators (or their respective agents or nominees) may accept it at their discretion, and subject to any conditions they think fit, including production of evidence of the authority of the attorney.

The number of joint applicants may not exceed four.

We and the Joint Global Coordinators, in their capacity as our agent, will have full discretion to reject or accept any application, in full or in part, without assigning any reason.

The Hong Kong Offer Shares are not available to existing beneficial owners of shares in our company, our directors or chief executive or their respective associates or any other connected persons (as defined in the Hong Kong Listing Rules) of our company or persons who will become our connected persons immediately upon completion of the Global Offering.

You may apply for Offer Shares under the Hong Kong Public Offering or indicate an interest for Offer Shares under the International Offering, but may not do both.

2. METHODS OF APPLYING FOR THE HONG KONG OFFER SHARES

There are four ways to make an application for the Hong Kong Offer Shares:

- You may apply for the Hong Kong Offer Shares by using a **white** Application Form. Use a **white** Application Form if you want the Shares issued in your own name;
- Instead of using a white Application Form, you may apply for the Hong Kong Offer Shares by means of **White Form eIPO** by submitting applications online through the designated website at **www.eipo.com.hk**. Use **White Form eIPO** if you want the Shares issued in your own name;
- You may apply for the Hong Kong Offer Shares by using a **yellow** Application Form. Use a **yellow** Application Form if you want the Shares issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account; or
- Instead of using a **yellow** Application Form, you may give **electronic application instructions** to HKSCC to cause HKSCC Nominees to apply for the Hong Kong Offer Shares on your behalf.

3. WHERE TO COLLECT THE PROSPECTUS AND APPLICATION FORMS

You can collect a **white** Application Form and a prospectus from:

Any of the following addresses of the Hong Kong Underwriters:

China International Capital Corporation (Hong Kong) Limited	Suite 2307, 23rd Floor One International Finance Centre 1 Harbour View Street Central, Hong Kong
J.P. Morgan Securities (Asia Pacific) Limited	28th Floor, Chater House 8 Connaught Road Central, Hong Kong
CCB International Capital Limited	Suites 2815-21, 28th Floor Two Pacific Place 88 Queensway Admiralty, Hong Kong
First Shanghai Securities Limited	19/F, Wing On House 71, Des Voeux Road Central Hong Kong
Taifook Securities Company Limited	25th Floor New World Tower 16-18 Queen's Road Central Hong Kong
VC Brokerage Limited	28th Floor The Centrium 60 Wyndham Street Central, Hong Kong

or any of the following branches of Bank of Communications Co., Ltd. Hong Kong Branch:

Hong Kong Island	Hong Kong Branch	20 Pedder Street, Central
	Central District Sub-Branch	G/F., 123-125A Des Voeux Road Central
	North Point Sub-Branch	442-448 King's Road
Kowloon	Wong Tai Sin Sub-Branch	Shops 127-129, 1/F Lung Cheung Mall, 136 Lung Cheung Road
	Mongkok Sub-Branch	Shops A & B, G/F, Hua Chiao Commercial Centre, 678 Nathan Road
New Territories	Tseung Kwan O Sub-Branch	Shops 253-255, Metro City Shopping Arcade, Phase I
	Tsuen Wan Sub-Branch	Shop G10-11, Pacific Commercial Plaza, Bo Shek Mansion, 328 Sha Tsui Road
	Sheung Shui Sub-Branch	Shops 1010-1014, G/F., Sheung Shui Centre Shopping Arcade
	Shatin Sub-Branch	Shop No.193, Level 3, Lucky Plaza

or any of the following branches of Bank of China (Hong Kong) Limited:

Hong Kong Island	Bank of China Tower Branch	3/F, 1 Garden Road
	Central District (Wing On House) Branch	71 Des Voeux Road Central
	King's Road Branch	131-133 King's Road, North Point
	Taikoo Shing Branch	Shop G1006-7, Hoi Sing Mansion, Taikoo Shing
Kowloon	To Kwa Wan Branch	80N To Kwa Wan Road, To Kwa Wan
	Whampoa Garden Branch	Shop G8B, Site 1, Whampoa Garden, Hung Hom
	Hoi Yuen Road Branch	55 Hoi Yuen Road, Kwun Tong
	Mong Kok Branch	589 Nathan Road, Mong Kok
	Humphrey's Avenue Branch	4-4A Humphrey's Avenue, Tsim Sha Tsui
New Territories	Lucky Plaza Branch	Lucky Plaza, Wang Pok Street, Shatin
	East Point City Branch	Shop 101, East Point City, Tseung Kwan O
	Castle Peak Road (Tsuen Wan) Wealth Management Centre	167 Castle Peak Road, Tsuen Wan

or any of the following branches of Industrial and Commercial Bank of China (Asia) Limited:

Hong Kong Island	Queen's Road Central Branch	122-126 Queen's Road Central, Central
	Hennessy Road Branch	Shop 2A, G/F & Basement, Cameron Commercial Centre, 468 Hennessy Road, Causeway Bay
	Wanchai Branch	117-123 Hennessy Road, Wanchai
	North Point Branch	G/F, 436-438 King's Road, North Point
Kowloon	Kwun Tong Branch	G/F., Lemmi Centre, 50 Hoi Yuen Road, Kwun Tong
	Prince Edward Branch	777 Nathan Road, Mongkok
	Tsimshatsui East Branch	Shop B, G/F., Railway Plaza, 39 Chatham Road South, Tsimshatsui
New Territories	Sha Tsui Road Branch	Shop 4, G/F., Chung On Building, 297-313 Sha Tsui Road, Tsuen Wan
	Kwai Fong Branch	C63A-C66, 2/F, Kwai Chung Plaza, Kwai Fong

Prospectuses and Application Forms will be available for collection at the above places during the following times:

Thursday, November 15, 2007	9:00 a.m. — 5:00 p.m.
Friday, November 16, 2007	9:00 a.m. — 5:00 p.m.
Saturday, November 17, 2007	9:00 a.m. — 1:00 p.m.
Monday, November 19, 2007	9:00 a.m. — 5:00 p.m.
Tuesday, November 20, 2007	9:00 a.m. — 12:00 noon

You can collect a **yellow** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, November 15, 2007 until 12:00 noon on Tuesday, November 20, 2007, from:

the **Depository Counter of HKSCC** at 2nd Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong.

Your stockbroker may also have Application Forms and this prospectus available.

4. HOW TO APPLY USING A WHITE OR YELLOW APPLICATION FORM

(a) Obtain an Application Form as described in the section headed "— 3. Where to Collect the Prospectus and Application Forms".

(b) Complete the Application Form in English using blue or black ink, and sign it. There are detailed instructions on each Application Form. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected and returned by ordinary post together with the accompanying cheque(s) or banker's cashier order(s) to you (or the first-named applicant in the case of joint applicants) at your own risk at the address stated in the Application Form.

(c) Each Application Form must be accompanied by payment, in the form of either one cheque or one banker's cashier order. You should read the detailed instructions set out on the Application Form carefully, as an application is liable to be rejected if the cheque or banker's cashier order does not meet the requirements set out on the Application Form.

(d) Lodge the Application Form in one of the collection boxes by the time and at one of the locations as described in the section headed "— 7. When May Applications be Made — (a) Applications on White or Yellow Application Forms" below.

In order for an application made on a **yellow** Application Form to be valid:

(i) If the application is made through a designated CCASS Participant (other than a CCASS Investor Participant):

  (A) the designated CCASS Participant must endorse the form with its company chop (bearing its company name) and insert its participant I.D. in the appropriate box.

(ii) If the application is made by an individual CCASS Investor Participant:

  (A) the Application Form must contain the CCASS Investor Participant's name and Hong Kong Identity Card Number; and

  (B) the CCASS Investor Participant must insert its participant I.D. in the appropriate box in the Application Form.

(iii) If the application is made by a joint individual CCASS Investor Participant:

  (A) the Application Form must contain all joint CCASS Investor Participants' names and the Hong Kong Identity Card Number of all joint CCASS Investor Participants; and

  (B) the participant I.D. must be inserted in the appropriate box in the Application Form.

(iv) If the application is made by a corporate CCASS Investor Participant:

(A) the Application Form must contain the CCASS Investor Participant's company name and Hong Kong Business Registration number; and

(B) the participant I.D. and company chop (bearing its company name) must be inserted in the appropriate box in the Application Form.

Incorrect or incomplete details of the CCASS Participant or the omission or inadequacy of authorized signatory(ies) (if applicable), participant I.D. or other similar matters may render the application invalid.

5. HOW TO APPLY THROUGH WHITE FORM EIPO

(a) If you are an individual and meet the criteria set out in "— 1. Who can apply for the Hong Kong Offer Shares", you may apply through **White Form eIPO** by submitting an application through the designated website at **www.eipo.com.hk**. If you apply through **White Form eIPO**, the Shares will be issued in your own name.

(b) Detailed instructions for application through the **White Form eIPO** service are set out on the designated website at **www.eipo.com.hk**. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected by the designated White Form eIPO Service Provider and may not be submitted to our company.

(c) In addition to the terms and conditions set out in this Prospectus, the designated White Form eIPO Service Provider may impose additional terms and conditions upon you for the use of the **White Form eIPO** service. Such terms and conditions are set out on the designated website at **www.eipo.com.hk**. You will be required to read, understand and agree to such terms and conditions in full prior to making any application.

(d) By submitting an application to the designated eIPO Service Provider through the **White Form eIPO** service, you are deemed to have authorized the designated White Form eIPO Service Provider to transfer the details of your application to our company and our Share Registrar.

(e) You may submit an application through the **White Form eIPO** service in respect of a minimum of 500 Hong Kong Offer Shares. Each electronic application instruction in respect of more than 500 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms, or as otherwise specified on the designated website at **www.eipo.com.hk**.

(f) You should give electronic application instructions through **White Form eIPO** at the times set out in the section headed "— 7. When may applications be made — (b) White Form eIPO".

(g) You should make payment for your application made by **White Form eIPO** service in accordance with the methods and instructions set out in the designated website at www.eipo.com.hk. **If you do not make complete payment of the application monies (including any related fees) on or before 12:00 noon on Tuesday, November 20, 2007, or such later time as described under the section headed "— 7. When May Applications be Made — 7. (e) Effects of Bad Weather Conditions on the Opening of the Application Lists," the designated eIPO Service Provider will reject your application and your application monies will be returned to you in the manner described in the designated website at www.eipo.com.hk.**

(h) Warning: The application for Hong Kong Offer Shares through the **White Form eIPO** service is only a facility provided by the designated eIPO Service Provider to public investors. **Our company, our directors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Sponsors, the Joint Lead Managers and the Underwriters take no responsibility for such applications, and provide no assurance that applications through the White Form eIPO service will be submitted to our company or that you will be allotted any Hong Kong Offer Shares.**

Please note that Internet services may have capacity limitations and/or be subject to service interruptions from time to time. To ensure that you can submit your applications through the **White Form eIPO** service, you are advised not to wait until the last day for submitting applications in the Hong Kong Public Offering to submit your electronic application instructions. In the event that you have problems connecting to the designated website for the **White Form eIPO** service, you should submit a **white** Application Form. However, once you have submitted electronic application instructions and completed payment in full using the application reference number provided to you on the designated website, you will be deemed to have made an actual application and should not submit a white Application Form. See "— 8. How many applications may be made".

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

(a) General

CCASS Participants may give electronic application instructions to HKSCC to apply for the Hong Kong Offer Shares and to arrange payment of the monies due on application and payment of refunds. This will be in accordance with their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a **CCASS Investor Participant**, you may give electronic application instructions through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (https://ip.ccass.com) (using the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input electronic application instructions for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre 2/F Vicwood Plaza
199 Des Voeux Road
Central Hong Kong

and complete an input request form.

Prospectuses are available for collection from the above address.

If you are **not a CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Broker Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You are deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application, whether submitted by you or through your broker or custodian, to our company and our registrars.

(b) **Minimum Subscription Amount and Permitted Multiples**

You may give electronic application instructions in respect of a minimum of 500 Hong Kong Offer Shares. Each electronic application instruction in respect of more than 500 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms.

(c) **Warning**

The subscription for the Hong Kong Offer Shares by giving electronic application instructions to HKSCC is only a facility provided to CCASS Participants. Our company, the directors, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for the application and provide no assurance that any CCASS Participant will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their electronic application instructions to HKSCC through the CCASS Phone System or the CCASS Internet System, CCASS Investor Participants are advised not to wait until the last minute to input their electronic application instructions. In the event that CCASS Investor Participants have problems connecting to the CCASS Phone System or the CCASS Internet System to submit their electronic application instructions, they should either:

(i) submit a **white** or **yellow** Application Form; or

(ii) go to HKSCC's Customer Service Centre to complete an input request form for electronic application instructions before 12:00 noon on Tuesday, November 20, 2007, or such later time as described under the section headed "Effect of bad weather conditions on the opening of the application lists" in the section headed "— 7. When May Applications be Made".

7. WHEN MAY APPLICATIONS BE MADE

(a) Applications on White or Yellow Application Forms

Your completed **white** or **yellow** Application Form, together with payment attached, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed under the section headed "— 3. Where to Collect the Prospectus and Application Forms" at the following times:

Thursday, November 15, 2007	9:00 a.m. — 5:00 p.m.
Friday, November 16, 2007	9:00 a.m. — 5:00 p.m.
Saturday, November 17, 2007	9:00 a.m. — 1:00 p.m.
Monday, November 19, 2007	9:00 a.m. — 5:00 p.m.
Tuesday, November 20, 2007	9:00 a.m. — 12:00 noon

Completed **white** or **yellow** Application Forms, together with payment attached, must be lodged by 12:00 noon on Tuesday, November 20, 2007, or, if the application lists are not open on that day, then by the time and date stated in the section headed "— (e) Effects of bad weather conditions on the opening of the application lists".

(b) White Form eIPO

You may submit your application to the designated White Form eIPO Service Provider through the designated website at **www.eipo.com.hk** from 9:00 a.m. on Thursday, November 15, 2007 until 11:30 a.m. on Tuesday, November 20, 2007 or such later time as described under the section headed "— (e) Effects of Bad Weather Conditions on the Opening of the Application Lists" (24 hours daily, except on the last application day). The latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, November 20, 2007, the last application day, or, if the application lists are not open on that day, then by the time and date stated in the section headed "— (e) Effects of Bad Weather Conditions on the Opening of the Application Lists".

You will not be permitted to submit your application to the designated White Form eIPO Service Provider through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(c) **Electronic Application Instructions to HKSCC via CCASS**

CCASS Broker/Custodian Participants should input electronic application instructions at the following times on the following dates:

Thursday, November 15, 2007	9:00 a.m. — 8:30 p.m.(1)
Friday, November 16, 2007	8:00 a.m. — 8:30 p.m.(1)
Saturday, November 17, 2007	8:00 a.m. — 1:00 p.m.(1)
Monday, November 19, 2007	8:00 a.m. — 8:30 p.m.(1)
Tuesday, November 20, 2007	8:00 a.m.(1) — 12:00 noon

(1) The above time is subject to change as HKSCC may determine from time to time with prior notification to CCASS Broker/Custodian Participants.

CCASS Investor Participants can input electronic application instructions from 9:00 a.m. on Thursday, November 15, 2007 until 12:00 noon on Tuesday, November 20, 2007 (24 hours daily, except the last application day).

The latest time for inputting electronic application instructions will be 12:00 noon on Tuesday, November 20, 2007, the last application day, or if the application lists are not open on that day, by the time and date stated in the section headed "— (e) Effects of bad weather conditions on the opening of the application lists".

(d) **Application Lists**

The application lists will be open from 11:45 a.m. to 12:00 noon on Tuesday, November 20, 2007, except as provided in the section headed "— (e) Effects of bad weather conditions on the opening of the application lists".

Applicants should note that cheques or banker's cashier orders will not be presented for payment before the closing of the application lists but may be presented at any time thereafter.

(e) **Effects of Bad Weather Conditions on the Opening of the Application Lists**

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above, or
- a "black" rainstorm warning signal

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, November 20, 2007. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon. For this purpose, "Business Day" means a day that is not a Saturday, Sunday or a public holiday in Hong Kong.

8. HOW MANY APPLICATIONS MAY BE MADE

Multiple applications or suspected multiple applications are liable to be rejected.

You may make more than one application for the Hong Kong Offer Shares if and only if you are a nominee, in which case you may make an application as a nominee by (i) giving electronic application instructions to HKSCC (if you are a CCASS Participant) and; (ii) lodging more than one Application Form in your own name if each application is made on behalf of different beneficial owners. In the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code

for each beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

Otherwise, multiple applications are not allowed.

If you apply by means of White Form eIPO, once you complete payment in respect of any electronic application instruction given by you or for your benefit to the designated eIPO Service Provider to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service by giving electronic application instructions through the designated website at **www.eipo.com.hk** and completing payment in respect of such electronic application instructions, or of submitting one application through the **White Form eIPO** service and one or more applications by any other means, all of your applications are liable to be rejected.

If you have made an application by giving **electronic application instructions** to HKSCC and you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any electronic application instructions to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

For further information, please see "Further Terms and Conditions of the Hong Kong Public Offering — 5. Multiple Applications."

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum Offer Price is HK$12.88 per Share. You must also pay brokerage of 1%, SFC transaction levy of 0.004% and the Hong Kong Stock Exchange trading fee of 0.005%. This means that for every board lot of 500 Shares you will pay approximately HK$6,504.98. The Application Forms have tables showing the exact amount payable for multiples of Shares up to 35,100,000 Shares.

If the Offer Price as finally determined is less than HK$12.88 per Share, appropriate refund payments (including brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Details of the procedure for refund are set out below in the section headed "— 11. Dispatch/Collection of share certificates and Refunds of Application Monies."

If your application is successful, brokerage is paid to participants of the Hong Kong Stock Exchange (or the Hong Kong Stock Exchange, as the case may be), the Hong Kong Stock Exchange trading fee is paid to the Hong Kong Stock Exchange, and the SFC transaction levy is paid to the SFC.

10. RESULTS OF ALLOCATIONS

Results of allocations in the Hong Kong Public Offering, including the Hong Kong identity card numbers, passport numbers or Hong Kong business registration numbers of successful applicants (where supplied) and the number of Hong Kong Offer Shares successfully applied for under **white** and **yellow** Application Forms, by **White Form eIPO** and by giving electronic application instructions to HKSCC via CCASS, will be made available at the times and dates and in the manner specified below:

- Results of allocations for the Hong Kong Public Offering can be found in the announcement to be posted in our Company's website at **www.sinotruk.com on Tuesday, November 27, 2007;**

- Results of allocations will be available from our Hong Kong Public Offering website at **www.iporesults.com.hk** on a 24-hour basis from 8:00 a.m. on Tuesday, November 27, 2007 to 12:00 midnight on Monday, December 3, 2007. The user will be required to key in the Hong Kong identity card/passport/Hong Kong business registration number provided in his/her/its Application Form to search for his/her/its own allocation result;

- Results of allocations will be available from our Hong Kong Public Offering allocation results telephone enquiry line. Applicants may find out whether or not their applications have been successful and the number of Hong Kong Offer Shares allocated to them, if any, by calling 2862 8669 between 9:00 a.m. and 10:00 p.m. from Tuesday, November 27, 2007 to Friday, November 30, 2007;

- Special allocation results booklets setting out the results of allocations will be available for inspection during opening hours of individual branches and sub-branches from Tuesday, November 27, 2007 to Thursday, November 29, 2007 at all the receiving bank branches and sub-branches at the addresses set out in the section headed "— 3. Where to Collect the Prospectus and Application Forms".

11. DISPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUNDS OF APPLICATION MONIES

Refund cheques for surplus application monies (if any) under white or yellow Application Forms and share certificates for successful applicants under white Application Forms and White Form eIPO are expected to be posted and/or available for collection (as the case may be) on or around Tuesday, November 27, 2007.

Share certificates will only become valid certificates of title at 8:00 a.m. on Wednesday, November 28, 2007 provided that the Hong Kong Public Offering has become unconditional in all respects and the right of termination described in the section entitled "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Hong Kong Underwriting Agreement — Grounds for Termination" has not been exercised.

For further information on arrangements for the dispatch/collection of share certificates and refunds of application monies, please refer to the section headed "Further Terms and Conditions of the Hong Kong Public Offering — 7. If your application for Hong Kong Offer Shares is successful (in whole or in part)" and "— 8. Refund of Application Monies."

12. DEFINITIONS

In this section and the section headed "Further Terms and Conditions of the Hong Kong Public Offering," the following terms have the meanings set out below:

"CCASS Broker Participant"	a person admitted to participate in CCASS as a broker participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant, who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Broker Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"White Form eIPO"	applying for Hong Kong Offer Shares to be issued in your own name by submitting applications online through the designated website of the designated White Form eIPO Service Provider, **www.eipo.com.hk**
"HKSCC Nominees"	HKSCC Nominees Limited

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Stock Exchange are expected to commence on Wednesday, 28 November, 2007.

The Shares will be traded in board lots of 500 Shares each.

Shares will be eligible for CCASS

Subject to the granting of listing of, and permission to deal in, the shares on the Stock Exchange as well as the compliance with the stock admission requirements of HKSCC, the shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the shares on the Stock Exchange or on any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been for the shares to be admitted into CCASS.

1. GENERAL

(a) If you apply for Hong Kong Offer Shares in the Hong Kong Public Offering, you will be agreeing with the company and the Joint Lead Managers (for themselves and on behalf of the Hong Kong Underwriters) as set out below.

(b) If you give electronic application instructions through the designated website at **www.eipo.com.hk**, you will have authorized the designated White Form eIPO Service Provider to apply on the terms and conditions set out below, as supplemented and amended by the terms and conditions applicable to the **White Form eIPO** service.

(c) If you give electronic application instructions to HKSCC via CCASS to cause HKSCC Nominees to apply for Hong Kong Offer Shares on your behalf, you will have authorized HKSCC Nominees to apply on the terms and conditions set out below, as supplemented and amended by the terms and conditions applicable to the relevant application method.

(d) In this section, references to "you," "applicants," "joint applicants" and other like references shall, if the context so permits, include references to both nominees and principals on whose behalf HKSCC Nominees or the White Form eIPO Service Provider is applying for Hong Kong Offer Shares, and references to the making of an application shall, if the context so permits, include references to making applications electronically by giving instructions to HKSCC or by submitting an application to the designated White Form eIPO Service Provider through the designated website for the **White Form eIPO** service.

(e) Applicants should read this prospectus carefully, including the terms and conditions set out herein and in the Application Forms or imposed by HKSCC and/or the White Form eIPO Service Provider prior to making any application for Hong Kong Offer Shares.

2. OFFER TO PURCHASE THE HONG KONG OFFER SHARES

(a) You offer to purchase from us at the Offer Price the number of the Hong Kong Offer Shares indicated in your Application Form (or any smaller number in respect of which your application is accepted) on the terms and conditions set out in this prospectus and the relevant Application Form.

(b) For applicants using Application Forms, a refund cheque in respect of the surplus application monies (if any) representing the Hong Kong Offer Shares applied for but not allocated to you and representing the difference (if any) between the final Offer Price and the maximum Offer Price (including the brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee attributable thereto), is expected to be sent to you at your own risk to the address stated on your Application Form on or before Tuesday, November 27, 2007.

Details of the procedure for refunds relating to each of the Hong Kong Public Offering methods are contained below in the sections headed "— 7. If your application for the Hong Kong Offer Shares is successful (in whole or in part)," "— 8. Refund of application monies" and "— 10. Additional information for applicants applying by giving electronic application instructions to HKSCC".

(c) Any application may be rejected in whole or in part.

(d) Applicants under the Hong Kong Public Offering should note that in no circumstances (save for those provided under section 40 of the Hong Kong Companies Ordinance) can applications be withdrawn once submitted. For the avoidance of doubt, our company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives, or causes to give, **electronic application instructions** to HKSCC via CCASS is a person who may be entitled to compensation under section 40 of the Hong Kong Companies Ordinance.

3. ACCEPTANCE OF YOUR OFFER

(a) The Hong Kong Offer Shares will be allocated after the application lists close. We expect to announce the final number of Hong Kong Offer Shares, the level of applications under the Hong Kong Public Offering and the basis of allocations of the Hong Kong Offer Shares in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on Tuesday, November 27, 2007.

(b) The results of allocations of the Hong Kong Offer Shares under the Hong Kong Public Offering, including the Hong Kong identity card numbers, passport numbers or Hong Kong business registration numbers (where applicable) of successful applicants and the number of Hong Kong Offer Shares successfully applied for, will be made available on Tuesday, November 27, 2007 in the manner described in the section headed "How To Apply For Hong Kong Offer Shares — 10. Results of Allocations."

(c) We may accept your offer to purchase (if your application is received, valid, processed and not rejected) by announcing the basis of allocations and/or making available the results of allocations publicly.

(d) If we accept your offer to purchase (in whole or in part), there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares in respect of which your offer has been accepted if the conditions of the Global Offering are satisfied or the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering."

(e) You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

4. EFFECT OF MAKING ANY APPLICATION

(a) By completing and submitting any Application Form you:

- **instruct** and **authorize** our company and/or the Joint Global Coordinators (or their respective agents or nominees) as agents for the company to execute any transfer forms, contract notes or other documents on your behalf and to do on your behalf all other things necessary to effect the registration of any Hong Kong Offer Shares allocated to you in your name(s) or HKSCC Nominees, as the case may be, as required by our Articles of Association and otherwise to give effect to the arrangements described in this prospectus and the relevant Application Form;

- **undertake** to sign all documents and to do all things necessary to enable you or HKSCC Nominees, as the case may be, to be registered as the holder of the Hong Kong Offer Shares allocated to you, and as required by our Articles of Association;

- **represent, warrant** and **undertake** that the Shares have not been and will not be registered under the U.S. Securities Act and you are outside the United States when completing the Application Form;

- **confirm** that you have received and/or read a copy of this prospectus and have only relied on the information and representations contained in this prospectus in making your application, and will not rely on any other information or representation save as set out in any supplement to this prospectus;

- **agree** (without prejudice to any other rights which you may have) that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

- (if the application is made for your own benefit) **warrant** that the application is the only application which will be made for your benefit on a **white** or **yellow** Application Form or by giving **electronic application instructions** to HKSCC via CCASS or to the designated White Form eIPO Service Provider via **White Form eIPO** service;

- (if the application is made by an agent on your behalf) **warrant** that you have validly and irrevocably conferred on your agent all necessary power and authority to make the application;

- (if you are an agent for another person) **warrant** that the application is the only application which will be made for the benefit of that other person on a **white** or

yellow Application Form or by giving **electronic application instructions** to HKSCC via CCASS or to the designated White Form eIPO Service Provider via **White Form eIPO** service, and that you are duly authorized to sign the Application Form or to give **electronic application instruction** or submit the application via **White Form eIPO** service as that other person's agent;

- **undertake** and **confirm** that you (if the application is made for your benefit) or the person(s) for whose benefit you have made the application have not applied for or taken up or indicated an interest in or received or been placed or allocated (including conditionally and/or provisionally) and will not apply for or take up or indicate any interest in any Offer Shares in the International Offering, nor otherwise participate in the International Offering;

- **warrant** the truth and accuracy of the information contained in your application;

- **agree** that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

- **undertake** and agree to accept the Offer Shares applied for, or any lesser number allocated to you under the application;

- **authorize** our company to place your name(s) or HKSCC Nominees, as the case may be, on our register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our company and/or our agents to send any share certificate(s) (where applicable) and/or any refund cheque (where applicable) to you or (in case of joint applicants) the first-named applicant in the Application Form by ordinary post at your own risk to the address stated on your Application Form (except if you have applied for 1,000,000 Hong Kong Offer Shares or more and have indicated in your Application Form your wish to collect your refund cheque and share certificates (where applicable) in person);

- **understand** that these declarations and representations will be relied upon by our company and the Joint Global Coordinators and the Joint Sponsors in deciding whether or not to allocate any Hong Kong Offer Shares in response to your application;

- if the laws of any place outside Hong Kong are applicable to your application, you **agree** and **warrant** that you have complied with all such laws and none of our company, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Underwriters, nor any of their respective officers or advisors will infringe any laws outside Hong Kong as a result of the acceptance of your offer to purchase, or any actions arising from your rights and obligations under the terms and conditions contained in this prospectus;

- **agree** with our company and each shareholder of our company, and our company agrees with each of our shareholders, to observe and comply with the Companies Ordinance and our Articles of Association;

- **authorize** our company to enter into a contract on your behalf with each of our directors and officers whereby each such director and officer undertakes to observe and comply with his obligations to Shareholders as stipulated in our Articles of Association;

- **agree** that our company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective directors, officers, employees, agents or advisors and any other parties involved in the Global Offering are liable only for and that you have only relied upon, the information and representations contained in this prospectus and any supplement to this prospectus; and

- **agree** to disclose to our company, our registrar, the receiving bankers, the Joint Global Coordinators, the Joint Lead Managers, Joint Sponsors, Underwriters and their respective advisors and agents any personal data or other information which they require about you or the person(s) for whose benefit you have made the application.

(b) If you apply for the Hong Kong Offer Shares using a **yellow** Application Form, in addition to the confirmations and agreements referred to in (a) above, you (and if you are joint applicants, each of you jointly and severally) **agree** that:

- any Hong Kong Offer Shares allocated to you shall be registered in the name of HKSCC Nominees and deposited directly into CCASS operated by HKSCC for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant in accordance with your election on the Application Form;

- each of HKSCC and HKSCC Nominees reserves the right (1) not to accept any or part of such allotted Hong Kong Offer Shares issued in the name of HKSCC Nominees or not to accept such allotted Hong Kong Offer Shares for deposit into CCASS; (2) to cause such allotted Hong Kong Offer Shares to be withdrawn from CCASS and transferred into your name (or, if you are a joint applicant, to the first-named applicant) at your own risk and costs; and (3) to cause such allotted Hong Kong Offer Shares to be issued in your name (or, if you are a joint applicant, to the first-named applicant) and in such a case, to post the share certificates for such allotted Hong Kong Offer Shares at your own risk to the address on your Application Form by ordinary post or to make available the same for your collection;

- each of HKSCC and HKSCC Nominees may adjust the number of allotted Hong Kong Offer Shares issued in the name of HKSCC Nominees;

- neither HKSCC nor HKSCC Nominees shall have any liability for the information and representations not so contained in this prospectus and the Application Form;

- neither HKSCC nor HKSCC Nominees shall be liable to you in any way.

(c) In addition, by giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Broker Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorized HKSCC to arrange payment of the maximum Offer price, brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or the Offer price is less than the Offer price per share initially paid on application, refund of the application monies, in each case including brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee, by crediting your designated bank account;

- (where a **white** Application Form is signed by HKSCC Nominees on behalf of persons who have given electronic application instructions to apply for the Hong Kong Offer Shares) in addition to the confirmations and agreements set out in paragraph (a), above, instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things which it has stated to do on your behalf in the **white** Application Form, HKSCC Nominees is only acting as nominee for those persons and shall not be liable for any breach of the terms and conditions of the **white** Application Form or this prospectus, and HKSCC Nominees on behalf of each of the persons:

  — agree that the Hong Kong Offer Shares to be allocated shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the stock account of the CCASS Participant who has inputted electronic application instructions on your behalf or your CCASS Investor Participant stock account;

  — undertake and agree to accept the Hong Kong Offer Shares in respect of which you have given electronic application instructions or any lesser number;

  — (if the electronic application instructions are given for your own benefit) declare that only one set of electronic application instructions has been given for your benefit;

  — (if you are an agent for another person) declare that you have only given one set of electronic application instructions for the benefit of that other person and that you are duly authorized to give those instructions as that other person's agent;

— understand that the above declaration will be relied upon by our company, the directors and the Joint Global Coordinators in deciding whether or not to make any allotment of Hong Kong Offer Shares in respect of the electronic application instructions given by you and that you may be prosecuted if you make a false declaration;

— authorize our company to place the name of HKSCC Nominees on the register of members of our company as the holder of the Hong Kong Offer Shares allotted in respect of your electronic application instructions and to send share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between our company and HKSCC;

— confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

— confirm that you have only relied on the information and representations in this prospectus in giving your electronic application instructions or instructing your broker or custodian to give electronic application instructions on your behalf;

— agree (without prejudice to any other rights which that person may have) that once the application of HKSCC Nominees has been accepted, the application cannot be rescinded for innocent misrepresentation;

— agree that any application made by HKSCC Nominees on behalf of you pursuant to the electronic application instructions given by you is irrevocable before Saturday, December 15, 2007, such agreement to take effect as a collateral contract with our company and to become binding when you give the instructions and such collateral contract to be in consideration of our company agreeing that we will not offer any Hong Kong Offer Shares to any person before Saturday, December 15, 2007, except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before Saturday, December 15, 2007 if a person responsible for this prospectus under section 40 of the Hong Kong Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;

— agree that once the application of HKSCC Nominees is accepted, neither that application nor your electronic application instructions can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Hong Kong Public Offering published by our company;

— agree to the arrangements, undertakings and warranties specified in the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of electronic application instructions relating to Hong Kong Offer Shares;

— agree with our company, for itself and for the benefit of each of the shareholders of our company (and so that our company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the shareholders of our company, with each CCASS Participant giving electronic application instructions) to observe and comply with the PRC Company Law, the Special Regulations and our Articles of Association; and

— agree with our company, for itself and for the benefit of each of the shareholders of our company and each director, supervisors, manager and other officer (and so that our company will be deemed by its acceptance in whole or in part of this application to have agreed, for itself and on behalf of each of the shareholders of our company and each director, supervisors, manager and other officer, with each CCASS Participant giving electronic application instructions):

(i) to refer all differences and claims arising from our Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning its affairs to arbitration in accordance with our Articles of Association; and

(ii) that any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award, which arbitration shall be final and conclusive.

(d) Our company, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the designated White Form eIPO Service Provider and their respective directors and any other parties involved in the Global Offering are entitled to rely on any warranty, representation or declaration made by you in your application.

(e) All the warranties, representations, declarations and obligations expressed to be made, given or assumed by or imposed on the joint applicants shall be deemed to have been made, given or assumed by or imposed on the applicants jointly and severally.

5. MULTIPLE APPLICATIONS

(a) It will be a term and condition of all applications that by completing and delivering an Application Form or giving electronic application instructions, you:

- (if the application is made for your own benefit) warrant that this is the only application which will be made for your benefit on a **white** or **yellow** Application Form or by giving **electronic application instructions** to HKSCC or to the designated White Form eIPO Service Provider through the **White Form eIPO** service;

- (if you are an agent for another person) warrant that reasonable enquiries have been made of that other person that this is the only application which will be made for the benefit of that other person on a **white** or **yellow** Application Form or by giving **electronic application instructions** to HKSCC or to the designated White Form eIPO Service Provider through the **White Form eIPO** service, and that you are duly authorized to sign the Application Form as that other person's agent.

(b) Except where you are a nominee and provide the information required to be provided in your application, all of your applications will be rejected as multiple applications if you, or you and your joint applicant(s) together:

- make more than one application (whether individually or jointly) on a **white** or **yellow** Application Form or by giving electronic application instructions to HKSCC or to the designated White Form eIPO Service Provider through the **White Form eIPO** service;

- both apply (whether individually or jointly) on one **white** Application Form and one **yellow** Application Form or on one **white** or **yellow** Application Form and give **electronic application instructions** to HKSCC or to the designated White Form eIPO Service Provider through the **White Form eIPO** service;

- apply on one **white** or **yellow** Application Form (whether individually or jointly) or by giving **electronic application instructions** to HKSCC or to the designated White Form eIPO Service Provider through the **White Form eIPO**, for more than 50% of the Offer Shares initially being Offered for public subscription under the Hong Kong Public Offering (that is, 35,100,000 Shares), as more particularly described in the section entitled "Structure of the Global Offering — The Hong Kong Public Offering;" or

- have applied for or taken up, or indicated an interest for, or have been or will be placed (including conditionally and/or provisionally) Offer Shares under the International Offering.

(c) All of your applications will also be rejected as multiple applications if more than one application is made for your benefit (including the part of the application made by HKSCC Nominees acting on electronic application instructions). If an application is made by an unlisted company and

- the principal business of that company is dealing in securities; and

- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

Unlisted company means a company with no equity securities listed on the Stock Exchange.

Statutory control means you:

- control the composition of the board of directors of our company; or
- control more than half of the voting power of our company; or
- hold more than half of the issued share capital of our company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

6. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES

You should note the following situations in which Hong Kong Offer Shares will not be allotted to you or your application is liable to be rejected:

(a) **If your application is revoked:**

By completing and submitting an Application Form or electronic application instructions to HKSCC you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before Saturday, December 15, 2007. This agreement will take effect as a collateral contract with our company, and will become binding when you lodge your Application Form or submit your electronic application instructions to HKSCC or to the designated White Form eIPO Service Provider. This collateral contract will be in consideration of our company agreeing that we will not offer any Hong Kong Offer Shares to any person on or before Saturday, December 15, 2007 except by means of one of the procedures referred to in this prospectus.

Your application or the application made by HKSCC Nominees on your behalf may be revoked on or before Saturday, December 15, 2007 if a person responsible for this prospectus under section 40 of the Hong Kong Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus.

If any supplement to this prospectus is issued, applicant(s) who have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicant(s) have not been so notified, or if applicant(s) have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications that have been submitted remain valid and may be accepted. Subject to the above, an application once made is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the announcement of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(b) **If our company, the Joint Global Coordinators or the designated White Form eIPO Service Provider (where applicable) or their respective agents exercise their discretion to reject your application:**

We and the Joint Global Coordinators (as agent for our company) and the designated White Form eIPO Service Provider, or their respective agents and nominees, have full discretion to reject or accept any application, or to accept only part of any application, without having to give any reasons for any rejection or acceptance.

(c) **If the allotment of Hong Kong Offer Shares is void:**

The allotment of Hong Kong Offer Shares to you or to HKSCC Nominees (if you give **electronic application instructions** or apply by a **yellow** Application Form) will be void if the Listing Committee of the Hong Kong Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing of the application lists; or
- within a longer period of up to six weeks if the Listing Committee of the Hong Kong Stock Exchange notifies our company of that longer period within three weeks of the closing date of the application lists.

(d) **In the following circumstances:**

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you apply have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Offer Shares in the International Offering. By filling in any of the Application Forms or giving electronic instructions to HKSCC or to the designated White Form eIPO Service Provider through the **White Form eIPO** service, you agree not to apply for Offer Shares in the International Offering. Reasonable steps will be taken to identify and reject applications in the Hong Kong Public Offering from investors who have received Offer shares in the International Offering, and to identify and reject indications of interest in the International Offering from investors who have received Hong Kong Offer Shares in the Hong Kong Public Offering;
- you apply for more than 50% of the Hong Kong Offer Shares initially being Offered under the Hong Kong Public Offering (that is, 35,100,000 Shares);
- your payment is not made correctly or you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonored upon its first presentation;
- your Application Form is not completed correctly and in accordance with the instructions;

- your electronic application instructions through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions set out in the designated website at **www.eipo.com.hk**;

- either of the Hong Kong Underwriting Agreement or the International Underwriting Agreement does not become unconditional; or

- either of the Hong Kong Underwriting Agreement or the International Underwriting Agreement is terminated in accordance with their respective terms.

7. IF YOUR APPLICATION FOR HONG KONG OFFER SHARES IS SUCCESSFUL (IN WHOLE OR IN PART)

No temporary document of title will be issued in respect of the Shares.

No receipt will be issued for sums paid on application.

You will receive one share certificate for all of the Hong Kong Offer Shares issued to you under the Hong Kong Public Offering (except pursuant to applications made on yellow Application Forms or by electronic application instructions to HKSCC via CCASS, in which case share certificates will be deposited in CCASS).

Share certificates will only become valid certificates of title at 8:00 a.m. on Wednesday, November 28, 2007 provided that the Hong Kong Public Offering has become unconditional in all respects and the right of termination described in the section entitled "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Hong Kong Underwriting Agreement — Grounds for Termination" has not been exercised.

(a) **If you apply using a white Application Form:**

If you apply for 1,000,000 Hong Kong Offer Shares or more on a **white** Application Form and have indicated your intention in your Application Form to collect your share certificate(s) and/or refund cheque (where applicable) from Computershare Hong Kong Investor Services Limited and have provided all information required by your Application Form, you may collect it/them in person from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, November 27, 2007 or such other date as notified by our company in the newspapers as the date of despatch/collection of share certificates/refund cheques.

If you are an individual who opts for personal collection, you must not authorize any other person to make collection on your behalf. You must produce evidence of identity (which must be acceptable to Computershare Hong Kong Investor Services Limited) and must correspond with the information provided in the Application Form. If you are a corporate applicant which opts for personal collection, you must attend by your authorized representative bearing a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to Computershare Hong Kong Investor Services Limited.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be sent to the address as specified in your Application Form promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares or if you apply for 1,000,000 Hong Kong Offer Shares or more but have not indicated on your Application Form that you will collect your refund cheque(s) and/or share certificate(s) (where applicable) in person, your refund cheque(s) and/or share certificate(s) (where applicable) will be sent to the address on your Application Form on Tuesday, November 27, 2007, by ordinary post and at your own risk.

(b) **If you apply using a yellow Application Form:**

If you apply for Hong Kong Offer Shares using a **yellow** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant as instructed by you in your Application Form at the close of business on Tuesday, November 27, 2007, or in the event of a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees.

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant) on a **yellow** Application Form for Hong Kong Offer Shares credited to the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allocated to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant, our company expects to publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "How To Apply For Hong Kong Offer Shares — 10. Results of Allocations". You should check the announcement published by our company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, November 27, 2007 or such other date as shall be determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your stock account.

If you apply for 1,000,000 Hong Kong Offer Shares or more and you have elected on your **yellow Application Form** to collect your refund cheque (where applicable) in person, please follow the same procedure, as those for **white Application Form** applicants as described above. If you have applied for 1,000,000 Hong Kong Offer Shares or above and have not indicated on your Application Form that you will collect your refund cheque (if any) in person, or if you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque (if any) will be sent to the address on your Application Form on the date of despatch, which is expected to be on Tuesday, November 27, 2007, by ordinary post and at your own risk.

(c) **If you apply through White Form eIPO:**

If you apply for 1,000,000 Hong Kong Offer Shares or more through the **White Form eIPO** service by submitting an electronic application to the designated White Form eIPO Service Provider through the designated website at **www.eipo.com.hk** and your application is wholly or partially successful, you may collect your share certificate(s) and/or refund cheque(s) (where applicable) in person from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, November 27, 2007, or such other date as notified by our company in the newspapers as the date of dispatch/collection of share certificates/refund cheques.

If you do not collect your share certificate(s) and/or refund cheque(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions to the designated eIPO Service Provider promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your share certificate(s) and/or refund cheque(s) (where applicable) will be sent to the address specified in your application instructions to the designated White Form eIPO Service Provider through the designated website at **www.eipo.com.hk** on Tuesday, November 27, 2007 by ordinary post and at your own risk.

Please also note the additional information relating to refund of application monies overpaid, application money underpaid or applications rejected by the designated White Form eIPO Service Provider set out in "— 9. Additional Information for Applicants Applying Through **White Form eIPO**."

8. REFUND OF APPLICATION MONIES

Your application monies, or the appropriate portion thereof, together with the related brokerage of 1%, SFC transaction levy of 0.004% and Hong Kong Stock Exchange trading fee of 0.005%, will be refunded if:

- your application is rejected, not accepted or accepted in part only or if you do not receive any Hong Kong Offer Shares for any of the reasons set out above in the section headed "— 6. Circumstances in which you will not be allotted Hong Kong Offer Shares;
- the Offer Price as finally determined is less than the Offer price of HK$12.88 per Offer Share (excluding brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee thereon) initially paid on application;
- the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the section headed "Structure of the Global Offering — Conditions of the Hong Kong Public Offering";
- any application is revoked or any allotment pursuant thereto has become void.

No interest will be paid thereon. All interest accrued on such monies prior to the date of refund will be retained for our benefit.

In a contingency situation involving a substantial over-subscription, at the discretion of our company and the Joint Global Coordinators, cheques for applications for certain small denominations of Hong Kong Offer Shares (apart from successful and reserved applications) may not be cleared.

Refund of your application monies (if any) will be made on Tuesday, November 27, 2007 in accordance with the various arrangements as described above. All refunds will be made by a cheque crossed "Account Payee Only" made out to you, or if you are joint applicants, to the first-named applicant. Part of your Hong Kong identity card number or passport number, or, if you are joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Your banker may require verification of your Hong Kong identity card number or passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number or passport number may lead to delay in encashment of or may invalidate your refund cheque. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate.

9. ADDITIONAL INFORMATION FOR APPLICANTS APPLYING THROUGH WHITE FORM EIPO

For the purposes of allocating Hong Kong Offer Shares, each applicant giving electronic application instructions through the **White Form eIPO** service to the designated White Form eIPO Service Provider through the designated website at **www.eipo.com.hk** will be treated as an applicant.

If your payment of application monies is insufficient, or in excess of the required amount, having regard to the number of Offer Shares for which you have applied, or if your application is otherwise rejected by the designated White Form eIPO Service Provider, the designated White Form eIPO Service Provider may adopt alternative arrangements for the refund of monies to you. Please refer to the additional information provided by the designated White Form eIPO Service Provider on the designated website at **www.eipo.com.hk**.

Otherwise, any monies payable to you due to a refund for any of the reasons set out in "— 8. Refund of Application Monies" shall be made pursuant to the arrangements described in "— 7. If your application for Hong Kong Offer Shares is successful (in whole or in part) — (c) If you apply through **White Form eIPO**."

10. ADDITIONAL INFORMATION FOR APPLICANTS APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

(a) Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives electronic application instructions or each person for whose benefit each such instructions is given will be treated as an applicant.

(b) **Deposit of Share Certificates into CCASS and Refund of Application Monies**

- No temporary document of title will be issued. No receipt will be issued for sums on paid application.

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of the stock account of the CCASS Participant which you have instructed to give electronic application instructions on your behalf or your CCASS Investor Participant stock account at the close of business on Tuesday, November 27, 2007, or, in the event of a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees Limited.

- Our company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our company will include information relating to the relevant beneficial owner), your Hong Kong identity card/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the newspapers on Tuesday, November 27, 2007 in the manner described in "How to Apply for Hong Kong Offer Shares — 10. Results of Allocations". You should check the announcement published by our company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, November 27, 2007 or such other date as shall be determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give electronic application instructions on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Tuesday, November 27, 2007. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of the refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

  Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the Offer price per Share initially paid on application, in each case including brokerage of 1%, SFC transaction levy of 0.004% and Hong Kong Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your broker or custodian on Tuesday, November 27, 2007. No interest will be paid thereon.

11. PERSONAL DATA

The main provisions of the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) (the "Ordinance") came into effect in Hong Kong on December 20, 1996. This Personal Information Collection Statement informs the applicant for and holder of our Shares of the policies and practices of our company and our Share Registrar in relation to personal data and the Ordinance.

(a) Reasons for the collection of your personal data

From time to time it is necessary for applicants for securities or registered holders of securities to supply their latest correct personal data to our company and our Share Registrar when applying for securities or transferring securities into or out of their names or in procuring the services of the registrars.

Failure to supply the requested data may result in your application for securities being rejected or in delay or inability of our company or the Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfer of the Hong Kong Offer Shares which you have successfully applied for and/or the despatch of share certificate(s), and/or the despatch or encashment of refund cheque(s) to which you are entitled.

It is important that holders of securities inform us and our Share Registrar immediately of any inaccuracies in the personal data supplied.

(b) Purposes

The personal data of the applicants and the holders of securities may be used, held and/or stored (by whatever means) for the following purposes:

- processing of your application and refund cheque, where applicable, and verification of compliance with the terms and application procedures set out in the Application Forms and this prospectus and announcing results of allocations of the Hong Kong Offer Shares;
- enabling compliance with all applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the name of holders of securities including, where applicable, in the name of HKSCC Nominees;
- maintaining or updating the registrars of holders of securities of our company;
- conducting or assisting in the conduct of signature verifications, any other verification or exchange of information;
- establishing benefit entitlements of holders of securities of our company, such as dividends, rights issues and bonus issues;

- distributing communications from our company and our subsidiaries;
- compiling statistical information and shareholder profiles;
- making disclosures as required by laws, rules or regulations;
- disclosing relevant information to facilitate claims on entitlements; and

any other incidental or associated purposes relating to the above and/or to enable our company and our Share Registrar to discharge our obligations to holders of securities and/or regulators and/or other purpose to which the holders of securities may from time to time agree.

(c) **Transfer of personal data**

Personal data held by our company and our Share Registrar relating to the applicants and the holders of securities will be kept confidential but our company and our Share Registrar, to the extent necessary for achieving the above purposes or any of them, may make such enquiries as they consider necessary to confirm the accuracy of the personal data and in particular, they may disclose, obtain, transfer (whether within or outside Hong Kong) the personal data of the applicants and the holders of securities to, from or with any and all of the following persons and entities:

- our company or our respective appointed agents such as financial advisors and receiving bankers;
- HKSCC and HKSCC Nominees, who will use the personal data for the purposes of operating CCASS (in cases where the applicants have requested for the Hong Kong Offer Shares to be deposited into CCASS);
- any agents, contractors or third party service providers who offer administrative, telecommunications, computer, payment or other services to our company and/or our Share Registrar in connection with the operation of their business;
- the Stock Exchange, the SFC and any other statutory, regulatory or governmental bodies; and
- any other persons or institutions with which the holders of securities have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers.

By signing an Application Form or by giving electronic application instructions to HKSCC, you agree to all of the above.

(d) **Access to and correction of personal data**

The Ordinance provides the holders of securities with rights to ascertain whether our company or our Share Registrar holds their personal data, to obtain a copy of that data, and to correct any data that is inaccurate.

In accordance with the Ordinance, our company and our Share Registrar have the right to charge a reasonable fee for the processing of any data access request. All requests for access to data or correction of data or for information regarding policies and practices and kinds of data held should be addressed to us, at our registered address disclosed in the "Corporate Information" section in this prospectus or as notified from time to time in accordance with applicable law, for the attention of the company secretary, or our Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from our auditors and reporting accountants, PricewaterhouseCoopers, certified public accountants, Hong Kong. As described in "Documents Delivered to the Registrar of Companies" and "Documents Available for Inspection" in Appendix VIII, a copy of the accountants' report is available for inspection.

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

15 November 2007

The Directors
Sinotruk (Hong Kong) Limited
China International Capital Corporation (Hong Kong) Limited
J.P. Morgan Securities (Asia Pacific) Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") of Sinotruk (Hong Kong) Limited (the "Company") and its subsidiaries (together, the "Group") set out in Sections I to III below, for inclusion in the prospectus of the Company dated 15 November 2007 (the "Prospectus") in connection with the initial public offering of the shares of the Company and listing of those shares on the Main Board of The Stock Exchange of Hong Kong Limited. The Financial Information comprises the consolidated balance sheets as at 31 December 2004, 2005 and 2006 and 30 September 2007, the balance sheet of the Company as at 30 September 2007, and the consolidated income statements, the consolidated statements of changes in equity and the consolidated cash flow statements for each of the years ended 31 December 2004, 2005 and 2006 and the nine months ended 30 September 2006 and 2007 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory notes.

The Company was incorporated in Hong Kong on 31 January 2007 with limited liability under the Hong Kong Companies Ordinance. Pursuant to a group reorganisation, as detailed in the Note 1 of Section II below (the "Reorganisation"), the Company became the holding company of the subsidiaries now comprising the Group.

As at the date of this report, the Company has direct and indirect interests in the subsidiaries as set out in Note 34 of Section II below, all of which are private companies or, if incorporated or established outside Hong Kong, have substantially the same characteristics as a Hong Kong incorporated private company, except for Sinotruk Ji'nan Truck Company Limited ("Sinotruk Ji'nan Truck Company") which is a joint stock company with limited liability listed on the Shenzhen Stock Exchange. All companies now comprising the Group have adopted 31 December as their financial year end date.

No audited financial statements have been prepared by the Company since its date of incorporation as it is newly incorporated and has not carried out any significant business transaction other than the Reorganisation. The audited financial statements of the companies comprising the Group for which there are statutory audit requirements have been prepared in accordance with the relevant accounting principles generally accepted in their places of incorporation. The details of the statutory auditors of these companies are set out in Note 34 of Section II below.

For the purpose of this report, the directors of the Company have prepared consolidated financial statements of the Company for the Relevant Periods, in accordance with Hong Kong Financial Reporting Standards ("HKFRS") (the "Underlying Financial Statements"). We have audited the Underlying Financial Statements for each of the years ended 31 December 2004, 2005 and 2006 and the nine months ended 30 September 2007 in accordance with Hong Kong Standards on Auditing.

The Financial Information has been prepared based on the Underlying Financial Statements, with no adjustment made thereon and from the unaudited management accounts of the Group for the nine months ended 30 September 2006.

Directors' responsibilities

The directors of the Company are responsible for the preparation and the true and fair presentation of the Underlying Financial Statements and the Financial Information in accordance with HKFRS. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and the true and fair presentation of Underlying Financial Statements and Financial Information that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Reporting accountant's responsibility

For the financial information for each of the years ended 31 December 2004, 2005 and 2006 and the nine months ended 30 September 2007, our responsibility is to express an opinion on the financial information based on our examination and to report our opinion to you. We examined the Underlying Financial Statements, and carried out such additional procedures as are necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

For the financial information for the nine months ended 30 September 2006, it is our responsibility to form an independent conclusion, based on our review, on the financial information and to report to our conclusion to you. We conducted our review on the financial information in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the HKICPA. A review consists principally of making enquiries of the group management and applying analytical procedures to the financial information and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information for the nine months ended 30 September 2006.

Opinion and review conclusion

In our opinion, the financial information for each of the years ended 31 December 2004, 2005 and 2006 and the nine months ended 30 September 2007, for the purpose of this report, gives a true and fair view of the state of affairs of the Company as at 30 September 2007 and the Group as at 31 December 2004, 2005 and 2006 and 30 September 2007 and the Group's results and cash flows for the years and period then ended.

On the basis of our review which does not constitute an audit, for the purpose of this report, we are not aware of any material modifications that should be made to the financial information for the nine months ended 30 September 2006.

I. CONSOLIDATED FINANCIAL STATEMENTS

1. CONSOLIDATED BALANCE SHEET

(All amounts in RMB thousands unless otherwise stated)

	Note	As at 31 December			As at 30 September
		2004	2005	2006	2007
ASSETS					
Non-current assets					
Land use rights	7	48,872	193,677	240,087	276,877
Property, plant and equipment	8	1,607,481	2,289,455	2,647,734	3,231,093
Intangible assets	9	8,787	8,846	7,107	5,896
Deferred income tax assets	19	490,920	460,215	195,806	229,111
		2,156,060	2,952,193	3,090,734	3,742,977
Current assets					
Inventories	11	2,142,937	2,521,532	2,610,398	4,061,962
Trade and other receivables	10	1,666,662	995,604	4,097,569	2,745,363
Loan and receivables	12	30,000	592,730	474,700	—
Amounts due from related parties	35	1,569,871	1,528,405	96,311	88,692
Restricted cash	13	2,728,551	5,655,242	2,846,374	1,663,410
Cash and cash equivalents	14	1,169,967	1,527,594	2,321,902	2,654,295
		9,307,988	12,821,107	12,447,254	11,213,722
Total assets		11,464,048	15,773,300	15,537,988	14,956,699
EQUITY					
Capital and reserves attributable to the Company's equity holder					
Share capital		146,154	146,154	146,154	146,154
Statutory reserves		12,618	22,481	67,820	69,746
Capital reserves		115,966	(187,159)	(769,688)	(864,946)
Merger reserve		830,426	830,426	950,723	1,045,473
Retained earnings		(2,746,790)	(2,618,081)	545,923	1,375,565
		(1,641,626)	(1,806,179)	940,932	1,771,992
Minority interests		353,434	403,566	644,101	884,625
Total equity	15	(1,288,192)	(1,402,613)	1,585,033	2,656,617
LIABILITIES					
Non-current liabilities					
Borrowings	18	1,133,046	976,147	407,373	1,682,243
Termination benefits, post-employment benefits and medical insurance plan	20	1,015,450	956,050	99,090	85,840
Other long-term payables		24,970	24,970	—	—
		2,173,466	1,957,167	506,463	1,768,083
Current liabilities					
Trade and other payables	17	4,904,732	5,424,344	3,673,797	7,060,336
Current income tax liabilities	26	604	20,272	132,133	317,120
Borrowings	18	5,223,363	9,194,696	7,775,557	2,872,484
Amounts due to related parties	35	386,984	527,973	1,794,610	68,554
Provisions for other liabilities	21	63,091	51,461	70,395	213,505
		10,578,774	15,218,746	13,446,492	10,531,999
Total liabilities		12,752,240	17,175,913	13,952,955	12,300,082
Total equity and liabilities		11,464,048	15,773,300	15,537,988	14,956,699
Net current (liabilities)/assets		(1,270,786)	(2,397,639)	(999,238)	681,723
Total assets less current liabilities		885,274	554,554	2,091,496	4,424,700

2. COMPANY BALANCE SHEET

(All amounts in RMB thousands unless otherwise stated)

	Note	As at 30 September 2007
ASSETS		
Non-current assets		
Land use rights		16,464
Property, plant and equipment		824
Deferred income tax assets		154
Investment in subsidiaries	**34**	3,006,299
		3,023,741
Current assets		
Cash and cash equivalents		10
Other receivables		35,050
		35,060
Total assets		3,058,801
EQUITY		
Capital and reserves attributable to the Company's equity holder		
Share capital	**15**	146,154
Share premium	**15(h)**	2,860,145
Accumulated losses		(726)
Total equity		3,005,573
LIABILITIES		
Non-current liabilities		
Borrowings	**18**	9,907
Current liabilities		
Other payables		10
Borrowings	**18**	2,078
Amounts due to subsidiaries		41,233
		43,321
Total liabilities		53,228
Total equity and liabilities		3,058,801
Net current liabilities		(8,261)
Total assets less current liabilities		3,015,480

3. CONSOLIDATED INCOME STATEMENT — By function of expense

(All amounts in RMB thousands unless otherwise stated)

	Note	Year ended 31 December 2004	Year ended 31 December 2005	Year ended 31 December 2006	Nine months ended 30 September 2006 (Unaudited)	Nine months ended 30 September 2007
Revenue	6	10,163,580	9,114,437	12,767,450	9,092,213	16,141,370
Cost of sales		(8,694,750)	(7,983,012)	(10,529,568)	(7,504,091)	(13,184,227)
Gross profit		1,468,830	1,131,425	2,237,882	1,588,122	2,957,143
Distribution costs		(334,572)	(427,401)	(649,904)	(463,666)	(778,269)
Administrative expenses		(529,834)	(497,995)	(638,673)	(468,069)	(604,698)
Other gains — net	22	153,318	88,489	372,555	347,674	114,224
Operating profit		757,742	294,518	1,321,860	1,004,061	1,688,400
Finance income		39,580	96,179	124,233	105,445	65,376
Finance costs		(245,721)	(154,735)	(259,435)	(183,741)	(138,868)
Finance costs — net	25	(206,141)	(58,556)	(135,202)	(78,296)	(73,492)
Profit before income tax		551,601	235,962	1,186,658	925,765	1,614,908
Income tax expense	26	(189,950)	(112,357)	(406,775)	(312,056)	(540,980)
Profit for the year/period		361,651	123,605	779,883	613,709	1,073,928
Attributable to:						
Equity holder of the Company		301,323	77,869	638,465	523,470	831,568
Minority interests		60,328	45,736	141,418	90,239	242,360
		361,651	123,605	779,883	613,709	1,073,928
Earnings per share for profit attributable to the equity holders of the Company during the year/period (expressed in RMB per share)						
— basic & diluted	28	0.20	0.05	0.43	0.35	0.55
Dividends paid to equity holders of the Company	29	—	—	(60,918)	(60,918)	—
Dividends paid to minority interests	29	—	—	(1,749)	(1,749)	(1,346)

4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in RMB thousands unless otherwise stated)

		Year ended 31 December			Nine months ended 30 September	
	Note	**2004**	**2005**	**2006**	**2006**	**2007**
					(Unaudited)	
Total equity at the beginning of the year/period		(2,755,871)	(1,288,192)	(1,402,613)	(1,402,613)	1,585,033
Profit for the year/period		361,651	123,605	779,883	613,709	1,073,928
Exchange differences arising on translation of the accounts of a subsidiary	**15**	8	(244)	(2,873)	(3,088)	(998)
Dividends	**29**	—	—	(62,667)	(62,667)	(1,346)
Distributions	**15**	—	(305,292)	(30,206)	(30,206)	—
Contributions	**15**	1,106,020	67,510	2,303,509	2,288,292	—
Total equity at the end of the year/period		(1,288,192)	(1,402,613)	1,585,033	1,403,427	2,656,617

5. CONSOLIDATED CASH FLOW STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

	Note	Year ended 31 December			Nine months ended 30 September	
		2004	2005	2006	2006	2007
					(Unaudited)	
Cash flows from operating activities						
Cash generated from operations	**30**	2,052,013	1,296,258	2,290,206	3,313,733	3,218,026
Interest paid		(282,295)	(173,988)	(108,662)	(86,924)	(98,153)
Income tax paid		(1,929)	(1,281)	(54,698)	(47,593)	(387,714)
Net cash generated from operating activities		1,767,789	1,120,989	2,126,846	3,179,216	2,732,159
Cash flows from investing activities						
Acquisition of subsidiaries, net cash acquired/(used)	**15(d)**	52,877	(500)	—	—	—
Purchase of property, plant and equipment		(687,045)	(794,224)	(1,345,359)	(1,011,200)	(751,027)
Proceeds from sale of property, plant and equipment	**30**	72,012	4,716	13,875	7,151	4,330
Purchases of intangible assets		(128)	(1,608)	(97)	(97)	(154)
Loan repayment received		—	30,000	—	—	—
Prepaid operating lease payments for land use rights		(144,275)	(48,679)	(51,708)	(51,708)	(41,220)
Interest received		41,771	70,925	137,985	123,126	70,377
Net cash used in investing activities		(664,788)	(739,370)	(1,245,304)	(932,728)	(717,694)
Cash flows from financing activities						
(Increase)/decrease in restricted cash		(1,312,402)	(2,946,691)	1,206,336	1,717,268	1,162,964
Proceeds from borrowings		3,960,625	7,338,560	7,114,855	4,006,018	3,613,637
Repayments of borrowings		(3,336,330)	(4,142,291)	(8,254,283)	(7,654,646)	(6,445,343)
Capital injection by a minority shareholder		—	6,807	—	—	—
Distribution to equity holder		(338,136)	(279,013)	(71,974)	(71,974)	—
Transfer of assets and liabilities to the Parent Company	**33**	—	—	(58,828)	(58,828)	—
Dividends paid to minority interests	**29**	—	—	(1,749)	(1,749)	(1,346)
Listing fee		—	—	(18,090)	(2,270)	(16,974)
Net cash used in financing activities		(1,026,243)	(22,628)	(83,733)	(2,066,181)	(1,687,062)
Net increase in cash and cash equivalents		76,758	358,991	797,809	180,307	327,403
Cash and cash equivalents at beginning of the year/period	**14**	1,093,186	1,169,967	1,527,594	1,527,594	2,321,902
Exchange gains/(losses) on cash		23	(1,364)	(3,501)	(1,047)	4,990
Cash and cash equivalents at end of the year/period	**14**	1,169,967	1,527,594	2,321,902	1,706,854	2,654,295

II. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

1. Organisation and principal activities

(a) General information of the Group

The Company was incorporated in Hong Kong on 31 January 2007 as a limited liability company in preparation for a listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited. As at the date of this report, the authorised share capital of the Company is HKD 10,000,000,000, divided into 100,000,000,000 ordinary shares of HKD 0.1 each. The issued share capital of the Company is HKD 150,000,000, divided into 1,500,000,000 ordinary shares of HKD 0.1 each. The Group is principally engaged in the manufacturing and sales of heavy duty trucks, engines, and the provision of finance services (the "Listing Business"). The address of the Company's registered office is Units 2102-2103, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

Prior to the incorporation of the Company, China National Heavy Duty Truck Group Company Limited ("CNHTC" or the "Parent Company"), a state-owned enterprise in Mainland China which is owned by the Shandong provincial counterpart of the State-owned Assets Supervision and Administration Commission of the State Council (the "Shandong provincial counterpart of SASAC") and its subsidiaries were engaged in the Listing Business, manufacturing and sale of special purpose vehicles and passenger cars, property development, provision of loan guarantees and other auxiliary operations (collectively, the "Predecessor Operations"). The Listing Business was carried out by the companies now comprising the Group as set out in Note 34 and operating units of CNHTC.

(b) Business reorganisation before formation of the Group

In preparing for the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited, the following business reorganisation (the "Business Reorganisation") was carried out:

(1) Sinotruk Ji'nan Power Company Limited ("Ji'nan Power") and Sinotruk Hangzhou Engine Company Limited ("Hangzhou Auto Engine"), which was a subsidiary of Ji'nan Power, were established in the People's Republic of China on 27 April 2006 and 30 April 2006, respectively, which were wholly owned by CNHTC. On 30 June 2006, two operating units of CNHTC engaged in the Listing Business transferred their businesses and related assets and liabilities to Ji'nan Power and Hangzhou Auto Engine, respectively, as part of the Business Reorganisation.

(2) China National Heavy Duty Truck Group Design Institute and Chongqing Oil Pumps and Nozzle Products Factory, the two then operating units of CNHTC, were restructured on 11 June 2006 and 28 June 2006, respectively, to become Sinotruk Factory Design Institute Company Limited ("Sinotruk Design Institute") and Sinotruk Chongqing Fuel System Company Limited ("Sinotruk Chongqing Fuel System"), both are limited liability companies wholly owned by CNHTC. Businesses previously carried out by these two operating units were continuously operated by Sinotruk Design Institute and Sinotruk Chongqing Fuel System, respectively.

(3) On 30 June 2006, CNHTC transferred the equity interests in certain then subsidiary companies which are principally engaged in the Listing Business to Ji'nan Power;

(4) Certain assets and liabilities of companies now comprising the Group were transferred to CNHTC with effect on 30 June 2006. Details of the transfer were set out in Note 33.

(5) On 31 January 2007, Sinotruk (BVI) Limited ("Sinotruk BVI"), a company incorporated in the British Virgin Islands and wholly owned by CNHTC, acquired (i) the equity interests in Ji'nan Power and; (ii) the equity interests in other companies principally engaged in the Listing Business from CNHTC (collectively the "Operating Companies").

(6) Other CNHTC group companies and businesses (the "Retained Operations"), which were not acquired by Sinotruk BVI and are retained by CNHTC, represented:

(i) companies and divisions engaged in the manufacturing and sale of specialty vehicles and passenger cars, and the related assets and liabilities of the aforementioned operations.

(ii) equity interests in certain companies not strategically complementary to the Group's business, which mainly represented companies engaged in property development and the provision of loan guarantee services.

(iii) auxiliary facilities such as schools and hospitals.

(c) Formation of the Group

Pursuant to an asset injection agreement between CNHTC and Sinotruk BVI dated 2 April 2007, the Company acquired the equity interests in the Operating Companies from Sinotruk BVI through a share swap, and became the holding company of the companies now comprising the Group.

2. Basis of preparation

(a) The Financial Information has been prepared using the principles of merger accounting, as prescribed in Hong Kong Accounting Guideline 5 ''Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information includes the financial position, results and cash flows of the companies comprising the Group as if the current group structure had been in existence since 1 January 2004, or since their respective dates of incorporation/establishment.

Accounting adjustments under common control combination is set out in Note 16.

The Financial Information presents the results of operations of the Group, including businesses carried out by operating units of CNHTC being injected into Ji'nan Power and Hangzhou Auto Engine (see Note 1(b)(1)) and business carried out by China National Heavy Duty Truck Group Design Institute and Chongqing Oil Pumps and Nozzle Products Factory (see Note 1(b)(2)) prior to the Business Reorganisation, as if the Group had been in existence throughout the Relevant Periods and as if the Company is the holding company of the Operating Companies as of the beginning of the periods presented.

In evaluating whether the Financial Information prior to the Reorganisation fairly presents the past performance of the Group's businesses, the Directors consider, among others, the following:

(i) whether other operations carried out by CNHTC group companies were in dissimilar business;

(ii) whether other operations were and will be operated autonomously both before and after the Reorganisation; and

(iii) whether other operations have no more than incidental common facilities and costs.

Certain assets and liabilities historically associated as part of the Predecessor Operations that did not operate autonomously and were operated by CNHTC before the Business Reorganisation (see Note 33), were included in the Financial Information up to 30 June 2006 because the Directors consider that the historical financial information should reflect all of the Group's costs of doing business, and include all relevant activities that are not separable and have been part of the past performance of the Group's business and operations.

The Financial Information of the Retained Operations that were strategically not complementary to the Group's business and certain auxiliary facilities have not been included in the Financial Information throughout the Relevant Periods, as they have distinct and separate management personnel, maintained separate accounting records and have been financed historically as if they were autonomous and they are in dissimilar business and operations as compared with the Operating Companies, and were not acquired by the Company pursuant to the Reorganisation.

(b) As a result of the Business Reorganisation, with effect on 30 June 2006, certain assets and liabilities of the companies now comprising the Group (see Note 1(b)(4)), were transferred to CNHTC, and certain assets and liabilities historically associated as part of the Predecessor Operations (see Note 2(a)) were retained by CNHTC. The assets and liabilities transferred to and retained by CNHTC were recognised as a contribution from CNHTC and details are set out in Note 33 to the Financial Information.

3 Principal accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years/periods presented, unless otherwise stated.

(a) Basis of presentation

The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The Financial Information has been prepared under the historical cost convention.

The preparation of the Financial Information 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information, are disclosed in Note 5 of this section.

(i) New standards, amendments and interpretations to existing standards that are effective during the Relevant Periods have been adopted and applied by the Group consistently throughout the Relevant Periods unless prohibited by the relevant standard to apply retrospectively.

(ii) New standards and interpretations to existing standards that are not yet effective and have not been early adopted by the Group.

As at 30 September 2007, the following new standards, amendments and interpretations had been issued by HKICPA but were not effective. The Group has not early adopted these standards, amendments and interpretations.

HKFRS 8, Operating Segments (effective for annual periods beginning on or after 1 January 2009). This standard supersedes Hong Kong Accounting Standard ("HKAS") 14 Segment Reporting, under which segments were identified and reported on risk and return analysis. Items were reported on the accounting policies used for external reporting. Under HKFRS 8, segments are components of an entity regularly reviewed by an entity's chief operating decision-maker. Items are reported based on the internal reporting. It is not expected to have material impact on the Group's financial statements;

HK(IFRIC)-Int 11, HKFRS-2 Group and Treasury Share Transactions (effective for annual periods beginning on or after 1 March 2007). This standard is not relevant to the Group's operations;

HK(IFRIC)-Int 12, Service Concession Arrangements (effective for annual periods beginning on or after 1 January 2008). This standard is not relevant to the Group's operations;

HK(IFRIC)-Int 13, Customer loyalty programmes (effective from 1 January 2008). IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement in using fair values. IFRIC 13 is not relevant to the Group's operations because none of the Group's companies operate any loyalty programmes.

HK(IFRIC)-Int 14, IAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction (effective from 1 January 2008). IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognized as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The group will apply IFRIC 14 from 1 January 2007, but it is not expected to have any impact on the Group's financial statements.

HKAS 23(Revised), Borrowing Cost (effective for annual periods beginning on or after 1 January 2009). HKAS 23R removes the option to expense borrowing costs, and requires management to capitalise borrowing costs attributable to qualifying assets. HKAS 23R only applies to qualifying assets measured at cost and excludes inventories that are routinely manufactured, or otherwise produced in large quantities on a repetitive basis. It is not expected to have material impact on the Group's financial statements.

(b) Merger accounting and consolidation

The Financial Information incorporates the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated income statement includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the Financial Information are presented as if the entities or businesses had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealized gains on transactions between combining entities or businesses are eliminated on consolidation.

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Except for the Reorganisation which have been accounted for as a combination of businesses under common control in a manner similar to merger accounting as explained in Note 2 of this section, the purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interests. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses (Note 3(h)). The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

(ii) Transactions with minority interests

The Group applies a policy of treating transactions with minority interests as transactions with equity owners of the Group. For purchases of a subsidiary company's equity interest not already owned by the Group from minority interests, the difference between any consideration paid and the relevant share of net assets of the subsidiary being acquired is recognised in equity. For disposals of a subsidiary's equity interests owned by the Group to minority interests, differences between any proceeds received and the relevant share of net assets of the subsidiary being disposed are also recognised in equity.

(c) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Financial Information is presented in Renminbi ("RMB"), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end/period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in the income statement, and other changes in the carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation difference on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the available-for-sale reserve in equity.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(1) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(2) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(3) all resulting exchange differences are recognised as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Land use rights

The upfront prepayments made for such right are treated as prepayment for operating lease and recorded as land use rights, which are expensed in the income statement on a straight-line basis over the period of the rights or when there is impairment, the impairment is recognised in the income statement.

(f) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged in the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their costs less accumulated impairment loss to their residual values over their estimated useful lives, as follows:

- Buildings	8-35 years
- Machinery	8-15 years
- Furniture, fittings and equipment	4-18 years
- Vehicles	8 years

Construction in progress represents buildings, plant and machinery under construction or pending installation and is stated at cost. Cost includes the costs of construction of buildings and costs of plant and machinery. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and ready for intended use. When the assets concerned are brought into use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount, and are recognised within other gains-net in the income statement.

(g) Intangible assets

(i) Proprietary technology

Proprietary technology is initially recorded at cost and is amortised on a straight-line basis over its useful life of 8 years as stated in the contract.

(ii) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 5 years.

(h) Impairment of investments in subsidiaries and non-financial assets

Assets that have an indefinite useful life or have not yet available for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Regular purchases and sales of loans and receivables are recognised on the trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for loans and receivables. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

The Group assesses at each balance sheet date whether there is objective evidence that loans and receivables are impaired (Note 3 (k)).

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(k) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated income statement within administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.

(l) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(m) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(n) Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred.

Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(p) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

(q) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(r) Employee benefits

(i) Pension obligations

The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of services and compensation.

The liability recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the present value of the defined benefit obligation are recognised in the income statement over the employees' expected average remaining working lives.

Past-service costs are recognised immediately as income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, employees of the Group working in Mainland China are covered by various government-sponsored pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these retired employees. The Group contributes on a monthly basis to these pension plans. Under these plans, the Group has no obligation for post-retirement benefits beyond the contributions made. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(ii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

(iii) Other post-employment benefits

For employees who formally retired before 1 May 2002, the Group is committed to pay fixed contributions to these employees on a monthly basis. For employees who retired after 1 May 2002, the Group has no further payment obligations. The Group accounts for such post employment benefit costs by using the accounting basis similar to a defined benefit plan as disclosed above.

The Group entities operating in Ji'nan City have provided medical benefits to their employees joining the entities before 1 March 2006. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that for a defined benefit plan. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the present value of the defined benefit obligation, are recognised in the income statement over the expected average remaining working lives of the related employees. These obligations are valued annually by independent qualified actuaries.

(iv) Housing funds

Full-time employees of the Group in Mainland China are entitled to participate in various government-supervised housing funds. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees. The Group's liability in respect of these funds is limited to the contributions payable in each period.

(s) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(t) Government assistance and grants

Government assistance is action by government designed to provide an economic benefit specific to the Group. The government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from the normal trading transactions of the Group are not recognised.

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

(u) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Sales of goods

Revenue from the sales of goods are recognised when a group entity has delivered products to the customer, the customer has accepted the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery normally does not occur until the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(ii) Sales of services

Revenue from the sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(iii) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(v) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

(a) As a lessee

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(b) As a lessor

When assets are leased out under an operating lease, the asset is included in the balance sheet based on the nature of the asset.

Lease income is recognised over the term of the lease on a straight-line basis.

(w) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

(x) Sale and repurchase agreement

Loans sold subject to linked repurchase agreements with banks are retained in the financial statements as loans and receivables, as the Group retains controls of the contractual rights over these loans. The corresponding liability is included in borrowings.

(y) Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

(a) it is technically feasible to complete the intangible asset so that it will be available for use or sale;

(b) management intends to complete the intangible asset and use or sell it;

(c) there is an ability to use or sell the intangible asset;

(d) it can be demonstrated how the intangible asset will generate probable future economic benefits;

(e) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and

(f) the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years.

Development assets are tested for impairment annually, in accordance with HKAS 36.

(z) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(aa) Financial guarantee liabilities

Financial guarantee liabilities are recognised initially at fair value plus transaction costs that are directly attributable to the issue of the financial guarantee contract. After initial recognition, such contracts are measured at the higher of the present value of the best estimate of the expenditure required to settle the present obligation and the amount initially recognised less cumulative amortisation.

4. Financial risk management

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: interest rate risk, credit risk, liquidity risk and foreign exchange risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group has not used derivative financial instruments to hedge interest rate risk, credit risk, liquidity risk, and foreign exchange risk.

(i) Interest rate risk

The Group's exposure to changes in interest rates is mainly attributable to its restricted cash balances, cash and cash equivalents, borrowings and amounts due to related parties. Financial assets and liabilities at variable rates expose the Group to cash flow interest-rate risk. Financial assets and liabilities at fixed rates expose the Group to fair value interest-rate risk. Details of the Group's restricted cash balances, cash and cash equivalents, borrowings and amounts due to related parties have been disclosed in Note 13, 14, 18 and 35 of this section, respectively.

During the Relevant Periods, the Group has not used any financial instrument to hedge its exposure to interest rate risk since most of the borrowings of the Group were current borrowing with maturity term within 12 months and the Directors considered there was no significant interest rate risk.

As at 31 December 2004, 2005, 2006 and 30 September 2007, if the interest rates on bank borrowings had been 17 basis points (hereafter "bps"), 18 bps, 62 bps and 73 bps higher/lower than the actual primary rate 5.58%, 5.58%, 6.12% and 7.29% announced by PBOC respectively with all other variables held constant, profit before income tax for the years and period would have been RMB 2,294,000, RMB 1,659,000, RMB 10,478,000 and RMB 7,775,000 lower/higher, respectively, mainly as a result of higher/lower interest expense on bank borrowings.

(ii) Credit risk

The Group has no significant concentrations of credit risk. The carrying amounts of restricted cash balances, cash and cash equivalents, trade receivables and other receivables represent the Group's maximum exposure to credit risk in relation to financial assets. As at 31 December 2004, 2005, 2006 and 30 September 2007, all the bank deposits are deposited in those financial institutions without significant credit risk.

The table below shows the restricted cash balances of the twelve major counterparties as at 31 December 2004, 2005, 2006 and 30 September 2007.

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Counterparty				
China Citic Bank Corporation Limited	839,645	1,406,857	612,017	635,422
Weihai City Commercial Bank Co., Ltd.	317,874	954,246	300,124	365,000
China Minsheng Banking Co., Ltd.	—	505,487	100,000	210,000
China Merchants Bank Co., Ltd.	459,656	514,367	357,402	147,541
Shanghai Pudong Development Bank Co., Ltd.	359,035	156,831	301,975	100,000
Bank of Communications Co., Ltd.	35,210	311,615	251,838	60,000
Bank of China Limited	2,566	386,159	107,054	9,642
Industrial and Commercial Bank of China Limited	60,091	110,493	21,836	2,133
China Everbright Bank Co., Ltd.	193,000	375,570	250,000	—
Evergrowing Bank Co., Ltd.	—	200,000	210,537	—
Agriculture Bank of China	20,066	165,917	140,000	—
China Construction Bank Corporation	80,000	130,000	20,000	—
	2,367,143	5,217,542	2,672,783	1,529,738
Other restricted cash balance	361,408	437,700	173,591	133,672
Total restricted cash balance	2,728,551	5,655,242	2,846,374	1,663,410

Management does not expect any losses from non-performance by these counterparties.

The Group generally requires customers to pay a certain amount of deposits when orders are made and settle full purchase price to the Group before delivery. Majority of the sales transactions are settled by cash, cheque, bank draft or cashier order. The Group also accepts bank acceptance notes with maturity within 6 months, which is accepted and settled by bank.

For those long term relationship key customers, on some occasions the Group offered credit terms up to 90 days. The granting or extension of any credit period must be approved by the general manager of the Group. There is no recent history of material default in relation to those customers.

(iii) Liquidity risk

	Repayment period					
	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over 5 years
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 30 September 2007						
Borrowings	2,872,484	1,317,106	3,408	3,408	349,157	9,164
Interests payments on borrowings (a)	165,419	45,859	3,163	1,858	553	1,212
Trade and other payables (b)	5,107,925	93,717	33,749	5,568	535	—
	8,145,828	1,456,682	40,320	10,834	350,245	10,376

(a) The interest on borrowings is calculated based on borrowings held as at 31 December 2004, 2005, 2006 and 30 September 2007 without taking into account of future issues. Floating-rate interest is estimated using current interest rate as at 31 December 2004, 2005, 2006 and 30 September 2007 respectively.

(b) Other payables include accruals and other payables as stated in Note 17.

(iv) Foreign exchange risk

The Group mainly operates in the PRC with most of the transactions denominated and settled in RMB. However, the Group has certain trade receivables, restricted cash balance, cash and cash equivalents, trade payables and borrowings denominated in foreign currencies, mainly USD , GBP, EURO and HKD, which are exposed to foreign currency translation risk. Details of the Group's trade receivables, restricted cash balance, cash and cash equivalents, trade payables and borrowings are disclosed in Note 10, 13, 14, 17 and 18 of this section respectively.

During the Relevant Periods, the Group has not used any financial instrument to hedge the foreign exchange risk.

The Management did not foresee any foreign exchange risk arising from currency exposure towards USD until 21 July 2005, when People's Bank of China announced to the public, the RMB exchange rate regime was reformed by moving into a managed floating exchange rate regime based on market supply and demand with reference to a basket of currencies.

As at 31 December 2005, 2006 and 30 September 2007, if RMB had strengthened/weakened by 2.49%, 3.24% and 3.81% against the USD respectively with all other variables held constant, profit before income tax for the years and period would have been approximately RMB 5,037,000 higher/lower, RMB 8,397,000 lower/higher, RMB 567,000 lower/higher respectively, mainly as a result of foreign exchange gains/losses or losses/gains on translation of USD-denominated trade receivables, restricted cash balance, cash and cash equivalents, trade payables and borrowings.

As at 31 December 2004, 2005, 2006 and 30 September 2007, if RMB had strengthened/weakened by 7.99%, 14.91%, 7.17% and 3.55% against the EURO respectively with all other variables held constant, profit before income tax for the years and period would have been approximately RMB 1,922,000 higher/lower, RMB 641,000 lower/higher, RMB 5,629,000 higher/lower and RMB 42,503,000 higher/lower, respectively, mainly as a result of foreign exchange gains/losses on translation of EURO-denominated cash and cash equivalents and borrowings.

As at 31 December 2004, 2005, 2006 and 30 September 2007, if RMB had strengthened/weakened by 8.17%, 12.58%, 10.14% and 0.56% against the GBP respectively with all other variables held constant, profit before income tax for the years and period would have been approximately RMB 14,000 higher/lower, RMB 18,000 lower/higher, RMB 37,000 higher/lower and RMB 2,000 higher/lower, respectively, mainly as a result of foreign exchange gains/losses on translation of GBP-denominated cash and cash equivalents and borrowings.

As at 31 December 2004, 2005, 2006 and 30 September 2007, if RMB had strengthened/weakened by 0.18%, 2.24%, 3.42% and 3.62% against the HKD respectively with all other variables held constant, profit before income tax for the years and period would have been approximately RMB 500, RMB 22,000, RMB 269,000 and RMB 68,000 higher/lower, respectively, mainly as a result of foreign exchange gains/losses on translation of HKD-denominated cash and cash equivalents and borrowings.

4.2 Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

The carrying amounts of the Group's financial assets including cash and cash equivalents, restricted cash balances, trade and other receivables, and financial liabilities including trade and other payables, and current borrowings, approximate their fair values due to their short maturities. The carrying values less any estimated credit adjustments for financial assets with a maturity of less than one year are a reasonable approximation of their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

4.3 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, or sell assets to reduce debt.

Prior to the Business Reorganisation, management monitors the capital of CNHTC, including both the Listing Business and the Retained Operations, as a whole. As a result of the Business Reorganisation, the Retained Operations were not acquired by Sinotruk BVI on 30 June 2006. Net assets of the Retained Operations is not included in the Financial Information, because the Financial Information is prepared as if the Group has been in existence throughout the Relevant Periods, which led to the negative equity attributable to the Company's equity holders as at 31 December 2004 and 31 December 2005. After the Business Reorganisation, the Group only monitors the capital of the Listing Business.

The Group monitors capital on the basis of the debt-to-equity ratio. This ratio is calculated as total borrowings divided by equity attributable to the Company's equity holders. Total borrowings included non-current borrowings and current borrowings, as shown in the consolidated balance sheet. The Group regards its borrowings and equity attributable to the Company's equity holders as its capital.

The debt-to-equity ratios at 31 December 2004, 2005, 2006 and 30 September 2007 were as follows:

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Total borrowings	6,356,409	10,170,843	8,182,930	4,554,727
Equity attributable to the Company's equity holders	(1,641,626)	(1,806,179)	940,932	1,771,992
Debt-to-equity ratio	-3.87	-5.63	8.70	2.57

5. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Current tax and deferred tax

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the periods in which such determination are made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and taxation in the periods in which such estimate is changed.

(b) Termination benefits and other post-employment benefits obligation

The valuation of the present value of termination benefits and other post-employment benefits obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations.

Key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 20.

(c) Warranty claims

The Group generally offers warranties with period from 6 months to 18 months for its trucks and engines. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims.

Factors that could impact the estimated claim information include the success of the Group's productivity and quality initiatives, as well as parts and labour costs.

5.2 Critical judgment in applying the Group's accounting policies

(a) Contingent liabilities in respect of legal claims

The Group has been involved in certain legal claims brought against the Group. Contingent liabilities arising from these claims have been assessed by management with reference to legal advice. Provisions on the possible obligation have been made based on management's best estimates and judgments.

6. Segment information

6.1 Primary reporting format — business segments

The Group's turnover represents the net value (excluding value-added tax) of trucks and engines sold, and finance and other services provided after allowances for returns and discounts.

The Group is organised into three major business segments according to the nature of products and services provided:

(i) Trucks — Manufacture and sale of trucks;

(ii) Engines — Manufacture and sale of engines;

(iii) Finance — Taking deposits from member companies, facilitating borrowings for member companies, discounting notes of member companies and providing entrusted loan and entrusted investment between member companies; and

(iv) Others — Design and research.

Inter-segment sales are conducted at prices and terms mutually agreed amongst those business segments.

Operating expenses of a functional unit are allocated to the relevant segment which is the predominant user of the services provided by the unit. Operating expenses of other shared services which cannot be allocated to a specific segment and corporate expenses are included as unallocated costs.

Segment assets are those operating assets that are employed by a segment in its operating activities. Segment assets are determined after deducting related allowance that are reported as direct offsets in the balance sheet. Segment assets consist primarily of land use rights, property, plant and equipment, intangible assets, inventories, receivables and operating cash. They exclude deferred taxation.

Segment liabilities are those operating liabilities that result from the operating activities of a segment. Segment liabilities do not include borrowings and other liabilities that are incurred for financing rather than operating purpose unless the segment is engaged in financing activities. Segment liabilities do not include income tax liabilities.

Unallocated assets mainly represent other receivables due from related parties and deposit for issuing bank acceptance notes. Unallocated liabilities mainly represent borrowings, bills payables and other payables due to related parties.

Capital expenditure comprises mainly additions to land use rights (Note 7), property, plant and equipment (Note 8), and intangible assets (Note 9), including additions resulting from acquisitions through business combinations.

(a) As at and for the year ended 31 December 2004

The segment results for the year ended 31 December 2004 and other segment items included in the income statement are as follows:

	Trucks	Engines	Finance	Others	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Turnover						
External segment revenue	9,109,108	1,047,461	3,842	3,169	—	10,163,580
Inter-segment revenue	33,996	561,530	3,150	7,207	(605,883)	—
Revenue	9,143,104	1,608,991	6,992	10,376	(605,883)	10,163,580
Operating profit before unallocated corporate expenses	670,790	193,580	(4,202)	(57,700)	23,014	825,482
Unallocated corporate expenses						(67,740)
Operating profit						757,742
Finance costs — net (Note 25)						(206,141)
Profit before income tax						551,601
Income tax expense						(189,950)
Profit for the year						361,651

	Trucks	Engines	Finance	Others	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation (Note 8)	54,863	36,373	158	2,862	11,899	106,155
Amortisation of intangible assets (Note 9)	—	7	—	—	1,287	1,294
Amortisation of land use rights (Note 7)	—	—	—	—	228	228

The segment assets and liabilities as at 31 December 2004 and capital expenditure for the year then ended are as follows:

	Trucks	Engines	Finance	Others	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	7,379,110	1,387,655	946,152	89,114	(1,750,022)	8,052,009
Unallocated assets						3,412,039
Total assets						11,464,048
Segment liabilities	5,017,347	921,012	450,128	94,712	(2,437,543)	4,045,656
Unallocated liabilities						8,706,584
Total liabilities						12,752,240
Capital expenditure	386,778	198,148	14,440	12,472	—	611,838
Unallocated capital expenditure						351,222
Total capital expenditure						963,060

The segment assets of Finance contain loans to other segments amounting to approximately RMB 317,973,000.

The segment liabilities of Finance contain deposits from other segments amounting to approximately RMB 618,000.

(b) As at and for the year ended 31 December 2005

The segment results for the year ended 31 December 2005 and other segment items included in the income statement are as follows:

	Trucks	Engines	Finance	Others	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Turnover						
External segment revenue	8,213,714	881,845	15,951	2,927	—	9,114,437
Inter-segment revenue	10,549	532,178	116,391	27,248	(686,366)	—
Revenue	8,224,263	1,414,023	132,342	30,175	(686,366)	9,114,437
Operating profit before unallocated corporate expenses	578,199	(55,032)	30,194	(40,234)	(138,786)	374,341
Unallocated corporate expenses						(79,823)
Operating profit						294,518
Finance costs — net (Note 25)						(58,556)
Profit before income tax						235,962
Income tax expense						(112,357)
Profit for the year						123,605

	Trucks	Engines	Finance	Others	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation (Note 8)	61,211	39,212	1,034	6,148	17,460	125,065
Amortisation of intangible assets (Note 9)	140	14	—	—	1,395	1,549
Amortisation of land use rights (Note 7)	—	—	—	—	992	992

The segment assets and liabilities as at 31 December 2005 and capital expenditure for the year then ended are as follows:

	Trucks	Engines	Finance	Others	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	9,319,672	1,772,876	2,575,505	109,186	(2,561,214)	11,216,025
Unallocated assets						4,557,275
Total assets						15,773,300
Segment liabilities	3,695,646	1,296,802	2,052,672	67,583	(3,274,252)	3,838,451
Unallocated liabilities						13,337,462
Total liabilities						17,175,913
Capital expenditure	195,273	381,943	686	21,559	—	599,461
Unallocated capital expenditure						375,223
Total capital expenditure						974,684

The segment assets of Finance contain loans to other segments amounting to approximately RMB 671,351,000.

The segment liabilities of Finance contain deposits from other segments amounting to approximately RMB 657,427,000.

(c) As at and for the year ended 31 December 2006

The segment results for the year ended 31 December 2006 and other segment items included in the income statement are as follows:

	Trucks	Engines	Finance	Others	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Turnover						
External segment revenue	11,982,650	731,567	50,265	2,968	—	12,767,450
Inter-segment revenue	68,366	2,382,684	94,098	46,631	(2,591,779)	—
Revenue	12,051,016	3,114,251	144,363	49,599	(2,591,779)	12,767,450
Operating profit/(loss) before unallocated corporate expenses	1,359,852	244,295	44,826	(7,060)	(166,438)	1,475,475
Unallocated corporate expenses						(153,615)
Operating profit						1,321,860
Finance costs — net (Note 25)						(135,202)
Profit before income tax						1,186,658
Income tax expense						(406,775)
Profit for the year						779,883

	Trucks	Engines	Finance	Others	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation (Note 8)	91,160	108,346	787	13,864	11,888	226,045
Amortisation of intangible assets (Note 9)	1,406	16	—	—	414	1,836
Amortisation of land use rights (Note 7)	1,923	2,025	—	—	1,350	5,298

The segment assets and liabilities as at 31 December 2006 and capital expenditure for the year then ended are as follows:

	Trucks	Engines	Finance	Others	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	10,443,960	2,903,538	2,359,127	81,651	(3,145,715)	12,642,561
Unallocated assets						2,895,427
Total assets						15,537,988
Segment liabilities	2,990,836	2,073,570	1,814,909	32,181	(2,259,581)	4,651,915
Unallocated liabilities						9,301,040
Total liabilities						13,952,955
Capital expenditure	237,685	775,807	358	23,648	—	1,037,498
Unallocated capital expenditure						125,164
Total capital expenditure						1,162,662

The segment assets of Finance contain loans to other segments amounting to approximately RMB 1,563,454,000.

The segment liabilities of Finance contain deposits from other segments amounting to approximately RMB 231,382,000.

(d) As at and for the nine months ended 30 September 2006

The segment results for the nine months ended 30 September 2006 and other segment items included in the income statement are as follows:

	Trucks	Engines	Finance	Others	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Turnover						
External segment revenue	8,608,044	437,822	41,901	4,446	—	9,092,213
Inter-segment revenue	52,554	1,667,256	77,700	34,253	(1,831,763)	—
Revenue	8,660,598	2,105,078	119,601	38,699	(1,831,763)	9,092,213
Operating profit before unallocated corporate expenses	1,014,803	172,551	39,419	3,681	(101,639)	1,128,815
Unallocated corporate expenses						(124,754)
Operating profit						1,004,061
Finance costs — net (Note 25)						(78,296)
Profit before income tax						925,765
Income tax expense						(312,056)
Profit for the period						613,709

	Trucks	Engines	Finance	Others	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Depreciation (Note 8)	61,419	77,267	560	10,337	10,227	159,810
Amortisation of intangible assets (Note 9)	1,189	11	—	—	133	1,333
Amortisation of land use rights (Note 7)	1,291	1,731	—	—	1,191	4,213

The segment assets and liabilities as at 30 September 2006 and capital expenditure for the nine months then ended are as follows:

	Trucks	Engines	Finance	Others	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Segment assets	9,860,267	2,394,095	2,527,477	78,833	(2,630,609)	12,230,063
Unallocated assets						167,976
Total assets						12,398,039
Segment liabilities	3,117,477	1,907,499	91,092	17,784	(840,121)	4,293,731
Unallocated liabilities						7,026,925
Total liabilities						11,320,656
Capital expenditure	147,056	454,148	294	6,277	—	607,775
Unallocated capital expenditure						178,256
Total capital expenditure						786,031

The segment assets of Finance contain loans to other segments amounting to approximately RMB 1,157,700,000.

The segment liabilities of Finance contain deposits from other segments amounting to approximately RMB 68,093,000.

(e) As at and for the nine months ended 30 September 2007

The segment results for the nine months ended 30 September 2007 and other segment items included in the income statement are as follows:

	Trucks	Engines	Finance	Others	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Turnover						
External segment revenue	15,174,066	952,216	11,488	3,600	—	16,141,370
Inter-segment revenue	28,353	3,104,550	71,080	45,321	(3,249,304)	—
Revenue	15,202,419	4,056,766	82,568	48,921	(3,249,304)	16,141,370
Operating profit before unallocated corporate expenses	1,443,029	513,119	32,569	(30,746)	(183,957)	1,774,014
Unallocated corporate expenses						(85,614)
Operating profit						1,688,400
Finance costs — net (Note 25)						(73,492)
Profit before income tax						1,614,908
Income tax expense						(540,980)
Profit for the period						1,073,928

	Trucks	Engines	Finance	Others	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation (Note 8)	86,634	98,419	354	9,259	3,604	198,270
Amortisation of intangible assets (Note 9)	1,033	111	—	—	221	1,365
Amortisation of land use rights (Note 7)	1,175	2,779	—	—	476	4,430

The segment assets and liabilities as at 30 September 2007 and capital expenditure for the nine months then ended are as follows:

	Trucks	Engines	Finance	Others	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	13,513,992	3,678,833	1,307,121	87,191	(4,151,062)	14,436,075
Unallocated assets						520,624
Total assets						14,956,699
Segment liabilities	6,798,203	2,733,074	743,227	72,605	(2,345,831)	8,001,278
Unallocated liabilities						4,298,804
Total liabilities						12,300,082
Capital expenditure	292,470	471,096	202	12,431	—	776,199
Unallocated capital expenditure						53,829
Total capital expenditure						830,028

The segment assets of Finance contain loans to other segments amounting to approximately RMB 1,119,558,000.

The segment liabilities of Finance contain deposits from other segments amounting to approximately RMB 111,868,000.

6.2 Secondary reporting format — geographical segments

(a) Turnover

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

Except for some segment assets which are located in Hong Kong with amount less than 10% of total assets of all geographical segments, all of the segment assets are located in Mainland China.

Meanwhile the total cost incurred during the Relevant Periods to acquire segment assets occurred in Mainland China, except that the segment assets, less than 10% of total segment assets, acquired in Hong Kong.

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

	Year ended 31 December			Nine months ended 30 September	
	2004	2005	2006	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000 *(Unaudited)*	RMB'000
Turnover					
Mainland China	10,067,086	8,062,585	11,204,734	7,842,534	13,449,722
Overseas	96,494	1,051,852	1,562,716	1,249,679	2,691,648
	10,163,580	9,114,437	12,767,450	9,092,213	16,141,370

7. Land use rights

Land in the PRC mainland is state-owned or collectively-owned and no individual land ownership right exists. The Group has acquired the right to use certain land. Land use rights in the PRC mainland represent the Group's interests in land which are held on leases between 30 to 50 years.

Land use rights in Hong Kong represent the Group's interests in land which are held on leases over 50 years.

The location is as follows:

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
In Hong Kong	—	—	—	41,220
Outside Hong Kong	48,872	193,677	240,087	235,657
	48,872	193,677	240,087	276,877

The movement is as follows:

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Opening net book amount	—	48,872	193,677	240,087
Additions	49,100	145,797	51,708	41,220
Amortisation charge (Note 23)	(228)	(992)	(5,298)	(4,430)
Closing net book amount	48,872	193,677	240,087	276,877
Cost	49,100	194,897	246,605	287,825
Accumulated amortisation	(228)	(1,220)	(6,518)	(10,948)
Net book amount	48,872	193,677	240,087	276,877

(a) Amortisation of the Group's land use rights has been charged to the income statements as follows:

	Year ended 31 December			Nine months ended 30 September	
	2004	2005	2006	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000 *(Unaudited)*	RMB'000
Administrative expenses	228	992	5,298	4,213	4,430

(b) Before the acquisition of certain land use rights, the Group used the land without a charge from government. In the opinion of the Directors, free-use land was a form of government assistance which could not reasonably have a value placed upon them.

(c) As part of the procedures for Reorganisation, as at the date of this report, the Group is in the process of applying for or changing registration of the title certificate of certain of its land use right, which is included in the land use rights described in above Note 7(b), as at 30 September 2007. The directors of the Company are of the opinion that the Group is entitled to lawfully and validly occupy or use the land use right.

(d) The net book value of land use rights pledged as security for the Group's current borrowings as at the end of the period were as follows (Note 18).

	As at 31 December			As at 30 September
	2004	**2005**	**2006**	**2007**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
The carrying amount of the land use rights pledged	—	19,219	—	41,220

8. **Property, plant and equipment**

	Buildings	Machinery	Furniture, fittings & equipment	Vehicles	Construction-in-progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2004						
Cost	586,261	924,962	119,849	97,587	178,170	1,906,829
Accumulated depreciation	(204,087)	(681,201)	(75,865)	(58,462)	—	(1,019,615)
Net book amount	382,174	243,761	43,984	39,125	178,170	887,214
Year ended 31 December 2004						
Opening net book amount	382,174	243,761	43,984	39,125	178,170	887,214
Additions	48,564	161,664	19,986	42,271	641,347	913,832
Transfers	211,346	92,728	6,874	8,845	(319,793)	—
Disposals	(69,864)	(1,977)	(3,096)	(12,473)	—	(87,410)
Depreciation charge (Note 23)	(31,460)	(56,722)	(8,881)	(9,092)	—	(106,155)
Closing net book amount	540,760	439,454	58,867	68,676	499,724	1,607,481
At 31 December 2004						
Cost	742,119	1,122,484	136,779	122,766	499,724	2,623,872
Accumulated depreciation	(201,359)	(683,030)	(77,912)	(54,090)	—	(1,016,391)
Net book amount	540,760	439,454	58,867	68,676	499,724	1,607,481
Year ended 31 December 2005						
Opening net book amount	540,760	439,454	58,867	68,676	499,724	1,607,481
Additions	14,947	41,750	9,855	1,852	758,875	827,279
Transfers	393,274	291,202	9,925	5,373	(699,774)	—
Disposals	(7,926)	(2,257)	(3,247)	(6,810)	—	(20,240)
Depreciation charge (Note 23)	(28,422)	(74,490)	(13,680)	(8,473)	—	(125,065)
Closing net book amount	912,633	695,659	61,720	60,618	558,825	2,289,455
At 31 December 2005						
Cost	1,136,896	1,396,661	139,979	122,323	558,825	3,354,684
Accumulated depreciation	(224,263)	(701,002)	(78,259)	(61,705)	—	(1,065,229)
Net book amount	912,633	695,659	61,720	60,618	558,825	2,289,455
Year ended 31 December 2006						
Opening net book amount	912,633	695,659	61,720	60,618	558,825	2,289,455
Additions	49,432	70,775	10,159	10,101	970,390	1,110,857
Transfers	49,189	561,899	8,721	8,062	(627,871)	—
Disposals	(54,418)	(8,195)	(1,199)	(2,214)	—	(66,026)
Transfer to CNHTC resulting from the Reorganisation (Note 33)	(189,498)	(24,626)	—	(447)	(245,936)	(460,507)
Depreciation charge (Note 23)	(41,957)	(169,327)	(8,743)	(6,018)	—	(226,045)
Closing net book amount	725,381	1,126,185	70,658	70,102	655,408	2,647,734
At 31 December 2006						
Cost	872,635	2,010,379	108,823	130,399	655,408	3,777,644
Accumulated depreciation	(147,254)	(884,194)	(38,165)	(60,297)	—	(1,129,910)
Net book amount	725,381	1,126,185	70,658	70,102	655,408	2,647,734
Nine months ended 30 September 2007						
Opening net book amount	725,381	1,126,185	70,658	70,102	655,408	2,647,734
Additions	9,236	172,014	9,305	5,362	592,737	788,654
Transfers	201,664	257,212	4,869	7,508	(471,253)	—
Disposals	(645)	(4,032)	(361)	(1,987)	—	(7,025)
Depreciation charge (Note 23)	(26,369)	(157,481)	(7,656)	(6,764)	—	(198,270)
Closing net book amount	909,267	1,393,898	76,815	74,221	776,892	3,231,093
At 30 September 2007						
Cost	1,065,413	2,433,563	118,427	130,956	776,892	4,525,251
Accumulated depreciation	(156,146)	(1,039,665)	(41,612)	(56,735)	—	(1,294,158)
Net book amount	909,267	1,393,898	76,815	74,221	776,892	3,231,093

(a) Depreciation of the Group's property, plant and equipment has been charged to the income statement as follows:

	Year ended 31 December			Nine months ended 30 September	
	2004	2005	2006	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cost of sales	81,956	88,494	186,220	127,325	165,181
Distribution costs	368	462	1,029	315	347
Administrative expenses	23,831	36,109	38,796	32,170	32,742
	106,155	125,065	226,045	159,810	198,270

(b) Bank borrowings are secured by certain property, plant and equipment with an aggregate carrying value of approximately RMB 31,892,000, RMB 33,855,000, and RMB 4,553,000, and RMB 7,798,000 as at 31 December 2004, 2005, 2006 and 30 September 2007, respectively (Note 18).

(c) As part of the procedures for Reorganisation, as at the date of this report, the Group is in the process of applying for or changing registration of the title certificates of certain of its properties with an aggregate carrying value of approximately RMB 3,170,000 as at 30 September 2007. The directors of the Company are of the opinion that the Group is entitled to lawfully and validly occupy or use these properties.

(d) The borrowing costs capitalised into the cost of property, plant and equipment are as follows:

	Year ended 31 December			Nine months ended 30 September	
	2004	2005	2006	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Borrowing cost capitalised	15,147	21,008	7,869	4,800	5,970
Average capitalisation rate	5.18%	5.32%	5.30%	4.92%	5.64%

9. Intangible assets

Intangible assets mainly represent the cost of acquiring proprietary technology and computer software. The movement is as follows:

	Proprietary technology	Computer software	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2004			
Cost	10,982	—	10,982
Accumulated amortisation	(1,029)	—	(1,029)
Net book amount	9,953	—	9,953
Year ended 31 December 2004			
Opening net book amount	9,953	—	9,953
Additions	—	128	128
Amortisation charge (Note 23)	(1,287)	(7)	(1,294)
Closing net book amount	8,666	121	8,787
At 31 December 2004			
Cost	10,982	128	11,110
Accumulated amortisation	(2,316)	(7)	(2,323)
Net book amount	8,666	121	8,787
Year ended 31 December 2005			
Opening net book amount	8,666	121	8,787
Additions	—	1,608	1,608
Amortisation charge (Note 23)	(1,395)	(154)	(1,549)
Closing net book amount	7,271	1,575	8,846
At 31 December 2005			
Cost	10,982	1,736	12,718
Accumulated amortisation	(3,711)	(161)	(3,872)
Net book amount	7,271	1,575	8,846
Year ended 31 December 2006			
Opening net book amount	7,271	1,575	8,846
Additions	—	97	97
Amortisation charge (Note 23)	(1,437)	(399)	(1,836)
Closing net book amount	5,834	1,273	7,107
At 31 December 2006			
Cost	10,982	1,833	12,815
Accumulated amortisation	(5,148)	(560)	(5,708)
Net book amount	5,834	1,273	7,107
Nine months ended 30 September 2007			
Opening net book amount	5,834	1,273	7,107
Additions	—	154	154
Amortisation charge (Note 23)	(1,030)	(335)	(1,365)
Closing net book amount	4,804	1,092	5,896
At 30 September 2007			
Cost	10,982	1,987	12,969
Accumulated amortisation	(6,178)	(895)	(7,073)
Net book amount	4,804	1,092	5,896

(a) Amortisation of the Group's intangible assets has been charged to the income statement as follows:

	Year ended 31 December			Nine months ended 30 September	
	2004	2005	2006	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000 *(Unaudited)*	RMB'000
Cost of sales	1,287	1,395	1,437	1,094	1,030
Administrative expenses	7	154	399	239	335
	1,294	1,549	1,836	1,333	1,365

(b) Research expenditures and development expenditures that do not meet criteria for capitalisation are recognised as an expense as incurred. The total amount of expenses charged into the consolidated income statements is approximately RMB 87,435,000, RMB 78,447,000, RMB 93,679,000, RMB 59,429,000 and RMB 95,050,000 for the three years ended 31 December 2004, 2005 and 2006 and nine months ended 30 September 2006 and 2007, respectively. No capitalised development costs are recorded as intangible assets during the Relevant Periods.

10. Trade and other receivables

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Accounts receivables	560,880	428,725	441,541	1,107,689
Less: Provision for impairment of accounts receivables	(78,523)	(62,649)	(23,949)	(25,839)
Accounts receivables — net	482,357	366,076	417,592	1,081,850
Notes receivables	587,931	174,850	3,325,306	978,594
Trade receivables-net	1,070,288	540,926	3,742,898	2,060,444
Other receivables	461,404	248,069	113,221	200,080
Less: Provision for impairment of other receivables	(26,075)	(36,118)	(5,574)	(4,887)
Other receivables-net	435,329	211,951	107,647	195,193
Prepayments	82,539	111,275	146,662	301,642
Interest receivables	11,611	33,482	21,696	16,449
Prepaid taxes other than income tax	66,895	97,970	78,666	171,635
Trade and other receivables	1,666,662	995,604	4,097,569	2,745,363

(a) As at 30 September 2007, 31 December 2006, 2005 and 2004, the carrying amount of the Group's trade and other receivables approximated their fair value.

As at 30 September 2007, 31 December 2006, 2005 and 2004, accounts receivables of approximately RMB 795,055,000, RMB 251,108,000, RMB 98,945,000 and RMB 7,659,000 are secured by certain letters of credit issued by overseas third parties. No provision is provided against these receivables as at 30 September 2007, 31 December 2006, 2005 and 2004.

(b) Movements on the provision for impairment of trade and other receivables are as follows:

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Opening amount	140,484	104,598	98,767	29,523
Provision for/(reversal of) receivable impairment (Note 23)	29,359	(936)	896	4,936
Receivables written off during the year/period as uncollectible	(65,245)	(4,895)	(70,140)	(3,733)
Closing amount	104,598	98,767	29,523	30,726

Provision for impairment is included in administrative expenses (Note 23) in the consolidated income statements as follows:

	Year ended 31 December			Nine months ended 30 September	
	2004	2005	2006	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Administrative expenses	29,359	(936)	896	(7,739)	4,936

(c) Ageing analysis of trade and notes receivables at respective balance sheet dates are as follows:

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Less than 3 months	383,886	222,149	2,481,588	919,840
3 months to 6 months	666,288	218,212	1,249,635	370,088
6 months to 12 months	12,190	3,979	9,484	779,437
1 year to 2 years	44,616	120,019	23,453	14,101
2 years to 3 years	21,815	12,285	2,465	2,463
Over 3 years	20,016	26,931	222	354
	1,148,811	603,575	3,766,847	2,086,283

As of 31 December 2004, 2005 and 2006, trade receivables of RMB 25,930,000, RMB 22,170,000 and RMB 740,000 were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	As at 31 December			As at 30 September
	2004	**2005**	**2006**	**2007**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
3 months to 6 months	3,637	—	—	—
6 months to 9 months	2,803	—	—	—
9 months to 12 months	1,090	—	—	—
1 year to 2 years	18,400	5,531	—	—
2 years to 3 years	—	16,639	740	—
	25,930	22,170	740	—

(d) There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers.

(e) Notes receivables are analysed as follows:

	As at 31 December			As at 30 September
	2004	**2005**	**2006**	**2007**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Bank acceptance notes issued by related parties	26,957	—	263,800	80
Bank acceptance notes issued by third parties	560,974	174,200	858,723	918,834
Commercial acceptance notes issued by related parties	—	650	2,202,783	59,430
Commercial acceptance notes issued by third parties	—	—	—	250
	587,931	174,850	3,325,306	978,594

Included in notes receivables listed above, notes receivables issued by related parties are as follows:

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Bank acceptance notes				
CNHTC	—	—	90,000	—
CNHTC Ji'nan Investment Co., Ltd.	—	—	143,600	30
CNHTC Special Vehicle Company	11,113	—	30,000	—
CNHTC Ji'ning Commercial Truck Co., Ltd.	—	—	200	—
CNHTC Taian Wuyue Special Truck Co., Ltd.	4,203	—	—	—
Weichai Power Co., Ltd.	11,641	—	—	—
CNHTC Ji'nan Bus Co., Ltd.	—	—	—	50
	26,957	—	263,800	80
Commercial acceptance notes				
CNHTC	—	—	1,920,000	500
CNHTC Lease Firm	—	—	102,783	—
CNHTC Ji'ning Commercial Truck Co., Ltd.	—	650	100,000	—
CNHTC Special Vehicle Company	—	—	80,000	43,500
CNHTC Ji'nan Investment Co.,Ltd	—	—	—	15,430
	—	650	2,202,783	59,430

Included in notes receivables listed above, notes receivables pledged and endorsed are as follows:

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Commercial acceptance notes pledged as security for short-term borrowings				
- issued by related parties	—	—	1,409,931	8,000
Commercial acceptance notes endorsed				
- issued by related parties	—	200	741,052	42,230

11. Inventories

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	610,081	796,151	804,436	793,049
Work in progress	300,292	219,253	287,833	258,304
Finished goods - parts and components	420,025	261,124	294,977	187,906
Finished goods - trucks	925,194	1,385,019	1,308,020	2,895,243
	2,255,592	2,661,547	2,695,266	4,134,502
Less: Provision for write-down of inventories	(112,655)	(140,015)	(84,868)	(72,540)
	2,142,937	2,521,532	2,610,398	4,061,962

The cost of inventories recognised as expense and included in cost of sales are as follows:

	Year ended 31 December			Nine months ended 30 September	
	2004	2005	2006	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000 *(Unaudited)*	RMB'000
Distribution costs	353	207	174	132	1,626
Administrative expenses	15,004	9,889	12,512	9,119	7,514
Cost of sales	7,798,098	6,893,985	9,161,667	6,509,000	11,623,324
	7,813,455	6,904,081	9,174,353	6,518,251	11,632,464

The increase and reversal of provision for write-down of inventories have been included in cost of sales in the consolidated income statement (Note 23).

12. Loan and receivables

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Loan	30,000	—	—	—
Discounted bills (a)	—	592,730	474,700	—
Total	30,000	592,730	474,700	—

(a) These bills were received by Sinotruk Finance Company Limited (Sinotruk Finance Company) from certain suppliers of the Group, and were discounted to other financial institutions at an interest rate with reference to the re-discount rates as established by People's Bank of China ("PBOC"). Because the other financial institutions had rights of recourse claim on these bills against Sinotruk Finance Company according to the agreements between Sinotruk Finance Company and the other financial institutions, the related discounted bills were not de-recognised and recorded as "Loan and receivables".

13. Restricted cash

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Restricted cash denominated in RMB	2,728,551	5,655,242	2,846,374	1,663,410

The breakdown of restricted cash in nature as at 31 December 2004, 2005, and 2006 and 30 September 2007 was as follows:

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Deposits for issuing bank acceptance notes	2,562,825	4,991,061	2,313,782	1,435,000
Deposits pledged as security for CNHTC issuing notes payables (Note 35(a)(i))	—	—	375,000	—
Deposits for issuing letters of credit	61,384	181,532	70,848	124,739
Security for bank borrowings	—	366,150	40,000	60,000
Security for bill financing	104,340	84,340	20,000	—
Mandatory reserve deposits (a)	2	32,159	26,744	43,671
	2,728,551	5,655,242	2,846,374	1,663,410

(a) The Group is required to place mandatory deposits with PBOC for taking deposits, facilitating borrowings, discounting notes and providing entrusted loan and entrusted investment. The deposits are calculated based on the amount of deposits placed with the Sinotruk Finance Company Limited.

14. Cash and cash equivalents

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank and in hand	922	620	659	279
Time deposits with initial term of over three months (a)	316,388	621,009	1,352,102	1,581,549
Short-term bank deposits (b)	852,657	905,965	969,141	1,072,467
Cash and cash equivalents	1,169,967	1,527,594	2,321,902	2,654,295
Denominated in:				
- RMB	1,160,531	1,482,322	2,255,923	2,159,592
- HKD	455	295	489	1,019
- USD	8,760	38,006	51,331	33,806
- GBP	167	6,962	368	368
- EUR	54	9	13,791	459,510
	1,169,967	1,527,594	2,321,902	2,654,295

(a) The weighted average effective interest rates on time deposits, with maturities over 3 months, were 2.08%, 2.30%, 2.26%, and 2.74% per annum for the three years ended 31 December 2004, 2005 and 2006 and nine months ended 30 September 2007, respectively.

(b) The weighted average effective interest rate on short-term bank deposits, with maturities ranging from one to three months, was 0.72% per annum for the three years ended 31 December 2004, 2005 and 2006 and was 0.77% per annum for the nine months ended 30 September 2007.

The Group's cash and cash equivalents denominated in RMB are deposited with banks in Mainland China. The conversion of these RMB denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC Government.

15. Equity

As described in Note 2 above, the Financial Information has been prepared as if the current group structure had been in existence throughout the Relevant Periods. Equity during the Relevant Periods represents the consolidated equities of the business owned and operated by the Group, after eliminating inter-company transactions and balances.

	Attributable to equity holder of the Group							
	Share capital (h)	Statutory reserves (a)	Capital reserves (b)	Merger reserve (i)	(Accumulated losses)/ Retained earnings	Total	Minority interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2004	146,154	12,529	(713,577)	830,426	(3,095,067)	(2,819,535)	63,664	(2,755,871)
Profit for the year	—	—	—	—	301,323	301,323	60,328	361,651
Appropriation	—	89	—	—	(89)	—	—	—
Exchange differences arising on translation of the financial statements of a subsidiary	—	—	8	—	—	8	—	8
Income tax borne by equity holder (c)	—	—	—	—	47,043	47,043	—	47,043
Acquisition of a subsidiary (d)	—	—	—	—	—	—	227,899	227,899
Contributions from equity holder (g)	—	—	829,535	—	—	829,535	1,543	831,078
Balance at 31 December 2004	146,154	12,618	115,966	830,426	(2,746,790)	(1,641,626)	353,434	(1,288,192)
Profit for the year	—	—	—	—	77,869	77,869	45,736	123,605
Appropriation	—	9,863	—	—	(9,863)	—	—	—
Income tax borne by equity holder (c)	—	—	—	—	60,703	60,703	—	60,703
Exchange differences arising on translation of the financial statements of a subsidiary	—	—	(196)	—	—	(196)	(48)	(244)
Capital injected by minority shareholders	—	—	—	—	—	—	6,807	6,807
Acquisition of shares from minority shareholders	—	—	—	—	—	—	(868)	(868)
Distributions to equity holder (g)	—	—	(302,929)	—	—	(302,929)	(1,495)	(304,424)
Balance at 31 December 2005	146,154	22,481	(187,159)	830,426	(2,618,081)	(1,806,179)	403,566	(1,402,613)
Profit for the year	—	—	—	—	638,465	638,465	141,418	779,883
Appropriation	—	60,149	—	—	(60,149)	—	—	—
Exchange differences arising on translation of the financial statements of a subsidiary	—	—	(2,271)	—	—	(2,271)	(602)	(2,873)
Income tax borne by equity holder (c)	—	—	—	—	183,871	183,871	—	183,871
Dividends (Note 29)	—	—	—	—	(60,918)	(60,918)	(1,749)	(62,667)
Transfer of assets and liabilities to CNHTC (Note 33)	—	—	2,101,732	—	—	2,101,732	17,906	2,119,638
Effect of the establishment of Ji'nan Power and Hangzhou Auto Engine and transfer of business and related assets of CNHTC to Ji'nan Power and Hangzhou Auto Engine (Note 1(b)(1))	—	(14,810)	(2,568,222)	120,297	2,462,735	—	—	—
Shares surrendered to minority shareholders (e)	—	—	(45,026)	—	—	(45,026)	45,026	—
Capital injections to a subsidiary (f)	—	—	(36,583)	—	—	(36,583)	36,583	—
Distributions to equity holder (g)	—	—	(32,159)	—	—	(32,159)	1,953	(30,206)
Balance at 31 December 2006	146,154	67,820	(769,688)	950,723	545,923	940,932	644,101	1,585,033

	Attributable to equity holder of the Group						Minority interests	Total equity
	Share capital (h)	Statutory reserves (a)	Capital reserves (b)	Merger reserve (i)	(Accumulated losses)/ Retained earnings	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 31 December 2006	146,154	67,820	(769,688)	950,723	545,923	940,932	644,101	1,585,033
Profit for the period	—	—	—	—	831,568	831,568	242,360	1,073,928
Appropriation	—	1,926	—	—	(1,926)	—	—	—
Exchange differences arising on translation of the financial statements of a subsidiary	—	—	(508)	—	—	(508)	(490)	(998)
Change of registered capital of a subsidiary	—	—	(94,750)	94,750	—	—	—	—
Dividends (Note 29)	—	—	—	—	—	—	(1,346)	(1,346)
Balance at 30 September 2007	146,154	69,746	(864,946)	1,045,473	1,375,565	1,771,992	884,625	2,656,617
Balance at 31 December 2005	146,154	22,481	(187,159)	830,426	(2,618,081)	(1,806,179)	403,566	(1,402,613)
Profit for the period	—	—	—	—	523,470	523,470	90,239	613,709
Appropriation	—	13,272	—	—	(13,272)	—	—	—
Income tax borne by equity holder (c)	—	—	—	—	168,654	168,654	—	168,654
Exchange differences arising on translation of the financial statements of a subsidiary	—	—	(1,861)	—	—	(1,861)	(1,227)	(3,088)
Dividends (Note 29)	—	—	—	—	(60,918)	(60,918)	(1,749)	(62,667)
Transfer of assets and liabilities to CNHTC (Note 33)	—	—	2,101,732	—	—	2,101,732	17,906	2,119,638
Effect of the establishment of Ji'nan Power and Hangzhou Auto Engine and transfer of business and related assets of CNHTC to Ji'nan Power and Hangzhou Auto Engine (Note 1(b)(1))	—	(14,810)	(2,568,222)	120,297	2,462,735	—	—	—
Shares surrendered to minority shareholders(e)	—	—	(45,026)	—	—	(45,026)	45,026	—
Capital injections to a subsidiary(f)	—	—	(36,583)	—	—	(36,583)	36,583	—
Distribution of equity holder (g)	—	—	(32,159)	—	—	(32,159)	1,953	(30,206)
Balance at 30 September 2006 (unaudited)	146,154	20,943	(769,278)	950,723	462,588	811,130	592,297	1,403,427

(a) According to the articles of association of Sinotruk Ji'nan Truck Company, Sinotruk Finance Company Limited, Sinotruk Chongqing Fuel System Company Limited, Sinotruk Hangzhou Engine Company Limited, Sinotruk Ji'nan Commercial Truck Company Limited, Sinotruk Shandong Import & Export Company Limited, Shandong Da Di Construction Supervision Company Limited, and Sinotruk Ji'nan Axle & Transmission Company Limited and the Mainland China rules and regulations, these companies are required to transfer not less than 10% of their net profit as stated in the statutory financial statements prepared under Mainland Chinese accounting regulations to the statutory reserves before these companies can distribute any dividend. Such a transfer is not required when the amount of the statutory reserves reaches 50% of the companies' registered capital.

The statutory reserves shall only be used to make up losses of the companies, to expand the companies' production operations, or to increase the capital of the companies. Upon approval by a resolution of the companies' shareholders in a general meeting, the companies may convert their statutory reserves into registered capital.

(b) Capital reserves include capital premium and reserves arising from asset donations, translation differences of foreign currency and transactions with CNHTC as a result of carving out the Retained Operations.

(c) Certain of companies now comprising the Group have obtained approvals from relevant tax authorities in Mainland China for their entitlement to be consolidated by CNHTC to calculate enterprise income tax ("EIT") before 31 December 2006. CNHTC has deductible tax losses carry forward from the previous years, which can offset all the assessable profit of those companies under consolidated tax return by 31 December 2006. As a result, these companies under consolidated tax return are not required to pay EIT to tax authorities until 31 December 2006.

In accordance with relevant tax regulation that entitlement of being under consolidated tax return will be ceased from the year when the Company becomes listed, all of these companies will be subject to EIT at an applicable rate of their own taxable profit after being listed. To give a comparative presentation of EIT during the Relevant Periods, EIT of these companies under consolidated tax return were calculated at a rate of 33% of assessable without consideration of the deductible tax losses of CNHTC, and were charged to the consolidated income statement. Consequently, such EIT that not be paid to tax bureaus were also deemed as contribution from CNHTC in the consolidated statement of changes in equity.

(d) On 28 October 2004, the Group acquired a 54.42% equity interest in Sinotruk Finance Company Limited. The assets and liabilities acquired through the acquisition of Sinotruk Finance Company Limited as of 28 October 2004 were as follows:

	Fair value
	RMB'000
Cash and cash equivalents	301,532
Other current assets	608,205
Property, plant and equipment	9,424
Trade payables	(960)
Other current liabilities	(14,495)
Short-term Borrowings	(427,150)
Net assets	476,556
Fair value of acquired net assets	476,556
Increase in minority interests	(227,901)
Cash paid	248,655
Cash and cash equivalents acquired	301,532
Net cash inflow on acquisition	52,877

(e) During the year of 2006, pursuant to the Guiding Opinion Concerning the Share Reform of Listed Companies jointly published by CSRC, SASAC, Ministry of Finance, the PBOC and MOFCOM and a series of documents published by other authorities, and approved by the shareholders' meeting of Sinotruk Ji'nan Truck Company, CNHTC, together with other shareholders of the unlisted and non-circulating share, surrendered 2.8 ordinary shares to each circulating A shares shareholders for every 10 A shares they held, converting all the Sinotruk Ji'nan Truck Company's unlisted and non-circulating shares to listed and circulating A shares. The total consideration surrendered by CNHTC amounted to 24,896,478 ordinary shares, composing 9.80% of total issued shares of Sinotruk Ji'nan Truck Company.

(f) Pursuant to the agreement signed by CNHTC and Sinotruk Ji'nan Truck Company on 11 April 2006, Sinotruk Ji'nan Truck Company issued 68,660,000 shares to CNHTC in exchange for (i) 51% equity interests of Sinotruk Ji'nan Axle & Transmission Company Limited and (ii) certain assets and liabilities which are relevant to the Operating Companies. Consequently, CNHTC's equity shares in Sinotruk Ji'nan Truck Company increased by 9.8%, from 53.98% (137,103,522 shares) to 63.78% (205,763,522 shares).

(g) Contributions from/Distributions to equity holder represent the net of:

(i) cash received/receivable, net of cash paid/payable by CNHTC from disposal of/additional investments in companies within the Retained Operations (the "Retained Companies");

(ii) cash received/paid by CNHTC for tax payments in relation to the operations of the Retained Companies; and

(iii) cash injected by CNHTC/Retained Operations to the Listing Business.

The net cash contributions from equity holder during the year ended 31 December 2004 were mainly attributable to cash injection by the Retained Operations to the Listing Business, amounting to approximately RMB916.3 million. Such net cash received from the Retained Operations was reflected as contributions from equity holder as such cash received form an integral part of the working capital of the Listing Business, and the companies which operate the Listing Business has no obligation to repay the amount back to the Retained Companies.

Net cash paid to the Retained Operations was reflected as distributions to the equity holder. The net distributions to equity holder during the year ended 31 December 2005 were mainly attributable to additional investments in companies within the Retained Operations of approximately RMB338.6 million.

The above transactions with the Retained Operations have ceased upon formation of the Group.

(h) The Company was incorporated in Hong Kong on 31 January 2007 as a limited liability company in preparation for a listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited.

As of the date of incorporation of the Company, the authorised share capital was HK$10,000 divided into 10,000 shares of HK$1.00 each, of which one share of HK$1.00 was allotted, issued and credited as fully paid to the subscriber.

On 12 February 2007, the subscriber transferred the one share of HK$1.00 each in issue in the Company to Sinotruk (BVI), which is wholly owned by CNHTC, for cash at par.

On 27 June 2007, (1) every one share of HK$1.00 each in share capital of the Company was subdivided into ten shares; and (2) the authorised share capital was increased to HK$10,000,000,000 by the creation of an additional 99,999,900,000 shares which rank pari passu with the existing shares. On 30 June 2007, 99,990 shares were allotted and issued to Sinotruk (BVI) for cash at par.

On 30 June 2007, the Company acquired the entire equity interests in the Operating Companies from Sinotruk BVI through a share swap, and became the holding company of the companies now comprising the Group. As at 30 June 2007, 1,499,900,000 ordinary shares of HK$0.10 (equivalent to approximately RMB 146,144,000) were allotted and issued to Sinotruk BVI for the purpose of acquiring the Operating Companies.

Cost of investment in subsidiaries in the Company balance sheet is recognised at RMB3,006,299,056 on a deemed cost basis pursuant to the Asset Injection Agreement, dated 2 April 2007, among CNHTC, Sinotruk BVI and the Company, which has been approved by the Shandong provincial counterpart of SASAC.

The share premium of the Company represents the difference between the share capital of the Company and the cost of investment in subsidiaries.

(i) The merger reserve of the Group represents the difference between the nominal value of the shares or the capital of the subsidiaries that had been acquired and the nominal value of the Company's shares issued in exchange therefore pursuant to the Reorganisation.

16. Accounting adjustments under common control combination

The following is a reconciliation of the effect arising from the common control combination on the consolidated balance sheets.

The consolidated balance sheet as at 30 September 2007:

	The Company	The Operating Companies	Adjustments (Note)	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000
Investment in the Operating Companies	3,006,299	—	(3,006,299)	—
Other assets — net	(726)	2,657,343	—	2,656,617
Net assets	3,005,573	2,657,343		2,656,617
Share capital	146,154	—	—	146,154
Statutory reserves	—	69,746	—	69,746
Share premium	2,860,145	—	(2,860,145)	—
Capital reserves	—	(864,946)	—	(864,946)
Merger reserve	—	1,191,627	(146,154)	1,045,473
(Accumulated losses)/retained earnings	(726)	1,376,291	—	1,375,565
Minority Interests	—	884,625	—	884,625
	3,005,573	2,657,343		2,656,617

The consolidated balance sheet as at 31 December 2006:

	The Operating Companies	Adjustments	Consolidated
	RMB'000	RMB'000	RMB'000
Investment in the Operating Companies	—	—	—
Other assets — net	1,585,033	—	1,585,033
Net assets	1,585,033		1,585,033
Share capital	—	146,154	146,154
Statutory reserves	67,820	—	67,820
Capital reserves	(769,688)	—	(769,688)
Merger reserve	1,096,877	(146,154)	950,723
Retained earnings	545,923	—	545,923
Minority interests	644,101	—	644,101
	1,585,033		1,585,033

The consolidated balance sheet as at 31 December 2005:

	The Operating Companies	Adjustments	Consolidated
	RMB'000	RMB'000	RMB'000
Investment in the Operating Companies	—	—	—
Other liabilities — net	(1,402,613)	—	(1,402,613)
Net liabilities	(1,402,613)		(1,402,613)
Share capital	—	146,154	146,154
Statutory reserves	22,481	—	22,481
Capital reserves	(187,159)	—	(187,159)
Merger reserve	976,580	(146,154)	830,426
Retained earnings	(2,618,081)	—	(2,618,081)
Minority interests	403,566	—	403,566
	(1,402,613)		(1,402,613)

The consolidated balance sheet as at 31 December 2004:

	The Operating Companies	Adjustments	Consolidated
	RMB'000	RMB'000	RMB'000
Investment in the Operating Companies	—	—	—
Other liabilities — net	(1,288,192)	—	(1,288,192)
Net liabilities	(1,288,192)		(1,288,192)
Share capital	—	146,154	146,154
Statutory reserves	12,618	—	12,618
Capital reserves	115,966	—	115,966
Merger reserve	976,580	(146,154)	830,426
Retained earnings	(2,746,790)	—	(2,746,790)
Minority interests	353,434	—	353,434
	(1,288,192)		(1,288,192)

Note: The above adjustments represent adjustments to eliminate the share capital of the combining entities against the investment costs. The difference of approximately RMB 1,045,473,000 has been taken to the merger reserve in the consolidated financial statements.

No other significant adjustments were made to the net assets and net profit or loss of any entities or businesses as a result of the common control combination to achieve consistency of accounting policies.

17. Trade and other payables

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payables	3,281,194	3,960,201	3,023,345	5,932,941
Advances from customers	345,849	415,418	251,238	482,286
Staff welfare and salary payable	119,190	130,638	40,065	106,612
Taxes liabilities other than income tax	132,516	81,297	30,253	23,444
Accrued expenses	105,794	40,126	91,130	176,459
Other payables	920,189	796,664	237,766	338,594
	4,904,732	5,424,344	3,673,797	7,060,336

As at 31 December 2004, 2005, 2006 and 30 September 2007, the ageing analysis of the trade and bills payable were as follows:

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Less than 3 months	108,317	49,972	2,538,736	4,603,975
3 months to 6 months	3,029,365	3,868,609	56,714	497,327
6 months to 12 months	66,700	801	368,696	793,560
1 year to 2 years	52,298	15,783	42,995	19,164
2 years to 3 years	10,732	4,151	14,717	14,155
Over 3 years	13,782	20,885	1,487	4,760
	3,281,194	3,960,201	3,023,345	5,932,941

18. Borrowings

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
The Group				
Non-current				
Long-term bank borrowings				
- guaranteed (a)	1,130,167	633,750	405,750	—
- secured (b)	2,879	2,397	1,623	422,795
- unsecured	—	340,000	—	1,259,448
	1,133,046	976,147	407,373	1,682,243
Current				
Long-term bank borrowings, current portion				
- guaranteed (a)	78,870	19,156	—	—
- secured (b)	140,585	140,568	423	3,408
- unsecured	348,968	8,968	—	—
	568,423	168,692	423	3,408
Short-term bank borrowings				
- guaranteed (a)	495,889	685,847	830,000	—
- secured (b)	3,978,151	6,453,352	5,947,131	765,076
- unsecured	180,900	908,769	998,003	2,104,000
	4,654,940	8,047,968	7,775,134	2,869,076
Short-term bonds (c)	—	978,036	—	—
	5,223,363	9,194,696	7,775,557	2,872,484
Total borrowings	6,356,409	10,170,843	8,182,930	4,554,727

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
The Company				
Non-current				
Long-term bank borrowings				
- secured (b)	—	—	—	9,907
Current				
Long-term bank borrowings, current portion				
- secured (b)	—	—	—	1,468
Short-term bank borrowings				
- secured (b)	—	—	—	610
	—	—	—	2,077
Total borrowings	—	—	—	11,985

(a) As at 31 December 2006, bank borrowings of approximately RMB 1,235,750,000 are guaranteed by CNHTC.

As at 31 December 2005, bank borrowings of approximately RMB 532,906,000 are guaranteed by CNHTC and bank borrowings of approximately RMB 805,847,000 are guaranteed by third parties.

As at 31 December 2004, bank borrowings of approximately RMB 696,269,000 are guaranteed by CNHTC and bank borrowings of approximately RMB 1,008,657,000 are guaranteed by third parties.

(b) As at 30 September 2007, bank borrowings of approximately RMB 42,279,000 are secured by certain land use rights (Note 7) and property, plant and equipment (Note 8). Bank borrowings of approximately RMB 8,000,000 are secured by certain commercial acceptance notes (Note 10). Bank borrowings of approximately RMB 1,141,000,000 are secured by certain bank balances (Note 13).

As at 31 December 2006, bank borrowings of approximately RMB 2,046,000 are secured by certain property, plant and equipment (Note 8). Bank borrowings of approximately RMB 474,700,000 are secured by certain discounted bills (Note 12). Bank borrowings of approximately RMB 1,409,931,000 are secured by certain commercial acceptance notes (Note 10). Bank borrowings of approximately RMB 4,062,500,000 are secured by certain bank balances (Note 13).

As at 31 December 2005, bank borrowings of approximately RMB 261,995,000 are secured by certain land use rights (Note 7) and property, plant and equipment (Note 8). Bank borrowings of approximately RMB 200,000,000 are secured by certain letters of credit from Bank Tejarat, Tehran, Iran, of approximately USD 34,125,000. Bank borrowings of approximately RMB 356,641,000 are secured by certain time deposits (Note 13). Bank borrowings of approximately RMB 592,730,000 are secured by certain discounted bills (Note 12). Bank borrowings of approximately RMB 5,184,951,000 are secured by certain bank balances (Note 13).

As at 31 December 2004, bank borrowings of approximately RMB 170,594,000 are secured by certain property, plant and equipment (Note 8) and land use right (Note 7). Bank borrowings of approximately RMB 3,951,021,000 are secured by certain bank balances (Note 13).

(c) On 31 October and 30 November 2005, the Group issued short-term bonds with a total fair value of RMB 1,000,000,000 and maturity of nine months for working capital. As at 31 December 2005, the short-term bonds were stated at net of discounts of approximately RMB 21,964,000.

The maturities of the Group's total borrowings at respective balance sheet dates are set out as follows:

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
The Group				
Within 1 year	5,223,363	9,194,696	7,775,557	2,872,484
Between 1 and 2 years	402	600,404	60,416	1,317,106
Between 2 and 5 years	279,250	1,643	1,205	355,973
Wholly repayable within 5 years	5,503,015	9,796,743	7,837,178	4,545,563
Over 5 years	853,394	374,100	345,752	9,164
	6,356,409	10,170,843	8,182,930	4,554,727

The maturities of the Company's total borrowings at respective balance sheet dates are set out as follows:

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
The Company				
Within 1 year	—	—	—	2,078
Between 1 and 2 years	—	—	—	1,467
Between 2 and 5 years	—	—	—	4,401
Wholly repayable within 5 years	—	—	—	7,946
Over 5 years	—	—	—	4,039
	—	—	—	11,985

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
The Group				
Total borrowings				
- RMB	5,847,752	9,733,355	8,182,930	4,512,448
- USD	82,889	437,488	—	—
- HKD	—	—	—	42,279
- EUR	425,768	—	—	—
	6,356,409	10,170,843	8,182,930	4,554,727

The carrying amounts of the Company's borrowings are denominated in the following currencies:

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
The Company				
Total borrowings				
- HKD	—	—	—	11,985

The weighted average effective interest rates at the respective balance sheet dates were set out as follows:

	As at 31 December			As at 30 September
	2004	2005	2006	2007
Bank borrowings				
- RMB	4.57%	5.07%	4.55%	5.65%
- USD	2.93%	4.72%	—	—
- HKD	—	—	—	5.01%
- EUR	4.50%	—	—	—
Short-term bonds				
- RMB	—	3.62%	—	—

Interest rates of the bank borrowings denominated in RMB are reset periodically according to the primary rate announced by PBOC. The interest rates of short-term bonds are fixed.

The exposure of the Group's borrowings to interest-rate changes and contractual repricing dates are as follows:

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Within 6 months	—	80,847	—	16,076
Between 7 and 12 months	82,889	356,641	—	3,408
Between 1 and 5 years	—	—	—	13,632
Over 5 years	425,768	—	—	9,163
	508,657	437,488	—	42,279

The carrying amounts of current borrowings approximate their fair values.

The carrying amounts and fair value of non-current borrowings are set out as follows:

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
The Group				
Carrying amount	1,133,046	976,147	407,373	1,682,243
Fair value	1,050,585	913,606	357,817	1,588,068

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
The Company				
Carrying amount	—	—	—	9,907
Fair value	—	—	—	9,907

The fair values of non-current borrowings are estimated based on discounted cash flow approach using the prevailing market rates of interest available to the Group for financial instruments with substantially the same terms and characteristics at the respective balance sheet dates.

19. Deferred income tax

(a) The details of deferred tax assets are as follows:

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets				
- Deferred tax asset to be recovered after more than 12 months	338,161	304,500	34,481	88,622
- Deferred tax asset to be recovered within 12 months	152,759	155,715	161,325	140,489
	490,920	460,215	195,806	229,111

The gross movement on the deferred income tax account is as follows:

	Year ended 31 December			Nine months ended 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Beginning of the year/period	633,828	490,920	460,215	195,806
Charge to consolidated income statement (Note 26(a))	(142,908)	(30,705)	(56,346)	150,838
Transfer to CNHTC resulting from the Reorganisation (Note 33)	—	—	(208,063)	—
Effect of Income tax rate changed in 2007	—	—	—	(89,174)
Effect of Income tax rate changed from 1 January 2008	—	—	—	(28,359)
End of the year/period	490,920	460,215	195,806	229,111

(b) The movement in deferred tax assets is as follows:

Deferred tax assets	Impairment of assets	Pensions and other post-retirement benefits	Tax losses	Unrealised profit	Accrued expenses & contingencies	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2004	70,529	351,166	120,432	12,570	79,131	633,828
Credit/(Charge) to income statement	2,616	(16,067)	(107,046)	4,249	(26,660)	(142,908)
As at 31 December 2004	73,145	335,099	13,386	16,819	52,471	490,920
Credit/(Charge) to income statement	7,765	(19,602)	(12,700)	19,664	(25,832)	(30,705)
As at 31 December 2005	80,910	315,497	686	36,483	26,639	460,215
Credit/(Charge) to income statement	(12,095)	(107,138)	(686)	24,235	39,338	(56,346)
Transfer to CNHTC resulting from the Reorganisation (Note 33)	(29,779)	(175,659)	—	—	(2,625)	(208,063)
As at 31 December 2006	39,036	32,700	—	60,718	63,352	195,806
Credit/(Charge) to income statement	(1,242)	(4,373)	4,002	61,584	90,867	150,838
Effect of Income tax rate changed in 2007 (ii)	(29,919)	—	—	—	(59,255)	(89,174)
Effect of Income tax rate changed from 1 January 2008 (iii)	—	(6,867)	—	—	(21,492)	(28,359)
As at 30 September 2007	7,875	21,460	4,002	122,302	73,472	229,111

(i) In September 2003, CNHTC entered into agreements to transfer certain operations and related assets and liabilities in relation to the manufacture and sales of heavy duty truck (the "Injected Business") to Sinotruk Ji'nan Truck Company (formerly known as Shandong Xiaoya Electrical Appliance Co., Ltd.), a joint stock company with limited liability listed on the Shenzhen Stock Exchange.

Pursuant to the agreements, tax losses of approximately RMB 364,944,000 from Shandong Xiaoya Electrical Appliance Co., Ltd. were acquired by Sinotruk Ji'nan Company who is entitled to utilize the tax loss against the taxable profit in the following 5 years under the PRC tax law. Hence, deferred tax assets of approximately RMB 120,432,000 are recognised.

(ii) Sinotruk Ji'nan Power, Sinotruk Ji'nan Truck and Sinotruk Ji'nan Commercial Truck, were granted with preferential tax rate of 24% by relevant local tax authorities in June 2007 and were exempted from corporate income tax from 1 June 2007 to 31 December 2007. The tax rate reduction in the remaining period of year 2007 will impact the carrying value of deferred tax assets. The Group wrote down deferred tax assets of approximately RMB 89,174,000 as a result affected by the change of the tax rate.

(iii) On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "new CIT Law"). The new CIT Law reduces (increases) the corporate income tax rate for domestic enterprises (foreign invested enterprises) from 33% (15% or 24%) to 25% with effect from 1 January 2008. The tax rate reduction (increase) will also impact the carrying value of deferred tax assets as a result of the new tax rate. Subject to detailed measures and other related regulations that would provide guidance on the determination of taxable profit, tax incentives and grandfathering provisions, the Group wrote down approximately RMB 28,359,000 deferred tax assets affected by the change of the tax rate.

20. Termination benefits, post-employment benefits and medical insurance plan

	As at 31 December			**As at 30 September**
	2004	**2005**	**2006**	**2007**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Termination benefits (a)	382,130	334,420	84,040	71,700
Post-employment benefits (b)	318,560	300,410	9,960	9,390
Medical insurance plan (c)	314,760	321,220	5,090	4,750
	1,015,450	956,050	99,090	85,840

(a) The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

The termination benefits recognised in the income statement are as follows:

	Year ended 31 December			Nine months ended 30 September	
	2004	2005	2006	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000 *(Unaudited)*	RMB'000
Termination benefits, included in staff costs	13,980	15,560	6,600	5,900	1,780

As a result of the Business Reorganisation, with effect on 30 June 2006, termination benefits of approximately RMB 228,830,000 were transferred to the CNHTC (see Note 33).

(b) For employees who formally retired before 1 May 2002, the Group is committed to pay fixed contributions to these employees on a monthly basis. For employees who retired after 1 May 2002, the Group has no further payment obligations. The Group accounts for it by using the accounting basis similar to a defined benefit plan.

The amounts of post-employment benefits recognised in the balance sheet are determined as follows:

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Present value of benefit plans	273,860	296,690	10,120	8,520
Unrecognised actuarial gains/(losses)	44,700	3,720	(160)	870
Liability in the balance sheet	318,560	300,410	9,960	9,390

The post-employment benefits recognised in the income statement are as follows:

	Year ended 31 December			Nine months ended 30 September	
	2004	2005	2006	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000 *(Unaudited)*	RMB'000
Post-employment benefits	10,870	12,490	5,170	5,090	240
Amortisation of net actuarial gains	—	(880)	—	—	—
Total expenses, included in staff costs	10,870	11,610	5,170	5,090	240
Gain on settlements, included in other gains, net (Note 22)	—	(3,060)	—	—	—

The movement of post-employment benefits recognised in the balance sheet is as follows:

	Year ended 31 December			Nine months ended 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Beginning of the year/period	329,460	318,560	300,410	9,960
Total expenses, included in staff costs as shown above	10,870	11,610	5,170	240
Transfer to CNHTC resulting from the Reorganisation (Note 33)	—	—	(287,410)	—
Gain on settlements, included in other gains, net	—	(3,060)	—	—
Contributions paid	(21,770)	(26,700)	(8,210)	(810)
End of the year/period	318,560	300,410	9,960	9,390

(c) The Group entities operating in Ji'nan City provide post-retirement healthcare benefit to their retirees retiring before 1 March 2006. The entitlement to these benefits is usually conditional on the employee remaining in service up to the pre-defined retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are recognised in the income statement over the expected average remaining working lives of the related employees. These obligations are valued annually by independent qualified actuaries.

On 1 March 2006, with the approval of governmental authorities, the Group entities operating in Ji'nan joined the social medical security plan. According to the relevant regulations, the contributions that should be borne by the Group entities are calculated based on 8% of the total salary of employees, subject to a certain ceiling, and are paid to the Ji'nan labor and social welfare authorities. Under the social medical security plan, the Group has been relieved from obligation for post-retirement healthcare benefits beyond the contributions made, except for the obligation in connection with the contributions to the social medical security plan for the employees of Sinotruk Ji'nan Truck Company, whose employment is terminated before the normal retirement dates.

Gains from above settlement are recorded in other gains — net in the income statement on 1 March 2006.

The amounts of medical insurance plan recognised in the balance sheet are determined as follows:

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Present value of benefit plans	235,730	336,020	5,610	4,980
Unrecognised actuarial gains/(losses)	79,030	(14,800)	(520)	(230)
Liability in the balance sheet	314,760	321,220	5,090	4,750

The medical insurance plan recognised in the income statement is as follows:

	Year ended 31 December			Nine months ended 30 September	
	2004	2005	2006	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Current service cost	4,820	3,490	1,120	1,110	40
Interest cost	10,240	11,230	2,280	2,250	90
Amortisation of net actuarial gains	—	(2,740)	—	—	—
Total expenses, included in staff costs	15,060	11,980	3,400	3,360	130
Gain on settlements, included in other gains, net (Note 22(c))	—	—	(301,220)	(301,220)	—

The movement of medical insurance plan recognised in the balance sheet is as follows:

	Year ended 31 December			Nine months ended 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Beginning of the year/period	303,300	314,760	321,220	5,090
Total expenses, included in staff costs as shown above	15,060	11,980	3,400	130
Transfer to CNHTC resulting from the Reorganisation (Note 33)	—	—	(16,060)	—
Gain on settlements, included in other gains, net	—	—	(301,220)	—
Contributions paid	(3,600)	(5,520)	(2,250)	(470)
End of the year/period	314,760	321,220	5,090	4,750

(d) The above obligations were actuarially determined by an independent actuarial firm using the projected unit credit method.

The material actuarial assumptions used in valuing these obligations are as follows:

(i) Discount rates adopted and salary increase rate adopted:

	Year ended 31 December			Nine months ended 30 September	
	2004	**2005**	**2006**	**2006**	**2007**
Post-employment benefits and medical insurance plan discount rate. .	4.75%	3.50%	3.25%	3.25%	4.50%
Average salary increase rate	5% to 12%	5% to 12%	5% to 12%	5% to 12%	5% to 12%
Pooling allowance inflation rate for old civil retirees . .	5%	5%	5%	5%	N/A
Health care cost inflation rate in Ji'nan	5%	5%	5%	5%	N/A

The effect of above changes in discount rates was reflected as actuarial gains and losses and charged to the consolidated income statement in the period of change.

(ii) Mortality: Average life expectancy of residents in the PRC plus two years.

21. Provisions for other liabilities

	Legal claims	Products warranties	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2004	4,969	34,691	39,660
Additional provision	3,591	127,969	131,560
Utilised during the year	—	(108,129)	(108,129)
As at 31 December 2004	8,560	54,531	63,091
Additional provision	3,199	89,914	93,113
Utilised during the year	—	(104,743)	(104,743)
As at 31 December 2005	11,759	39,702	51,461
Additional provision	51	169,900	169,951
Utilised during the year	—	(143,064)	(143,064)
Transfer to CNHTC resulting from the Reorganisation (Note 33)	(7,953)	—	(7,953)
As at 31 December 2006	3,857	66,538	70,395
Additional provision	436	197,128	197,564
Utilised during the period	—	(54,454)	(54,454)
As at 30 September 2007	4,293	209,212	213,505

22. Other gains — net

	Year ended 31 December			Nine months ended 30 September	
	2004	**2005**	**2006**	**2006**	**2007**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000** *(Unaudited)*	**RMB'000**
Sales of by-products	54,687	89,166	111,001	72,632	68,077
Losses on disposals of property, plant and equipment	(15,398)	(15,525)	(52,151)	(29,245)	(2,694)
Gains on waiver of debts	33,994	1,073	382	6	234
Government grants (a)	69,662	2,877	5,970	1,120	4,869
Rental income (b)	15,219	10,938	6,414	6,273	5,713
Gains from settlement of post-employment benefits	—	3,060	—	—	—
Gains from settlement of medical insurance plans (c)	—	—	301,220	301,220	—
Foreign exchange (losses)/gains	—	9	(2,143)	(1,161)	38,674
Others	(4,846)	(3,109)	1,862	(3,171)	(649)
	153,318	88,489	372,555	347,674	114,224

(a) The Group obtained government grants of approximately RMB 60,000,000 in 2004 as a compensation of the cost which already incurred for laid-off employees in the previous years, and recognised it as income. The Group has no further contingent obligation under the terms of this government grant.

(b) Before 30 June 2006, rental income arose from lease out of a parcel of allocated free-use land, which was transferred to the Parent Company resulted from the Reorganisation (Note 33).

From 1 July 2006 to 30 September 2007, rental income mainly arose from lease out of certain buildings to the Parent Company.

(c) The Group entities operating in Ji'nan City provide medical benefits to their employees retiring before 1 March 2006. On 1 March 2006, with the approval of governmental authorities, the Group entities operating in Ji'nan participated the social medical security plan.

According to the relevant regulations, the contributions that should be borne by the Group entities are calculated based on 8% of the total salary of employees, subject to a certain ceiling, and are paid to the Ji'nan labor and social welfare authorities. Under the social medical security plan, the Group has been relieved from obligation for post-retirement healthcare benefits beyond the contributions made, except for the obligation in connection with the contributions to the social medical security plan for the employees of Sinotruk Ji'nan Truck Company, whose employment is terminated before the normal retirement dates.

Gains from above settlement are recorded in other gains — net in the income statement on 1 March 2006.

23. Expenses by nature

	Year ended 31 December			Nine months ended 30 September	
	2004	2005	2006	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000 *(Unaudited)*	RMB'000
Auditors' remuneration	2,537	721	2,241	1,901	2,307
Amortisation of land use rights (Note 7)	228	992	5,298	4,213	4,430
Amortisation of intangible assets (Note 9)	1,294	1,549	1,836	1,333	1,365
Depreciation of property, plant and equipment (Note 8)	106,155	125,065	226,045	159,810	198,270
Provision for (written-back of) write-down of inventories	42,374	40,645	(27,601)	(1,597)	(12,934)
Provision for (written-back of) impairment of trade and other receivables (Note 10)	29,359	(936)	896	(7,739)	4,936
Employee benefit expense (Note 24)	575,607	565,086	749,543	566,465	813,025
Material cost (Note 11)	7,813,455	6,904,081	9,174,353	6,518,251	11,632,464
Transportation expenses	122,512	243,000	259,776	173,305	279,836
Advertising costs	40,101	53,104	90,936	66,489	88,595
Warranty expenses	127,969	89,914	169,900	112,544	197,128
Travel and office expenses	55,322	55,227	95,828	64,636	89,074
Transaction taxes	41,380	32,500	35,265	27,610	36,630
Utilities	176,987	171,496	291,502	201,810	370,370
Other expenses	423,876	625,964	742,327	546,795	861,698
Total cost of sales, distribution costs and administrative expenses	9,559,156	8,908,408	11,818,145	8,435,826	14,567,194

24. Employee benefit expenses

	Year ended 31 December			Nine months ended 30 September	
	2004	**2005**	**2006**	**2006**	**2007**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000** *(Unaudited)*	**RMB'000**
Salaries, wages and bonuses	407,127	417,654	562,695	424,964	619,711
Contributions to pension plans (a)	30,126	22,312	56,132	36,450	69,966
Termination benefits (Note 20)	13,980	15,560	6,600	5,900	1,780
Post-employment benefits (Note 20)	10,870	11,610	5,170	5,090	240
Medical insurance plan(Note 20)	15,060	11,980	3,400	3,360	130
Housing benefits (b)	15,614	15,593	22,516	14,134	22,854
Other welfare expenses	82,830	70,377	93,030	76,567	98,344
	575,607	565,086	749,543	566,465	813,025

(a) The employees of the subsidiaries in the Mainland China participate in various retirement benefit plans organised by the relevant municipal and provincial government in Mainland China under which the Group was required to make monthly contributions to these plans at rates ranging from 20% to 23%, dependent on the applicable local regulations, of the employees' basic salary for the Relevant Periods.

In addition, the Group participates in various defined contribution retirement schemes for its qualified employees in certain countries outside Mainland China. Employees' and employers' contributions are calculated based on various percentages of employees' gross salaries or fixed sums and length of service. The assets of the schemes are held separately from those of the administered funds independently.

(b) Housing benefits include the government-supervised housing funds (at rates ranging from 5% to 12% of the employees' basic salary) in Mainland China during the Relevant Periods (see to Note 3(r)(iv) for the details).

25. Finance income and costs

	Year ended 31 December			Nine months ended 30 September	
	2004	2005	2006	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Interest expense:					
- Bank borrowings	115,921	132,514	118,559	95,662	77,418
- Discount of notes receivable	108,822	59,593	143,881	93,055	61,424
Finance income — Net foreign exchange losses/(gains) on financing activities	20,978	(37,372)	(3,005)	(4,976)	26
Finance costs	245,721	154,735	259,435	183,741	138,868
Finance income:					
- Interest income on bank deposits	(36,580)	(92,796)	(124,164)	(105,376)	(65,130)
- Interest income from loan and receivables	(3,000)	(3,383)	(69)	(69)	(246)
	(39,580)	(96,179)	(124,233)	(105,445)	(65,376)
Net finance costs	206,141	58,556	135,202	78,296	73,492

26. Taxation

(a) Income tax expense

Sinotruk (Hong Kong) International Investment Limited, one of the subsidiaries, and the Company are subject to Hong Kong profits tax at the rate of 17.5% on its estimated taxable profit during the Relevant Periods.

According to the Income Tax Law for Foreign Investment Enterprises and Foreign Enterprises and other policies related to income tax relief, Ji'nan Fuqiang Power Company Limited is subject to a corporate income tax rate of 24%. It is exempted from corporate income tax for two years, starting from its first profitable year, which is 2002, and is then entitled to a 50% reduction in corporate income tax for three years thereafter until 2007.

Sinotruk Ji'nan Power, Sinotruk Ji'nan Truck and Sinotruk Ji'nan Commercial Truck were subjected to the PRC enterprise income tax, which had been provided based on the statutory income tax rate of 33% of the taxable income, before they were transformed from domestic companies to Foreign Investment Enterprises in May 2007. They were granted with preferential tax rate of 24% by local tax authorities and were exempted from corporate income tax from 1 June 2007 to 31 December 2007.

Remaining subsidiaries are subject to the PRC enterprise income tax, which has been provided based on the statutory income tax rate of 33% of the assessable income of each of the companies now comprising the Group during the Relevant Periods as determined in accordance with the relevant PRC income tax rules and regulations.

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "new CIT Law"). The new CIT Law reduces (increases) the corporate income tax rate for domestic enterprises (foreign invested enterprises) from 33% (15% or 24%) to 25% with effect from 1 January 2008.

The new CIT Law provides that further detailed measures and regulations on the determination of taxable profit, tax incentives and grandfathering provisions will be issued by the State Council in due course. As and when the State Council announces the additional regulations, the Company will assess their impact, if any, and this change in accounting estimate will be accounted for prospectively.

The amount of income tax expense charged to the income statements represents:

	Year ended 31 December			Nine months ended 30 September	
	2004	**2005**	**2006**	**2006**	**2007**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000** *(Unaudited)*	**RMB'000**
Current income tax:					
- Hong Kong profits tax	—	865	—	1,081	1,046
- PRC enterprise income tax	47,042	80,787	350,429	281,808	573,239
	47,042	81,652	350,429	282,889	574,285
Deferred tax (Note 19(a))	142,908	30,705	56,346	29,167	(33,305)
	189,950	112,357	406,775	312,056	540,980

The tax on the Group's profit before tax differs from the theoretical amount that could arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	Year ended 31 December			Nine months ended 30 September	
	2004	**2005**	**2006**	**2006**	**2007**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000** *(Unaudited)*	**RMB'000**
Profit before tax	551,601	235,962	1,186,658	925,765	1,614,908
Tax calculated at tax rates applicable to profits in the respective regions	182,028	77,126	390,728	304,545	532,130
Income not subject to tax	(22,162)	—	—	—	—
Expenses not deductible for tax purposes	30,701	35,231	16,508	8,788	24,510
Effect of Income tax rate changed in 2007 (Note 19)	—	—	—	—	89,174
Effect of Income tax rate changed from 1 January 2008 (Note 19)	—	—	—	—	28,359
Effect of tax exemption of subsidiaries	(617)	—	(461)	(1,277)	(133,193)
Income tax expense	189,950	112,357	406,775	312,056	540,980

The weighted average applicable tax rate was 33.0%, 32.7%, 32.9% and 33.0% per annum for the three years ended 31 December 2004, 2005, 2006 and nine months period ended 30 September 2007, respectively.

Non-deductible expenses primarily include staff salary costs in excess of those permitted to be deducted.

Sinotruk Ji'nan Power, Sinotruk Ji'nan Truck and Sinotruk Ji'nan Commercial Truck were transformed from domestic company in to Foreign Investment Enterprises in May 2007 and were granted with preferential tax rate of 24% by local tax authorities. They were exempted from corporate income tax from 1 June 2007 to 31 December 2007. The aggregate amount of exemption from corporate income tax is approximately RMB 133,193,000.

(b) Business tax ("BT") and related taxes

Certain of the companies now comprising the Group are subject to BT at rates ranging from 3% and 5% of the service fee income received and receivable. In addition, the Group is subject to city construction tax (''CCT'') and educational surcharge (''ES'') based on 7% and 4% of BT payable, respectively.

(c) Value-added tax ("VAT") and related taxes

Certain of the companies now comprising the Group are subject to output VAT generally calculated at 17% of the product selling prices. An input credit is available whereby input VAT previously paid on purchases of raw materials or semi-finished products can be used to offset the output VAT to determine the net VAT payable. The subsidiaries are also subject to CCT and ES based on 7% and 4% of net VAT payable, respectively.

27. Directors', supervisors' and senior management's emoluments

(a) Directors', supervisors' and senior management's emoluments

(i) The remuneration of every Director for the year ended 31 December 2004 is set out below:

Name of Director	Salary & bonuses	Other benefits	Employer's contribution to pension scheme	Compensation for loss of office as director	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Ma Chun Ji	713	3	11	—	727
Mr. Cai Dong	656	5	9	—	670
Mr. Wang Dong Hui	570	4	9	—	583
Mr. Wang Hao Tao	570	4	9	—	583
Mr. Wei Zhi Hai	570	2	12	—	584
Mr. Wang Guang Xi	570	4	9	—	583
Mr. Li Guo Xian	499	4	9	—	512
Mr. Yan Jia Zhi	360	3	9	—	372
Mr. Liu Pei Ming	60	19	9	—	88

(ii) The remuneration of every Director for the year ended 31 December 2005 is set out below:

Name of Director	Salary & bonuses	Other benefits	Employer's contribution to pension scheme	Compensation for loss of office as director	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Ma Chun Ji	570	3	15	—	588
Mr. Cai Dong	524	6	10	—	540
Mr. Wang Dong Hui	456	5	10	—	471
Mr. Wang Hao Tao	456	5	10	—	471
Mr. Wei Zhi Hai	456	2	12	—	470
Mr. Wang Guang Xi	456	5	10	—	471
Mr. Li Guo Xian	399	5	10	—	414
Mr. Yan Jia Zhi	228	4	10	—	242
Mr. Liu Pei Ming	165	20	10	—	195

(iii) The remuneration of every Director for the year ended 31 December 2006 is set out below:

Name of Director	Salary & bonuses	Other benefits	Employer's contribution to pension scheme	Compensation for loss of office as director	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Ma Chun Ji	601	22	19	—	642
Mr. Cai Dong	551	7	11	—	569
Mr. Wang Dong Hui	480	5	11	—	496
Mr. Wang Hao Tao	480	5	11	—	496
Mr. Wei Zhi Hai	480	14	12	—	506
Mr. Wang Guang Xi	480	5	11	—	496
Mr. Li Guo Xian	420	5	11	—	436
Mr. Yan Jia Zhi	230	5	11	—	246
Mr. Liu Pei Ming	170	20	11	—	201

(iv) For the remuneration of every Director for the year ended 30 September 2006 is set out below:

Name of Director	Salary & bonuses	Other benefits	Employer's contribution to pension scheme	Compensation for loss of office as director	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Mr. Ma Chun Ji	450	17	14	—	481
Mr. Cai Dong	414	4	8	—	426
Mr. Wang Dong Hui	360	4	8	—	372
Mr. Wang Hao Tao	360	3	8	—	371
Mr. Wei Zhi Hai	360	10	9	—	379
Mr. Wang Guang Xi	360	4	8	—	372
Mr. Li Guo Xian	315	4	8	—	327
Mr. Yan Jia Zhi	173	3	8	—	184
Mr. Liu Pei Ming	128	14	8	—	150

(v) The remuneration of every Director for the year ended 30 September 2007 is set out below:

Name of Director	Salary & bonuses	Other benefits	Employer's contribution to pension scheme	Compensation for loss of office as director	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Ma Chun Ji	525	3	16	—	544
Mr. Cai Dong	483	8	9	—	500
Mr. Wang Hao Tao	420	7	9	—	436
Mr. Wei Zhi Hai	420	2	9	—	431
Mr. Wang Guang Xi	420	7	9	—	436
Mr. Tong Jin Gen	420	7	9	—	436
Mr. Wang Shan Po	420	7	9	—	436

During the Relevant Periods, no directors, supervisors or senior management of the Company waived any emoluments and no emoluments were paid by the Group to any of the directors, supervisors or senior management as an inducement to join or upon joining the Group or as compensation for loss of office.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group during the Relevant Periods are all directors whose emoluments during the Relevant Periods have been included in Note (a) above. The emoluments payable to these five individuals during the Relevant Periods are as follows:

	Year ended 31 December			Nine months ended 30 September	
	2004	2005	2006	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000 *(Unaudited)*	RMB'000
Basic salaries, housing allowances, share options, other allowances and benefits in kind & bonuses	3,147	2,541	2,709	2,030	2,352

The emoluments fell within the following bands:

	Year ended 31 December			Nine months ended 30 September	
	2004	2005	2006	2006	2007
				(Unaudited)	
Emolument bands (in HK dollars)					
HK\$0 — HK\$500,000	—	3	2	5	3
HK\$500,001 — HK\$1,000,000	5	2	3	—	2

28. Earnings per share

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

	Year ended 31 December			Nine months ended 30 September	
	2004	2005	2006	2006	2007
				(Unaudited)	
Profit attributable to equity holders of the Company (RMB thousands)	301,323	77,869	638,465	523,470	831,568
Weighted average number of ordinary shares in issue (thousands)	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Basic earnings per share (RMB per share)	0.20	0.05	0.43	0.35	0.55

Diluted earnings per share is not presented for the years ended 2004, 2005, 2006, and the periods ended 30 September 2006 and 2007 as the Company has no dilutive potential shares existed during the years/periods.

29. Dividends

During the year ended 31 December 2006, certain of the Group's non-wholly owned subsidiaries have paid dividends to equity holder and minority shareholders of approximately RMB 60.9 million and RMB 1.7 million, respectively.

During the nine months ended 30 September 2007, one of the Group's non-wholly owned subsidiaries has paid dividends to minority shareholders of approximately RMB 1.3 million.

The rates of above dividend and number of shares ranking for dividends are not presented as such information is not meaningful for the purpose of this report.

The Company has not declared any dividends since the incorporation.

30. Cash generated from operations

	Year ended 31 December			Nine months ended 30 September	
	2004	2005	2006	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000 *(Unaudited)*	RMB'000
Profit before income tax	551,601	235,962	1,186,658	925,765	1,614,908
Adjustments for:					
- Depreciation (Note 8)	106,155	125,065	226,045	159,810	198,270
- Amortisation (Notes 7 & 9)	1,522	2,541	7,134	5,546	5,795
- Loss on disposals of property, plant and equipment (see below)	15,398	15,524	52,151	29,244	2,695
- Gains from settlement of medical insurance plans (Note 22(c))	—	—	(301,220)	(301,220)	—
- Interest income (Note 25)	(39,580)	(96,179)	(124,233)	(105,445)	(65,376)
- Interest expense (Note 25)	224,743	192,107	262,440	188,717	138,842
- Foreign exchange (gains)/ losses on financing activities (Note 25)	20,978	(37,372)	(3,005)	(4,976)	26
	880,817	437,648	1,305,970	897,441	1,895,160
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):					
- Inventories	(870,167)	(405,955)	(90,990)	167,654	(1,439,236)
- Trade and other receivables and amounts due from related parties	475,919	639,801	(1,476,784)	(734,264)	19,039
- Restricted cash	(104,340)	20,000	64,340	64,340	20,000
- Receivables due from discounted bills	—	(592,730)	118,030	(550,410)	474,700
- Trade and other payables and amounts due to related parties	1,695,043	1,268,524	2,366,193	3,423,368	2,118,503
- Provisions for other liabilities and charges	23,431	(11,630)	26,887	64,484	143,110
- Termination benefits, post-employment benefits and medical insurance plan	(48,690)	(59,400)	(23,440)	(18,880)	(13,250)
Cash generated from operations	2,052,013	1,296,258	2,290,206	3,313,733	3,218,026

(a) In the cash flow statement, proceeds from sale of property, plant and equipment comprise:

	Year ended 31 December			Nine months ended 30 September	
	2004	2005	2006	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000 *(Unaudited)*	RMB'000
Net book amount (Note 8)	87,410	20,240	66,026	36,395	7,025
Loss on disposals of property, plant and equipment	(15,398)	(15,524)	(52,151)	(29,244)	(2,695)
Proceeds from disposal of property, plant and equipment	72,012	4,716	13,875	7,151	4,330

(b) In addition to the non-cash transactions shown in Note 15, Note 20 and Note 22 in the financial statements, the principal non-cash transaction is as follows:

	Year ended 31 December			Nine months ended 30 September	
	2004	2005	2006	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000 *(Unaudited)*	RMB'000
Gains from settlement of medical insurance plans (Note 22(c))	—	—	301,220	301,220	—
Non-cash contribution from/(distribution to) equity holder	1,167,671	(23,916)	57,905	39,815	—

31. Contingencies and guarantees

(a) Contingencies

The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities other than those provided for (Note 21).

(b) Outstanding loan guarantees

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Outstanding loan guarantees provided to related parties (Note 35(a))	232,254	200,890	390,000	—
Outstanding loan guarantees provided to third parties	150,000	210,000	—	—
	382,254	410,890	390,000	—

The Group has acted as the guarantor for various external borrowings made by certain related parties and third parties. All above guarantees have been released as at 30 September 2007. Settlement of these guarantees did not cause an outflow of resources embodying economic benefits.

32. Commitments

(a) Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Property, plant and equipment	331,946	66,909	250,456	947,346

(b) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
No later than 1 year	1,628	8,423	32,782	26,506
Later than 1 year and no later than 2 years	769	8,598	14,795	11,265
Later than 2 year and no later than 5 years	708	16,032	14,319	10,671
Later than 5 years	229	361	2,972	—
	3,334	33,414	64,868	48,442

(c) Lease payments receivable

The future aggregate minimum lease payments receivable under non-cancellable operating leases are as follows:

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
No later than 1 year	8,697	5,781	3,767	3,817
Later than 1 year and no later than 2 years	5,781	3,043	2,659	3,829
Later than 2 year and no later than 5 years	8,368	5,325	315	13,143
	22,846	14,149	6,741	20,789

33. Transfer of assets and liabilities to CNHTC

As a result of the Business Reorganisation set out in Note 1, with effect on 30 June 2006, certain assets and liabilities of the companies now comprising the Group were transferred to CNHTC, and certain assets and liabilities historically associated as part of the Predecessor Operations were retained by CNHTC. The assets and liabilities transferred to and retained by CNHTC were reflected as a contribution from CNHTC, and details are set out below:

	Assets and liabilities transferred to CNHTC (Note 1(b)(4))	Assets and liabilities retained by CNHTC (Note 2(b))	Total
	RMB'000	RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment (Note 8)	48,159	412,348	460,507
Deferred income tax assets (Note 19(a))	88,624	119,439	208,063
	136,783	531,787	668,570
Current assets			
Inventories	—	34,842	34,842
Trade and other receivables	—	121,722	121,722
Amounts due from related parties	—	1,157,475	1,157,475
Restricted cash	—	1,538,192	1,538,192
Cash and cash equivalents	—	58,828	58,828
	—	2,911,059	2,911,059
LIABILITIES			
Non-current liabilities			
Borrowings	—	600,000	600,000
Other long-term payables	—	20,000	20,000
Termination benefits, post-employment benefits and medical insurance plan (Note 20)	477,810	54,490	532,300
	477,810	674,490	1,152,300
Current liabilities			
Trade and other payables	—	3,372,058	3,372,058
Borrowings	—	888,738	888,738
Amounts due to related parties	—	278,218	278,218
Provisions for other liabilities and charges (Note 21)	—	7,953	7,953
	—	4,546,967	4,546,967
MINORITY INTERESTS	17,906	—	17,906
Net contributions from CNHTC (Note 15)	323,121	1,778,611	2,101,732

34. Details of subsidiaries now comprising the Group

Investments in subsidiaries — the Company

	As at 30 September 2007
	RMB'000
Investments, at cost:	
Listed investments	1,926,283
Unlisted investments	1,080,016
	3,006,299
Market value of listed investments	10,474,029

On 30 June 2007, the Company acquired the equity interests in the Operating Companies from Sinotruk BVI through a share swap, and became the holding company of the companies now comprising the Group.

As at the date of this report, the Company had direct or indirect interest in the following subsidiaries:

Company Name	Country/Place and date of incorporation	Type of Legal entity	Issued/Paid in capital (in million)	Attributable equity interest	Auditors	Year of audit	Principal activities
Listed -							
Sinotruk Ji'nan Truck Co., Ltd. (中國重汽集團濟南卡車股份有限公司)	PRC/ 28 September 1998	Joint stock company with limited liability	RMB 322.6	63.78% (Directly held)	ZhongHeZhengXin CPA (中和正信會計師事務所)	Years ended 2004, 2005 and 2006	Manufacture and sales of trucks and spare parts
Unlisted -							
Sinotruk Ji'nan Power Co., Ltd. (中國重汽集團濟南動力有限公司)	PRC/ 27 April 2006	Limited liability company	RMB 494.75	100% (Directly held)	ShineWing CPA (信永中和會計師事務所)	Year ended 2006	Manufacture and reproduction of engines
Sinotruk Ji'nan Commercial Truck Co., Ltd. (中國重汽集團濟南商用車有限公司)	PRC/ 17 January 2001	Limited liability company	RMB 98	100% (Directly held)	Shandong Zhenghua CPA Co., Ltd. (山東正華會計師事務所有限公司) Yuehua CPA Co., Ltd. (北京岳華會計師事務所有限責任公司) ShineWing CPA (信永中和會計師事務所)	Year ended 2004 Year ended 2005 Year ended 2006	Manufacture and sales of trucks and spare parts
Sinotruk Shandong Import & Export Co., Ltd. (中國重汽集團山東進出口有限公司)	PRC/ 9 November 2001	Limited liability company	RMB 55	100% (Directly held)	Shandong Zhenghua CPA Co., Ltd. (山東正華會計師事務所有限公司) Yuehua CPA Co., Ltd. (北京岳華會計師事務所有限責任公司) ShineWing CPA (信永中和會計師事務所)	Year ended 2004 Year ended 2005 Year ended 2006	Import and export of trucks and spare parts
Sinotruk Ji'nan Ganghua Import & Export Co., Ltd. (中國重汽集團濟南港華進出口有限公司)	PRC/ 23 December 2005	Limited liability company	RMB 6	100% (Directly held)	Shandong Shuntian Xincheng CPA Co., Ltd. (山東舜天信誠會計師事務所有限公司) ShineWing CPA (信永中和會計師事務所)	Year ended 2005 Year ended 2006	Import and export of heavy duty trucks

Company Name	Country/Place and date of incorporation	Type of Legal entity	Issued/Paid in capital (in million)	Attributable equity interest	Auditors	Year of audit	Principal activities
Sinotruk Ji'nan Technical Center Co., Ltd. (中國重汽集團濟南技術中心有限公司)	PRC/ 26 December 2005	Limited liability company	RMB 50	100% (Directly held)	Shandong Zhenghua CPA Co., Ltd. (山東正華會計師事務所有限公司) Yuehua CPA Co., Ltd. (北京岳華會計師事務所有限責任公司) ShineWing CPA (信永中和會計師事務所)	Year ended 2004 Year ended 2005 Year ended 2006	Research service of truck production techniques
Sinotruk Factory Design Institute Co., Ltd. (中國重汽集團設計研究院有限公司) (Formerly known as China National Heavy Duty Truck Group Design Institute(中國重型汽車集團設計研究院), which was restructured to limited liability company on 11 June 2006)	PRC/ 6 July 1993	Limited liability company	RMB 10	100% (Directly held)	Shandong Zhenghua CPA Co., Ltd. (山東正華會計師事務所有限公司) Yuehua CPA Co., Ltd. (北京岳華會計師事務所有限責任公司) ShineWing CPA (信永中和會計師事務所)	Year ended 2004 Year ended 2005 Year ended 2006	consulting service of truck production techniques
Sinotruk (Hong Kong) International Investment Limited (中國重汽(香港)國際資本有限公司)	Hong Kong PRC/ 6 August 2004	Limited liability company	HK$0.0028	85.71% (Directly held) 14.29% (Indirectly held)	CCIF CPA Co., Ltd. (陳葉馮會計師事務所有限公司) Ronald W. F. KO & CO. (高煒峰會計師事務所)	Years ended 2004 and 2005 Year ended 2006	consulting service and import and export tradings and asset operations
Sinotruk Finance Co., Ltd. (中國重汽財務有限公司)	PRC/ 4 October 1987	Limited liability company	RMB 500	54.42% (Directly held)	Shandong Tongyi CPA Co., Ltd. (山東統一會計師事務所有限公司) Yuehua CPA Co., Ltd. (北京岳華會計師事務所有限責任公司) ShineWing CPA (信永中和會計師事務所)	Year ended 2004 Year ended 2005 Year ended 2006	Taking deposits, facilitating borrowings, discounting notes and providing entrusted loan and entrusted investment

Company Name	Country/Place and date of incorporation	Type of Legal entity	Issued/Paid in capital	Attributable equity interest	Auditors	Year of audit	Principal activities
			(in million)				
Sinotruk Chongqing Fuel System Co., Ltd. (中國重汽集團重慶燃油噴射系統有限公司) (Formerly known as Chongqing Oil Pumps and Nozzle Products Factory (重慶油泵油咀廠), which was restructured to limited liability company on 28 June 2006)	PRC/ 1 June 1973	Limited liability company	RMB 188.49	100% (Indirectly held)	ChongQing YuZi CPA Co., Ltd. (重慶渝咨會計師事務所有限責任公司) Yuehua CPA Co., Ltd. (北京岳華會計師事務所有限責任公司) ShineWing CPA (信永中和會計師事務所)	Year ended 2004 Year ended 2005 Year ended 2006	Manufacture and sales of oil pump and nozzle
Sinotruk Hangzhou Engine Co., Ltd. (中國重汽集團杭州發動機有限公司)	PRC/ 30 April 2006	Limited liability company	RMB 180	100% (Indirectly held)	ShineWing CPA (信永中和會計師事務所)	Year ended 2006	Manufacture and reproduction of engines
Hangzhou Automobile Engine Foundry Co., Ltd. (杭州汽發鑄造有限公司)	PRC/ 8 December 2000	Limited liability company	RMB 60	100% (Indirectly held)	Shandong Zhengyuan Hexin CPA Co., Ltd. Weifang Office (山東正源和信會計師事務所濰坊分所) Yuehua CPA Co., Ltd. (北京岳華會計師事務所有限責任公司) ShineWing CPA (信永中和會計師事務所)	Year ended 2004 Year ended 2005 Year ended 2006	Manufacture of castings
Ji'nan Fuqiang Power Co., Ltd. (濟南復強動力有限公司)	PRC/ 14 January 1995	Sino-foreign joint venture	USD 3.84	51% (Indirectly held)	Shandong Zhengyuan Hexin CPA Co., Ltd. Weifang Office (山東正源和信會計師事務所濰坊分所) Yuehua CPA Co., Ltd. (北京岳華會計師事務所有限責任公司) ShineWing CPA (信永中和會計師事務所)	Year ended 2004 Year ended 2005 Year ended 2006	Manufacture and reproduction of engines

Company Name	Country/Place and date of incorporation	Type of Legal entity	Issued/Paid in capital	Attributable equity interest	Auditors	Year of audit	Principal activities
			(in million)				
Sinotruk Ji'nan Axle & Transmission Co., Ltd. (中國重汽集團濟南橋箱有限公司)	PRC/ 26 December 2005	Limited liability company	RMB 450	81.53% (Indirectly held)	Yuehua CPA Co., Ltd. (北京岳華會計師事務所有限責任公司) ZhongHeZhengXin CPA (中和正信會計師事務所)	Year ended 2005 Year ended 2006	Manufacture and sales of trucks and axle and transmission parts
Shandong Dadi Construction Supervision Co., Ltd. (山東大地建設監理有限責任公司)	PRC/ 18 December 1996	Limited liability company	RMB 0.5	60% (Indirectly held)	Shandong Zhenghua CPA Co., Ltd. (山東正華會計師事務所有限公司) Yuehua CPA Co., Ltd. (北京岳華會計師事務所有限責任公司) ShineWing CPA (信永中和會計師事務所)	Year ended 2004 Year ended 2005 Year ended 2006	Construction project and technical consulting service

35. Related party transactions

Related parties are those parties that have the ability to control the other party or exercise significant influence in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. The Group is subject to the control of the PRC government.

In accordance with HKAS 24 "Related Party Disclosures", other state-owned enterprises and their subsidiaries, directly or indirectly controlled by the PRC Government are regarded as related parties of the Group ("other state-owned enterprises"). For the purpose of related party transactions disclosure, the Group has procedures in place to assist the identification of the immediate ownership structure of its customers and suppliers as to whether they are state-owned enterprises. Many state-owned enterprises have multi-layered corporate structure and the ownership structures change over time as a result of transfers and privatisation programs. Nevertheless, management believes that meaningful information relating to related party transactions has been adequately disclosed.

In addition to the related party information shown elsewhere in the financial statements, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties, including other state-owned enterprises, during the years/periods and balances arising from related party transactions for the three years ended 31 December 2004, 2005 and 2006 and the nine months ended 30 September 2006 and 2007.

The directors were of the view that the following entities and person are related parties of the Group.

Name of related party	Nature of relationship
CNHTC (中國重型汽車集團有限公司)	The Parent Company
CNHTC Special Vehicle Company (重汽集團專用汽車公司)	Subsidiary of CNHTC
CNHTC Ji'nan Bus Co., Ltd. (重汽集團濟南客車有限責任公司)	Subsidiary of CNHTC
CNHTC Taian Wuyue Special Truck Co., Ltd. (中國重型汽車集團泰安五嶽專用汽車有限公司)	Subsidiary of CNHTC
CNHTC Lease Firm (中國重型汽車集團租賃商社)	Subsidiary of CNHTC
CNHTC Sales Company (中國重型汽車銷售公司)	Subsidiary of CNHTC
CNHTC Ji'ning Commercial Truck Co., Ltd. (中國重汽集團濟寧商用車有限公司)	Subsidiary of CNHTC
CNHTC Ji'nan Investment Co., Ltd. (中國重汽集團濟南投資有限公司)	Subsidiary of CNHTC
CNHTC Real Estates Company (中國重汽集團房地產開發公司)	Subsidiary of CNHTC
Shandong Xin Hai Guarantee Co., Ltd. (山東鑫海擔保有限公司)	One of the senior management of CNHTC is Chairman of Shandong Xin Hai Guarantee Co., Ltd.
Weifang Diesel Engine Plant (濰坊柴油機廠)	A company formerly owned by CNHTC
Weichai Power Co., Ltd. (濰柴動力股份有限公司)	Weifang Diesel Engine Plant is the controlling shareholder of Weichai Power Co., Ltd. Some directors of Weichai Power Co., Ltd. are also directors of Weifang Diesel Engine Plant.
CNHTC Ji'nan Realty Management Co., Ltd. (中國重汽集團濟南物業有限公司)	Subsidiary of CNHTC
CNHTC Ji'nan Construction Project Management Co., Ltd. (中國重汽集團濟南工程項目管理有限公司)	Subsidiary of CNHTC
Hangzhou Engine Factory (杭州汽車發動機廠)	Subsidiary of CNHTC
Ji'nan Automobile Test Center (濟南汽車檢測中心)	Subsidiary of CNHTC

(a) Significant related party transactions

(i) Significant transactions with related parties except for other state-owned enterprises

During the Relevant Periods, the Group had the following significant transactions with related parties, which will continue after the listing of shares of the Company on the Main Board of the Stock Exchange of Hong Kong Limited.

	Year ended 31 December			Nine months ended 30 September	
	2004	2005	2006	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000 *(Unaudited)*	RMB'000
Sale of trucks					
CNHTC Special Vehicle Company	120,070	97,531	178,907	132,636	89,537
CNHTC Ji'nan Bus Co., Ltd.	3,498	4,885	—	—	—
CNHTC Taian Wuyue Special Truck Co., Ltd.	120,556	52,795	24,980	20,495	20,507
CNHTC Lease Firm	36,081	—	—	—	2,690
CNHTC Sales Company	7,215	9,106	—	—	—
CNHTC Ji'ning Commercial Truck Co., Ltd.	—	10,376	—	—	—
CNHTC Ji'nan Investment Co., Ltd.	3,038	—	50,577	169	6,372
	290,458	174,693	254,464	153,300	119,106

	Year ended 31 December			Nine months ended 30 September	
	2004	2005	2006	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000 *(Unaudited)*	RMB'000
Sale of spare parts					
CNHTC Ji'nan Bus Co., Ltd.	156	15,749	8,396	4,355	5,155
CNHTC Taian Wuyue Special Truck Co., Ltd.	19,371	8,765	1,785	1,768	2,261
CNHTC Ji'ning Commercial Truck Co., Ltd.	—	15,780	171,858	122,765	271,016
CNHTC	10,517	16,386	4,335	2,726	2,765
CNHTC Ji'nan Investment Co., Ltd.	59,729	162,801	243,829	113,252	314,712
CNHTC Special Vehicle Company	—	—	—	—	665
Weichai Power Co., Ltd.	151,069	547,929	—	—	—
	240,842	767,410	430,203	244,866	596,574

	Year ended 31 December			Nine months ended 30 September	
	2004	2005	2006	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000 (*Unaudited*)	RMB'000
Purchases of trucks					
CNHTC Special Vehicle Company	297,904	123,289	261,144	195,338	180,830
CNHTC Ji'nan Bus Co., Ltd.	—	1,311	450	450	—
CNHTC Taian Wuyue Special Truck Co., Ltd.	3,631	125,466	93,815	66,081	71,638
CNHTC Sales Company	18,857	1,325	—	—	—
CNHTC Ji'nan Investment Co., Ltd.	56,209	147,209	114,752	36,579	134,191
CNHTC Ji'ning Commercial Truck Co., Ltd.	—	—	196	—	1,092
	376,601	398,600	470,357	298,448	387,751

	Year ended 31 December			Nine months ended 30 September	
	2004	2005	2006	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000 (*Unaudited*)	RMB'000
Purchases of spare parts					
CNHTC Ji'nan Bus Co., Ltd.	11,638	4,051	13,923	6,301	41,768
CNHTC Taian Wuyue Special Truck Co., Ltd.	119	—	257	—	126
CNHTC Ji'nan Investment Co., Ltd.	24,719	13,316	19,004	9,842	54,100
Weichai Power Co., Ltd.	1,641,380	1,372,180	—	—	—
Hangzhou Engine Factory	—	—	—	—	14,700
CNHTC	—	—	—	—	104
CNHTC Ji'ning Commercial Truck Co., Ltd.	—	—	—	—	125
CNHTC Real Estates Company	—	—	—	—	4,259
CNHTC Special Vehicle Company	—	—	—	—	66
	1,677,856	1,389,547	33,184	16,143	115,248

	Year ended 31 December			Nine months ended 30 September	
	2004	2005	2006	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000 *(Unaudited)*	RMB'000
Sales of services					
CNHTC Special Vehicle Company	1,158	828	1,104	828	1,102
CNHTC Ji'nan Investment Co., Ltd.	13	116	155	116	90
Shandong Xin Hai Guarantee Co., Ltd.	—	—	—	—	115
CHNTC Ji'nan Bus Co., Ltd.	—	—	—	—	26
Ji'nan Automobile Test Center	—	—	—	—	236
	1,171	944	1,259	944	1,569

	Year ended 31 December			Nine months ended 30 September	
	2004	2005	2006	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000 *(Unaudited)*	RMB'000
Purchases of services					
CNHTC Ji'nan Realty Management Co., Ltd.	—	—	20,444	11,925	6,461
CNHTC Ji'nan Bus Co., Ltd.	97	4,782	2,680	982	2,515
Ji'nan Automobile Test Center	—	3,002	7,735	1,712	1,208
CNHTC	20,851	28,888	66,356	26,147	55,491
Hangzhou Engine Factory	—	—	4,026	—	10,076
	20,948	36,672	101,241	40,766	75,751

	Year ended 31 December			Nine months ended 30 September	
	2004	2005	2006	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000 *(Unaudited)*	RMB'000
Interest income					
CNHTC Special Vehicle Company	—	2,032	2,551	2,352	—
CNHTC Ji'nan Bus Co., Ltd.	—	18	26	26	—
CNHTC Taian Wuyue Special Truck Co., Ltd.	—	834	1,407	1,407	—
CNHTC Sales Company	3,128	1,620	—	—	—
CNHTC Ji'ning Commercial Truck Co., Ltd.	—	—	796	796	—
CNHTC Ji'nan Investment Co., Ltd.	—	—	1,423	1,423	—
CNHTC Lease Firm	—	1,212	—	—	—
CNHTC Real Estates Company	—	4,362	20,196	20,196	—
Shandong Xin Hai Guarantee Co., Ltd.	—	—	150	150	—
CNHTC	—	—	11,116	—	—
Hangzhou Engine Factory	—	—	5,437	—	—
	3,128	10,078	43,102	26,350	—

	Year ended 31 December			Nine months ended 30 September	
	2004	2005	2006	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Deposits pledged as security for CNHTC issuing notes payables (note 13)	—	—	375,000	20,400	—

	Year ended 31 December			Nine months ended 30 September	
	2004	2005	2006	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Outstanding loan guarantees					
CNHTC Special Vehicle Company	52,940	60,890	—	—	—
CNHTC Real Estates Company	59,314	—	—	—	—
CNHTC	—	—	390,000	390,000	—
CNHTC Ji'nan Construction Project Management Co., Ltd.	—	20,000	—	—	—
Weifang Diesel Engine Plant	120,000	120,000	—	—	—
	232,254	200,890	390,000	390,000	—

These transactions are carried out on normal commercial terms that are consistently applied to all counter parties.

(ii) Significant transactions with other state-owned enterprises

	Year ended 31 December			Nine months ended 30 September	
	2004	2005	2006	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Sale of trucks	1,279,784	184,455	193,768	93,745	138,844
Purchases of spare parts	3,762,180	3,151,978	2,674,402	1,505,873	3,485,536
Purchases of services	30,799	4,370	727	709	1,283
Interest expense on bank borrowings	113,095	130,607	117,715	76,574	77,418
Interest income from bank deposits	36,580	92,796	124,164	105,376	65,130
Outstanding loan guarantees	150,000	210,000	—	—	—

These transactions are carried out on normal commercial terms that are consistently applied to all counter parties.

(iii) Key management compensation

	Year ended 31 December			Nine months ended 30 September	
	2004	**2005**	**2006**	**2006**	**2007**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000** *(Unaudited)*	**RMB'000**
Key management compensation					
Directors and supervisors					
- Basic salaries, housing allowances, other allowances and benefits-in-kind	6,046	4,332	4,584	3,433	4,137
Senior management					
- Basic salaries, housing allowances, other allowances and benefits-in-kind	1,094	883	932	698	482
	7,140	5,215	5,516	4,131	4,619

(b) Balances with related parties

(i) Balances with related parties except for other state-owned enterprises

	As at 31 December			As at 30 September
	2004	**2005**	**2006**	**2007**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Trade and other receivables				
Trade receivables due from				
CNHTC Special Vehicle Company	14,340	273	445	—
CNHTC Ji'nan Realty Management Co., Ltd.	267	—	—	—
CNHTC Ji'nan Bus Co., Ltd.	1,082	500	5,403	760
CNHTC Taian Wuyue Special Truck Co., Ltd.	7,362	—	4,123	177
CNHTC Ji'ning Commercial Truck Co., Ltd.	—	9,131	55,892	35,548
CNHTC Ji'nan Investment Co., Ltd.	5	211	—	50,958
CNHTC Ji'nan Construction Project Management Co., Ltd.	300	—	—	—
Weifang Diesel Engine Plant	34	—	—	—
Weichai Power Co., Ltd.	20,076	14,156	—	—
CNHTC Sales Company	19,897	20,071	1,185	445
CNHTC	—	2,630	—	158
CNHTC Lease Firm	—	—	—	—
	63,363	46,972	67,048	88,046

Ageing analysis of trade receivables at respective balance sheet dates are as follows:

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables due from				
Less than 1 year	34,936	22,897	66,308	88,046
1 year to 2 years	27,114	5,531	—	—
2 years to 3 years	1,313	18,432	740	—
Over 3 years	—	112	—	—
	63,363	46,972	67,048	88,046
Other receivables due from				
CNHTC Special Vehicle Company	—	1,817	—	—
CNHTC Ji'nan Realty Management Co., Ltd.	34	—	—	—
CNHTC Ji'nan Bus Co., Ltd.	3,857	—	—	—
CNHTC Taian Wuyue Special Truck Co., Ltd.	5,000	813	—	—
CNHTC Ji'ning Commercial Truck Co., Ltd.	500	—	—	—
CNHTC Ji'nan Investment Co., Ltd.	109,630	—	—	—
CNHTC Lease Firm	2,748	—	—	—
CNHTC Ji'nan Construction Project Management Co., Ltd.	2,244	—	—	—
CNHTC Real Estates Company	811,934	788,010	—	—
CNHTC Sales Company	31,048	19,782	3,679	—
Shandong Xin Hai Guarantee Co., Ltd.	—	3,000	—	—
CNHTC(1)	48,047	25,391	7,121	646
	1,015,042	838,813	10,800	646

(1) Other receivables due from CNHTC as at 30 September 2007 included interesting bearing loan with amount of US$50,000. On 21 September 2007, CNHTC had borrowed from Sinotruk (Hong Kong) International Investment Limited for the amount of US$50,000 which is interest bearing. The rate is same as that of short-term bank loan of the corresponding period.

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables				
Trade payables due to				
CNHTC Special Vehicle Company	—	—	206	836
CNHTC Ji'nan Realty Management Co., Ltd.	358	—	—	—
CNHTC Ji'nan Bus Co., Ltd.	61	9,092	—	—
CNHTC Taian Wuyue Special Truck Co., Ltd.	—	10,421	3,003	329
CNHTC Ji'ning Commercial Truck Co., Ltd.	—	—	3,729	—
CNHTC Ji'nan Investment Co., Ltd.	3,990	2,647	—	—
CNHTC Ji'nan Construction Project Management Co., Ltd.	152	161	—	—
Weifang Diesel Engine Plant	52,675	1,335	—	—
Weichai Power Co., Ltd.	5,647	116,873	—	—
CNHTC Sales Company	46,939	3,174	948	—
Hangzhou Engine Factory	—	—	3,108	—
CNHTC	—	399	—	—
Ji'nan Automobile Test Center	—	—	—	31
	109,822	144,102	10,994	1,196

Ageing analysis of trade payables at respective balance sheet dates are as follows:

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables due to				
Less than 1 year	101,850	138,053	6,913	1,196
1 year to 2 years	2,208	255	4,081	—
2 years to 3 years	5,626	254	—	—
Over 3 years	138	5,540	—	—
	109,822	144,102	10,994	1,196

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Other payables due to				
CNHTC Ji'nan Realty Management Co., Ltd.	1,131	—	—	—
CNHTC Ji'nan Bus Co., Ltd.	1,561	3,252	—	—
CNHTC Taian Wuyue Special Truck Co., Ltd.	—	—	529	1,000
CNHTC Ji'ning Commercial Truck Co., Ltd.	—	5,946	—	—
CNHTC Ji'nan Investment Co., Ltd.	—	10,000	—	—
CNHTC Lease Firm	—	2,510	—	—
CNHTC Ji'nan Construction Project Management Co., Ltd.	—	22,680	—	—
Ji'nan Automobile Test Center	651	16,630	—	—
Weifang Diesel Engine Plant	250,968	250,854	—	—
CNHTC Sales Company	6,617	710	—	—
Hangzhou Engine Factory	—	—	163,704	3,936
CNHTC	—	23	1,580,261	60,920
	260,928	312,605	1,744,494	65,856

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments				
CNHTC Special Vehicle Company	—	1,395	5,929	—
CNHTC Ji'nan Bus Co., Ltd.	1,725	—	3,813	—
CNHTC Taian Wuyue Special Truck Co., Ltd.	120	—	287	—
CNHTC Ji'ning Commercial Truck Co., Ltd.	—	7,225	3,512	—
CNHTC Ji'nan Investment Co., Ltd.	766	—	—	—
CNHTC Ji'nan Construction Project Management Co., Ltd.	405	—	—	—
CNHTC Sales Company	2,490	—	—	—
CNHTC	—	—	4,922	—
	5,506	8,620	18,463	—
Advances from customers				
CNHTC Special Vehicle Company	—	—	366	623
CNHTC Taian Wuyue Special Truck Co., Ltd.	230	402	—	—
CNHTC Ji'nan Investment Co., Ltd.	255	—	17,654	—
CNHTC Lease Firm	1,580	—	2,716	335
CNHTC Sales Company	6,503	—	706	424
CNHTC Real Estates Company	—	—	—	120
	8,568	402	21,442	1,502

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Loans to related parties				
CNHTC Special Vehicle Company	—	45,000	—	—
CNHTC Ji'nan Bus Co., Ltd.	—	3,000	—	—
CNHTC Taian Wuyue Special Truck Co., Ltd.	—	36,000	—	—
CNHTC Lease Firm	62,836	—	—	—
CNHTC Real Estates Company	59,314	550,000	—	—
CNHTC Sales Company	363,810	—	—	—
	485,960	634,000	—	—

All loans to related parties are due within one year from the balance sheet date. The weighted average effective interest rates were 4.8%, 5.1% per annum for the two years ended 31 December 2004, 2005 respectively.

No provision has been required for the loans made to related parties during the Relevant Periods.

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Deposits from related parties				
CNHTC Special Vehicle Company	—	3,090	12,475	—
CNHTC Ji'nan Realty Management Co., Ltd.	—	23	—	—
CNHTC Ji'nan Bus Co., Ltd.	—	10	—	—
CNHTC Taian Wuyue Special Truck Co., Ltd.	—	1,119	414	—
CNHTC Ji'nan Investment Co., Ltd.	—	10	—	—
CNHTC Lease Firm	7,666	8	—	—
CNHTC Ji'nan Construction Project Management Co., Ltd.	—	24	—	—
CNHTC Real Estates Company	—	5	16	—
Shandong Xin Hai Guarantee Co., Ltd.	—	66,528	376	—
CNHTC Sales Company	—	—	10	—
Hangzhou Engine Factory	—	—	3,896	—
CNHTC	—	47	493	—
	7,666	70,864	17,680	—

The weighted average effective interest rate on deposits from related parties was 0.72% per annum for the three years ended 31 December 2004, 2005 and 2006 and nine months ended 30 September 2007.

Non-trade balances with related parties as at 30 September 2007 will be settled prior to listing of the Company's shares.

(ii) Balances with other state-owned enterprises

	As at 31 December			As at 30 September
	2004	2005	2006	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Balances with other state-owned enterprises				
Trade receivables	396,793	285,778	35,471	22,450
Other receivables	107	91	55,697	48,997
Trade payables	94,999	206,196	111,857	428,314
Other payables	15,410	4,920	108,946	2,423
Prepayments	2,897	39,497	45,308	71,258
Advances from customers	18,749	4,048	996	974
Restricted cash	2,728,551	5,655,242	2,846,374	1,663,410
Cash and cash equivalents	1,166,552	1,526,974	2,321,258	2,654,016
Borrowings	6,560,069	10,393,473	7,295,799	4,554,727

36. Ultimate holding company

The Directors regard CNHTC as being the ultimate holding company of the Company.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 September 2007. Save as disclosed in this report, no dividend has been declared, made or paid by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 September 2007.

Yours faithfully,

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

The information set out in this Appendix does not form part of the Accountants' Report, as set out in Appendix I to this prospectus, prepared by PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, and is included herein for information only.

The unaudited pro forma financial information should be read in conjunction with the section entitled "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative and unaudited pro forma statement of adjusted net tangible assets of the Group which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on September 30, 2007. This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as at September 30, 2007 or at any future date.

	Adjusted consolidated net tangible assets of the Group attributable to equity holders of the Company as at September 30, 2007	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted net tangible assets of the Group	Unaudited pro forma adjusted net tangible assets per Share	Unaudited pro forma adjusted net tangible assets per Share
	(Note 1)	(Note 2)		(Note 3)	(Note 3)
	RMB'000	RMB'000	RMB'000	RMB	HK$ equivalent
Based on an indicative offer price of HK$10.00 per Share	1,766,096	6,357,805	8,123,901	3.69	3.84
Based on an indicative offer price of HK$12.88 per Share	1,766,096	8,201,773	9,967,869	4.53	4.71

Notes:

(1) The adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company as at September 30, 2007 is extracted from the Accountants' Report set out in Appendix I to this prospectus, after deducting intangible assets of approximately RMB5,896,000.

(2) The estimated net proceeds from the Global Offering are based on the respective indicative offer prices of HK$10.00 and HK$12.88 per Share, after deduction of the underwriting fees and other related expenses payable by the Company. The estimated net proceeds are converted into Chinese Renminbi at the rate of RMB0.96035 to HK$1.00.

(3) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraph and on the basis that 2,202,000,000 Shares were in issue immediately following the completion of the Global Offering. The unaudited pro forma net tangible assets per Share is converted into Chinese Renminbi at the rate of RMB0.96035 to HK$1.00.

(4) With reference to the valuation of the property interests as set out in Appendix IV to this Prospectus, the net revaluation surplus, representing the excess of market value of the property interests over their book value is about RMB870,976,000. Such net revaluation surplus has not been included in the Group's consolidated financial information as at September 30, 2007 and will not be included in the Group's financial statements for the year ending December 31, 2007. It is the Group's accounting policy to state its property, plant and equipment and land use rights at cost less accumulated depreciation or accumulated amortisation and any impairment losses rather than at revalued amounts. The above adjustment does not take into account the above revaluation surplus or the related additional depreciation or amortisation. Had the property interests been stated at such valuation, an additional depreciation and amortisation of RMB4,515,000 and RMB14,627,000 per annum, respectively, would be charged against the consolidated income statement.

(5) No adjustment has been made to the unaudited pro forma adjusted net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to September 30, 2007.

(B) UNAUDITED PRO FORMA FORECAST EARNINGS PER SHARE

The following is an illustrative and pro forma statement of unaudited forecast earnings per Share of the Group which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on January 1, 2007. This unaudited pro forma forecast earnings per Share has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial results of the Group for the year ending December 31, 2007 or for any future periods.

Forecast consolidated profit attributable to equity holders of the Company for the year ending 31 December 2007 (Note 1)	not less than RMB1,003,300,000 (approximately HK$1,044,723,000)
Unaudited pro forma forecast basic earnings per share (Note 2)	not less than RMB0.46 (approximately HK$0.47)

Notes:

(1) The forecast consolidated profit attributable to equity holders of the Company for the year ending December 31, 2007 is extracted from the subsection entitled "Profit Forecast" under the section entitled "Financial Information" in this prospectus. The bases and assumptions on which the above profit forecast for the year ending December 31, 2007 has been prepared are summarised in Appendix III to this prospectus. The directors of the Company have prepared the forecast of the consolidated profit attributable to equity holders of the Company for the year ending December 31, 2007 based on the audited consolidated results of the Group for the nine months ended September 30, 2007 and a forecast of the consolidated results for the three months ending December 31, 2007. The forecast has been prepared on the basis of accounting policies consistent in all material respects with those presently adopted by the Group as set out in note 3 of Section II of the Accountants' Report set out in Appendix I to this prospectus.

(2) The calculation of the unaudited pro forma forecast earnings per Share is based on the forecast consolidated profit attributable to equity holders of the Company for the year ending December 31, 2007, assuming that the Global Offering was completed on January 1, 2007 and a total of 2,202,000,000 shares were in issue during the entire year. This calculation assumes that the Over-allotment Option will not be exercised.

(3) For the purpose of this unaudited pro forma forecast basic earnings per Share, the balance stated in Chinese Renminbi have been converted into Hong Kong dollars at the rate of RMB0.96035 to HK$1.00.

REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

REPORT FROM ACCOUNTANTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF SINOTRUK (HONG KONG) LIMITED

We report on the unaudited pro forma financial information of Sinotruk (Hong Kong) Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages II-1 to II-3 under the headings of "Unaudited Pro Forma Statement of Adjusted Net Tangible Assets" and "Unaudited Pro Forma Forecast Earnings Per Share" (the "Unaudited Pro Forma Financial Information") in Appendix II of the Company's prospectus dated 15 November 2007 (the "Prospectus"), in connection with the proposed initial public offering of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited. The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the proposed initial public offering might have affected the relevant financial information of the Group. The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages II-1 to II-3 of the Prospectus.

Respective Responsibilities of Directors of the Company and Reporting Accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by rule 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment

Circulars" issued by the HKICPA. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the audited consolidated net assets of the Group as at September 30, 2007 and unaudited forecast consolidated profit attributable to equity holders of the Company for the year ending December 31, 2007 with the accountants' report as set out in Appendix I of the Prospectus and profit forecast as set out in the section entitled "Financial Information" in the Prospectus, respectively, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purpose only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

— the financial position of the Group as at September 30, 2007 or any future date, or

— the earnings per share of the Group for the year ending December 31, 2007 or any future periods.

Opinion

In our opinion:

a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

b) such basis is consistent with the accounting policies of the Group; and

c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 15 November 2007

You may find our forecast consolidated profit attributable to equity holders of the company for the year ending December 31, 2007 in the section entitled "Financial Information — Profit Forecast" in this prospectus.

Bases and Assumptions

We have prepared our forecast consolidated profit attributable to equity holders of the Company for the year ending December 31, 2007 on the basis of our audited consolidated results for the nine months ended September 30, 2007 and a forecast of our results for the remaining three months ending December 31, 2007. We are not aware of any extraordinary items which have arisen or are likely to arise during the year ending December 31, 2007. Our profit forecast has been presented on a basis consistent in all material respects with the accounting policies presently adopted by us as summarized in the Accountants' Report in Appendix I to this prospectus. We have made the following principal assumptions in the preparation of our profit forecast:

- there will be no material changes in the existing political, legal, fiscal or economic conditions in Hong Kong, China or any of the countries or regions in which we carry on our business;

- there will be no material changes in the bases or rates of tax applicable to our business except as otherwise disclosed in this prospectus; and

- there will be no material changes in the inflation rate, interest rates or foreign currency exchange rates from those currently prevailing. The PRC Government will continue to adopt moderate macroeconomic and monetary policies, in order to maintain a consistent rate of economic growth.

Letter from Reporting Accountants

The following is the text of a letter, prepared for the purpose of incorporation in this prospectus, received from the reporting accountants, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, in connection with the forecast consolidated profit attributable to equity holders of the Company for the year ending 31 December 2007.

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

The Directors
Sinotruk (Hong Kong) Limited

China International Capital Corporation (Hong Kong) Limited
J.P. Morgan Securities (Asia Pacific) Limited

15 November 2007

Dear Sirs

We have reviewed the calculations of and accounting policies adopted in arriving at the forecast of the consolidated profit attributable to equity holders of Sinotruk (Hong Kong) Limited (the "Company") for the year ending 31 December 2007 (the "Profit Forecast") as set out in the subsection headed "Profit Forecast" in the section headed "Financial Information" in the prospectus of the Company dated 15 November 2007 (the "Prospectus").

We conducted our work in accordance with the Auditing Guideline 3.341 on "Accountants' report on profit forecasts" issued by the Hong Kong Institute of Certified Public Accountants.

The Profit Forecast, for which the directors of the Company are solely responsible, has been prepared by them based on the audited results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the nine months ended 30 September 2007 and a forecast of the consolidated results of the Group for the remaining three months ending 31 December 2007.

In our opinion, the Profit Forecast, so far as the calculation and accounting policies are concerned, has been properly compiled in accordance with the bases and assumptions made by the directors of the Company as set out on page III-1 of the Prospectus, and is presented on a basis consistent in all material respects with the accounting policies presently adopted by the Group as set out in note 3 of Section II of our accountants' report dated 15 November 2007, the text of which is set out in Appendix I of the Prospectus.

Yours faithfully

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

Letter from the Joint Sponsors

The following is the text of the letter, prepared for inclusion in this prospectus, we have received from CICC Hong Kong and JPMorgan, our Joint Sponsors, in connection with the forecast of our consolidated profit after taxation and minority interests for the year ending December 31, 2007.

CICC
中国国际金融(香港)有限公司
CHINA INTERNATIONAL CAPITAL
CORPORATION (HONGKONG) LIMITED

JPMorgan

China International Capital Corporation (Hong Kong) Limited
Suite 2307, 23rd Floor
One International Finance Centre
1 Harbour View Street
Central
Hong Kong

J.P. Morgan Securities (Asia Pacific) Limited
27th Floor, Chater House
8 Connaught Road
Central
Hong Kong

November 15, 2007

The Directors
Sinotruk (Hong Kong) Limited

Dear Sirs,

We refer to the forecast of the consolidated profit attributable to the equity holders of Sinotruk (Hong Kong) Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ending December 31, 2007 (the "Forecast") as set out in the subsection headed "Profit Forecast" in the section headed "Financial Information" in the prospectus issued by the Company dated November 15, 2007 (the "Prospectus"). The Forecast, for which the directors of the Company are solely responsible, has been prepared based on the audited consolidated results of the Group for the nine months ended September 30, 2007 and a forecast of the consolidated results of the Group for the remaining three months ending December 31, 2007.

We have discussed with you the bases and assumptions made by the directors of the Company as set out in Appendix III to the Prospectus upon which the Forecast has been made. We have also considered the letter dated November 15, 2007 addressed to yourselves and ourselves from PricewaterhouseCoopers regarding the accounting policies and calculations upon which the Forecast has been made.

On the basis of the information comprising the Forecast and on the basis of the accounting policies and calculations adopted by you and reviewed by PricewaterhouseCoopers, we are of the opinion that the Forecast, for which you as directors of the Company are solely responsible, has been made after due and careful enquiry.

Yours faithfully,

For and on behalf of
China International Capital Corporation (Hong Kong) Limited
Huang Zhaohui
Managing Director

For and on behalf of
J.P. Morgan Securities (Asia Pacific) Limited
Marin, Todd Robert
Managing Director

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this prospectus received from Sallmanns (Far East) Limited, an independent valuer, in connection with its valuation as at 30 September 2007 of the property interests of the Group. As described in section "Documents Delivered and Available for Inspection" in Appendix VIII, a copy of the full valuation report will be made available for public inspection.

Sallmanns 西門
Corporate valuation and consultancy
www.sallmanns.com

22nd Floor, Siu On Centre
188 Lockhart Road
Wanchai, Hong Kong
Tel: (852) 2169 6000
Fax: (852) 2528 5079

15 November 2007

The Board of Directors
Sinotruk (Hong Kong) Limited
Units 2102-2103
China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Dear Sirs,

In accordance with your instructions to value the properties in which Sinotruk (Hong Kong) Limited (中國重汽(香港)有限公司) (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") have interests in the People's Republic of China (the "PRC") and Hong Kong, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of the property interests as at 30 September 2007 (the "date of valuation").

Our valuations of the property interests represent the market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

We have valued the property interests in Group I in Hong Kong, Group IV in the PRC and properties nos. 7, 9, 10, 14, 15 and 16 of the property interests in Group II in the PRC by the direct comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sale transactions as available in the relevant market.

Where, due to the nature of the buildings and structures of the properties in the PRC, there are no market sales comparables readily available, the remaining property interests in Group II and a portion of property interests in Group III, which have been completed, have been valued on the basis of their depreciated replacement cost.

Depreciated replacement cost is defined as "the current cost of replacement (reproduction) of a property less deductions for physical deterioration and all relevant forms of obsolescence and optimization." It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization. The depreciated replacement costs of the property interests are subject to adequate potential profitability of the concerned business.

In valuing the remaining property interests in Group III which are currently under construction, we have assumed that they will be developed and completed in accordance with the Group's latest development proposal provided to us. In arriving at our opinion of value, we have taken into account the construction costs and professional fees relevant to the stage of construction as at the date of valuation and the remainder of the costs and fees to be expended to complete the development.

We have attributed no commercial value to the property interests in Group V, which are rented by the Group, due either to the short-term nature of the leases or the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rents.

Our valuations have been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing those property interests of the Group in Hong Kong held under the Government Leases expiring before 30th June, 1997, we have taken account of the stipulations contained in Annex III of the Joint Declaration of the Government of the United Kingdom and the Government of the People's Republic of China on the question of Hong Kong and the New Territories Leases (Extension) Ordinance 1988 that such leases have been extended without premium until 30th June, 2047 and that a rent of three per cent of the then rateable value is charged per annum from the date of extension.

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Appraisal and Valuation Standards (5th Edition May 2003) published by the Royal Institution of Chartered Surveyors; and the HKIS Valuation Standards on Properties (1st Edition January 2005) published by the Hong Kong Institute of Surveyors.

As the Company is in compliance with paragraph 3(b) of Practice Note 16 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited, the Company is not required to include the full details of the individual leased properties in the valuation certificates of our report in this prospectus. A summary of all these interests in land and buildings covered by this exemption is included in the Summary of Values and the Certificate for Leased Properties.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been, in some instances, provided by the Group with extracts of the title documents relating to the properties in the PRC and have caused searches to be made at the Hong Kong Land Registry in respect of Hong Kong properties. Where possible, we have searched the original documents to verify the existing titles to the property interests in the PRC and any material encumbrances that might be attached to the properties or any lease amendments which may not appear on the copies handed to us. We have relied considerably on the advice given by the Company's PRC legal advisers — DeHeng Law Offices, concerning the validity of the Group's titles to the property interests in the PRC.

We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the properties but have assumed that the site areas shown on the documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB). The exchange rate adopted in our valuations is approximately HK$1 = RMB0.9683 which was approximately the prevailing exchange rate as at the date of valuation.

Our valuations are summarised below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of
Sallmanns (Far East) Limited
Paul L. Brown
B.Sc. FRICS FHKIS
Director

Note: Paul L. Brown is a Chartered Surveyor who has 24 years' experience in the valuation of properties in the PRC and 27 years of property valuation experience in Hong Kong, the United Kingdom and the Asia-Pacific region.

SUMMARY OF VALUES

GROUP I — PROPERTY INTERESTS OWNED AND OCCUPIED BY THE GROUP IN HONG KONG

No.	Property	Capital value in existing state as at 30 September 2007 *RMB*	Interest attributable to the Group	Capital value attributable to the Group as at 30 September 2007 *RMB*
1.	Flat A on the 1st Floor of Block 2 Illumination Terrace No. 7 Tai Hang Road Hong Kong	4,960,000	100%	4,960,000
2.	Units No.2102-2103 21st Floor China Merchants Tower Shun Tak Centre 168-200 Connaught Road Central Hong Kong	26,097,000	100%	26,097,000
3.	Parking space No.41 on Upper Ground Floor & Duplex Apartment A2 on 17th Floor Park View Court No.1 Lyttelton Road Hong Kong	20,945,000	100%	20,945,000
	Sub-total:	52,002,000		52,002,000

GROUP II — PROPERTY INTERESTS HELD AND OCCUPIED BY THE GROUP IN THE PRC

No.	Property	Capital value in existing state as at 30 September 2007 *RMB*	Interest attributable to the Group	Capital value attributable to the Group as at 30 September 2007 *RMB*
4.	3 parcels of land, various buildings and structures located at Liulin Village Dangjiazhuang Town Shizhong District Jinan Shandong Province The PRC	616,224,000	71.5%	440,499,000
5.	A parcel of land, various buildings and structures No.165 Yingxiongshan Road Shizhong District Jinan Shandong Province The PRC	127,077,000	100%	127,077,000
6.	A parcel of land and a building No.53 Wuyingshan Zhong Road Tianqiao District Jinan Shandong Province The PRC	24,900,000	100%	24,900,000
7.	A parcel of land, a building and various structures No.212 Jingshi West Road Huaiyin District Jinan Shandong Province The PRC	No commercial value	100%	No commercial value

No.	Property	Capital value in existing state as at 30 September 2007 *RMB*	Interest attributable to the Group	Capital value attributable to the Group as at 30 September 2007 *RMB*
8.	2 parcels of land, various buildings and structures located at Production Area of Zhongqi Mingshui Economy and Development Zone Zhangqiu Jinan Shandong Province The PRC	220,877,000	100%	220,877,000
9.	A parcel of land, a building and ancillary structures No.39 Wuyingshan East Road Tianqiao District Jinan Shandong Province The PRC	13,866,000	54.4%	7,543,000
10.	A commercial unit on Level 1 No.30 Wuyingshan Zhong Road Tianqiao District Jinan Shandong Province The PRC	666,000	54.4%	363,000
11.	3 parcels of land, various buildings and structures No.988 Zhongqi Huanghe Road Economy and Development Zone Ping'an Dian Town Changqing District Jinan Shandong Province The PRC	177,601,000	100%	177,601,000
12.	3 parcels of land, various buildings and structures No.78 Wayaogou Xianfeng Street Jingkou Town Shapingba District Chongqing The PRC	40,309,000	100%	40,309,000

No.	Property	Capital value in existing state as at 30 September 2007 *RMB*	Interest attributable to the Group	Capital value attributable to the Group as at 30 September 2007 *RMB*
13.	2 parcels of land, various buildings and structures No.6 Cuining Road Jingkai Park Beibu New District Chongqing The PRC	71,162,000	100%	71,162,000
14.	Unit 611 on Level 6 of Entrance 1 Block 5 No.208 Shuhan Road Jinniu District Chengdu Sichuan Province The PRC	976,000	63.8%	622,000
15.	A unit on Level 2 No.939-23 Tumendun Xijin West Road Qilihe District Lanzhou Gansu Province The PRC	562,000	63.8%	359,000
16.	Unit 402 on Level 4 of Entrance 2 and Unit 801 on Level 8 of Entrance 5 Block 1 No.9 Changjiang Road Gaoxin District Shijiazhuang Hebei Province The PRC	876,000	63.8%	558,000
	Sub-total:	1,295,096,000		1,111,870,000

GROUP III — PROPERTY INTERESTS HELD UNDER DEVELOPMENT BY THE GROUP IN THE PRC

No.	Property	Capital value in existing state as at 30 September 2007	Interest attributable to the Group	Capital value attributable to the Group as at 30 September 2007
		RMB		*RMB*
17.	2 parcels of land and an industrial complex under construction located at Hongliu Road South Xiaoshan District Hangzhou Zhejiang Province The PRC	70,000,000	100%	70,000,000
18	7 parcels of land, various buildings and structures located at Zhongqi Industrial Zone Shenjing Town Zhangqiu Jinan Shandong Province The PRC	651,442,000	100%	651,442,000
	Sub-total:	721,442,000		721,442,000

GROUP IV — PROPERTY INTEREST HELD FOR INVESTMENT BY THE GROUP IN THE PRC

No.	Property	Capital value in existing state as at 30 September 2007	Interest attributable to the Group	Capital value attributable to the Group as at 30 September 2007
		RMB		*RMB*
19.	A commercial unit on Level 1 No.126 Yuzhou Road Jiulongpo District Chongqing The PRC	1,593,000	54.4%	867,000
	Sub-total:	1,593,000		867,000

GROUP V — PROPERTY INTERESTS RENTED AND OCCUPIED BY THE GROUP IN THE PRC

No.	Property		Capital value in existing state as at 30 September 2007 *RMB*	Interest attributable to the Group	Capital value attributable to the Group as at 30 September 2007 *RMB*
20.	506 leased properties located in the PRC		No commercial value		No commercial value
		Sub-total:	Nil		Nil
		Total:	**2,070,133,000**		**1,886,181,000**

VALUATION CERTIFICATE

GROUP I — PROPERTY INTERESTS OWNED AND OCCUPIED BY THE GROUP IN HONG KONG

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2007 *RMB*
1.	Flat A on 1st Floor of Block 2 Illumination Terrace No. 7 Tai Hang Road Hong Kong (25/17700th parts or shares of and in Inland Lot No. 8731)	The property comprises a residential unit on the 1st floor of a 45-storey residential building completed in about 1993. The property has a gross floor area of approximately 910 sq.ft. The property is held under Conditions of Exchange No. 12094 for a term commencing from 26 March 1990 and expiring on 30 June 2047.	The property is to be leased to Yeung Chi Wang for term of 2 years for residential purpose.	4,960,000 100% interest attributable to the Group: RMB4,960,000

Notes:

1. The registered owner of the property is Sinotruk (Hong Kong) International Investment Limited (中國重汽(香港)國際資本有限公司) (formerly named as China National Heavy Duty Truck Group (Hong Kong) International Investment Limited), a wholly owned subsidiary of the Company, an Assignment vide Memorial No. UB9394535 dated 2 November 2004 and a Certified True Copy Certificate of Change of Name vide Memorial No. 07060601530013 dated 17 January 2006 respectively.
2. The property is subject to an Occupation Permit No. H53/93 vide Memorial No. UB5683450 dated 6 May 1993.
3. The property is subject to a Deed of Mutual Covenant and a Management Agreement vide Memorial Nos. UB5683451 and UB5683452 both dated 17 June 1993.
4. According to a Tenancy Agreement entered into between Sinotruk (Hong Kong) International Investment Limited and Yeung Chi Wang dated 6 November 2007, the property is to be leased to Yeung Chi Wang for term of 2 years commencing from 20 November 2007 and expiring on 19 November 2009 at a monthly rent of HK$19,500, exclusive of rates and management fee.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2007 *RMB*
2.	Units No.2102-2103 21st Floor China Merchants Tower Shun Tak Centre 168-200 Connaught Road Central Hong Kong 46/33888 parts or shares of and in Inland Lot No.8517	The property comprises 2 office units on the 21 floor of a 42-storey office building completed in about 1986. The units have a total gross floor area of approximately 2,750 sq.ft. The property is held under Conditions of Grant No.UB11612 (as modified by Modification Letter vide Memorial No. UB2945695) for a term of 75 years commencing from 31 December 1980 and renewable for 75 years.	The property is currently occupied by the Group for office purpose.	26,097,000 100% interest attributable to the Group: RMB26,097,000

Notes:

1. The registered owner of the property is Sinotruk (Hong Kong) International Investment Limited (中國重汽(香港)國際資本有限公司), a wholly owned subsidiary of the Company, vide Memorial No. 07071700670025 dated 29 June 2007.
2. The property is subject to a Deed of Mutual Covenant and Management Agreement vide Memorial No. UB3018018 and re-registered vide Memorial No. UB4861400 dated 4 March 1986, a Sub-deed of Mutual Covenant and Management Agreement vide Memorial No.UB6748378 dated 23 August 1996, a Management Agreement vide Memorial No. UB7083261 dated 7 March 1997, a Sub-sub-deed of Mutual Covenant vide Memorial No.UB7768219 dated 5 May 1999 and a Sub-sub-sub-deed of Mutual Covenant vide Memorial No. 05081802420189 and re-registered vide Memorial No. 06070601060012 dated 20 July 2005.
3. The property is subject to a Mortgage in favour of Bank of Communications Co., Ltd. vide Memorial No. 07071700670032 dated 29 June 2007.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2007 *RMB*
3.	Parking space No.41 on Upper Ground Floor & Duplex Apartment A2 on 17th Floor Park View Court No.1 Lyttelton Road Hong Kong 26/2670 parts or shares of and in The Remaining Portion of Inland Lot No.930	The property comprises a car parking space on the upper ground floor and a unit on the 17 floor of a 19-storey residential building completed in about 1973. The residential unit has a gross floor area of approximately 2,228 sq.ft. The property is held under a Government Lease for a term of 999 years commencing from 22 June 1885.	The property is currently occupied by the Group for residential and car parking purposes.	20,945,000 100% interest attributable to the Group: RMB20,945,000

Notes:

1. The registered owner of the property is Sinotruk (Hong Kong) Limited (中國重汽(香港)有限公司) vide Memorial No. 07080101530015 dated 18 July 2007.
2. The property is subject to an Occupation Permit No. H24/73 vide Memorial No. UB1053714 dated 27 December 1973.
3. The property is subject to a Deed of Covenant vide Memorial No. UB1057765 dated 21 January 1974.
4. The property is subject to a Mortgage in favour of Bank of Communications Co., Ltd. vide Memorial No. 07080101530024 dated 18 July 2007.

VALUATION CERTIFICATE

GROUP II — PROPERTY INTERESTS HELD AND OCCUPIED BY THE GROUP IN THE PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2007 *RMB*
4.	3 parcels of land, various buildings and structures located at Liulin Village Dangjiazhuang Town Shizhong District Jinan Shandong Province The PRC	The property comprises 3 parcels of land with a total site area of approximately 595,742 sq.m. on which are constructed 163 buildings and various ancillary structures completed in various stages between 1970 and 2006. The buildings have a total gross floor area of approximately 269,282.94 sq.m. The buildings and structures mainly include industrial buildings, warehouses, office buildings, pump rooms, walls, roads and cisterns. The land use rights of the property were granted for a term expiring on 18 August 2053.	The property is currently occupied by the Group for production purpose except for a portion of the land with a site area of approximately 13,300 sq.m. and various buildings with a total gross floor area of approximately 6,240 sq.m. which are currently rented to Jinan Hua Wo Truck Corporation, a connected party of the Group, for production purpose.	616,224,000 71.5% interest attributable to the Group RMB440,499,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate - Shi Zhong Guo Yong (2006) Di No.0200267 dated 30 November 2006 issued by the State-owned Land and Resources Bureau of Jinan Municipality, the land use rights of a parcel of land with a site area of approximately 65,941 sq.m. were granted to Sinotruk Jinan Power Co., Ltd. (中國重汽集團濟南動力有限公司, "Sinotruk Jinan Power"), a wholly owned subsidiary of the Company, for a term expiring on 18 August 2053 for industrial use.

   Pursuant to 27 Building Ownership Certificates issued by the Building Administration Bureau of Jinan Municipality, 27 buildings with a total gross floor area of approximately 21,727.81 sq.m. of the property are owned by Sinotruk Jinan Power.

2. Pursuant to a State-owned Land Use Rights Certificate - Shi Zhong Guo Yong (2006) Di No.0200268 dated 30 November 2006 issued by the State-owned Land Administration Bureau of Jinan Municipality, the land use rights of a parcel of land with a site area of approximately 89,854 sq.m. were granted to Sinotruk Jinan Axle & Transmission Co., Ltd. (中國重汽集團濟南橋箱有限公司, "Sinotruk Jinan Axle & Transmission Company"), an indirect majority-owned subsidiary of the Company, for a term expiring on 18 August 2053 for industrial use.

   Pursuant to 55 Building Ownership Certificates both dated in 2006 issued by the Building Administration Bureau of Jinan Municipality, 56 buildings with a total gross floor area of approximately 79,317.31 sq.m. of the property are owned by Sinotruk Jinan Axle & Transmission Company.

3. Pursuant to a State-owned Land Use Rights Certificate - Shi Zhong Guo Yong (2006) Di No.0200269 dated 30 November 2006 issued by the State-owned Land Administration Bureau of Jinan Municipality, the land use rights of a parcel of land with a site area of approximately 439,947 sq.m. were granted to Sinotruk Jinan Truck Co., Ltd. (中國重汽集團濟南卡車股份有限公司, "Sinotruk Jinan Truck Company"), a 63.8% interests owned subsidiary of the Company, for a term expiring on 18 August 2053 for industrial use.

   Pursuant to 82 Building Ownership Certificates dated between 2004 and 2006 issued by the Building Administration Bureau of Jinan Municipality, 80 buildings with a total gross floor area of approximately 168,237.82 sq.m. of the property are owned by Sinotruk Jinan Truck Company.

4. According to a Tenancy Agreement and relevant Supplementary Agreements entered into between Sinotruk Jinan Truck Company and Jinan Hua Wo Truck Corporation, 3 buildings with a total gross floor area of approximately 6,240 sq.m. are currently rented to Jinan Hua Wo Truck Corporation, a connected party of the Company, for a term of 5 years commencing from 2 September 2003 at an annual rent of RMB1,594,320.

5. According to a Tenancy Agreement and relevant Supplementary Agreements entered into between Sinotruk Jinan Power and Jinan Hua Wo Truck Corporation, a portion of the land with a site area of approximately 13,300 sq.m. are currently rented to Jinan Hua Wo Truck Corporation, a connected party of the Group, for a term of 5 years commencing from 2 September 2003 at an annual rent of 1,456,350.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   1) The land use rights of the property are legally and validly obtained by the Group and can be legally occupied, used, leased, transferred, mortgaged by the Group in accordance with the valid term and use stipulated in the land use rights certificate;

   2) The buildings of the property are legally and validly owned by the Group and can be legally occupied, used, leased, transferred, mortgaged by the Group; and

   3) There is no title dispute to the property and the property are not subject to seizure, auction, mortgage or any other encumbrances.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2007 *RMB*
5.	A parcel of land, various buildings and structures No.165 Yingxiongshan Road Shizhong District Jinan Shandong Province The PRC	The property comprises a parcel of land with a site area of approximately 51,186.8 sq.m. on which are constructed 15 buildings and various ancillary structures completed in various stages between 1987 and 2003. The buildings have a total gross floor area of approximately 32,417.52 sq.m. The buildings and structures mainly include office buildings, laboratory buildings, industrial buildings, warehouses, pump rooms, walls, roads and gates. The land use rights of the property were granted for a term expiring on 26 March 2056.	The property is currently occupied by the Group for office and laboratory purposes except for a building with a gross floor area of approximately 1,751.53 sq.m. which is currently rented to Jinan Automobile Test Center, a connected party of the Group for office purpose.	127,077,000 100% interest attributable to the Group RMB127,077,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate - Shi Zhong Guo Yong (2007) Di No.200049 dated 1 February 2007 issued by the State-owned Land and Resources Bureau of Jinan Municipality, the land use rights of a parcel of land with a site area of approximately 51,186.8 sq.m. were granted to Sinotruk Jinan Power Co., Ltd. ("Sinotruk Jinan Power"), a wholly owned subsidiary of the Company, for a term expiring on 26 March 2056 for scientific and research uses.
2. Pursuant to 12 Building Ownership Certificates dated between 2006 and 2007 issued by the Building Administration Bureau of Jinan Municipality, the buildings with a total gross floor area of approximately 29,909.02 sq.m. of the property are owned by Sinotruk Jinan Power.
3. For the remaining 3 buildings with a total gross floor area of approximately 2,508.5 sq.m. of the property, we have not been provided with any Building Ownership Certificates.
4. According to a Tenancy Agreement dated 1 July 2006 entered into between Sinotruk Jinan Power and Jinan Automobile Test Center, a building of the property with a gross floor area of approximately 1,751.53 sq.m. is rented to Jinan Automobile Test Center, a connected party of the Group, for a term of 3 years commencing from 1 July 2006 at an annual rent of RMB630,550.8.
5. In the valuation of this property, we have attributed no commercial value to the 3 buildings with a total gross floor area of approximately 2,508.5 sq.m. which have not obtained any Building Ownership Certificates. However, for reference purposes, we are of the opinion that the capital value of 3 buildings (excluding the land) as at the date of valuation would be RMB3,267,000 assuming all relevant title certificates had been obtained and the 3 buildings could be freely transferred.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   1) The land use rights of the property are legally and validly obtained by the Group and can be legally occupied, used, leased, transferred, mortgaged by the Group in accordance with the valid term and use stipulated in the land use rights certificate;

   2) The buildings with Building Ownership Certificates of the property are legally and validly owned by Sinotruk Jinan Power and can be occupied, used, leased, transferred, mortgaged by Sinotruk Jinan Power;

   3) For the 3 buildings with a total gross floor area of approximately 2,508.5 sq.m. of the property without any Building Ownership Certificate, Sinotruk Jinan Power can use and occupy in accordance with their permitted uses;

   4) The buildings without any Building Ownership Certificate of the property have been injected into Sinotruk Jinan Power by the Parent Company and the relevant title certificates under the name of Sinotruk Jinan Power are being applied. There will be no legal impediment for Sinotruk Jinan Power to obtain the building ownership certificates of the property under its name;

   5) The Parent Company has undertaken to indemnify the Sinotruk Jinan Power against any loss arising from the title registration; and

   6) There is no title dispute to the property and the property are not subject to seizure, auction, mortgage or any other encumbrances.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2007 *RMB*
6.	A parcel of land and a building No.53 Wuyingshan Zhong Road Tianqiao District Jinan Shandong Province The PRC	The property comprises a parcel of land with a site area of approximately 9,064.2 sq.m. on which is constructed a building completed in 1987. The building has a gross floor area of approximately 10,573.98 sq.m.. The land use rights of the property were granted for a term expiring on 26 March 2056.	The property is currently occupied by the Group for office purpose.	24,900,000 100% interest attributable to the Group RMB24,900,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate - Tian Qiao Guo Yong (2007) Di No.0400052 dated 25 April 2007 issued by the State-owned Land Administration Bureau of Jinan Municipality, the land use rights of a parcel of land with a site area of approximately 9,064.2 sq.m. were granted to Sinotruk Jinan Power Co., Ltd. ("Sinotruk Jinan Power"), a wholly owned subsidiary of the Company, for a term expiring on 26 March 2056 for industrial use.

2. Pursuant to 2 Building Ownership Certificates - Ji Fang Quan Zheng Tian Zi Di Nos. 130523 and 130518 both dated 13 October 2006 issued by the Building Administration Bureau of Jinan Municipality, a building with a gross floor area of approximately 10,573.98 sq.m. is owned by Sinotruk Jinan Power.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   1) The land use rights of the property are legally and validly obtained by Sinotruk Jinan Power and can be legally occupied, used, leased, transferred, mortgaged by Sinotruk Jinan Power in accordance with the valid term and use stipulated in the land use rights certificate;

   2) The building of the property is legally and validly owned by Sinotruk Jinan Power and can be legally occupied, used, leased, transferred, mortgaged by Sinotruk Jinan Power; and

   3) There is no title dispute to the property and the property are not subject to seizure, auction, mortgage or any other encumbrances.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2007 *RMB*
7.	A parcel of land, a building and various structures No.212 Jingshi West Road Huaiyin District Jinan Shandong Province The PRC	The property comprises a parcel of land with a site area of approximately 4,980 sq.m. on which are constructed a building and various ancillary structures completed in 2004. The building has a gross floor area of approximately 6,871.56 sq.m.. The structures mainly include walls and other ancillary structures. The land use rights of the property were granted for a term expiring on 20 April 2046.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate - Huai Yin Guo Yong (2006) Di No.0300065 dated 21 April 2006 issued by the State-owned Land Administration Bureau of Jinan Municipality, the land use rights of a parcel of land with a site area of approximately 4,980 sq.m. were granted to China National Heavy Duty Truck Group Company Limited ("Parent Company"), a controlling shareholder of the Company, for a term expiring on 20 April 2046 for office use.
2. Pursuant to a Building Ownership Certificate - Ji Fang Quan Zheng Huai Zi Di No. 087791 dated in January 2007 issued by the Building Administration Bureau of Jinan Municipality, a building with a gross floor area of approximately 6,871.56 is owned by Sinotruk Jinan Power Co., Ltd. ("Sinotruk Jinan Power"), a wholly owned subsidiary of the Company.
3. In the valuation of this property, we have attributed no commercial value to the property which has not obtained relevant title certificates under the name of Sinotruk Jinan Power. However, for reference purposes, we are of the opinion that the capital value of the property as at the date of valuation would be RMB35,700,000 assuming all relevant title certificates under the name of Sinotruk Jinan Power had been obtained and the property could be freely transferred.
4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   1) The land use rights of the property have been injected into Sinotruk Jinan Power by the Parent Company. Relevant title certificate is in the process of changing registration to the name of Sinotruk Jinan Power. The land use rights of the property under the name of Parent Company are being occupied and can be used by Sinotruk Jinan Power in accordance with the valid term and use stipulated in the land use rights certificate;
   2) There will be no legal impediment for Sinotruk Jinan Power to obtain the land use rights certificate of the property under its name;
   3) The building with Building Ownership Certificate of the property is legally and validly owned by Sinotruk Jinan Power and can be occupied, used, leased, mortgaged by Sinotruk Jinan Power;
   4) The Parent Company has undertaken to indemnify the Sinotruk Jinan Power against any loss arising from the title registration; and
   5) There is no title dispute to the property and the property are not subject to seizure, auction, mortgage or any other encumbrances.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2007 *RMB*
8.	2 parcels of land, various buildings and structures located at Production Area of Zhongqi Mingshui Economy and Development Zone Zhangqiu Jinan Shandong Province The PRC	The property comprises 2 parcels of land with a total site area of approximately 249,009.3 sq.m. on which are constructed 39 buildings and various ancillary structures (the "Completed Property") completed in various stages between 2004 and 2006. The buildings have a total gross floor area of approximately 104,003.06 sq.m. The Completed Property mainly include industrial buildings, warehouses, office buildings, pump rooms, cisterns and roads. In addition to the Completed Property on the above land, there are an industrial building and various ancillary structures that were still under construction as at the date of valuation (the "CIP"). The CIP are scheduled to be completed in December 2007 and the planned total gross floor area of the building upon completion will be approximately 15,000 sq.m. The total construction cost is estimated to be approximately RMB18,000,000, of which the construction cost paid up to the date of valuation is estimated to be approximately RMB8,500,000. The land use rights of the property were granted for the terms expiring on 10 August 2053 and 30 December 2056 respectively.	The property is currently occupied by the Group for production purpose.	220,877,000 100% interest attributable to the Group RMB220,877,000

Notes:

1. Pursuant to 2 State-owned Land Use Rights Certificates - Zhang Guo Yong (2006) Di No.22011 and Zhang Guo Yong (2007) Di No. 09003 dated 1 November 2006 and 29 April 2007 respectively issued by the State-owned Land Administration Bureau of Zhangqiu Municipality, the land use rights of 2 parcels of land with a total site area of approximately 249,009.3 sq.m. were granted to Sinotruk Jinan Power Co., Ltd. ("Sinotruk Jinan Power"), a wholly owned subsidiary of the Company, for the terms expiring on 10 August 2053 and 30 December 2056 respectively for industrial use.
2. Pursuant to 10 Building Ownership Certificates dated between 2006 and 2007 issued by the Building Administration Bureau of Zhangqiu Municipality, the buildings with a total gross floor area of approximately 104,003.06 sq.m. are owned by Sinotruk Jinan Power.

3. In the valuation of this property, we have attributed no commercial value to the CIP which has not obtained relevant construction permits under the name of Sinotruk Jinan Power. However, for reference purposes, we are of the opinion that the capital value of the CIP as at the date of valuation would be RMB8,500,000 (excluding the land) assuming all relevant construction permits had been obtained and the CIP could be freely transferred.

4. As confirmed by the Group, the relevant construction permits of the CIP mentioned in notes 3 are being applied.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   1) The land use rights of the property are legally and validly obtained by Sinotruk Jinan Power and can be legally occupied, used, leased, transferred, mortgaged by Sinotruk Jinan Power in accordance with the valid term and use stipulated in the land use rights certificate;

   2) The buildings of the property are legally and validly owned by Sinotruk Jinan Power and can be legally occupied, used, leased, transferred, mortgaged by Sinotruk Jinan Power;

   3) There is no title dispute to the property and the property are not subject to seizure, auction, mortgage or any other encumbrances; and

   4) As confirmed by Sinotruk Jinan Power, the CIP of the property are owned by Sinotruk Jinan Power and there will be no legal impediment for Sinotruk Jinan Power to obtain the relevant Building Ownership Certificates after the construction is completed.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2007 *RMB*
9.	A parcel of land, a building and ancillary structures No.39 Wuyingshan East Road Tianqiao District Jinan Shandong Province The PRC	The property comprises a parcel of land with a site area of approximately 1,022 sq.m. on which are constructed an office building and ancillary structures completed in 1995. The building has a gross floor area of approximately 3,081.28 sq.m.. The structures mainly include a garage and other ancillary structures. The land use rights of the property were granted expiring on 18 June 2057.	The property is currently occupied by the Group for office purpose except for a unit of the building with a leased area of approximately 346 sq.m. which is currently rented to Shandong Xinhai Guarantee Co., Ltd., a connected party of the Group, for office purpose and a unit of the building with a leased area of approximately 320 sq.m. which is currently rented to Tianqiao Branch, Jinan City, Bank of China, an independent third party, for commercial purpose.	13,866,000 54.4% interest attributable to the Group RMB7,543,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate — Tian Qiao Guo Yong (2007) Di No.0400102 dated 10 August 2007 issued by the State-owned Land Administration Bureau of Jinan Municipality, the land use rights of a parcel of land with a site area of approximately 1,022 sq.m. were granted to Sinotruk Finance Co., Ltd. (中國重汽財務有限公司, "Sinotruk Finance Company"), a 54.4% interests owned subsidiary of the Company, for a term expiring on 18 June 2057 for composite use.

2. Pursuant to a Building Ownership Certificate - Ji Fang Quan Zheng Tian Zi Di No.130333 dated 30 March 2007 issued by the Building Administration Bureau of Jinan Municipality, a building with a gross floor area of approximately 3,081.28 sq.m. is owned by Sinotruk Finance Company.

3. According to a Tenancy Agreement dated 1 July 2007 entered into between Sinotruk Finance Company and Shandong Xinhai Guarantee Co., Ltd., a unit of the building with a leased area of approximately 346 sq.m. is leased to Shandong Xinhai Guarantee Co., Ltd. for a term of 1 year commencing from 1 July 2007 at an annual rent of RMB149,472.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   1) The land use rights of the property are legally and validly obtained by Sinotruk Finance Company and can be legally occupied, used, leased, transferred, mortgaged by Sinotruk Finance Company in accordance with the valid term and use stipulated in the land use rights certificate;

   2) The building of the property is legally and validly owned by Sinotruk Finance Company and can be legally occupied, used, leased, transferred, mortgaged by Sinotruk Finance Company; and

   3) There is no title dispute to the property and the property are not subject to seizure, auction, mortgage or any other encumbrances.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2007 *RMB*
10.	A commercial unit on Level 1 No.30 Wuyingshan Zhong Road Tianqiao District Jinan Shandong Province The PRC	The property comprises a unit on Level 1 of a 6 storey building completed in 1995. The unit has a gross floor area of approximately 117.68 sq.m.	The property is currently occupied by the Group for commercial purpose.	666,000 54.4% interest attributable to the Group RMB363,000

Notes:

1. Pursuant to a Building Ownership Certificate - Ji Fung Quan Zheng Tian Zi Di No. 131050 dated 26 April 2007 issued by the Building Administration Bureau of Jinan Municipality, a unit with a gross floor area of approximately 117.68 sq.m. is owned by Sinotruk Finance Co., Ltd. ("Sinotruk Finance Company"), a 54.4% interests owned subsidiary of the Company.

2. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   1) The unit is legally and validly owned by Sinotruk Finance Company and can be legally occupied, used, leased, transferred, mortgaged by Sinotruk Finance Company; and

   2) There is no title dispute to the unit and the unit is not subject to seizure, auction, mortgage or any other encumbrances.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2007 *RMB*
11.	3 parcels of land, various buildings and structures No.988 Zhongqi Huanghe Road Economy and Development Zone Ping'an Dian Town Changqing District Jinan Shandong Province The PRC	The property comprises 3 parcels of land with a total site area of approximately 146,122.23 sq.m. on which are constructed 48 buildings and various ancillary structures completed in various stages between 1995 and 2004. The buildings have a total gross floor area of approximately 86,695.72 sq.m. The buildings and structures mainly include industrial buildings, warehouses, office buildings, pump rooms, walls, roads and gates. The land use rights of the property were granted for the terms expiring on 18 August 2057, 3 August 2053 and 24 February 2045 respectively.	The property is currently occupied by the Group for production purpose.	177,601,000 100% interest attributable to the Group RMB177,601,000

Notes:

1. Pursuant to 3 State-owned Land Use Rights Certificates - Chang Qing Guo Yong (2007) Nos. 0700126, 0700082 and 0700092 dated in 2007 issued by the Stated-owned Land Administration Bureau of Jinan Municipality, the land use rights of 3 parcels of land with a total site area of approximately 146,122.23 sq.m. were granted to Sinotruk Jinan Commercial Truck Co., Ltd. (中國重汽集團濟南商用車有限公司, "Sinotruk Jinan Commercial Truck Company"), a wholly owned subsidiary of the Company, for the terms expiring on 18 August 2057, 24 February 2045 and 3 August 2053 respectively for industrial use.

2. Pursuant to 47 Building Ownership Certificates both dated in 2006 issued by the Building Administration Bureau of Jinan Municipality, the 48 buildings with a total gross floor area of approximately 86,695.72 sq.m. of the property are owned by Sinotruk Jinan Commercial Truck Company.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   1) The land use rights of the property are legally and validly obtained by Sinotruk Jinan Commercial Truck Company and can be legally occupied, used, leased, transferred, mortgaged by Sinotruk Jinan Commercial Truck Company in accordance with the valid term and use stipulated in the land use rights certificate;

   2) The buildings of the property are legally and validly owned by Sinotruk Jinan Commercial Truck Company and can be occupied, used, leased, transferred, mortgaged by Sinotruk Jinan Commercial Truck Company; and

   3) There is no title dispute to the property and the property are not subject to seizure, auction, mortgage or any other encumbrances.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2007 *RMB*
12.	3 parcels of land, various buildings and structures No.78 Wayaogou Xianfeng Street Jingkou Town Shapingba District Chongqing The PRC	The property comprises 3 parcels of land with a total site area of approximately 40,055 sq.m. on which are constructed 38 buildings and various ancillary structures completed in various stages between 1970 and 1998. The buildings have a total gross floor area of approximately 29,813.03 sq.m. The buildings and structures mainly include industrial buildings, warehouses, office buildings, pump rooms, walls and roads. The land use rights of the property were granted for a term expiring on 6 February 2055.	The property is currently occupied by the Group for production purpose.	40,309,000 100% interest attributable to the Group RMB40,309,000

Notes:

1. Pursuant to 3 Real Estate Title Certificates - 104 Fang Di Zheng (2006) Zi Di Nos.022962, 023081 and 023282 both dated in 2006, issued by the State-owned Land Resource and Building Administrative Bureau of Chongqing Municipality, the land use rights of 3 parcels of land with a total site area of approximately 40,055 sq.m. were granted to Sinotruk Chongqing Fuel System Co., Ltd. (中國重汽集團重慶燃油噴射系統有限公司, "Sinotruk Chongqing Fuel System"), a wholly owned subsidiary of the Company, for a term expiring on 6 February 2055 for industrial use.

2. Pursuant to 38 Real Estate Title Certificates both dated in 2006 issued by the Stated-owned Land Resource and Building Administrative Bureau of Chongqing Municipality, the buildings with a total gross floor area of approximately 29,813.03 sq.m. of the property are owned by Sinotruk Chongqing Fuel System.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   1) The land use rights of the property are legally and validly obtained by Sinotruk Chongqing Fuel System and can be legally occupied, used, leased, transferred, mortgaged by Sinotruk Chongqing Fuel System in accordance with the valid term and use stipulated in the land use rights certificate;

   2) The buildings of the property are legally and validly owned by Sinotruk Chongqing Fuel System and can be legally occupied, used, leased, transferred, mortgaged by Sinotruk Chongqing Fuel System; and

   3) There is no title dispute to the property and the property are not subject to seizure, auction, mortgage or any other encumbrances.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2007 *RMB*
13.	2 parcels of land various buildings and structures No.6 Cuining Road Jingkai Park Beibu New District Chongqing The PRC	The property comprises 2 parcels of land with a total site area of approximately 79,132.3 sq.m. on which are constructed 3 buildings and various ancillary structures completed in 2005. The buildings have a total gross floor area of approximately 13,501.92 sq.m. The buildings and structures mainly include industrial buildings, pump rooms, walls and roads. A portion of the land of the property is currently vacant for future development. The land use rights of the property were granted for the terms expiring on 13 August 2054 and 27 January 2055 respectively.	The property is currently occupied by the Group for production purpose except for a portion of the land is vacant for future development.	71,162,000 100% interest attributable to the Group RMB71,162,000

Notes:

1. Pursuant to 2 Real Estate Title Certificates - 113 Fang Di Zheng (2006) Zi Di Nos.01521 and 01454 dated in 2006 issued by the State-owned Land Resource and Building Administrative Bureau of Chongqing Municipality, the land use rights of 2 parcels of land with a total site area of approximately 79,132.3 sq.m. were granted to Sinotruk Chongqing Fuel System Co., Ltd. ("Sinotruk Chongqing Fuel System"), a wholly owned subsidiary of the Company, for the terms expiring on 13 August 2054 and 27 January 2055 respectively for industrial use.
2. Pursuant to a Real Estate Title Certificate - 113 Fang Di Zheng (2006) Zi Di Nos.01521 dated in 2006 issued by the State-owned Land Resource and Building Administrative Bureau of Chongqing Municipality, 3 buildings with a total gross floor area of approximately 13,501.92 sq.m. are owned by Sinotruk Chongqing Fuel System.
3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
   1) The land use rights of the property are legally and validly obtained by Sinotruk Chongqing Fuel System and can be legally occupied, used, leased, transferred, mortgaged by Sinotruk Chongqing Fuel System in accordance with the valid term and use stipulated in the land use rights certificate;
   2) The buildings of the property are legally and validly owned by Sinotruk Chongqing Fuel System and can be legally occupied, used, leased, transferred, mortgaged by Sinotruk Chongqing Fuel System; and
   3) There is no title dispute to the property and the property are not subject to seizure, auction, mortgage or any other encumbrances.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2007 *RMB*
14.	Unit 611 on Level 6 of Entrance 1 Block 5 No.208 Shuhan Road Jinniu District Chengdu Sichuan Province The PRC	The property comprises a unit on Level 6 of a 9-storey building completed in 2000. The unit has a gross floor area of approximately 184.12 sq.m. The land use rights of the property with an apportioned land area of approximately 71.25 sq.m. were granted for a term expiring on 5 September 2069.	The property is currently occupied by the Group for office purpose.	976,000 63.8% interest attributable to the Group RMB622,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate - Jin Guo Yong (2005) Di Geng No. 21821 dated 1 November 2005 issued by the State-owned Land and Resources Bureau of Chengdu Municipality, the land use rights of the property with an apportioned land area of approximately 71.25 sq.m. were granted to Sinotruk Jinan Truck Co., Ltd. ("Sinotruk Jinan Truck Company"), a 63.8% interests owned subsidiary of the Company, for a term expiring on 5 September 2069 for residential use.

2. Pursuant to a Building Ownership Certificate - Rong Fang Quan Zheng Cheng Fang Jian Zheng Zi Di No. 1068393 dated in 2004 issued by the Building Administration Bureau of Chengdu Municipality, a unit with a gross floor area of approximately 184.12 sq.m. is owned by Sinotruk Jinan Truck Company.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   1) The property is legally and validly owned by Sinotruk Jinan Truck Company and can be legally occupied, used, leased, transferred, mortgaged by Sinotruk Jinan Truck Company; and

   2) There is no title dispute to the property and the unit is not subject to seizure, auction, mortgage or any other encumbrances.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2007 *RMB*
15.	A unit on Level 2 No.939-23 Tumendun Xijin West Road Qilihe District Lanzhou Gansu Province The PRC	The property comprises a unit on Level 2 of an 8-storey building completed in 1999. The unit has a gross floor area of approximately 224.85 sq.m.	The property is currently occupied by the Group for office purpose.	562,000 63.8% interest attributable to the Group RMB359,000

Notes:

1. Pursuant to a Building Ownership Certificate - Fang Quan Zheng Lan Fang (Qi Gu) Chan Zi Di No. 29733 dated 6 July 2005 issued by the Building Administration Bureau of Lanzhou Municipality, a unit with a gross floor area of approximately 224.85 sq.m. is owned by Sinotruk Jinan Truck Co., Ltd. ("Sinotruk Jinan Truck Company"), a 63.8% interests owned subsidiary of the Company.

2. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   1) The unit is legally and validly owned by Sinotruk Jinan Truck Company and can be legally occupied, used, leased, transferred, mortgaged by Sinotruk Jinan Truck Company; and

   2) There is no title dispute to the unit and the unit is not subject to seizure, auction, mortgage or any other encumbrances.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2007 *RMB*
16.	Unit 402 on Level 4 of Entrance 2 and Unit 801 on Level 8 of Entrance 5 Block 1 No.9 Changjiang Road Gaoxin District Shijiazhuang Hebei Province The PRC	The property comprises two units on Levels 4 and 8 respectively of a 10-storey building completed in 1999. The units have a total gross floor area of approximately 270.19 sq.m.	The property is currently occupied by the Group for office purpose.	876,000 63.8% interest attributable to the Group RMB558,000

Notes:

1. Pursuant to a Building Ownership Certificate - Shi Fang Quan Zheng Kai Zi Di No. 750000018 dated 15 September 2005 issued by the Building Administration Bureau of Shijiazhuang Municipality, two units with a total gross floor area of approximately 270.19 sq.m. are owned by Sinotruk Jinan Truck Co., Ltd. ("Sinotruk Jinan Truck Company"), a 63.8% interests owned subsidiary of the Company.

2. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

    1) The units are legally and validly owned by Sinotruk Jinan Truck Company and can be legally occupied, used, leased, transferred, mortgaged by Sinotruk Jinan Truck Company; and

    2) There is no title dispute to the units and the units is not subject to seizure, auction, mortgage or any other encumbrances.

VALUATION CERTIFICATE

GROUP III — PROPERTY INTERESTS HELD UNDER DEVELOPMENT BY THE GROUP IN THE PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2007 *RMB*
17.	2 parcels of land and an industrial complex under construction located at Hongliu Road South Xiaoshan District Hangzhou Zhejiang Province The PRC	The property comprises 2 parcels of land with a total site area of approximately 233,334 sq.m. on which 18 industrial buildings and various ancillary structures are under construction. The industrial buildings under construction are scheduled to be completed in March 2008. The planned total gross floor area of the buildings upon completion will be approximately 165,390 sq.m. The total construction cost of the industrial buildings under construction is estimated to be approximately RMB202,300,000, of which the construction cost paid up to the date of valuation is estimated to be approximately RMB84,400,000. The land use rights of the property were granted for a term expiring on 24 May 2056 for industrial use.	The property is currently under construction.	70,000,000 100% interest attributable to the Group RMB70,000,000

Notes:

1. Pursuant to 2 State-owned Land Use Rights Grant Contracts dated in 2006 entered into between Sinotruk Hangzhou Engine Co., Ltd. (中國重汽集團杭州發動機有限公司, "Sinotruk Hangzhou Engine"), a wholly owned subsidiary of the Company, and Planning and Construction Bureau of Xiaoshan Economic & Technological Development Zone (蕭山經濟技術開發區國土規劃建設局), the land use rights of the property are contracted to be granted to Sinotruk Hangzhou Engine for a term of 50 years for industrial use. The total land use rights premium is RMB44,800,128.
2. Pursuant to 2 State-owned Land Use Rights Certificates - Hang Xiao Kai Guo Yong (2006) Di Nos.9 and 23 dated 25 May 2006 and 29 June 2006 respectively issued by Xiaoshan Branch of the State-owned Land and Resources Bureau of Hangzhou Municipality, the land use rights of 2 parcels of land with a total site area of approximately 233,334 sq.m. were granted to Sinotruk Hangzhou Engine for a term expiring on 24 May 2056 for industrial use.
3. Pursuant to a Construction Work Planning Permit - Zhe Gui Zheng No. (2007)0110052 issued by the Planning Bureau of Xiaoshan District in favour of Sinotruk Hangzhou Engine, a building with a planned gross floor area of approximately 82,276.70 sq.m. has been approved for construction.
4. Pursuant to a Construction Commencement Permit - 330181200708150101 issued by the Planning Bureau of Xiaoshan District in favour of Sinotruk Hangzhou Engine, permission by the relevant local authority was given to commence the construction of a building with a planned gross floor area of approximately 82,276.70 sq.m.

5. In the valuation of this property, we have attributed no commercial value to the industrial complex under construction which have not obtained all proper construction permits. However, for reference purposes, we are of the opinion that the capital value of the industrial buildings and various ancillary structures (excluding the land) as at the date of valuation would be RMB141,830,000 assuming all relevant construction permits had been obtained and the property could be freely transferred.

6. As confirmed by the Group, the remaining construction permits of the industrial buildings and various ancillary structures mentioned in notes 5 are being applied.

7. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   1) The land use rights of the property are legally and validly obtained by Sinotruk Hangzhou Engine and can be legally occupied, used, leased, transferred, mortgaged by Sinotruk Hangzhou Engine in accordance with the valid term and use stipulated in the land use rights certificate;

   2) There is no title dispute to the property and the land of the property are not subject to seizure, auction, mortgage or any other encumbrances; and

   3) As confirmed by Sinotruk Hangzhou Engine, the industrial complex under construction of the property are owned by Sinotruk Hangzhou Engine and there will be no legal impediment for Sinotruk Hangzhou Engine to obtain the relevant Building Ownership Certificates after the construction is completed.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2007 *RMB*
18.	7 parcels of land, various buildings and structures located at Zhongqi Industrial Zone Shenjing Town Zhangqiu Jinan Shandong Province The PRC	The property comprises 7 parcels of land with a total site area of approximately 1,835,119.4 sq.m. of which 2 parcels of land with a total site area of approximately 653,370.2 sq.m. are constructed with 36 buildings and various ancillary structures (the "Completed Property") and a parcel of land with an site area of approximately 179,999.5 sq.m. are being constructed with a industrial building and various ancillary structures under construction (the "CIP"). The remaining 4 parcels of land with a total site area of approximately 1,001,749.7 sq.m. are currently vacant for future development for industrial purpose. The 36 buildings of the Completed Property have a total gross floor area of approximately 219,163.31 sq.m. together with various ancillary structures completed in various stages between 2005 and 2007. The Completed Property mainly include industrial buildings, warehouses, pump rooms, walls, roads and other ancillary structures. The CIP is scheduled to be completed in November 2007. The planned gross floor area of the building upon completion will be approximately 80,000 sq.m. The total construction cost of the CIP is estimated to be approximately RMB88,640,000, of which the construction cost paid up to the date of valuation is estimated to be approximately RMB60,810,000. The land use rights of 7 parcels of land were granted for the terms expiring on 30 April 2056 and 30 April 2057.	The property is currently occupied by the Group for production purpose except for a parcel of land of the property which are under construction and the remaining 4 parcels of land of the property which are held for future development of industrial purpose.	651,442,000 100% interest attributable to the Group RMB651,442,000

Notes:

1. Pursuant to 7 State-owned Land Use Rights Certificates Zhang Guo Yong (2006) Di Nos. 08003, 08004, 18004 to 18007 and Zhang Guo Yong (2007) Di No. 08003 dated 30 April 2006 and 15 May 2007 issued by the State-owned Land Administration Bureau of Zhangqiu Municipality, the land use rights of 7 parcels of land with a total site area of approximately 1,835,119.4 sq.m. were granted to Sinotruk Jinan Power Co., Ltd. (中國重汽集團濟南動力有限公司, "Sinotruk Jinan Power"), a wholly owned subsidiary of the Company, for the terms expiring on 30 April 2056 and 30 April 2057 for industrial use.

2. Pursuant to 9 Building Ownership Certificates dated in 2006 issued by the Building Administration Bureau of Zhangqiu Municipality, the 36 buildings of the Completed Property with a total gross floor area of approximately 219,163.31 sq.m. of the property are owned by Sinotruk Jinan Power.

3. In the valuation of this property, we have attributed no commercial value to the CIP with a planned gross floor area of approximately 80,000 sq.m. which has not obtained relevant construction permits under the name of Sinotruk Jinan Power. However, for reference purposes, we are of the opinion that the capital value of the CIP as at the date of valuation would be RMB60,750,000 (excluding the land) assuming all relevant construction permits had been obtained and the property could be freely transferred.

4. As confirmed by the Group, the construction permits of the industrial building and various ancillary structures mentioned in notes 3 are being applied.

5. Pursuant to a Tenancy Agreement dated 1 July 2006, 2 buildings of the property with a total gross floor area of approximately 37,603.69 sq.m. are leased to Jinan Fuqiang Power Co., Ltd., a 51% interests owned subsidiary of the Company, for a term commencing from 1 July 2006 and expiring on 1 July 2010 at an annual rent of RMB5,980,000 for production use, exclusive of water and electricity charges, etc.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   1) The land use rights of 7 parcels of land are legally and validly obtained by Sinotruk Jinan Power and can be legally occupied, used, leased, transferred, mortgaged by Sinotruk Jinan Power in accordance with the valid term and use stipulated in the land use rights certificate;

   2) The buildings of the property are legally and validly owned by Sinotruk Jinan Power and can be legally occupied, used, leased, transferred, mortgaged by Sinotruk Jinan Power;

   3) There is no title dispute to the property and the property are not subject to seizure, auction, mortgage or any other encumbrances; and

   4) As confirmed by Sinotruk Jinan Power, the CIP of the property are owned by Sinotruk Jinan Power and there will be no legal impediment for Sinotruk Jinan Power to obtain the relevant Building Ownership Certificates after the construction is completed.

VALUATION CERTIFICATE

GROUP IV — PROPERTY INTEREST HELD FOR INVESTMENT BY THE GROUP IN THE PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2007 *RMB*
19.	A commercial unit on Level 1 No.126 Yuzhou Road Jiulongpo District Chongqing The PRC	The property comprises a unit on Level 1 of a 13-storey building completed in 1996. The unit has a gross floor area of approximately 212.34 sq.m. The land use rights of the property with an apportioned land area of approximately 19.11 sq.m. were granted for a term expiring on October 2043.	The property is currently rented to an independent third party for a term of 1 year at a total annual rent of RMB108,000, exclusive of management fees, water and electricity charges, etc.	1,593,000 54.4% interest attributable to the Group RMB867,000

Notes:

1. Pursuant to a Real Estate Title Certificate - 114 Fang Di Zheng 2006 Zi Di No. 020415 dated 27 November 2006, a unit with a gross floor area of approximately 212.34 sq.m. is owned by Sinotruk Finance Co., Ltd. ("Sinotruk Finance Company"), a 54.4% interests owned subsidiary of the Company.

2. Pursuant to 2 Tenancy Agreements dated 12 January 2007 and 10 October 2007 respectively, the property is leased to an independent third party for a term of a year commencing from 15 January 2007 and 11 October 2007 respectively at a total annual rent of RMB108,000, exclusive of management fees, water and electricity charges, etc.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   1) The unit is legally and validly owned by Sinotruk Finance Company and can be legally occupied, used, leased, transferred, mortgaged by Sinotruk Finance Company; and

   2) There is no title dispute to the property and the unit is not subject to seizure, auction, mortgage or any other encumbrances.

VALUATION CERTIFICATE

GROUP V — PROPERTY INTERESTS RENTED AND OCCUPIED BY THE GROUP IN THE PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2007 *RMB*
20.	506 leased properties located in the PRC	The properties comprise 506 buildings or units with a total leased area of approximately 274,091.40 sq.m., which are mainly completed in various stages between 1970 and 2006. The properties are leased to various subsidiaries of the Company (the "Tenants") from various independent third parties and connected parties (the "Lessors") for various terms with expiry dates between 17 June 2007 and 31 December 2010.	The properties are currently occupied by the Group for production, office, sale services, storage and residential purposes.	No commercial value

Notes:

1. Pursuant to various Tenancy Agreements and relevant Supplementary Agreements entered into between the Tenants and various independent third parties, 278 buildings and units with a total leased area of approximately 71,220.44 sq.m. are leased to the Tenants for various terms with expiry dates between 17 June 2007 and 31 December 2010 at a total annual rent of RMB9,909,539.99.
2. Pursuant to various Tenancy Agreements entered into between the Tenants and various connected parties of the Company, 228 buildings and units with a total leased area of approximately 202,870.96 sq.m. and a parcel of land for test-drive purpose with a site area of approximately 99,000 sq.m. are leased to the Tenants for various terms with expiry dates between 31 December 2007 and 2 July 2009. The detailed information of the Tenancy Agreements are as follows:
   1) Pursuant to a Tenancy Agreement entered into between China National Heavy Duty Truck Group Company Limited ("Parent Company"), a controlling shareholder of the Company and Sinotruk Jinan Axle & Transmission Co., Ltd., an indirect majority-owned subsidiary of the Company, 49 buildings with a total gross floor area of approximately 10,963.68 sq.m. are leased to Sinotruk Jinan Axle & Transmission Co., Ltd. for a term of 3 years commencing from 1 June 2006 at an annual rent of RMB3,323,930.19.
   2) Pursuant to a Tenancy Agreement entered into between Parent Company and Sinotruk Jinan Truck Co., Ltd., a 63.8% interests owned subsidiary of the Company, 7 buildings and 2 units with a total gross floor area of approximately 11,477.65 sq.m. and a parcel of land for test-drive purpose with a site area of approximately 99,000 sq.m. are leased to Sinotruk Jinan Truck Co., Ltd. for a term of six months commencing from 1 July 2007 at a total contracted rent of RMB2,086,306.20.
   3) Pursuant to a Tenancy Agreement entered into between Parent Company and Sinotruk Jinan Commercial Truck Co., Ltd., a wholly owned subsidiary of the Company, 59 buildings with a total gross floor area of approximately 55,478.28 sq.m. are leased to Sinotruk Jinan Commercial Truck Co., Ltd. for a term of six months commencing from 1 July 2007 at a total contracted rent of RMB 4,314,624.08.
   4) Pursuant to a Tenancy Agreement entered into between Parent Company and Sinotruk Jinan Technical Center Co., Ltd., a wholly owned subsidiary of the Company, 11 buildings (excluding the land) with a total gross floor area of approximately 4,805.65 sq.m. are leased to Sinotruk Jinan Technical Center Co., Ltd. for a term of 3 years commencing from 1 July 2006 at an annual rent of RMB951,518.70.

5) Pursuant to a Tenancy Agreement entered into between Qingdao Oriental Specialty Vehicle Company, an associate of Parent Company, and Sinotruk Jinan Truck Co., Ltd., a building with a gross floor area of approximately 180 sq.m. is leased to Sinotruk Jinan Truck Co., Ltd. for a term of 3 years commencing from 31 May 2005 at an annual rent of RMB35,000.

6) Pursuant to a Tenancy Agreement entered into between China Heavy Truck Resources Supply Company, an associate of Parent Company, and Sinotruk Shandong Import & Export Co., Ltd., a wholly owned subsidiary of the Company, a building with a gross floor area of approximately 1,364.7 sq.m. is leased to Sinotruk Shandong Import & Export Co., Ltd. for a term of 3 years commencing from 3 July 2006 at an annual rent of RMB736,938.

7) Pursuant to a Tenancy Agreement entered into between Hangzhou Engine Factory, a state-owned enterprise wholly owned by Parent Company, and Sinotruk Hangzhou Engine Co., Ltd., a wholly owned subsidiary of the Company, 80 buildings with a total gross floor area of approximately 79,066 sq.m. are leased to Sinotruk Hangzhou Engine Co., Ltd. for a term of 11 months commencing from 1 July 2007 a total contracted rent of RMB7,830,000.

8) Pursuant to a Tenancy Agreement entered into between Hangzhou Engine Factory and Hangzhou Automobile Engine Foundry Co., Ltd., a wholly owned subsidiary of Sinotruk Hangzhou Engine Co., Ltd., 18 buildings with a total gross floor area of approximately 39,535 sq.m. are leased to Hangzhou Automobile Engine Foundry Co., Ltd. for a term of a year commencing from 1 July 2007 at an annual rent of RMB 4,270,000.

3. We have been provided with a legal opinion on the legality of the Tenancy Agreements and relevant Supplementary Agreements to the properties issued by the Company's PRC legal advisers, which contains, *inter alia*, the following:

1) The Lessors have provided various Building Ownership Certificates in respect of 248 properties with a total leased area of approximately 157,927.70 sq.m. The Tenants can use the above properties under the leased terms in the Tenancy Agreements and the Tenancy Agreements are legal and valid;

2) For the remaining 258 properties with a total leased area of approximately 116,163.70 sq.m. and the parcel of land for test-drive purpose, the Lessors have not provided the relevant proper Title Certificates. The Tenants can use the above properties under the leased terms in the Tenancy Agreements;

3) As confirmed by China National Heavy Duty Truck Group Company Limited ("Parent Company"), a controlling shareholder of the Company, Parent Company has undertaken to indemnify the Group against any loss arising from the title defects of the properties and confirmed that there will be no substantial legal risk to the business operation of the Group; and

4) As confirmed by the Parent Company, the Tenants are able to relocate their operation places in respect of those buildings or units leased from the independent third parties once the title defects lead to the early termination of the Tenancy Agreements and there will be no substantial adverse effect to the business and finance status of the Group.

The following discussion is a summary of certain anticipated tax consequences of our operations and of an investment in our Shares under Hong Kong tax laws and the PRC income tax laws. The discussion does not purport to address all possible tax consequences relating to our operations or to an investment in our Shares. In particular, the discussion does not address the tax consequences under non-Hong Kong and non-PRC tax laws. Accordingly, you should consult your tax adviser regarding the tax consequences of your investment in our Shares. The following discussion is based upon laws and relevant interpretations thereof in effect as of the date of this prospectus, all of which are subject to change.

PRC Taxation

Corporate income tax for our China operations

According to the Income Tax Law of The People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprises promulgated by the National People's Congress on April 9, 1991 and its implementation measures promulgated by the State Council in June 1991, the income tax on enterprises with foreign investment shall be computed on the taxable income at the rate of 30%, and local income tax shall be computed on the taxable income at the rate of 3%. Pursuant to the Provisional Regulations of the People's Republic of China on Enterprise Income Tax issued by the State Council in December 1993 and the Detailed Implementation Rules on the Provisional Regulations of The People's Republic of China on Income Tax issued by the Ministry of Finance in February 1994, the income tax rate applicable to enterprises is 33%.

The Tenth National People's Congress enacted a new Enterprise Income Tax Law on March 16, 2007, which provides for a unified income tax rate of 25% to both domestic enterprises and foreign-invested enterprises. The new tax law will become effective on January 1, 2008. As a result, the tax rate for domestic enterprises will be reduced to 25%, whereas the tax rate for foreign-invested enterprises that have enjoyed preferential tax treatment, including our sino-foreign joint venture, Jinan Fuqiang Power, will be increased to 25% upon the expiration of their preferential tax treatment.

In addition, according to the new income tax law, if an enterprise incorporated outside China has its "effective management" located within China, such enterprise may be recognized as a PRC tax resident enterprise and be subject to enterprise income tax at the rate of 25% on its worldwide income. As a majority of the members of our management team is located in China, we cannot rule out the possibility that the Company and members of our Group may be recognized as a PRC tax resident enterprise and subject to the unified enterprise income tax rate of 25% on its worldwide income.

Value-add tax for our China operations

Pursuant to the Provisional Regulations of the PRC Concerning Business Tax, effective January 1, 1994, and their implementing rules, our subsidiaries in China are subject to value-added taxes in China for goods sold and services provided in China. Except for certain specified categories of goods sold or imported the value-added tax rate for the sale or import of which is 13%, the tax rate for sales or import of goods and provision of various services is 17%. The amount of tax payable on the sale of goods or the provision of taxable services is the balance of the amount of tax on sales for the current period after deducting or setting off the amount of tax on purchases for the current period.

Business tax for our China operations

Pursuant to the Provisional Regulations of the PRC concerning value-added tax effective from January 1, 1994 and their implementing rules, our subsidiaries in China are subject to business taxes either at the rate of 3% or at 5% of the amount of taxable services or other transactions, such as labor services, assignments of intangible assets and sale of immovable property in China. Entertainment businesses in China are subject to the business taxes at rates between 5% to 20% on basis of their revenues.

Dividends from our China operations

Under the current PRC tax laws, regulations and rulings, dividends paid by our PRC subsidiaries or associated companies, which are foreign-invested enterprises in China, to us are currently exempt from PRC withholding or income tax.

In March 2007, the National People's Congress adopted the Enterprise Income Tax Law, which will become effective on January 1, 2008. Under this new income tax law, dividends from PRC subsidiaries to their foreign shareholders will be subject to a withholding tax at a rate of 20%, unless the jurisdiction of incorporation of such foreign shareholders has a tax treaty with China that provides for a different withholding arrangement. We understand that Hong Kong where we were incorporated has an arrangement of withholding tax at 5% with China for such dividends payments if we hold an interest of 25% or more in our PRC subsidiaries. Although this new income tax law also provides for the possibility of a withholding tax exemption or reduction, it is not yet certain because the detailed implementing rules have not yet been published and we are not in a position to determine if we would be eligible. See "Risk Factors - Dividends from our PRC subsidiaries may be subject to withholding tax under the new PRC tax law".

Dividends paid by us to our investors

We are not incorporated in China. Under the current PRC laws, even though we have significant operating subsidiaries and associated companies in China, the distribution of dividends by us to our overseas investors such as yourself is not currently subject to PRC tax.

Transfer or disposition of our Shares

As we are not incorporated in China, under the current PRC laws, any transfer or disposition of our Shares by an overseas investor such as yourself does not trigger PRC tax liabilities.

Hong Kong Taxation

Dividends

No tax is payable in Hong Kong in respect of dividends paid by us.

Dividends distributed by us to our Shareholders are free of withholding taxes as there are no withholding taxes in Hong Kong.

Capital gains and profit tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of our Shares. Trading gains from the sale of Shares by persons carrying on a business in Hong Kong, where such gains are sourced in Hong Kong and arise from such business, will be chargeable to Hong Kong profits tax. Currently, profits tax is imposed on corporations at the rate of 17.5% and on unincorporated businesses at a maximum rate of 16.0%. Gains from sales of our Shares effected on the Stock Exchange will be considered to be sourced in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of Shares effected on the Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp duty

Hong Kong stamp duty will be payable by the purchaser on every purchase, and by the seller on every sale, of the Shares. The duty is charged at the *ad valorem* rate of 0.1% of the consideration for, or (or if greater) the value of, the Shares transferred on each of the seller and purchaser. In other words, a total of 0.2% is currently payable on a typical sale and purchase transaction of Shares. In addition, a fixed duty of HK$5 is charged on each instrument of transfer (if required). Where a sale or purchase of Shares is effected by a person who is not a resident of Hong Kong and any stamp duty payable on the instrument of transfer is not paid, the relevant instrument of transfer (if any) shall be chargeable with such duty, together with the duty otherwise chargeable thereon, and the transferee shall be liable to pay such duty.

Estate duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application for a grant of representation in respect of holders of shares whose deaths occur on or after February 11, 2006.

Avoidance of Double-Taxation Arrangement Between Mainland China and Hong Kong

We are subject to an avoidance of double taxation arrangement between mainland China and Hong Kong with respect to Hong Kong taxes from the year of assessment beginning on or after April 1, 2007 and with respect to PRC taxes from the taxable year beginning on or after January 1, 2007.

Dividends we receive from our operating subsidiaries in China are currently exempt from PRC taxation. Under the current PRC tax law, this tax exemption is available to dividends paid by any foreign-invested enterprise in China with at least 25% of its registered capital held by foreign investors. In the event that the PRC government decides to withdraw the tax exemption, we will instead be subject to a 5% withholding tax rate under the avoidance of double taxation arrangement between mainland China and Hong Kong so long as we hold at least 25% of equity interests in our PRC operating entities.

Interest payments we receive from our bona fide loans to our operating subsidiaries or other entities in China will be subject to a 7% withholding tax rate under the avoidance of double taxation arrangement between mainland China and Hong Kong. Royalty payments we receive from licensing of our intellectual properties to our operating subsidiaries or other entities in China will also be subject to a 7% withholding tax rate under this arrangement between mainland China and Hong Kong.

Our existing Articles of Association were adopted on November 3, 2007. The following is a summary of certain provisions of our Articles of Association:

1. **Alteration of Capital**

We may from time to time by ordinary resolution of our Shareholders increase our authorized share capital by the creation of shares of such amount as the resolution shall prescribe.

We may from time to time by ordinary resolution of our Shareholders:

- consolidate and divide all or any of our share capital or any part thereof into shares of a larger amount than our existing shares;

- cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of our share capital by the amount of the shares so cancelled;

- sub-divide our existing shares or any of them into shares of smaller amount than is fixed by our memorandum of association and the resolution may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have such preferred or other special rights, or may have such qualified or deferred rights or be subject to such restrictions, as we have power to attach to shares; and

- divide our shares into several class and without prejudice to any special rights previously conferred on the holders of the exiting shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, condition or restrictions as we in our general meeting or as our directors may determine,

subject nevertheless, in each case, to the provisions of the Companies Ordinance, other laws and regulations and government policies affecting our company.

Subject to the provisions of our Articles of Association and the Companies Ordinance and other laws and regulations affecting our company, we may by special resolution of our Shareholders reduce our share capital, any capital redemption reserve, any share premium account or any other undistributable reserve in any way.

Subject to the provisions of the Companies Ordinance and the Listing Rules, we may purchase our own shares or any securities which carry the right to subscript or purchase our own shares in accordance with the provisions of any code governing the purchase of securities which may be applicable to us.

2. **Variation of Rights**

Whenever our capital is divided into different classes of shares, all or any of the special rights or privileges attached to our shares or any class may, unless otherwise provided by the terms of issue of shares of that class, be varied, modified or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of such shares. The provisions of our Articles of Association relating to general meetings of our Shareholders or to the proceedings at general meetings shall apply *mutatis mutandis* to every such separate general meeting, except that the necessary quorum shall be two or more persons holding or representing by proxy not less than one-third in nominal amount of the issued shares of the class, that every holder of shares of the class shall be entitled on a poll to one vote for every share of the class held by him, that any holder of shares of the class present in person or by proxy may demand a poll and that at an adjourned meeting one person holding shares of the class present in person or by proxy shall be a quorum.

3. **Transfers of Shares**

The instrument of transfer of any of our shares is in writing in the usual or common form or in a form prescribed by the Stock Exchange or in such other form as the Board may approve and may be under hand only or, if the transferor or transferee is a recognized clearing house, by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time and shall be executed by or on behalf of the transferor and by or on behalf of the transferee. The transferor remains the holder of the shares concerned until the name of the transferee is entered in the register in respect thereof. The machine imprinted signature on an instrument of transfer may be accepted by us for the purpose of such transfer subject to any terms which we may impose. Shares of different classes shall not be comprised in the same instrument of transfer. All instruments of transfer which shall be registered may be retained by us. Nothing contained in our Articles of Association shall preclude the Board from recognizing a renunciation of the allotment of any share by the allottee in favor of some other person.

Our Directors may, subject to Section 69 of the Companies Ordinance, at any time in their absolute discretion and without assigning any reason therefor decline to register any transfer of any share (not being a fully paid-up share). If our Directors refuse to register a transfer they shall, within two months after the date on which the transfer was lodged with our company, send to the transferor and transferee notice of the refusal.

Our Directors may also decline to register any transfer unless

- the instrument of transfer is in respect of only one class of shares;
- in the case of a transfer to joint holders, the number of transferees does not exceed four;
- the shares concerned are free of any lien in favor of our company;
- the instrument of transfer is properly stamped;
- such other conditions as our Directors may from time to time impose for the purpose of guarding against losses arising from forgery are satisfied;
- a fee not exceeding the maximum fee prescribed or permitted from time to time by the Stock Exchange is paid to us in respect thereof; and

- the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer.

No transfer may be made to an infant or to a person of unsound mind or under other legal disability.

4. **Votes of Members**

Subject to any special rights or restrictions as to voting for the time being attached to any shares and subject to the provisions of our Articles of Association, on a show of hands every member present in person at a general meeting of our Shareholders shall have one vote and on a poll every member present in person or by proxy shall have one vote for every share of which he is the holder.

Where any member is, under the rules prescribed by the Stock Exchange, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

Where a member is a recognized clearing house (within the meaning of the Securities and Futures Ordinance) or its nominee, it may authorize any person or persons as it thinks fit to act as its proxy (or proxies) or representative or representatives at any general meeting of our Shareholders or at any separate meeting of any class of members of our company provided that, if more than one person is so authorized, the instrument of proxy or authorization must specify the number and class of shares in respect of which each such person is so authorized. Notwithstanding anything contained in our Articles of Association, each person so authorized, and any instrument of proxy or authorization signed by any officer of the recognized clearing house, shall be deemed to have been duly authorized without further evidence of the facts. The person so authorized will be entitled to exercise the same power on behalf of the recognized clearing house (or its nominee) as if such person was the registered holder of our shares held by that recognized clearing house (or its nominee) present at the meeting in person, including (without limitation) the right to vote individually on a show of hands or on a poll and to demand or concur in demanding a poll.

5. **Method of Voting and Demand for Poll**

(a) Subject to the rules prescribed by the Stock Exchange from time to time, at every general meeting of our Shareholders a resolution put to the vote of the meeting shall be decided on a show of hands, unless (before or on the declaration of the result of the show of hands) a poll be demanded by:

(i) the chairman of the meeting; or

(ii) at least three members present in person or in the case of a member being a corporation by its duly authorized representative or by proxy having the right to vote on the resolution; or

(iii) a member or members present in person or in the case of a member being a corporation by its duly authorized representative or by proxy representing in aggregate not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(iv) a member or members present in person or in the case of a member being a corporation by its duly authorized representative or by proxy holding shares conferring the right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right; or

(v) if required by the rules prescribed by the Stock Exchange, any Director or Directors who individually or collectively, hold(s) proxies in respect of shares representing 5% or more of the total voting rights at such meeting;

and a demand for a poll by a person as proxy for a member or in the case of a member being a corporation by its duly authorized representative shall be deemed as if the demand were made by the member himself.

(b) A demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman of the meeting and the demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.

(c) Unless a poll be so demanded (and the demand is not withdrawn), a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or has been carried by a particular majority, or lost, or not carried by a particular majority shall be conclusive, and an entry to that effect in the books of proceedings of our company shall be conclusive evidence thereof, without proof of the number or proportion of the votes recorded in favor of or against such resolution.

(d) If a poll is duly demanded, the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. We shall only be required to disclose the voting figures on a poll if such disclosure is required by the rules prescribed by the Stock Exchange.

6. **Share Certificates**

Share certificates shall be issued under our seal which shall be affixed with the authority of the Board.

The Board may, subject to the approval by the Shareholders in general meeting, issue warrants to subscribe for any class of our shares or securities. Where warrants are issued to bearers, no certificate shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed.

7. **Directors**

Unless otherwise determined by an ordinary resolution of the members of our company, the number of Directors shall be not less than seven and there shall be no maximum number of Directors. A Director need not be a member of our company but an executive director must be our employee.

We may by ordinary resolution of our Shareholders appoint any person to be a Director, either to fill a casual vacancy or as an additional Director. Our Board may appoint one or more Directors to hold any executive office or offices in our company (including that of Chairman, president or vice-president) for such period (subject to the Companies Ordinance, other laws and regulations affecting our company and the rules prescribed by the Stock Exchange from time to time) and on such terms as it may decide and may revoke or terminate any appointment so made without prejudice to any claim for damages for breach of any contract of service between the Director and our company.

Without prejudice to the power of general meetings in accordance with any of the provisions of our Articles of Association to appoint any person to be a Director, our Board may, at any time, and from time to time, appoint any person to be a Director, either to fill a casual vacancy or by way of addition to their number. Any Director so appointed by our Board shall hold office only until the next following annual general meeting of our Shareholders, and shall then be eligible for re-election.

At each annual general meeting of our Shareholders, one-third of our Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one-third) will retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day, those to retire will (unless they otherwise agree among themselves) be determined by lot.

Our Directors to retire on each occasion (both as to number and identity) shall be determined by the composition of our Board at the start of business on the date of the notice convening the annual general meeting and no Director shall be required to retire or be relieved from retiring by reason of any change in the number or identity of our Directors after that time on the date of the notice but before the close of the meeting. A retiring Director shall (unless he is removed from office or his office is vacated in accordance with our Articles of Association) retain office until the close of the meeting at which he retires or (if earlier) when a resolution is passed at that meeting not to fill the vacancy or to appoint another person in his place or the resolution to re-elect him is put to the meeting and lost. A retiring Director shall be eligible for re-election. Subject to our Articles of Association, if we, at any meeting at which a Director retires in accordance with our Articles of Association by rotation or otherwise, do not fill the office vacated by such Director, the retiring Director, if willing to act, shall be deemed to be re-elected unless at the meeting a resolution is passed not to fill the vacancy or to appoint another person in his place or unless the resolution to re-elect him is put to the meeting and lost.

We may by ordinary resolution of our Shareholders remove any Director before his period of office has expired notwithstanding anything in our Articles of Association or in any agreement between him and our company.

Our Board may meet together for the dispatch of business, adjourn and otherwise regulate its meetings as it thinks fit and may determine the quorum necessary for the transaction of business. Subject to our Articles of Association, and until otherwise determined by our Directors, two Directors shall be a quorum.

The ordinary remuneration of our Directors shall from time to time be determined by us in general meetings of our Shareholders.

Our Directors shall also be paid out of our funds all their traveling, hotel and other expenses reasonably and properly incurred by them in and about the discharge of their duties, including their expenses of traveling to and from our Board meetings, or committee meetings, or general meetings (subject always to the provisions of any agreement between us and our Directors).

Our Board may grant special remuneration to any Director who, being called upon, shall perform any special or extra services to or at the request of our company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration (if any) as a Director, and may be made payable by a lump sum or by way of salary, commission, participation in profits or otherwise as our Board may decide.

8. Directors' Interests

Subject to the Companies Ordinance and other laws and regulations applicable to us, no Director or intending Director shall be disqualified by his office from entering into any contract with our company, either with regard to his tenure of any office or position in the management, administration or conduct of the business of our company or as vendor, purchaser or otherwise, nor (subject to the interest of the Director being duly declared) shall any contract or arrangement entered into by or on behalf of our company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so interested be liable to account to our company for any benefit resulting from the contract by reason of such Director holding that office or of the fiduciary relationship thereby established by his holding that office.

A Director may hold any other office or place of profit with our company (except that of the auditor) in conjunction with his office of Director for such period (subject to the Companies Ordinance and other laws and regulations applicable to us) and upon such terms as our Board may decide and may be paid such extra remuneration for so doing (whether by way of salary, commission, participation in profits or otherwise) as our Board may decide, either in addition to or in lieu of any remuneration under any other provision of our Articles of Association.

Any Director may act by himself or his firm in a professional capacity for our company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.

Any Director may continue to be or become a member or director of, or hold any other office or place of profit under, any other company in which we may be interested, and no such Director shall be accountable for any dividend, remuneration, superannuating payment or other benefits received by him as a member or director of, or holder of any other office or place of profit under, any such other company. Our Board may also cause any voting power conferred by the shares in any other company held or owned by us or any power of appointment to be exercised in such manner in all respects as it thinks fit (including the exercise of the voting power or power of appointment in favor of the appointment of the Directors or any of them as directors or officers of the other company or in favor of the payment of remuneration to the directors or officers of the other company).

A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with us shall, if his interest in such contract or proposed contract is material, declare the nature of his interest at a meeting of the Board at which the question of entering into the contract is first taken into consideration, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested. For this purpose, a general notice given to the Board by a Director to the effect that (a) he is a member of a specified company or firm and is to be regarded as interested in any other contract which may after the date of the notice be made with that company or firm, or (b) he is to be regarded as interested in any contract which may after the date of the notice be made with a specified person who is connected with him, shall be deemed to be a sufficient declaration of interest in relation to any such contract but no such notice shall be effective unless either it is given at a Board meeting or the Director takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given.

A Director shall not vote (or be counted in the quorum at a meeting) in respect of any resolution concerning his own appointment (including fixing or varying its terms), or the termination of his own appointment, as the holder of any office or place of profit with us or any other company in which we are interested but, where proposals are under consideration concerning the appointment (including fixing or varying its terms), or the termination of the appointment, of two or more Directors to offices or places of profit with us or any other company in which we are interested, those proposals may be divided and a separate resolution may be put in relation to each Director and in that case each of the Directors concerned (if not otherwise debarred from voting under the Articles) shall be entitled to vote (and be counted in the quorum) in respect of each resolution unless it concerns his own appointment or the termination of his own appointment.

A Director shall not vote (or be counted in the quorum at a meeting) in relation to any resolution relating to any contract or arrangement or other proposal in which he or any of his associates (as defined in the Listing Rules) has a material interest and, if he purports to do so, his vote shall not be counted, but this prohibition shall not apply and a Director may vote (and be counted in the quorum) in respect of any resolution concerning any one or more of the following matters:

- the giving to him or any of his associates of any guarantee, indemnity or security in respect of money lent or obligations undertaken by him or any of them at the request of or for the benefit of our company or any of our subsidiaries;

- the giving to a third party of any guarantee, indemnity or security in respect of a debt or obligation of our company or any of our subsidiaries for which he himself or any of his associates has assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

- any issue or offer of shares, debentures or other securities of or by our company or any other company which we may promote or be interested in for subscription or purchase in respect of which the Director or any of his associates is or may be entitled to participate in his capacity as a holder of any such securities or as underwriter or subunderwriter;

- any contract in which he or any of his associates is interested in the same manner as other holders of our shares or debentures or other securities by virtue only of his or their interest in our shares or debentures or other securities;

- any contract concerning any other company in which he or any of his associates is interested only, whether directly or indirectly, as an officer or executive or shareholder or in which he or any of his associates is beneficially interested in shares of that company, provided that he and any of his associates are not in aggregate beneficially interested in 5% or more of the issued shares of any class of such company (or of any third company through which his interest or that of his associates is derived) or of the voting rights;

- any contract concerning the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme of our company or any of our subsidiaries under which the Directors or any of their associates may benefit;

- any contract concerning the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors or their associates and to our employees or employees of any of our subsidiaries and does not provide in respect of any Director or any of his associates as such any privilege or advantage not accorded to the employees to which the fund or scheme relates;

- any contract for the benefit of our employees or employees of any of our subsidiaries under which the Director or any of his associates benefits in a similar manner as the employees and which does not accord to any Director or any of his associates as such any privilege or advantage not accorded to the employees to whom the contract relates; and

- any contract for the purchase or maintenance for any Director or Directors of insurance against any liability.

9. **Borrowing Powers**

The Board may exercise all the powers of our company to borrow money and to mortgage or charge the whole or any part of our undertaking, property and assets (both present and future) and our uncalled capital and (subject, to the extent applicable, to the provisions of the Companies Ordinance and other laws and regulations applicable to us) to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of our company or of any third party.

10. **Dividends**

Subject to the provisions of the Companies Ordinance and other laws and regulations applicable to us, we may, from time to time, by ordinary resolution of our Shareholders declare a dividend to be paid to the members, according to their rights and interests in the profits, and may fix the time for payment of such dividend but no dividend shall exceed the amount recommended by the Board.

Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide (a) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for this purpose as paid up on the share; and (b) all dividends shall be apportioned and paid *pro rata* according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

The Board may pay such interim dividends as appear to the Board to be justified by our financial position and may also pay any dividend payable at a fixed rate at intervals settled by the Board whenever our financial position, in the opinion of the Board, justifies its payment.

The Board may, with the authority of an ordinary resolution of our Shareholders, offer any holders of shares the right to elect to receive further shares, credited as fully paid, instead of cash in respect of all (or some part) of any dividend specified by the ordinary resolution (a "scrip dividend") in accordance with the provisions of our Articles of Association. The Board shall not make a scrip dividend available unless we have sufficient unissued shares and undistributed profits or reserves to give effect to elections which could be made to receive that scrip dividend.

With the authority of an ordinary resolution of our Shareholders and on the recommendation of the Board, payment of any dividend may be satisfied, wholly or in part, by the distribution of specific assets and in particular of paid-up shares or debentures of any other company. Where any difficulty arises with the distribution, the Board may settle the difficulty as it thinks fit and, in particular, may issue fractional certificates (or ignore fractions), fix the value for distribution of the specific assets or any part of them, determine that cash payments be made to any members on the basis of the value so fixed in order to secure equality of distribution, and vest any of the specific assets in trustees on such trusts for the persons entitled to the dividend as the Board may think fit.

The Board may deduct from any dividend or other monies payable to any person (either alone or jointly with another) on or in respect of a share all such sums as may be due from him (either alone or jointly with another) to our company on account of calls or otherwise in relation to our shares.

All unclaimed dividends, interest, bonuses or other sums payable may be invested or otherwise made use of by the Board for our benefit until claimed. Any dividend unclaimed after a period of six years from the date it became due for payment shall be forfeited and shall revert to us. The payment of any unclaimed dividend, interest or other sum payable by us on or in respect of any share into a separate account shall not constitute our company a trustee in respect of it.

11. **Purchase of Own Shares**

We are empowered by the Companies Ordinance and our Articles of Association to purchase our own shares of any class in our capital, including any redeemable shares or warrants or other securities carrying a right to subscribe for or purchase our shares, subject to certain restrictions and the Board may only exercise this power on our behalf subject to any applicable requirements imposed from time to time by the Stock Exchange. In the case of purchases of redeemable shares, purchases not made through the market or by tender shall be limited to a maximum price and if purchases are by tender, tenders shall be available to all holders of our redeemable shares alike.

Further Information About Us

Incorporation

We were incorporated in Hong Kong under the Companies Ordinance as a limited liability company on January 31, 2007. Our registered office is at Units 2102-2103, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong. We were incorporated as an indirect wholly owned subsidiary of China Heavy Truck Group Company and are subject to the laws of Hong Kong. A summary of our Articles of Association is set out in Appendix VI to the prospectus.

Changes in share capital

As of the date of our incorporation on January 31, 2007, our authorized share capital was HK$10,000 divided into 10,000 shares of HK$1.00 each, of which one share of HK$1.00 was allotted, issued and credited as fully paid to the subscriber.

On February 12, 2007, the subscriber transferred the one share of HK$1.00 in issue in our company to Sinotruk (BVI) for cash at par.

Pursuant to the written resolutions of our sole shareholder dated June 27, 2007, (1) we subdivided every one share of HK$1.00 each in our share capital into ten Shares; and (2) our authorized share capital was increased to HK$10,000,000,000 by the creation of an additional 99,999,900,000 Shares which rank *pari passu* with the existing Shares. On June 30, 2007, we allotted and issued 99,990 Shares to Sinotruck (BVI) for cash at par.

Written resolutions of our sole shareholder

On November 3, 2007, written resolutions were passed by our sole shareholder pursuant to which, among other matters:

- we adopted our Articles of Association;

- subject to and conditional on the conditions as stated in the section entitled "Structure of the Global Offering — Conditions of the Global Offering" in this prospectus:

  (i) the Global Offering and the Over-allotment Option were approved and our Directors were authorized to allot and issue Shares pursuant to the Global Offering and any Shares which may be required to be issued if the Over-allotment Option is exercised;

(ii) a general mandate was given to our Directors to allot, issue and deal with unissued Shares, except that, otherwise than pursuant to, or in consequence of, the Global Offering, a rights issue, any scrip dividend scheme or similar arrangement, any adjustment of rights to subscribe for Shares under options and warrants or a specific authority granted by our Shareholders, such mandate is limited to Shares with an aggregate nominal amount not exceeding the sum of (A) 20% of the aggregate nominal amount of our share capital in issue immediately following the completion of the Global Offering, excluding Shares which may be issued upon the exercise of the Over-allotment Option, and (B) the aggregate nominal amount of our share capital which may be repurchased by us under the authority referred to in paragraph (iii) below, such mandate to remain in effect until the conclusion of our next annual general meeting as required by any applicable law or our Articles of Association, or it is varied or revoked by an ordinary resolution of our Shareholders in a general meeting, whichever occurs first; and

(iii) a general mandate was given to our Directors to exercise all powers of our company to repurchase, on the Stock Exchange or on any other stock exchange on which our Shares may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, such aggregate nominal amount of Shares as shall not exceed 10% of the aggregate nominal amount of our share capital in issue immediately following the completion of the Global Offering, excluding Shares which may be issued upon the exercise of the Over-allotment Option, such mandate to remain in effect until the conclusion of our next annual general meeting, the expiration of the period within which our next annual general meeting is required by any applicable law or our Articles of Association to be held, or it is varied or revoked by an ordinary resolution of our Shareholders in a general meeting, whichever occurs first.

Corporate history and reorganization

We trace our history back to 1956 when our Parent Company's predecessor was established in Jinan under the name of Jinan Auto Manufacturing Factory. In 1960, Jinan Auto Manufacturing Factory produced China's first heavy truck, JN150 of our Huanghe series, with an equivalent GVW of approximately 14 tonnes. In 1984, the PRC government merged Jinan Auto Manufacturing Factory and its affiliates in Shaanxi province and Chongqing city with other truck, engine and component makers in China, including Hangzhou Engine Factory and Weichai Factory, to form the Heavy Duty Truck Industry Joint-Management Corporation, which became the China Heavy Truck Group Corporation, together with a few related business entities in 1990. In 2000, the PRC government decided to restructure the China Heavy Truck Group Corporation. As part of the restructuring, the PRC government transferred the China Heavy Truck Group Corporation's operations in Shaanxi and Chongqing to the respective local governments and transferred the control of all remaining assets and operations, such as the corporate name and the core heavy truck and engine manufacturing business, including Hangzhou Engine Factory and Weichai Factory, to the Shandong provincial government. The part transferred to the Shandong provincial government became China National Heavy Duty Truck Group Company Limited, which was formally incorporated on May 28, 2001 and is our Parent Company. As of the Latest Practicable Date, the ultimate beneficial owner of China Heavy Truck Group Company is the Shandong provincial government.

In 2003, our Parent Company acquired 63.8% of a public company listed on the Shenzhen Stock Exchange in China through an asset swap. As a share acquisition and result, the principal truck manufacturing and sales business of our Parent Company were injected into this public company, which later became Sinotruk Jinan Truck Company.

Sinotruk Jinan Truck Company underwent a share reform in February 2006 in accordance with the CSRC requirements applicable to all PRC domestically listed companies in China. As a result, the shares we held in Sinotruk Jinan Truck Company became tradable on the Shenzhen Stock Exchange subject to a 36-month lock-up period commencing from the effective date of the share restructuring. Our ownership in Sinotruk Jinan Truck Company decreased to 53.9% following the share reform from the previous 63.8%. In June 2006, our ownership in Sinotruk Jinan Truck Company increased to 63.8% subsequent to the injection of our 51% equity interest in Sinotruk Jinan Axle & Transmission Company and other assets into Sinotruk Jinan Truck Company. The new shares issued to us for our newly injected assets will be tradable subject to certain limitations on the Shenzhen Stock Exchange after a 36-month lock-up period commencing from the injection date.

Our engine manufacturing business was historically conducted through Hangzhou Engine Factory and Weichai Factory, our Parent Company's then wholly owned subsidiary. In December 2002, our Parent Company, through Weichai Factory, together with other promoters, formed a new entity, Weichai Power. Weichai Factory injected a part of its engine business into Weichai Power. The engine business so injected accounted for approximately 40.2% of the equity interest in Weichai Power prior to its listing on the Stock Exchange and our Parent Company, through Weichai Factory, was the largest shareholder of Weichai Power. Weichai Power was listed on the Main Board of the Stock Exchange in March 2004 and our Parent Company owned approximately 23.5% of its equity interest subsequent to the listing. In connection with Weichai Power's listing, our Parent Company entered into:

- a trust agreement with Weichai Factory on September 20, 2004, pursuant to which Weichai Power was entrusted with the responsibility of managing the daily operations of Hangzhou Engine Factory, then wholly owned by our Parent Company, and for which Weichai Power was obligated to pay a management fee to our Parent Company;

- a non-competition undertaking in favor of Weichai Power, under which our Parent Company undertook that, so long as it or its subsidiaries held any equity interest in Weichai Power, it would not engage in any business which competes or will compete with the business of Weichai Power, except for the business of Hangzhou Engine Factory; and

- a framework purchase agreement dated September 20, 2004, pursuant to which our Parent Company granted an irrevocable and exclusive priority right to Weichai Power, entitling Weichai Power to purchase all or part of the equity interests of Hangzhou Engine Factory at a price equal to its appraisal value, with such priority right subject to termination if Weichai Power failed to complete the purchase prior to December 31, 2005.

On March 20, 2006, to facilitate our contemplated listing on the Stock Exchange, the Shandong provincial government decided to have Shandong SASAC take over from our Parent Company all of its ownership interest in Weichai Factory, including its ownership in Weichai Power and other subsidiaries, with effect from January 1, 2006. As a result, Weichai Factory was separated from our Parent Company and became an unrelated entity. The registration of such ownership change of Weichai Factory was completed on June 29, 2006. As a part of the decision by the Shandong provincial government, Hangzhou Engine Factory was restored to our management with effect from January 1, 2006. As a result, we resumed our management of the daily operations of Hangzhou Engine Factory.

On December 23, 2006, under the auspices of the Shandong SASAC, our Parent Company entered into agreements with Weichai Factory and Weichai Power, respectively, regarding the following matters arising out of the termination of the trust agreement and the purchase agreement among the parties:

- return of the deposits paid by Weichai Factory and Weichai Power for the purchase of Hangzhou Engine Factory, after deducting related expenses; and

- settlement of accounts payable and accounts receivable arising from past sales and purchases of goods between the parties.

Also under the auspices of the Shandong SASAC, it was agreed on December 23, 2006 that, other than matters specified in the settlement agreements, other unresolved matters between the parties, if any, shall be settled through negotiation and consultation but not through legal proceedings.

We have obtained the following approvals/permits in China for the proposed Listing:

(1) The State Council approved in principle the reorganization and overseas listing scheme of China Heavy Truck Group Company, in accordance with the "Letter regarding the Overseas Listing of China National Heavy Duty Truck Group Co., Ltd." 《關於中國重型汽車集團有限公司境外上市有關事宜的函》國合函 [2005]221號) issued by CSRC on November 14, 2005.

(2) The Shandong People's Government permitted China Heavy Truck Group Company to adjust its red chip listing scheme, in accordance with the "Letter regarding the Opinion on the Adjustment of the Red Chip Listing Scheme of China National Heavy Duty Truck Group Co., Ltd." 《關於中國重型汽車集團有限公司紅籌上市方案的調整意見的函》魯政字 [2006]206號) on August 22, 2006.

(3) On January 19, 2007, Shandong SASAC issued the "Circular on Approving the Assets Appraisal Result regarding the Reorganization and Overseas Listing of China National Heavy Duty Truck Group Co., Ltd." 《關於核准中國重型汽車集團有限公司重組境外上市有關資產評估結果的通知》魯國資產權函 [2007] 7號文), which approved the "Report of Assets Appraisal regarding the Reorganization and Overseas Listing of China National Heavy Duty Truck Group Co., Ltd." 《中國重型汽車集團有限公司重組境外上市項目資產評估報告書》中企華評報字 [2006]第 134號) issued by the valuer on December 25, 2006.

(4) The Shandong People's Government issued the "Reply on Relevant Questions concerning the Management of State-owned Shares involved in the Reorganization and Red Chip Listing of China National Heavy Duty Truck Group Co., Ltd." 《關於中國重型汽車集團有限公司整體重組紅籌上市涉及國有股權管理有關問題的批復》魯政字 [2007]13號) on January 31, 2007, which approved the reorganization and red chip listing scheme proposed by China Heavy Truck Group Company.

(5) On January 24, 2007, the Ministry of Commerce issued the "Reply on Granting the Establishment of China National Heavy Duty Truck (Virgin Islands) Ltd. and China National Heavy Duty Truck (Hong Kong) Ltd." (《商務部關於同意設立中國重汽(維爾京群島)有限公司及中國重汽(香港)有限公司的批復》商合批 [2007] 68號), which approved the establishment of Sinotruk (BVI) and Sinotruk (Hong Kong) Limited and the overseas injection of interests by China Heavy Truck Group Company.

(6) SASAC issued the "Reply on the Questions regarding the Recombination and Overseas Listing of China National Heavy Duty Truck Group Co., Ltd." 《關於中國重型汽車集團有限公司重組境外上市有關問題的批復》國資產權 [2007]119號) on February 16, 2007, approving the establishment of Sinotruk (BVI) and Sinotruk (Hong Kong) Limited and the overseas injection of interests by China Heavy Truck Group Company.

(7) The General Office of China Banking Regulatory Commission issued the "Letter regarding the Questions on Bringing China National Heavy Duty Truck Financing Company in the Overseas Listing Companies of China National Heavy Duty Truck Group Co., Ltd." 《關於重汽財務公司納入中國重汽集團境外上市公司有關問題的函》銀監辦函 [2006]158號) on August 9, 2006, acknowledging the injection of Sinotruk Finance Company into China Heavy Truck Group Company.

(8) On April 23, 2007, CSRC granted its approval to exempt the tender offer obligation of Sinotruk (Hong Kong) Limited in the acquisition of the Sinotruk Jinan Truck Company,

(9) On June 6, 2007, CSRC granted its approval for the Listing.

In preparation for this Global Offering and in accordance with an approval from the PRC government, our Parent Company first restructured its truck, engine, research and development, and finance service businesses, including the following:

- In June 2006, China National Heavy Duty Truck Group Design Institute Co., Ltd. and Chongqing Oil Pumps and Nozzle Products Factory were restructured into Sinotruk Factory Design Institute and Sinotruk Chongqing Fuel System, respectively, as wholly owned subsidiaries of our Parent Company, and our Parent Company increased the registered capital of Sinotruk Factory Design Institute after the restructuring;

- In April 2006, Sinotruk Jinan Commercial Truck Company, Sinotruk Jinan Technical Center and Sinotruk Jinan Ganghua Import & Export Company, in May 2006, Sinotruk Shandong Import & Export Company and, in June 2006, Sinotruk Jinan Axle & Transmission Company became wholly owned subsidiaries of our Parent Company through equity transfers, and our Parent Company increased the registered capital of Sinotruk Jinan Commercial Truck Company and Sinotruk Shandong Import & Export Company after the restructuring;

- In April 2006, Hangzhou Engine Factory, together with our Parent Company, established Sinotruk Hangzhou Engine, and Hangzhou Engine Factory transferred its interest in Sinotruk Hangzhou Engine to our Parent Company immediately after the establishment; and

- In April 2006, to further strengthen its engine manufacturing and development capabilities, our Parent Company established Sinotruk Jinan Power as a wholly owned subsidiary with a registered capital of Rmb 20 million, which was subsequently increased to Rmb 400 million in June 2006, after our Parent Company injected 100% of Sinotruk Hangzhou Engine, 100% of Sinotruk Chongqing Fuel System, 51% of Jinan Fuqiang Power, 49% of Sinotruk Jinan Axle & Transmission Company and other assets into Sinotruk Jinan Power; on January 25, 2007, Rmb 94.75 million of capital reserve of Sinotruk Jinan Power was capitalized as registered capital, increasing the registered capital of Sinotruk Jinan Power to Rmb 494.75 million.

Subsequent to the steps described above, our company was formed and our Parent Company injected the restructured business into our company through Sinotruk (BVI) as follows:

- On January 31, 2007, Sinotruk (BVI) was established under the laws of the British Virgin Islands as a wholly owned subsidiary of the Parent Company;

- On January 31, 2007, our company, Sinotruk (Hong Kong) Limited, was established under the laws of Hong Kong and became a wholly owned subsidiary of Sinotruk (BVI); and

- On April 2, 2007, pursuant to the Asset Injection Agreement, the Parent Company injected the following restructed businesses in the form of shareholdings into Sinotruk (BVI), which in turn injected these shareholdings into our company:

  - 63.78% of the shareholdings in Sinotruk Jinan Truck Company;

  - 100% of the shareholdings in Sinotruk Jinan Commercial Truck Company;

  - 100% of the shareholdings in Sinotruk Jinan Power;

  - 100% of the shareholdings in Sinotruk Jinan Technical Center;

  - 100% of the shareholdings in Sinotruk Factory Design Institute;

  - 100% of the shareholdings in Sinotruk Shandong Import & Export Company;

- 85.71% of the shareholdings in Sinotruk Hong Kong International Investment Company;
- 100% of the shareholdings in Sinotruk Jinan Ganghua Import & Export Company; and
- 54.42% of the shareholdings in Sinotruk Finance Company.

In consideration for transfer of the above shareholdings, Sinotruk (BVI) allotted and issued 1,499,999,990 shares in its capital to the Parent Company and our company allotted and issued 1,499,900,000 shares in our capital to Sinotruk (BVI).

Subsequent to the Reorganization, our Parent Company retained all its specialty vehicle manufacturing business, its cargo truck refitting business, its bus manufacturing business, its property development business, its vehicle testing station, its employee service functions and other investments.

Our PRC legal counsels have advised that we have complied with all applicable rules, regulations and registration requirements imposed by the relevant PRC authorities and obtained all necessary approvals/consents with respect to the Reorganization and the Listing.

Our subsidiaries

Our subsidiaries are referred to in the Accountants' Report in Appendix I to this prospectus. As of the date of this prospectus, we have interests in the following subsidiaries, whose particulars are as follows:

(1) 中國重汽集團重慶燃油噴射系統有限公司 (Sinotruk Chongqing Fuel System Co., Ltd.)

- Date of incorporation: June 1, 1973
- Place of incorporation: China
- Nature: Company with limited liability
- Registered office: 78 Wayaogou, Xianfeng Street, Shapingba District, Chongqing Municipality, China
- Registered capital: Rmb 188,485,849.61, which has been fully paid
- Equityholder: Sinotruk Jinan Power (100%)
- Directors: Hu Bokang, Ma Yue, Qiu Longbin and Wang Juncheng (all from our company)
- Scope of business: Development, production and sale of oil pump and nozzle products and the related technical consultation services, import and export of goods and technology (subject to laws and regulations, and businesses restricted by laws and regulations are subject to licensing)

(2) 中國重汽集團設計研究院有限公司 (Sinotruk Factory Design Institute Co., Ltd.)

- Date of incorporation: July 6, 1993
- Place of incorporation: China
- Nature: Company with limited liability (wholly foreign owned)
- Registered office: 53 Wuyingshan Zhonglu, Tianqiao District, Jinan, Shandong Province, China
- Registered capital: Rmb 10,000,000, which has been fully paid
- Equityholder: Our company (100%)
- Directors: Yan Ying, Fang Jian, Zhao Xianghua, Lu Xiao (all from our company)
- Scope of business: Manufacture of automotive vehicles, mechanical equipment; design and technical consultation services for construction projects, construction and project management for construction and installation projects and mining projects (separate licensing required)

(3) 中國重汽財務有限公司 (Sinotruk Finance Co., Ltd.)

- Date of incorporation: October 4, 1987
- Place of incorporation: China
- Nature: Company with limited liability
- Registered office: 39 Wuyingshan East Road, Jinan, Shandong Province, China
- Registered capital: Rmb 500,000,000, which has been fully paid
- Equityholders: Our company (54.4%)
- Directors: Song Qidong, Wang Weiping, Zhang Liangjie, Lei Huyin, Wang Difei, Wu Jianyi, Song Jinjin
- Scope of business: As approved by China Banking Regulatory Commission pursuant to the laws, administrative rules and other regulations (subject to the scope of business so approved)

(4) 中國重汽集團杭州發動機有限公司 (Sinotruk Hangzhou Engine Co., Ltd.)

- Date of incorporation: April 30, 2006
- Place of incorporation: China
- Nature: Company with limited liability

•	Registered office:	Room 617, 99 Shixin North Road (市心北路99號617室), Xiaoshan District, Hangzhou, Zhejiang Province
•	Registered capital:	Rmb 180,000,000, which has been fully paid
•	Equityholder:	Sinotruk Jinan Power (100%)
•	Directors:	Hu Bokang, Li Kekuan, Yu Jianjiang, Fei Bo and Liu Guixiang (all from our company)
•	Scope of business:	Production of multi-cylinders Diesel engines ≤ 302.00 KW, > 132.60 KW for automotive vehicles, agricultural vehicles, and others (valid until December 11, 2011). Production of engines electricity generators, engine spare parts and provision of related technical services; any legal projects other than the ones requiring special approval

(5) 中國重汽(香港)國際資本有限公司 (Sinotruk (Hong Kong) International Investment Limited)

•	Date of incorporation:	August 6, 2004
•	Place of incorporation:	Hong Kong
•	Nature:	Company with limited liability
•	Registered office:	Units 2102-2103, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong
•	Authorized share capital:	HK$10,000
•	Share capital, issued and outstanding:	HK$2,800
•	Equityholders:	Our company (85.7%) Sinotruk Chongqing Fuel System (14.3%)
•	Directors:	Wei Zhihai, Hu Bokang and Lin Dongming (all from our company)
•	Principal business:	Consultations and strategic plannings in respect of automotive market, import and export tradings and asset operations

(6) 中國重汽集團濟南橋箱有限公司 (Sinotruk Jinan Axle & Transmission Co., Ltd.)

•	Date of incorporation:	December 26, 2005
•	Place of incorporation:	China
•	Nature:	Company with limited liability
•	Registered office:	Liulin Village, Juejiazhuang Town, Shizhong District, Jinan, Shandong Province, China
•	Registered capital:	Rmb 450,000,000, which has been fully paid
•	Equityholder:	Sinotruk Jinan Truck Company (51%) Sinotruk Jinan Power (49%)

•	Directors:	Yu Ruiqun, Wu Jianyi, Wang Xiaoyong, Huang Yiran, Gao Zengdong (all from our company)
•	Scope of business:	Production and sale of automotive axle, transmission and spare parts; mechanical processing; machine tool and equipment repairing; automotive vehicle production technical consultation and after-sale services (other than projects requiring special licensing)

(7) 中國重汽集團濟南商用車有限公司 (Sinotruk Jinan Commercial Truck Co., Ltd.)

•	Date of incorporation:	January 17, 2001
•	Place of incorporation:	China
•	Nature:	Company with limited liability
•	Registered office:	Shengjingpanwang Road West, Zhangqiu, Shandong Province, China
•	Registered capital:	Rmb 98,000,000, which has been fully paid
•	Equityholder:	Our company (100%)
•	Directors:	Zou Zhonghou, Li Guoan, Li Fujun, Ma Xihong, Song Jinjin, Tan Yide (all from our company)
•	Principal business:	Research, development, manufacture and sale of automotive spare parts and components, industrial and construction machines, agricultural vehicles, motorcycle spare parts, rubber products; mechanical processing, forging, vehicle refitting; reparation, lease, wholesale and retail of mechanical equipment, hardware, electronics and after-sales technical services; import and export (other than projects requiring special licensing)

(8) 濟南復強動力有限公司 (Jinan Fuqiang Power Co., Ltd.)

•	Date of incorporation:	January 14, 1995
•	Place of incorporation:	China
•	Nature:	Sino-foreign joint venture
•	Registered office:	159 Yingxiongshan Road, Shizhong District, Jinan, Shandong Province, China
•	Registered capital:	US$3,840,000, which has been fully paid
•	Equityholder:	Sinotruk Jinan Power (51%) R.A. Lister Overseas Investments Limited (49%)

- Directors: Cai Dong, Fan Jianming and Hu Bokang (all from our company)
  Bryan Patrick Draper, Robert Ian Bell from R.A. Lister Overseas Investments Limited
- Principal business: Production of recycled engine products and automotive spare parts, sale of self-manufactured products

(9) 中國重汽集團濟南港華進出口有限公司 (Sinotruk Jinan Ganghua Import & Export Co., Ltd.)

- Date of incorporation: December 23, 2005
- Place of incorporation: China
- Nature: Company with limited liability
- Registered office: 39 Wuyingshan East Road, Tianqiao District, Jinan, Shandong Province, China
- Registered capital: Rmb 6,000,000, which has been fully paid
- Equityholder: Our company (100%)
- Directors: Wei Zhihai, Lin Dongming, Hu Bokang (all from our company)
- Principal business: Import and export business within the scope as approved; export of automotive vehicles and spare parts, wholesale of electronic and mechanical equipment, consumer products, hardware and electronics, computers and accessories, decoration materials, computer software and construction materials

(10) 中國重汽集團濟南動力有限公司 (Sinotruk Jinan Power Co., Ltd.)

- Date of incorporation: April 27, 2006
- Place of incorporation: China
- Nature: Company with limited liability (wholly foreign owned)
- Registered office: Panwang Road West, Tangwangshan Road North, Sheng Jing, Zhangqiu, Shandong Province, China
- Registered capital: Rmb 494.75 million, which has been fully paid
- Equityholder: Our company (100%)
- Directors: Ma Chunji, Cai Dong, Wang Haotao, Wei Zhihai, Wang Guangxi (all from our company)

- Principal business: Development, production and sale of engines and spare parts; external measurement training and assessment; provision of motion energy (wind, water, electricity, steam, but limited to provision only, and not self-production), land and household equipment leasing, logistics and storage services (excluding hazardous chemicals)

(11) 中國重汽集團濟南技術中心有限公司 (Sinotruk Jinan Technical Center Co., Ltd.)

- Date of incorporation: December 26, 2005
- Place of incorporation: China
- Nature: Company with limited liability (wholly foreign owned)
- Registered office: 165 Yingxiong Shan Road, Shizhong District, Jinan, Shandong Province, China
- Registered capital: Rmb 50,000,000, which has been fully paid
- Equityholder: Our company (100%)
- Directors: Liu Wei, Li Hongzhen, Sun Zhaofu, Liu Guoqiang, Wu Yonggang (all from our company)
- Scope of business: Research and development of automobiles and automotive parts and components; technical consultancy services relating to automobiles and automotive parts and components; application, development and transfer of new production skills, new technology and new materials; testing and inspection of automobiles, engines, automotive spare parts, automotive materials; testing new self-made automotive products; quality-testing technology consultation

(12) 中國重汽集團濟南卡車股份有限公司 (Sinotruk Jinan Truck Co., Ltd.)

- Date of incorporation: September 28, 1998
- Place of incorporation: China
- Nature: Sino-foreign joint stock company with limited liability
- Registered office: Dangjiazhuang Town South, Shizhong District, Jinan, Shandong Province, China
- Registered capital: Rmb 32,263,500, which has been fully paid

- Equityholder: Our company (63.8%)
  Other shareholders (36.2%)
- Directors: Wang Haotao, Wang Guangxi, Yan Jiazhi, Yu Youde, Yu Ruiqun, Song Qidong, Chi Lei, Liu Wei, Yu Zengbiao, Yuan Yinnan, Liu Gang (eight from our company) (three independent)
- Scope of business: Manufacture and sale of heavy duty trucks, speciality vehicles, speciality heavy duty truck chassis, passenger vehicle chassis and automotive spare parts; refitting of automotive vehicles; mechanical processing; ordinary transportation business within the scope as licensed; warehousing services (excluding hazardous chemicals); import and export business (other than import and export of commodities restricted or prohibited by the State)

(13) 中國重汽集團山東進出口有限公司 (Sinotruk Shandong Import & Export Co., Ltd.)

- Date of incorporation: November 9, 2001
- Place of incorporation: China
- Nature: Company with limited liability (wholly foreign owned)
- Registered office: 36-1 Wuyingshan Zhong Road, Tianqiao District, Jinan, Shandong Province, China
- Registered capital: Rmb 55,000,000, which has been fully paid
- Equityholder: Our Company (100%)
- Directors: Wei Zhihai, Zhang Zhen, Yu Youde, Song Jinjin, Zou Zhonghou (all from our company)
- Scope of business: Import and export business within the scope as approved; wholesale of exported automotive vehicles and spare parts, electronic and mechanical equipment, hardware and electronics, computers and accessories, decoration materials, computer software and construction materials

(14) 山東大地建設監理有限責任公司 (Shandong Dadi Construction Supervision Co., Ltd.)

- Date of incorporation: December 18, 1996
- Place of incorporation: China
- Nature: Company with limited liability
- Registered office: 53 Wuyingshan Central Road, Jinan, Shandong Province, China
- Registered capital: Rmb 500,000, which has been fully paid

- Equityholder: Our company (60%)
  Sinotruk Group (40%)
- Directors: Yan Ying, Fang Jian, Li Deliang, Song Jinjin
- Principal business: Supervision of project construction within the scope as approved, technical and information consultation services and transfer, training

Changes in share capital

Save as disclosed in this appendix, there has been no alteration in the share capital of any of our subsidiaries within the two years preceding the date of this prospectus.

Further Information About Our Business

Summary of material contracts

The following contracts, not being contracts in the ordinary course of business, have been entered into by us and/or our subsidiaries within the two years preceding the date of this prospectus and are or may be material:

(a) Asset Injection Agreement;

(b) Reorganization Agreement;

(c) Non-competition Undertaking;

(d) corporate placing agreement dated October 24, 2007 entered into between our company, the Joint Global Coordinators and Honeybush Limited as set out in the section entitled "The Corporate Placing" of this prospectus;

(e) corporate placing agreements dated October 25, 2007 entered into between our company, the Joint Global Coordinators and each of the following persons as set out in the section entitled "The Corporate Placing" of this prospectus:

  (i) Li Ka Shing Foundation Limited

  (ii) Soyeridge Holdings Limited

  (iii) China Life Insurance Company Limited

  (iv) China Life Insurance (Overseas) Co. Ltd

  (v) China Life Insurance (Group) Company

  (vi) Dashing Champion Investments Limited

(vii) Chow Tai Fook Nominee Limited

(viii) Maniton Holdings Inc.

(ix) Equity Advantage Limited

(x) Government of Singapore Investment Corporation Pte Ltd

(f) Hong Kong Underwriting Agreement; and

(g) the deed of indemnity dated November 14, 2007 given by, among others, the Parent Company in favour of our group being the deed of indemnity containing indemnities in respect of all taxes and claims referred to in the section entitled "Other information — indemnities" in this Appendix.

Intellectual property rights

Patents. The following list sets forth the patents owned and licensed by our Parent Company to us under the Patents Licensing Agreement as referred to in the section "Connected Transactions — Exempt Continuing Connected Transactions — Patents Licensing Agreement" in this prospectus:

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
1	Processing of transverse profile	Invention	ZL02135374.3	2002-8-22 to 2022-8-21	PRC
2	Preparation method and product of chemical liquid for chemical coating of Ni-P alloy	Invention	ZL02135986.5	2002-12-20 to 2022-12-19	PRC
3	Spare-part refining and strengthening method	Invention	ZL03112382.1	2003-5-13 to 2023-5-12	PRC
4	Processing of frame side member hole	Invention	ZL03112281.7	2003-5-23 to 2023-5-22	PRC
5	Thermal treatment of large power engine crankshaft	Invention	ZL200310105476.3	2003-11-3 to 2023-11-2	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
6	High yield strength nodular cast iron material	Invention	ZL2003101144967	2003-12-19 to 2023-12-18	PRC
7	Forged part thermal treatment processing method	Invention	ZL03112462.3	2003-7-1 to 2023-6-30	PRC
8	Gas carburizing process of gear for heavy trucks	Invention	ZL200410035964.6	2004-10-13 to 2024-10-12	PRC
9	Ambient phosphating solution	Invention	ZL02135551.7	2002-9-18 to 2022-9-17	PRC
10	Balancing suspension for double-steering shaft vehicles	Utility model	ZL02212749.6	2002-2-7 to 2012-2-6	PRC
11	High-roof cabin for heavy trucks	Utility model	ZL02212747.x	2002-2-7 to 2012-2-6	PRC
12	Dome for vehicle cab	Utility model	ZL02212819.0	2002-2-7 to 2012-2-6	PRC
13	High-efficiency air filter	Utility model	ZL02213709.2	2002-3-29 to 2012-3-28	PRC
14	Vehicle jacking suspension for vehicle lifting axle	Utility model	ZL02213757.2	2002-4-4 to 2012-4-3	PRC
15	New vehicle spare tire rack	Utility model	ZL02213987.7	2002-4-17 to 2012-4-16	PRC
16	Vehicle self-limiting rear suspension	Utility model	ZL02213986.9	2002-4-17 to 2012-4-16	PRC
17	Vehicle automatic telescopic pedal	Utility model	ZL02267332.6	2002-5-30 to 2012-5-29	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
18	Vehicle supporting axle raising control device	Utility model	ZL02267329.6	2002-5-30 to 2012-5-29	PRC
19	Vehicle signal lamp self-inspecting device	Utility model	ZL02267330.x	2002-5-30 to 2012-5-29	PRC
20	Twin-layer beds in semi-high roof cab	Utility model	ZL02267331.8	2002-5-30 to 2012-5-29	PRC
21	Vehicle battery	Utility model	ZL02267328.8	2002-5-30 to 2012-5-29	PRC
22	Swing axle type balancing suspension	Utility model	ZL02267326.1	2002-5-30 to 2012-5-29	PRC
23	New loading device of vehicle steering gear bench test	Utility model	ZL02267325.3	2002-5-30 to 2012-5-29	PRC
24	New vehicle air-conditioner	Utility model	ZL02267324.5	2002-5-30 to 2012-5-29	PRC
25	Vehicle signal lamp assembly	Utility model	ZL02267322.9	2002-5-30 to 2012-5-29	PRC
26	Pull-type diaphragm spring clutch for heavy vehicles	Utility model	ZL02267501.9	2002-6-6 to 2012-6-5	PRC
27	Transmission shaft plate and ancillary nosing	Utility model	ZL02267400.4	2002-6-6 to 2012-6-5	PRC
28	Electric controller for diesel vehicle exhaust brake	Utility model	ZL02268043.8	2002-7-2 to 2012-7-1	PRC
29	Oil seal experimental device	Utility model	ZL02267899.9	2002-6-27 to 2012-6-26	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
30	Cab front suspension for heavy trucks	Utility model	ZL02268185.x	2002-7-18 to 2012-7-17	PRC
31	Cab hydraulic locking rear suspension for heavy trucks	Utility model	ZL02268183.3	2002-7-18 to 2012-7-17	PRC
32	Pull-type clutch hydraulic actuator for heavy trucks	Utility model	ZL02268184.1	2002-7-18 to 2012-7-17	PRC
33	New dash board for vehicles	Utility model	ZL02268186.8	2002-7-18 to 2012-7-17	PRC
34	Footboard assembly for vehicles	Utility model	ZL02268182.5	2002-7-18 to 2012-7-17	PRC
35	Transfer case suspension device for heavy trucks	Utility model	ZL02268180.9	2002-7-18 to 2012-7-17	PRC
36	Operating handle of transfer case for heavy trucks	Utility model	ZL02268181.7	2002-7-18 to 2012-7-17	PRC
37	Forward control cab hydraulic rear locking device for trucks	Utility model	ZL02267572.8	2002-6-11 to 2012-6-10	PRC
38	Powder and granule materials transporting tractor-trailer combination	Utility model	ZL02267574.4	2002-6-11 to 2012-6-10	PRC
39	Expansion tanks for cars	Utility model	ZL02268726.2	2002-8-6 to 2012-8-5	PRC
40	Intermediate bearing structure for engines	Utility model	ZL02268728.9	2002-8-6 to 2012-8-5	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
41	Overall spacing structure assembly for vehicles	Utility model	ZL02268727.0	2002-8-6 to 2012-8-5	PRC
42	Rear lamp structure for vehicles	Utility model	ZL02268729.7	2002-8-6 to 2012-8-5	PRC
43	Automotive steering operating structure	Utility model	ZL02268725.4	2002-8-6 to 2012-8-5	PRC
44	Interlocking device of automotive engine and power take-off	Utility model	ZL02268730.0	2002-8-6 to 2012-8-5	PRC
45	Junction box for cables in the cab	Utility model	ZL02268733.5	2002-8-6 to 2012-8-5	PRC
46	Cable protector for vehicles	Utility model	ZL02268732.7	2002-8-6 to 2012-8-5	PRC
47	Error preventing leaf spring	Utility model	ZL02268734.3	2002-8-6 to 2012-8-5	PRC
48	High pressure oil pump transmission structure	Utility model	ZL02268735.1	2002-8-6 to 2012-8-5	PRC
49	Internal air conditioning compressor	Utility model	ZL02268777.7	2002-8-9 to 2012-8-8	PRC
50	Medium belt pulley tension adjuster	Utility model	ZL02268778.5	2002-8-9 to 2012-8-8	PRC
51	Adjusting device for tractor fifth wheel	Utility model	ZL02256223.0	2002-12-27 to 2012-12-26	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
52	Oil pressure protector in diesel engines for vehicles	Utility model	ZL02269077.8	2002-8-27 to 2012-8-26	PRC
53	Walk panel for heavy trucks	Utility model	ZL02269078.6	2002-8-27 to 2012-8-26	PRC
54	Spare tire rack for vehicles	Utility model	ZL02269648.2	2002-9-18 to 2012-9-17	PRC
55	Gearbox speed changing operating device	Utility model	ZL02269646.6	2002-9-18 to 2012-9-17	PRC
56	Medium frequency electric furnace for metal smeltering	Utility model	ZL02269647.4	2002-9-18 to 2012-9-17	PRC
57	Cable terminal retaining plate	Utility model	ZL02269645.8	2002-9-18 to 2012-9-17	PRC
58	Diesel engine for vehicles	Utility model	ZL02269652.0	2002-9-18 to 2012-9-17	PRC
59	New heat radiator cover	Utility model	ZL02269526.5	2002-9-18 to 2012-9-17	PRC
60	Cab bumper of vehicles	Utility model	ZL02269525.7	2002-9-18 to 2012-9-17	PRC
61	New cab body of vehicles	Utility model	ZL02269826.4	2002-9-28 to 2012-9-27	PRC
62	Profiled bars for cab door frames	Utility model	ZL02352667.X	2002-9-18 to 2012-9-17	PRC
63	Engine mounting bracket assembly for vehicles	Utility model	ZL02269649.0	2002-9-18 to 2012-9-17	PRC
64	Error prevention leaf springs for twin-axle vehicles	Utility model	ZL02269651.2	2002-9-18 to 2012-9-17	PRC

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65	Oil storing reservoir can for clutch master cylinder	Utility model	ZL02269650.4	2002-9-18 to 2012-9-17	PRC
66	Leaf spring pin in vehicle suspension system	Utility model	ZL02255620.6	2002-11-28 to 2012-11-27	PRC
67	Pneumatic suspension seats	Utility model	ZL02270490.6	2002-11-1 to 2012-10-31	PRC
68	Gearshift mechanism in gearbox	Utility model	ZL02270488.4	2002-11-1 to 2012-10-31	PRC
69	Oil-tank supporter in vehicles	Utility model	ZL02270489.2	2002-11-1 to 2012-10-31	PRC
70	New clutch brake control cylinder	Utility model	ZL02270645.3	2002-11-8 to 2012-11-7	PRC
71	Engine oil filler cap	Utility model	ZL02255622.2	2002-11-28 to 2012-11-27	PRC
72	Brake controlling device for trainer vehicles	Utility model	ZL02255681.8	2002-12-3 to 2012-12-2	PRC
73	Vehicle suspension system pushrod	Utility model	ZL02255623.0	2002-11-28 to 2012-11-29	PRC
74	Air dryer protection device in vehicle braking systems	Utility model	ZL02255938.8	2002-11-16 to 2012-11-15	PRC
75	Interlocking device in suspension balancing axle of vehicles	Utility model	ZL02255900.0	2002-12-12 to 2012-12-11	PRC

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76	Main valve assembly of hand brake for vehicles	Utility model	ZL02256162.5	2002-12-20 to 2012-12-19	PRC
77	Main valve assembly of brake for vehicles	Utility model	ZL02256161.7	2002-12-20 to 2012-12-19	PRC
78	Water level sensor	Utility model	ZL02256160.9	2002-12-10 to 2012-12-9	PRC
79	Gas filling and depleting device for vehicles	Utility model	ZL02256222.2	2002-12-27 to 2012-12-26	PRC
80	Connector	Utility model	ZL02256224.9	2002-12-27 to 2012-12-26	PRC
81	Forged part waste heat collector	Utility model	ZL03215988.9	2003-3-27 to 2013-3-26	PRC
82	Heavy truck frame assembly holder	Utility model	ZL03216007.0	2003-3-31 to 2013-3-30	PRC
83	Driver cab mirror	Utility model	ZL03215986.2	2003-3-27 to 2013-3-26	PRC
84	Vehicle key ignition switch	Utility model	ZL03217034.3	2003-5-12 to 2013-5-11	PRC
85	New bottom plate for press	Utility model	ZL03216415.7	2003-4-17 to 2013-4-16	PRC
86	Hole side inspecting device	Utility model	ZL03216416.5	2003-4-17 to 2013-4-16	PRC
87	Vehicle fifth wheel centre position tester	Utility model	ZL03216087.9	2003-4-4 to 2013-4-3	PRC
88	Hinge leaf adjustor	Utility model	ZL03216086.0	2003-4-4 to 2013-4-3	PRC
89	Hole expander for pneumatic impact wrench	Utility model	ZL03216085.2	2003-4-4 to 2013-4-3	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
90	New combination switch for vehicles	Utility model	ZL03217945.6	2003-6-12 to 2013-6-11	PRC
91	Heavy truck frame assembly horizontal transporting device	Utility model	ZL03216417.3	2003-4-17 to 2013-4-16	PRC
92	Aluminum-magnesium alloy diesel tank for trucks	Utility model	ZL03216442.4	2003-4-21 to 2013-4-20	PRC
93	Nut lock with automatic locking effect	Utility model	ZL03216446.7	2003-4-21 to 2013-4-20	PRC
94	Non-damaging soft pipe clamping device for automobile	Utility model	ZL03216443.2	2003-4-21 to 2013-4-20	PRC
95	Automatic half stuff press device	Utility model	ZL03216603.6	2003-4-25 to 2013-4-24	PRC
96	New vehicle water-proof tool box	Utility model	ZL03216448.3	2003-4-21 to 2013-4-20	PRC
97	Semitrailer fifth wheel with pneumatic uncoupling device	Utility model	ZL03216447.5	2003-4-21 to 2013-4-20	PRC
98	Supplementary braking device in heavy trucks	Utility model	ZL03216498.X	2003-4-25 to 2013-4-24	PRC
99	Power take-off controller in heavy trucks	Utility model	ZL03216497.1	2003-4-25 to 2013-4-24	PRC
100	Medium to small size die moving device	Utility model	ZL03217046.7	2003-5-13 to 2013-5-12	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
101	Integrated ignition switch for vehicles	Utility model	ZL03217035.1	2003-5-12 to 2013-5-11	PRC
102	Multi-functional assembling tools	Utility model	ZL03216632.X	2003-4-28 to 2013-4-27	PRC
103	Bend open-end spanners	Utility model	ZL03216630.3	2003-4-28 to 2013-4-27	PRC
104	Bend spanners	Utility model	ZL03216631.1	2003-4-28 to 2013-4-27	PRC
105	Vehicle engine igniting device	Utility model	ZL03217040.8	2003-5-12 to 2013-5-11	PRC
106	Windshield rubber seal assembling tool	Utility model	ZL03216469.6	2003-4-22 to 2013-4-21	PRC
107	Tire valve core key	Utility model	ZL03216450.5	2003-4-21 to 2013-4-20	PRC
108	Four-door cab body of heavy trucks	Utility model	ZL03216999.X	2003-5-13 to 2013-5-12	PRC
109	Non-damaging soft pipe clamping device	Utility model	ZL03216444.0	2003-4-21 to 2013-4-20	PRC
110	New hole-punching mold	Utility model	ZL03217000.9	2003-5-13 to 2013-5-12	PRC
111	Thin steel plate cold rolling machine	Utility model	ZL03217009.2	2003-5-9 to 2013-5-8	PRC
112	Heavy truck frame	Utility model	ZL03216500.5	2003-4-25 to 2013-4-24	PRC
113	Small diameter steel plate chamfering machine	Utility model	ZL03217293.1	2003-5-21 to 2013-5-20	PRC
114	Special tool for removing earth contacts	Utility model	ZL03217008.4	2003-5-9 to 2013-5-8	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
115	Vehicle suspension guide pushrod	Utility model	ZL03217615.5	2003-5-26 to 2013-5-25	PRC
116	Trailer to transport red hot steel billets	Utility model	ZL03217291.5	2003-5-21 to 2013-5-20	PRC
117	Electric window regulator for cab	Utility model	ZL03217039.4	2003-5-21 to 2013-5-20	PRC
118	Belt filter with automatic paper feeder	Utility model	ZL03217045.9	2003-5-13 to 2013-5-12	PRC
119	Steel pipe blower valve	Utility model	ZL03216659.1	2003-4-30 to 2013-4-29	PRC
120	Cutting sleeve preloaded housing	Utility model	ZL03216660.5	2003-4-30 to 2013-4-29	PRC
121	Heavy truck crossmember assembly riveting device	Utility model	ZL03217219.9	2003-5-15 to 2013-5-14	PRC
122	Vehicle fuel tank supporter	Utility model	ZL03217033.5	2003-5-12 to 2013-5-11	PRC
123	Special hanging device in the cab	Utility model	ZL03217011.4	2003-5-9 to 2013-5-8	PRC
124	Automatic hanging and removing device	Utility model	ZL03217010.6	2003-5-9 to 2013-5-8	PRC
125	Inspection tool to measure the geometric shape and dimension of assembly	Utility model	ZL03217290.7	2003-5-21 to 2013-5-20	PRC
126	New hot hole-punching, side-cutting mold	Utility model	ZL03217292.3	2003-5-21 to 2013-5-20	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
127	New vehicle key switch	Utility model	ZL03217386.5	2003-5-23 to 2013-5-22	PRC
128	Vehicle fuel tank puller	Utility model	ZL03218108.6	2003-6-13 to 2013-6-12	PRC
129	Dumptruck front lifting device with pull-rod stabilizer	Utility model	ZL03217910.3	2003-6-10 to 2013-6-9	PRC
130	High efficiency special frame for vehicles with reduced rear loading area	Utility model	ZL03218345.3	2003-6-25 to 2013-6-24	PRC
131	Fifth-wheel hydraulic elevator of tractors	Utility model	ZL03217911.1	2003-6-10 to 2013-6-9	PRC
132	Engine crankshaft normalizing treatment cooling device	Utility model	ZL03218190.6	2003-6-20 to 2013-6-19	PRC
133	New semi-high roof cab mold	Utility model	ZL03269103.3	2003-7-17 to 2013-7-16	PRC
134	Irregular compound oil seal for vehicle axle	Utility model	ZL03268623.4	2003-7-1 to 2013-6-30	PRC
135	Heavy truck generator over-pressure protector	Utility model	ZL03269293.5	2003-8-5 to 2013-8-4	PRC
136	Separate projection welding electrode for fixing electric welder	Utility model	ZL03218374.7	2003-6-27 to 2013-6-26	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
137	Acid filling valve for battery	Utility model	ZL03218343.7	2003-6-25 to 2013-6-24	PRC
138	Frame width adjusting device	Utility model	ZL03271240.5	2003-7-30 to 2013-7-29	PRC
139	New one-way exhaust valve	Utility model	ZL03218344.5	2003-6-25 to 2013-6-24	PRC
140	Fifth wheel installation positioning device	Utility model	ZL03271532.3	2003-8-19 to 2013-8-18	PRC
141	Vehicle door lamp switch	Utility model	ZL03268837.7	2003-7-11 to 2013-7-10	PRC
142	Heavy truck steering oil reservoir	Utility model	ZL03271091.7	2003-9-11 to 2013-9-10	PRC
143	Digital control hole punching device	Utility model	ZL03269487.3	2003-8-15 to 2013-8-14	PRC
144	Device using forged part waste heat for thermal treatment	Utility model	ZL03269188.2	2003-7-23 to 2013-7-22	PRC
145	Rear elevating trailer	Utility model	ZL03271037.2	2003-9-5 to 2013-9-4	PRC
146	Frame assembling device	Utility model	ZL03253461.2	2003-9-19 to 2013-9-18	PRC
147	Vehicle steering wheel cold extrusion device	Utility model	ZL20032016160.1	2003-10-13 to 2013-10-12	PRC
148	Clutch cap sealing ring	Utility model	ZL200320121369.5	2003-12-19 to 2013-12-18	PRC
149	Vehicle fuel sensor	Utility model	ZL200320106156.5	2003-10-13 to 2013-10-12	PRC
150	Tilting device of dump truck body	Utility model	ZL200320106157.X	2003-10-13 to 2013-10-12	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
151	Internal air-conditioning compressor installing device for large horse power trucks	Utility model	ZL200320106159.9	2003-10-13 to 2013-10-12	PRC
152	Vehicle engine exhaust manifold	Utility model	ZL200320106158.4	2003-10-13 to 2013-10-12	PRC
153	Power steering oil reservoir assembly for heavy trucks	Utility model	ZL200420038306.8	2003-1-30 to 2013-1-29	PRC
154	Device for toe-in adjustment of vehicles	Utility model	ZL200320106819.3	2003-11-10 to 2013-11-9	PRC
155	Water-proof gas inlet for heavy trucks	Utility model	ZL200320106541.X	2003-10-30 to 2013-10-29	PRC
156	Vehicle steering wheel assembling platform	Utility model	ZL200320106840.3	2003-11-12 to 2013-11-11	PRC
157	Vehicle frame	Utility model	ZL20032016591.8	2003-11-3 to 2013-11-2	PRC
158	Magnetic induction type fuel sensor	Utility model	ZL200420038308.7	2003-1-30 to 2013-1-29	PRC
159	Elevating device for floating oil tank front pushing dump trucks	Utility model	ZL200320106583.3	2003-11-3 to 2013-11-2	PRC
160	Elevating device for hanging oil tank rear pushing dump trucks	Utility model	ZL200320106582.9	2003-11-3 to 2013-11-2	PRC
161	Vehicle steering dragrod length adjusting device	Utility model	ZL200320107693.1	2003-12-22 to 2013-12-21	PRC

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162	Vehicle brake shoe grinder	Utility model	ZL200320121370.8	2003-12-19 to 2013-12-18	PRC
163	Frame linear laser inspecting device	Utility model	ZL200320107401.4	2003-11-27 to 2013-11-26	PRC
164	Centrifugal water separator at the gas inlet of vehicle engines	Utility model	ZL200320121371.2	2003-12-19 to 2013-12-18	PRC
165	Cab hydraulic lock	Utility model	ZL200320107156.7	2003-11-24 to 2013-11-23	PRC
166	Cab hydraulic lock assembly	Utility model	ZL200320107155.2	2003-11-24 to 2013-11-23	PRC
167	Magnetic induction type fuel sensor	Utility model	ZL200420038307.2	2003-1-30 to 2013-1-29	PRC
168	Multi-functional hydraulic valve	Utility model	ZL200320121373.1	2003-12-19 to 2013-12-18	PRC
169	Vehicle tire axle fixing device which is convenient for dismantlement	Utility model	ZL200320121372.7	2003-12-19 to 2013-12-18	PRC
170	Automotive air-conditioner	Utility model	ZL200320107690.8	2003-12-22 to 2013-12-21	PRC
171	Compound supporting sleeve for cab tilting shaft	Utility model	ZL200320107691.2	2003-12-22 to 2013-12-21	PRC
172	Clutch dust protector	Utility model	ZL200320107694.6	2003-12-22 to 2013-12-21	PRC
173	Clutch sealing protector	Utility model	ZL200320107692.7	2003-12-22 to 2013-12-21	PRC
174	Steering rod adjusting device	Utility model	ZL200420038031.8	2004-1-15 to 2014-1-14	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
175	Steering mechanism with adjustable height and angle	Utility model	ZL200420038305.3	2004-1-30 to 2014-1-29	PRC
176	Oil filling and draining device	Utility model	ZL200420038493.X	2004-2-25 to 2014-2-24	PRC
177	Spanner for fastening and loosing external thread slotted retaining nut	Utility model	ZL200420039174.0	2004-3-22 to 2014-3-21	PRC
178	Automotive side turning/signaling lamp	Utility model	ZL200420038561.2	2004-2-18 to 2014-2-17	PRC
179	Digital controlled bending device for frame side member	Utility model	ZL200420039305.5	2004-3-24 to 2014-3-23	PRC
180	Vehicle air suspension	Utility model	ZL200420038309.1	2004-1-30 to 2014-1-29	PRC
181	Engine fuel injector sleeve installing and dismantling device	Utility model	ZL200420039172.1	2004-3-22 to 2014-3-21	PRC
182	Heavy truck gearbox gearshift cable control mechanism	Utility model	ZL200420039352.x	2004-3-30 to 2014-3-29	PRC
183	Engine fuel injector sleeve installing device	Utility model	ZL200420039171.7	2004-3-22 to 2014-3-21	PRC
184	Engine exhaust silencer	Utility model	ZL200420039836.4	2004-4-16 to 2014-4-15	PRC
185	Strengthened towing hook for heavy trucks	Utility model	ZL200420039837.9	2004-4-16 to 2014-4-15	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
186	Hole punching device for cylindrical parts	Utility model	ZL200420039839.8	2004-4-16 to 2014-4-15	PRC
187	Punching processing device for pipe materials	Utility model	ZL200420039840.0	2004-4-16 to 2014-4-15	PRC
188	Quenching and cooling device using new polymer quenching liquid	Utility model	ZL2004200398754	2004-4-23 to 2014-4-22	PRC
189	Front lower mirror in the cab of heavy trucks	Utility model	ZL200420039841.5	2004-4-16 to 2014-4-15	PRC
190	New Ether cold start-up device	Utility model	ZL200420039838.3	2004-4-16 to 2014-4-15	PRC
191	Elevating device for front oil tank double bar cabin front moving dump trucks	Utility model	ZL200420040421.9	2004-5-11 to 2014-5-10	PRC
192	Elevating device for front oil tank single bar cabin front moving dump trucks	Utility model	ZL200420040425.7	2004-5-11 to 2014-5-10	PRC
193	New elevating device for central dividing both-side tilting dump trucks	Utility model	ZL200420040419.1	2004-5-11 to 2014-5-10	PRC
194	New hydraulic power steering device	Utility model	ZL200420039861.2	2004-4-22 to 2014-4-21	PRC
195	Automotive inter-cooler	Utility model	ZL200420040293.8	2004-5-9 to 2014-5-8	PRC
196	New heavy truck frame	Utility model	ZL200420040292.3	2004-5-9 to 2014-5-8	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
197	Elevating device for floating oil tank single bar cabin front moving dump trucks	Utility model	ZL200420040420.4	2004-5-11 to 2014-5-10	PRC
198	Elevating device for floating oil tank double bar cabin front moving dump trucks	Utility model	ZL200420040424.2	2004-5-11 to 2014-5-10	PRC
199	Elevating device for hanging oil tank single bar cabin front moving dump trucks	Utility model	ZL200420040426.1	2004-5-11 to 2014-5-10	PRC
200	Elevating device for hanging oil tank double bar cabin front moving dump trucks	Utility model	ZL200420040422.3	2004-5-11 to 2014-5-10	PRC
201	Vehicle side protector	Utility model	ZL200420040291.9	2004-5-9 to 2014-5-8	PRC
202	Electric appliance and brake pressure detector for part of the trailer for haulage trucks	Utility model	ZL200420040635.6	2004-5-21 to 2014-5-20	PRC
203	Steel ball positioning device	Utility model	ZL200420040934.X	2004-5-31 to 2014-5-30	PRC
204	Rear gas inlet assembly	Utility model	ZL200420040949.6	2004-6-1 to 2014-5-31	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
205	Engine accelerator signal input device	Utility model	ZL200420052861.6	2004-8-11 to 2014-8-10	PRC
206	Heavy truck engine cover	Utility model	ZL200420052869.2	2004-8-12 to 2014-8-11	PRC
207	Vehicle heater control panel	Utility model	ZL200420052470.4	2004-7-23 to 2014-7-22	PRC
208	High pressure oil transmission pipe assembly for heavy trucks	Utility model	ZL200420052293.x	2004-7-15 to 2014-7-14	PRC
209	Chassis of four axis heavy truck with rear lifting axle	Utility model	ZL200420052482.7	2004-7-26 to 2014-7-25	PRC
210	Gearshift lever for heavy trucks	Utility model	ZL200420052289.3	2004-7-15 to 2014-7-14	PRC
211	Walk panel for semi-trailer tractors	Utility model	ZL200420052288.9	2004-7-15 to 2014-7-14	PRC
212	Vehicle oil pan protection grid assembly	Utility model	ZL200420052290.6	2004-7-15 to 2014-7-14	PRC
213	Heat radiator protection device for offroad vehicle	Utility model	ZL200420052231.9	2004-7-12 to 2014-7-11	PRC
214	Automotive instrument cluster	Utility model	ZL200420052230.4	2004-7-12 to 2014-7-11	PRC
215	Automotive brake lamp sensing switch	Utility model	ZL200420051864.8	2004-6-28 to 2014-6-27	PRC
216	Multi-line plugs for vehicles	Utility model	ZL200420052012.0	2004-6-29 to 2014-6-28	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
217	Diodes for automotive sensor components	Utility model	ZL200420052013.5	2004-6-29 to 2014-6-28	PRC
218	Safety protector for dump trucks	Utility model	ZL200420052019.2	2004-6-30 to 2014-6-29	PRC
219	Heavy truck silencer vertical installation device	Utility model	ZL200420041228.7	2004-6-9 to 2014-6-8	PRC
220	Vehicle combination pedal breaker	Utility model	ZL200420051636.0	2004-6-21 to 2014-6-20	PRC
221	Compartment supporting device	Utility model	ZL200420041280.2	2004-6-14 to 2014-6-13	PRC
222	Counterbores with hard alloy heads	Utility model	ZL200420041281.7	2004-6-14 to 2014-6-13	PRC
223	Fixing panel connecting with automotive control mechanism	Utility model	ZL200420053445.8	2004-9-1 to 2014-8-30	PRC
224	Sun visor assembly in the cab of heavy trucks	Utility model	ZL200420053715.5	2004-9-8 to 2014-9-7	PRC
225	New air filter and dust remover	Utility model	ZL200420053100.2	2004-8-19 to 2014-8-18	PRC
226	Sealing and protecting cover for vehicles	Utility model	ZL200420053101.7	2004-8-19 to 2014-8-18	PRC
227	Chassis junction box	Utility model	ZL200420053213.2	2004-8-20 to 2014-8-19	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
228	Heavy truck flexible acceleration transmission device	Utility model	ZL200420053102.1	2004-8-19 to 2014-8-18	PRC
229	New Automotive air inlet device	Utility model	ZL200420053214.7	2004-8-20 to 2014-8-19	PRC
230	Seat waist air support control valve	Utility model	ZL200420053254.1	2004-8-26 to 2014-8-25	PRC
231	Self-guiding coupling pin	Utility model	ZL200420053731.4	2004-9-9 to 2014-9-8	PRC
232	Semi-trailer lock-up condition indicator	Utility model	ZL200420053730.X	2004-9-9 to 2014-9-8	PRC
233	New Automotive spare tire rack	Utility model	ZL200420053205.8	2004-8-19 to 2014-8-18	PRC
234	General storing and transporting rack in vehicle cab	Utility model	ZL200420053746.0	2004-9-10 to 2014-9-9	PRC
235	Automotive cab hanger	Utility model	ZL200420053744.1	2004-9-10 to 2014-9-9	PRC
236	Cab craning and positioning device	Utility model	ZL200420053743.7	2004-9-10 to 2014-9-9	PRC
237	Automobile acceleration pedal	Utility model	ZL200420053426.5	2004-8-31 to 2014-8-30	PRC
238	Specific mounting stand for balance shaft	Utility model	ZL200420053428.4	2004-8-31 to 2014-8-30	PRC
239	Bearing dismantling appliance	Utility model	ZL200420053724.4	2004-9-9 to 2014-9-8	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
240	Straddle turning clamp for automobile axle housing	Utility model	ZL200420053742.2	2004-9-10 to 2014-9-9	PRC
241	Lifting appliance which can control spare part lifting direction	Utility model	ZL200420053727.8	2004-9-9 to 2014-9-8	PRC
242	Inspection tool for adjusting angle limit of steering knuckle	Utility model	ZL200420053725.9	2004-9-9 to 2014-9-8	PRC
243	Inner spherical surface aligner for processing of cross hole of driving axle differential case	Utility model	ZL200420053726.3	2004-9-9 to 2014-9-8	PRC
244	Specific inspection tool for assessing bouncing of disk spiral bevel gear	Utility model	ZL200420053728.2	2004-9-9 to 2014-9-8	PRC
245	Engine hood assembly device	Utility model	ZL200420096644.7	2004-9-30 to 2014-9-29	PRC
246	Engine hood	Utility model	ZL200420096818.X	2004-10-12 to 2014-10-11	PRC
247	Cab carpet	Utility model	ZL2004200916817.5	2004-10-12 to 2014-10-11	PRC
248	Fully-automatic electric lifting device	Utility model	ZL200420096724.2	2004-9-29 to 2014-9-28	PRC
249	Door panel binding device	Utility model	ZL200420096717.2	2004-9-29 to 2014-9-28	PRC
250	Riveting device of crossmember assembly	Utility model	ZL200420096718.7	2004-9-20 to 2014-9-19	PRC
251	General bend mould	Utility model	ZL200420052849.5	2004-8-10 to 2014-8-9	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
252	Self-dump cabin dumping truck body	Utility model	ZL200420053427.X	2004-8-31 to 2014-8-30	PRC
253	Vehicle pedal switch	Utility model	ZL200420096716.8	2004-9-29 to 2014-9-28	PRC
254	Vehicle exhaust muffler	Utility model	ZL200420053846.3	2004-9-20 to 2014-9-19	PRC
255	Vehicle fuel tank	Utility model	ZL200420096719.1	2004-9-29 to 2014-9-28	PRC
256	Heavy truck chassis	Utility model	ZL200420096864.X	2004-10-20 to 2014-10-19	PRC
257	Air suspension of lifting supporting axle	Utility model	ZL200420096863.5	2004-10-20 to 2014-10-19	PRC
258	Reset device of follow-up steering supporting axle	Utility model	ZL200420097220.2	2004-10-26 to 2014-10-25	PRC
259	Joint fitting rack of air-inlet for heavy truck	Utility model	ZL200420099004.1	2004-12-31 to 2014-12-30	PRC
260	Parallel fuel tank	Utility model	ZL200420097148.3	2004-10-22 to 2014-10-21	PRC
261	Ancillary spring shackle to prevent lateral migration of leaf spring	Utility model	ZL200420097221.7	2004-10-26 to 2014-10-25	PRC
262	Engine fuel level indicator	Utility model	ZL200420099352.9	2004-12-28 to 2014-12-27	PRC
263	Air heater hood for automotive dashboard	Utility model	ZL200420097239.7	2004-10-26 to 2014-10-25	PRC
264	Nested ash tray for vehicles	Utility model	ZL200420097240.X	2004-10-26 to 2014-10-25	PRC
265	New Frame crossmember for heavy truck	Utility model	ZL200420096837.2	2004-10-15 to 2014-10-14	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
266	Special three-edged milling cutter for brake	Utility model	ZL200420097681.X	2004-11-15 to 2014-11-14	PRC
267	Strut for cab lifting	Utility model	ZL200420099384.9	2004-12-21 to 2014-12-20	PRC
268	Nut piercing transmission device	Utility model	ZL200420098641.7	2004-12-14 to 2014-12-13	PRC
269	Gear bush extractor	Utility model	ZL200420098637.0	2004-12-14 to 2014-12-13	PRC
270	Cylinder-liner extractor	Utility model	ZL200420098639.X	2004-12-14 to 2014-12-13	PRC
271	Huge-capacity dual freewheeling relay for vehicles	Utility model	ZL200420099108.2	2004-12-30 to 2014-12-29	PRC
272	Cabin hydraulic lock-up device	Utility model	ZL200420099383.4	2004-12-21 to 2014-12-20	PRC
273	Cab four-point floating type front and rear suspension	Utility model	ZL200520079817.9	2004-1-4 to 2014-1-5	PRC
274	Front vent pipe for vehicles	Utility model	ZL200420098085.3	2004-12-9 to 2014-12-8	PRC
275	Adjusting device of automotive steering control mechanician	Utility model	ZL200420098168.2	2004-12-8 to 2014-12-7	PRC
276	Seal for water-proof tank door	Utility model	ZL200420098643.6	2004-12-14 to 2014-12-13	PRC
277	Flexible coupling clamping device	Utility model	ZL200420098642.1	2004-12-14 to 2014-12-13	PRC
278	New Bumper for heavy trucks	Utility model	ZL200420099020.0	2004-12-31 to 2014-12-30	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
279	Automotive chassis transmission system	Utility model	ZL200420098169.7	2004-12-8 to 2014-12-7	PRC
280	Water treatment device for diesel engine emission	Utility model	ZL200420098640.2	2004-12-14 to 2014-12-13	PRC
281	Braking steering device	Utility model	ZL200420098690.0	2004-12-16 to 2014-12-15	PRC
282	Fuel tank safeguard device	Utility model	ZL200420099353.3	2004-12-28 to 2014-12-27	PRC
283	Fuel tank	Utility model	ZL200420098688.3	2004-12-16 to 2014-12-15	PRC
284	Hydraulic oil cooling device	Utility model	ZL200420098687.9	2004-12-16 to 2014-12-15	PRC
285	Clutch brake fluid feeding device	Utility model	ZL200420098689.8	2004-12-16 to 2014-12-15	PRC
286	Multi-use battery box	Utility model	ZL200420098686.4	2004-12-16 to 2014-12-15	PRC
287	Deed Center free winshield wiper arm	Utility model	ZL200520079837.6	2005-1-6 to 2015-1-5	PRC
288	Reversible dump truck body	Utility model	ZL200520081524.4	2005-2-22 to 2015-2-21	PRC
289	Control device for automotive transfer case	Utility model	ZL200520081523.X	2005-2-22 to 2015-2-21	PRC
290	Multi-use clamping device	Utility model	ZL200520081545.6	2005-2-24 to 2015-2-23	PRC
291	Overhead hoist for automotive leaf spring	Utility model	ZL200520080727.1	2005-3-1 to 2015-2-28	PRC
292	Automatic unloading device of large size stamping parts	Utility model	ZL200520081122.4	2005-3-17 to 2015-3-16	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
293	Cab	Design	ZL200530090650.1	2005-3-18 to 2015-3-17	PRC
294	Input and output oil pipe base for built-in oil pump	Utility model	ZL200520080943.6	2005-3-22 to 2015-3-21	PRC
295	Automotive power master switch	Utility model	ZL200520081196.8	2005-3-24 to 2015-3-23	PRC
296	Multifunctional combination resistor for vehicles	Utility model	ZL200520082124.5	2005-4-11 to 2015-4-10	PRC
297	A car pantree rear cover	Utility model	ZL03218109.4	2005-6-13 to 2015-6-12	PRC
298	Roll stability control warning system for self-unloading vehicle	Utility model	ZL200520081760.6	2005-4-4 to 2015-4-3	PRC
299	Car balance suspending bridge limit device	Utility model	ZL200520083338.4	2005-5-20 to 2015-5-19	PRC
300	Rubber vibration-absorbing part for car engine	Utility model	ZL200520083841.X	2005-6-6 to 2015-6-5	PRC
301	A simple tool of gas cut hole	Utility model	ZL200520125274.X	2005-12-2 to 2015-12-1	PRC
302	An automatic edging device of Pressing Parts	Utility model	ZL200520125641.6	2005-12-12 to 2015-12-11	PRC
303	A car gearshift handle	Utility model	ZL200520083248.5	2005-5-19 to 2015-5-18	PRC
304	A mobile storage device for blower fan	Utility model	ZL200520125272.0	2005-12-2 to 2015-12-1	PRC
305	A composite acoustic material	Utility model	ZL200520126147.1	2005-12-20 to 2015-12-19	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
306	An axle housing of drive axle for heavy truck	Utility model	ZL200520124655.6	2005-11-15 to 2015-11-14	PRC
307	Car power switch	Utility model	ZL200520124289.4	2005-11-17 to 2015-11-16	PRC
308	Electronic unit pump engine	Utility model	ZL200520124669.8	2005-11-18 to 2015-11-17	PRC
309	Conversion device of main and auxiliary Fuel tank	Utility model	ZL200520081780.3	2005-4-5 to 2015-4-4	PRC
310	Cab radiator cover	Design	ZL02310570.4	2002-2-7 to 2012-2-6	PRC
311	Heavy truck cab	Design	ZL02310544.5	2002-2-7 to 2012-2-6	PRC
312	Heavy truck cab	Design	ZL02310545.3	2002-2-7 to 2012-2-6	PRC
313	Cab radiator cover	Design	ZL02311625.0	2002-5-30 to 2012-5-29	PRC
314	Electronic speedometer	Design	ZL02311624.2	2002-5-30 to 2012-5-29	PRC
315	Instrument cluster for heave truck	Design	ZL02311622.6	2002-5-30 to 2012-5-29	PRC
316	Instrument cluster for heave truck	Design	ZL02311623.4	2002-5-30 to 2012-5-29	PRC
317	Step board for cab	Design	ZL02352007.8	2002-7-18 to 2012-7-17	PRC
318	Glove box panel for cab	Design	ZL02352006.x	2002-7-18 to 2012-7-17	PRC
319	Cab dashboard	Design	ZL02352005.1	2002-7-18 to 2012-7-17	PRC
320	Cab bumper	Design	ZL02352004.3	2002-7-18 to 2012-7-17	PRC
321	Cab sunvisor	Design	ZL02352009.4	2002-7-18 to 2012-7-17	PRC
322	Heavy truck cab	Design	ZL02352340.9	2002-8-27 to 2012-8-26	PRC
323	Cab	Design	ZL02341165.1	2002-11-8 to 2012-11-7	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
324	Cab for special vehicle	Design	ZL02341164.3	2002-11-8 to 2012-11-7	PRC
325	Wheel covers for heavy truck	Design	ZL02341163.5	2002-11-8 to 2012-11-7	PRC
326	Safety cap for wheel bolt	Design	ZL02341162.7	2002-11-8 to 2012-11-7	PRC
327	Heavy truck cab (high-roof)	Design	ZL03312477.9	2003-3-4 to 2013-3-3	PRC
328	Heavy truck cab (tractor)	Design	ZL03312414.0	2003-3-4 to 2013-3-3	PRC
329	Vehicle seat	Design	ZL03312918.5	2003-4-21 to 2013-4-20	PRC
330	Vehicle seat	Design	ZL03312919.3	2003-4-21 to 2013-4-20	PRC
331	Vehicle seat	Design	ZL03312920.7	2003-4-21 to 2013-4-20	PRC
332	Fuel tank	Design	ZL03312914.2	2003-4-17 to 2013-4-16	PRC
333	Steering wheel for heavy truck	Design	ZL03313115.5	2003-5-15 to 2013-5-14	PRC
334	Heavy truck cab	Design	ZL03313432.4	2003-5-9 to 2013-5-8	PRC
335	Body side panel heavy truck	Design	ZL03351248.5	2003-9-15 to 2013-9-14	PRC
336	Front wall pillar panel for heavy truck	Design	ZL03351246.9	2003-9-15 to 2013-9-14	PRC
337	Heavy truck cab	Design	ZL200430031777.1	2004-7-12 to 2014-7-11	PRC
338	Heavy truck cab (high-roof)	Design	ZL200430031778.6	2004-7-12 to 2014-7-11	PRC
339	Tractor walk panel	Design	ZL200430047820.3	2004-8-25 to 2014-8-24	PRC
340	Decorative cushion	Design	ZL200430048457.7	2004-10-19 to 2014-10-18	PRC
341	Automotive intake port connection sheath	Design	ZL200430047893.2	2004-9-20 to 2014-9-19	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
342	Cab rearview mirror for heavy truck	Design	ZL200430089439.3	2004-11-18 to 2014-11-17	PRC
343	Heavy truck cab	Design	ZL200430089438.9	2004-11-16 to 2014-11-15	PRC
344	Steering wheel for heavy truck (four-spoke)	Design	ZL200430112248.4	2004-12-16 to 2014-12-15	PRC
345	Cab front support	Design	ZL200430089437.4	2004-11-16 to 2014-11-15	PRC
346	Steering column decorative cover for heavy truck	Design	ZL200430112247.X	2004-12-16 to 2014-12-15	PRC
347	Rear wind deflection on cab side of heavy truck	Design	ZL200430112075.6	2004-12-9 to 2014-12-8	PRC
348	Auto back panel	Design	ZL200530090567.4	2005-1-25 to 2015-1-24	PRC
349	Bus	Design	05300 ZL200530090566.X	2005-1-25 to 2015-1-24	PRC
350	Cab cover	Design	ZL200530090902.0	2005-2-6 to 2015-2-5	PRC
351	Auto bumper	Design	ZL200530090903.5	2005-2-6 to 2015-2-5	PRC
352	Auto back panel	Design	ZL200530096085.X	2005-3-17 to 2015-3-16	PRC
353	Auto back panel	Design	ZL200530096086.4	2005-3-17 to 2015-3-16	PRC
354	Marker lamp support for tractor	Design	ZL200530091350.5	2005-4-13 to 2015-4-12	PRC
355	Wiring harness fastening support for new model vehicle	Design	ZL200530091351.X	2005-4-13 to 2015-4-12	PRC
356	Auto Silencer	Design	ZL200530096141.X	2005-4-1 to 2015-3-31	PRC
357	Fuel tank (Type D Aluminum Alloy)	Design	ZL200530096142.4	2005-4-1 to 2015-3-31	PRC
358	Ashtray	Design	ZL200530091223.5	2005-4-7 to 2015-4-6	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
359	Door trim of the cab	Design	ZL200530090670.9	2005-3-28 to 2015-3-27	PRC
360	Dash board for the cab	Design	ZL200530090671.3	2005-3-28 to 2015-3-27	PRC
361	Automotive instrument cluster	Design	ZL200530091542.6	2005-4-19 to 2015-4-18	PRC
362	Automotive rear combination lamp	Design	ZL200530091544.5	2005-4-19 to 2015-4-18	PRC
363	Automotive lamp (head lamp)	Design	ZL200530091543.0	2005-4-19 to 2015-4-18	PRC
364	A tire tool of frame pole drill	Utility model	ZL03216606.0	2003-4-25 to 2013-4-24	PRC
365	Torque wrench that prevents mal-operation	Utility model	ZL03216601.X	2003-4-25 to 2013-4-24	PRC
366	Rotation adjusting locator of plate shear	Utility model	ZL03216496.3	2003-4-25 to 2013-4-24	PRC
367	A [U] bending die	Utility model	ZL03217942.1	2003-6-12 to 2013-6-11	PRC
368	A carriage and storage device for pressing parts	Utility model	ZL03217912.X	2003-6-10 to 2013-6-9	PRC
369	Special assemble tool for bearing bore diameter bush of car turnover	Utility model	ZL03268626.9	2003-7-1 to 2013-6-30	PRC
370	A assemble tool used in the sensor of fuel tank volume	Utility model	ZL03268625.0	2003-7-1 to 2013-6-30	PRC
371	A special hanger for car frame	Utility model	ZL03268685.4	2003-7-7 to 2013-7-6	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
372	New calibration die for hot trim	Utility model	ZL03218189.2	2003-6-20 to 2013-6-19	PRC
373	Spring Locator	Utility model	ZL03268684.6	2003-7-7 to 2013-7-6	PRC
374	An unit for welding, drilling of car warm fan frame	Utility model	ZL03268838.5	2003-7-11 to 2013-7-10	PRC
375	Special tools for boring machine	Utility model	ZL03269460.1	2003-8-14 to 2013-8-13	PRC
376	Steel pipe drum machine	Utility model	ZL03268686.2	2003-7-7 to 2013-7-6	PRC
377	A vacuum extractor	Utility model	ZL03268687.0	2003-7-7 to 2013-7-6	PRC
378	A bore drilling tool used in car roof of heavy truck	Utility model	ZL03268840.7	2003-7-11 to 2013-7-10	PRC
379	A steel plate coating device	Utility model	ZL03268843.1	2003-7-11 to 2013-7-10	PRC
380	A drilling die of cabin repossessing	Utility model	ZL03217203.0	2003-7-25 to 2013-7-24	PRC
381	A side pressing die tools	Utility model	ZL03271204.9	2003-7-25 to 2013-7-24	PRC
382	A die that produces several products	Utility model	ZL03271548.X	2003-8-22 to 2013-8-21	PRC
383	Side-frame outer panel of heavy truck	Design	ZL03351248.5	2003-9-15 to 2013-9-14	PRC
384	Front wall pillar outer panel of heavy truck	Design	ZL03351246.9	2003-9-15 to 2013-9-14	PRC
385	A car fuel sensor	Utility model	ZL200320106156.5	2003-10-13 to 2013-10-12	PRC
386	Car glass	Design	ZL200530090568.9	2005-1-25 to 2015-1-24	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
387	Portable astray assemble	Utility model	ZL200520085834.3	2005-7-26 to 2015-7-25	PRC
388	Electronic system of car support shaft lifting	Utility model	ZL200520081521.0	2005-2-22 to 2015-2-21	PRC
389	A station unit of cabin roof of heavy truck	Utility model	ZL200520081123.9	2005-3-17 to 2015-3-16	PRC
390	Car exhaust brake switch	Utility model	ZL200520083141.0	2005-5-11 to 2015-5-10	PRC
391	Locking display device of cabin	Utility model	ZL200520083140.6	2005-5-11 to 2015-5-10	PRC
392	Car suspension of swing arm type	Utility model	ZL200520080944.0	2005-3-22 to 2015-3-21	PRC
393	Tire tool of cabin welding	Utility model	ZL200520126153.7	2005-12-20 to 2015-12-19	PRC
394	Spring vibration-absorbing unit for car balance suspension	Utility model	ZL200520080974.1	2005-3-25 to 2015-3-24	PRC
395	Car lamp (front-combined)	Design	ZL200530091548.3	2005-4-19 to 2015-4-18	PRC
396	A welded gray cast iron	Utility model	ZL200520083383.X	2005-5-25 to 2015-5-24	PRC
397	Assistant tipper of stripper plate tilting for self-unloading car	Utility model	ZL200520083247.0	2005-5-19 to 2015-5-18	PRC
398	Assistant tipper of shear stripper plate for self-unloading car	Utility model	ZL200520083250.2	2005-5-19 to 2015-5-18	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
399	Assistant tipper of stripper plate for self-unloading car	Utility model	ZL200520083249.X	2005-5-19 to 2015-5-18	PRC
400	Full front spring bracket for multi-shaft heavy truck	Utility model	ZL200520083238.1	2005-5-19 to 2015-5-18	PRC
401	New flat spring sliding bearing for heavy truck	Utility model	ZL200520083339.9	2005-5-20 to 2015-5-19	PRC
402	Radiator	Utility model	ZL200520083384.4	2005-5-25 to 2015-5-24	PRC
403	A front under mirror mounting of cabin	Utility model	ZL200520083385.9	2005-5-25 to 2015-5-24	PRC
404	An efficient hydraulic cylinder	Utility model	ZL200520083840.5	2005-6-6 to 2015-6-5	PRC
405	A suspension for independent suspended car axle housing	Utility model	ZL200520083924.9	2005-6-8 to 2015-6-7	PRC
406	Turing & tilting device for cabin of cab over heavy truck	Utility model	ZL200520084476.4	2005-6-24 to 2015-6-23	PRC
407	A emergency release automatic device	Utility model	ZL200520084440.6	2005-6-22 to 2015-6-21	PRC
408	An anti-skid plate built in car	Utility model	ZL200520084442.5	2005-6-22 to 2015-6-21	PRC
409	A car fuel pipe mounting tool	Utility model	ZL200520084799.3	2005-7-1 to 2015-6-30	PRC
410	Teeming thrust rod for cargo truck	Utility model	ZL200520085179.1	2005-7-12 to 2015-6-11	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
411	A new self-unloading Car cover	Utility model	ZL200520084441.0	2005-6-22 to 2015-6-21	PRC
412	Automatic conversion device of main and auxiliary fuel tank	Utility model	ZL200520086340.7	2005-8-23 to 2015-8-22	PRC
413	Extractor for wheel hub inner bearing of auto axle	Utility model	ZL200520085051.5	2005-7-8 to 2015-7-7	PRC
414	Reverse gear shaft extractor of car gearbox	Utility model	ZL200520085049.8	2005-7-8 to 2015-7-7	PRC
415	Dismantling device of clutch pressure plate assembly	Utility model	ZL200520085050.0	2005-7-8 to 2015-7-7	PRC
416	An automatic clamping cabin hanger	Utility model	ZL200520085190.8	2005-7-13 to 2015-7-12	PRC
417	Lower bracket for band type lower shock absorber of cargo truck	Utility model	ZL200520085178.7	2005-7-12 to 2015 7-11	PRC
418	Overall front fender of cabin	Utility model	ZL200520086715.X	2005-9-7 to 2015-9-6	PRC
419	A chassis of multi-shaft heavy truck	Utility model	ZL200520085986.3	2005-8-9 to 2015-8-8	PRC
420	An auto brake shoe	Utility model	ZL200520085964.7	2005-8-5 to 2015-8-4	PRC
421	Cotton flock cushion for mud flap of heavy truck	Utility model	ZL200520086708.X	2005-9-6 to 2015-9-5	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
422	Maintenance door hinge assembly of bus	Utility model	ZL200520085974.0	2005-8-8 to 2015-8-9	PRC
423	A portable testing device of tractor-trailer control system	Utility model	ZL200520086993.5	2005-9-2 to 2015-9-1	PRC
424	Steering knuckle for installing disc brake(1)	Design	ZL200530094949.4	2005-9-30 to 2015-9-29	PRC
425	Steering knuckle specially for installing disc brake	Utility model	ZL200520087955.1	2005-10-14 to 2015-10-13	PRC
426	A steering adjusting device for heavy truck	Utility model	ZL200520088029.6	2005-10-25 to 2015-10-24	PRC
427	Hydraulic engine bracket for heavy truck	Utility model	ZL200520088383.9	2005-10-27 to 2015-10-26	PRC
428	Steering column rim embellisher of heavy truck	Design	ZL200530094840.0	2005-9-28 to 2015-9-27	PRC
429	Water level warning device for high-pressure sewer flushing vehicle	Utility model	ZL200520086979.5	2005-9-1 to 2015-8-31	PRC
430	Hydraulic control device of sewer flushing vehicle	Utility model	ZL200520086981.2	2005-9-1 to 2015-8-31	PRC
431	Oil temperature measuring device of high-pressure sewer flushing vehicle	Utility model	ZL200520086980.8	2005-9-1 to 2015-8-31	PRC
432	Separated welded bumper	Utility model	ZL200520088428.2	2005-10-28 to 2015-10-27	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
433	Transmission unit for carriage roller of H-shaped steel track compressed air hose	Utility model	ZL200520088646.6	2005-11-3 to 2015-11-2	PRC
434	Engine mounting	Design	ZL200530135681.4	2005-12-13 to 2015-12-12	PRC
435	Cabin instrument platform	Design	ZL200630090394.0	2006-1-13 to 2016-1-12	PRC
436	Cabin pedal	Design	ZL200630090396.X	2006-1-13 to 2016-1-12	PRC
437	Car bumper	Design	ZL200630090398.9	2006-1-13 to 2016-1-12	PRC
438	Cabin front suspension bracket	Design	ZL200630090397.4	2006-1-13 to 2016-1-12	PRC
439	Cabin	Design	ZL200630090395.5	2006-1-13 to 2016-1-12	PRC
440	Bus	Design	ZL200630090662.9	2006-2-27 to 2016-2-26	PRC
441	Bus	Design	ZL200630090661.4	2006-4-27 to 2016-4-26	PRC
442	Overturn self-unloading car	Utility model	ZL200520081524.4	2006-2-22 to 2016-2-21	PRC
443	New gearshift operating device	Utility model	ZL02267503.5	2002-6-6 to 2012-6-5	PRC
444	Eccentric double constant velocity cardan universal joint for heavy truck	Utility model	ZL02269013.1	2006-8-22 to 2016-8-21	PRC
445	Heat treatment device of car crank normalizing	Utility model	ZL02270487.6	2002-11-1 to 2012-10-31	PRC
446	Lifting device of rear abutment for heavy truck	Utility model	ZL03216243.X	2003-4-11 to 2013-4-10	PRC
447	Manual pipe bender	Utility model	ZL03216602.8	2003-4-25 to 2013-4-24	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
448	Inching switch	Utility model	ZL03216470.X	2003-4-22 to 2013-4-21	PRC
449	A screw fastening tool	Utility model	ZL03217038.6	2003-5-12 to 2013-5-11	PRC
450	A riveting clamping device of heavy truck crossbeam	Utility model	ZL03217219.2	2003-5-15 to 2013-5-14	PRC
451	A large automatic eject device of drawn component	Utility model	ZL03217580.9	2003-6-4 to 2013-6-3	PRC
452	Manual thread pipe bender	Utility model	ZL03268842.3	2003-7-11 to 2013-7-10	PRC
453	A drilling die of cabin repossessing	Utility model	ZL03271203.0	2003-7-25 to 2013-7-24	PRC
454	Drum device of thin metal tube	Utility model	ZL03217908.1	2003-6-10 to 2013-6-9	PRC
455	New die locator	Utility model	ZL03217943.X	2003-6-12 to 2013-6-11	PRC
456	Brake drum of car drive axle	Utility model	ZL03268622.6	2003-7-1 to 2013-6-30	PRC
457	A welding fixture of air filter bracket assembly	Utility model	ZL03271006.2	2003-9-3 to 2013-9-2	PRC
458	Rotary filling table for battery accumulator air-reserve tank	Utility model	ZL03269458.X	2003-8-14 to 2013-8-13	PRC
459	A new device for polymer hardening quench	Utility model	ZL200420039875.4	2004-4-23 to 2014-4-22	PRC
460	A fastener	Utility model	ZL200420098167.8	2004-12-8 to 2014-12-7	PRC
461	New divided drive axle housing	Utility model	ZL200520080000.3	2005-1-19 to 2015-1-18	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
462	A forming die for drive axle semi-housing	Utility model	ZL200520080945.5	2005-3-22 to 2015-3-21	PRC
463	A robotic holding device for heating plate transmission before axle forming	Utility model	ZL200520125736.8	2005-12-16 to 2015-12-15	PRC
464	A multi-drive axle balance suspension system for heavy truck	Utility model	ZL200520088382.4	2005-10-27 to 2015-10-26	PRC
465	A steering Operating Device for heavy truck	Utility model	ZL200520088384.3	2005-10-27 to 2015-10-26	PRC
466	Rotating speed measuring device for sewer flushing vehicle	Utility model	ZL200520086982.7	2005-9-1 to 2015-8-31	PRC
467	Steel plate spring for car	Utility model	ZL200520126148.6	2005-12-20 to 2005-12-19	PRC
468	Directional valve of composite function for dual fuel tank	Utility model	ZL200520126145.2	2005-12-20 to 2015-12-19	PRC
469	A fuel tank bracket for heavy truck	Utility model	ZL200520124823.1	2005-11-24 to 2015-11-23	PRC
470	Locking Unit for overturn brace of vehicle cabin	Utility model	ZL200520126144.8	2005-12-20 to 2015-12-19	PRC
471	Fuel pump for car axle	Utility model	ZL200520126146.7	2005-12-20 to 2015-12-19	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
472	Processing before priming paint coating of car tire assembly	Invention	ZL200410024076.4	2004-5-9 to 2024-5-8	PRC
473	Water-cooling diesel engine with four cylinders and its balance structure	Utility model	ZL03228659.8	2003-1-22 to 2013-1-21	PRC
474	Sealed structure of live axle	Utility model	ZL03210245.3	2003-8-28 to 2013-8-27	PRC
475	Diesel engine (WD415)	Design	ZL03326622.0	2003-1-22 to 2013-1-21	PRC
476	Cylinder body for diesel engine (WD415)	Design	ZL03326621.2	2003-1-22 to 2013-1-21	PRC
477	Drive shaft components	Design	ZL03363168.9	2003-8-28 to 2013-8-27	PRC
478	Heavy truck main spiral bevel driving gear partial softening process	Invention	ZL200410024132.4	2004-5-21 to 2024-5-20	PRC
479	Modular machine tool cross axle processing	Invention	ZL3112280.9	2003-5-23 to 2023-5-22	PRC
480	High rigidity high elasticity modular machine tool cross axle processing	Invention	ZL03112271.X	2003-5-21 to 2023-5-20	PRC
481	Process to enhance strength of semi-axis and hardened layer of heavy trucks	Invention	ZL03111931.X	2003-3-4 to 2023-3-3	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
482	Welding process of medium to thick steel plate of automobile rear axle housing	Invention	ZL03111726.0	2003-1-16 to 2023-1-15	PRC
483	Connection method of liftable rear axle of heavy trucks	Invention	ZL03111835.6	2003-1-28 to 2023-1-27	PRC
484	A method of blind hole processing	Invention	ZL200310105558.8	2003-12-1 to 2023-11-23	PRC
485	Pre-coating treatment process of automobile wheels	Invention	ZL200410024076.4	2004-5-9 to 2024-5-8	PRC
486	Craning device for driving cabin welding	Utility model	ZL200520125256.1	2005-12-2 to 2015-12-1	PRC
487	Automobile door inspection device	Utility model	ZL200520125270.1	2005-12-2 to 2015-12-1	PRC
488	Automobile front axis inverting clamp	Utility model	ZL200520125295.1	2005-12-16 to 2015-12-15	PRC
489	Special screw driver	Utility model	ZL200520126155.6	2005-12-20 to 2015-12-19	PRC
490	A pipe connector with tuber design	Utility model	ZL200520124822.7	2005-11-24 to 2015-11-23	PRC
491	Positioning device for upper berth frame welding for heavy trucks	Utility model	ZL200520125297.0	2005-12-16 to 2015-12-15	PRC
492	Fork-lift single extension lifting device	Utility model	ZL200520125298.5	2005-12-16 to 2015-12-15	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
493	A drilling and clamping device	Utility model	ZL200520125294.7	2005-12-16 to 2015-12-15	PRC
494	A welding device	Utility model	ZL200520125293.2	2005-12-16 to 2015-12-15	PRC
495	Positioning device for top horizontal bar welding for heavy trucks	Utility model	ZL200520125296.6	2005-12-16 to 2015-12-15	PRC
496	Anti-slip wheel for large press moulds	Utility model	ZL200520125733.4	2005-12-16 to 2015-12-15	PRC
497	Curve beam of automobile chassis formation mould	Utility model	ZL200520125300.9	2005-12-16 to 2015-12-15	PRC
498	A spiral pipe bending machine	Utility model	ZL200520125750.8	2005-12-16 to 2015-12-15	PRC
499	A reverting groove steel bending machine	Utility model	ZL200520125732.X	2005-12-16 to 2015-12-15	PRC
500	Driving cabin front window inspection device	Utility model	ZL200520125638.4	2005-12-12 to 2-15-12-11	PRC
501	Trailer lifting automatic controller	Utility model	ZL200620079883.0	2006-1-6 to 2016-1-5	PRC
502	Lifting device for automobiles	Utility model	ZL200620079882.6	2006-1-6 to 2016-1-5	PRC
503	Coupled reverting gear	Utility model	ZL200620079892.X	2006-1-6 to 2016-1-5	PRC
504	Gearshift cover	Utility model	ZL200620079885.X	2006-1-6 to 2016-1-5	PRC
505	Through type double driving bridge for heavy trucks	Utility model	ZL200620080785.9	2006-2-14 to 2016-2-13	PRC
506	Gearshift handle	Utility model	ZL200620080513.9	2006-1-23 to 2016-1-22	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
507	Rubber handle for balancing structure for heavy trucks	Utility model	ZL200620080909.3	2006-2-10 to 2016-2-9	PRC
508	Strengthened rear suspension structure of self unloading cars	Utility model	ZL200620080784.4	2006-2-14 to 2016-2-13	PRC
509	V type pushing rod of trucks	Utility model	ZL200620080364.6	2006-1-18 to 2016-1-17	PRC
510	Twin rear bridge air suspension structure	Utility model	ZL200620080362.7	2006-1-18 to 2016-1-17	PRC
511	ZF gearbox for heavy trucks first gear bearing and second gear bearing extractor	Utility model	ZL200620079884.5	2006-1-6 to 2016-1-5	PRC
512	Fuller gearbox for heavy truck main box supplementary bearing extractor	Utility model	ZL200620079886.4	2006-1-6 to 2016-1-5	PRC
513	Instrument board for driving cabin	Design	ZL200630090394.0	2006-1-13 to 2016-1-12	PRC
514	Driving cabin treadle	Design	ZL200630090396.X	2006-1-13 to 2016-1-12	PRC
515	Automobile safety bar	Design	ZL200630090398.9	2006-1-13 to 2016-1-12	PRC
516	Driving cabin front suspension frame	Design	ZL200630090397.4	2006-1-13 to 2016-1-12	PRC
517	Driving cabin	Design	ZL200630090395.5	2006-1-13 to 2016-1-12	PRC
518	Socket for multi-core cable connector	Utility model	ZL200620081179.9	2006-2-23 to 2016-2-22	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
519	Split type balancing suspension bar	Utility model	ZL200620081050.8	2006-2-22 to 2016-2-21	PRC
520	Common type leverage balancing front suspension bar	Utility model	ZL200620081049.5	2006-2-22 to 2016-2-21	PRC
521	Medium induction diathermy furnace insulator	Utility model	ZL200620081488.6	2006-3-7 to 2016-3-6	PRC
522	Wagon	Design	ZL200630091395.7	2006-4-28 to 2016-4-27	PRC
523	Four door driving cabin inverter supporting device	Utility model	ZL200620081923.5	2006-3-20 to 2016-3-19	PRC
524	Double front bridge air filter supporting device	Utility model	ZL200620081924.X	2006-3-20 to 2016-3-19	PRC
525	Air-conditioner signal indicating device for heavy trucks	Utility model	ZL200620080781.0	2006-2-13 to 2016-2-12	PRC
526	A compound large air-flow filter	Utility model	ZL200620082070.7	2006-3-23 to 2016-3-22	PRC
527	A manual accelerator regulating device for dump trucks	Utility model	ZL200620082071.1	2006-3-23 to 2016-3-22	PRC
528	A waterproof through harness plug for vehicle body	Utility model	ZL200620083074.7	2006-4-14 to 2016-4-13	PRC
529	Cap top cover	Design	ZL200630091082.1	2006-3-20 to 2016-3-19	PRC
530	A multi-function gear oil injector	Utility model	ZL200620083073.2	2006-4-14 to 2016-4-13	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
531	Multi-function assembled static plate assembly for vehicles	Utility model	ZL200620083548.8	2006-4-28 to 2016-4-27	PRC
532	One-piece bumper for vehicles	Utility model	ZL200620084579.5	2006-5-23 to 2016-5-22	PRC
533	Auto automatic recoil boarding pedal	Utility model	ZL200620084230.1	2006-5-15 to 2016-5-14	PRC
534	Output flange sealing device for driving cement stirring-bowl engine	Utility model	ZL200620085542.4	2006-6-14 to 2016-6-13	PRC
535	Oil-bath/ compound dry modular suction filter	Utility model	ZL200620084762.5	2006-5-29 to 2016-5-28	PRC
536	Auto steering knuckle turnover drill clamp	Utility model	ZL200620085541.X	2006-6-14 to 2016-6-13	PRC
537	Auto front bridge vertical position laser measuring apparatus	Utility model	ZL200620085540.5	2006-6-14 to 2016-6-13	PRC
538	New vertical air filter support that is easily mounted and demounted	Utility model	ZL200620084761.0	2006-5-29 to 2016-5-28	PRC
539	A new side spare wheel bracket	Utility model	ZL200620084760.6	2006-5-29 to 2016-5-28	PRC
540	A new adjustable air inlet support	Utility model	ZL200620084759.3	2006-5-29 to 2016-5-28	PRC
541	Equalising axle housing of auto equalising-suspension	Utility model	ZL200620086161.8	2006-6-27 to 2016-6-26	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
542	Equalising shaft of auto equalising-suspension system	Utility model	ZL200620085538.8	2006-6-14 to 2016-6-13	PRC
543	A gear lever rubber support assembly	Utility model	ZL200620086005.1	2006-6-23 to 2016-6-22	PRC
544	Truck multi-connected driving bridge single vertical arm serial leaf spring equalising-suspension system	Utility model	ZL200620086003.2	2006-6-23 to 2016-6-22	PRC
545	A new cab inner decoration assembling platform	Utility model	ZL200620086004.7	2006-6-23 to 2016-6-22	PRC
546	A heavy vehicle equalising-suspension sliding rubber support assembly	Utility model	ZL200620086163.7	2006-6-27 to 2016-6-26	PRC
547	Heavy vehicle equalising-suspension autolocking nut	Utility model	ZL200620086164.1	2006-6-27 to 2016-6-26	PRC
548	Balance shaft and axle housing assembly of auto equalising-suspension	Utility model	ZL200620086162.2	2006-6-27 to 2016-6-26	PRC
549	A heavy vehicle tractor	Utility model	ZL200620086355.8	2006-6-29 to 2016-6-28	PRC
550	A pier low-speed tractor base	Utility model	ZL200620086933.8	2006-7-19 to 2016-7-18	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
551	A new vehicle door outer plate assembly protective device	Utility model	ZL200620086920.0	2006-7-19 to 2016-7-18	PRC
552	Heavy vehicle double-tyre wheel spoke with two symmetric inflating valve mounting holes	Utility model	ZL200620087083.3	2006-7-25 to 2016-7-24	PRC
553	Auto oil sump protection device	Utility model	ZL200620087079.7	2006-7-25 to 2016-7-24	PRC
554	Auto multi-function front haulage device	Utility model	ZL2000620087080.X	2006-7-25 to 2016-7-24	PRC
555	A diesel engine cylinder cover	Utility model	ZL200620087851.5	2006-8-16 to 2016-8-15	PRC
556	Short rear suspension dumping vehicle taillamp support assembly device	Utility model	ZL200620087081.4	2006-7-25 to 2016-7-24	PRC
557	A diesel engine with a booster	Utility model	ZL200620087651.X	2006-8-11 to 2016-8-10	PRC
558	Generating set stabilizing enhancement device	Utility model	ZL200620087657.7	2006-8-11 to 2016-8-10	PRC
559	An electronic speed regulation control system	Utility model	ZL200620087656.2	2006-8-11 to 2016-8-10	PRC
560	Injection pump transmission mechanism	Utility model	ZL200620087085.2	2006-7-25 to 2016-7-24	PRC
561	A sparking plug installation device	Utility model	ZL200620087852.X	2006-8-16 to 2016-8-15	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
562	A generator supporting rack	Utility model	ZL200620087853.4	2006-8-16 to 2016-8-15	PRC
563	Marine diesel engine	Utility model	ZL200620087658.1	2006-8-11 to 2016-8-10	PRC
564	Safety belt alarm installation	Utility model	ZL200620087082.9	2006-7-25 to 2016-7-24	PRC
565	Rear leaf spring having the effect of a distance rod	Utility model	ZL200620087191.0	2006-7-26 to 2016-7-25	PRC
566	Air suspension for rear load-bearing bridge	Utility model	ZL200620087880.1	2006-8-17 to 2016-8-16	PRC
567	Electronic accelerator assembly device for trucks	Utility model	ZL200620088177.2	2006-8-23 to 2016-8-22	PRC
568	An auto lamp supporting device	Utility model	ZL200620088111.3	2006-8-18 to 2016-8-17	PRC
569	A rear bridge steering transmission device	Utility model	ZL200620088110.9	2006-8-18 to 2016-8-17	PRC
570	A combustion engine turbocharger parking protection device	Utility model	ZL200620088109.6	2006-8-18 to 2016-8-17	PRC
571	A vehicle frame for heavy vehicles	Utility model	ZL200620087653.9	2006-8-11 to 2016-8-10	PRC
572	New tractor seat anti-lock alarm installation	Utility model	ZL200620087881.6	2006-8-17 to 2016-8-16	PRC
573	New nested lamp	Utility model	ZL200620087882.0	2006-8-17 to 2016-8-16	PRC
574	A truck cab tilter	Utility model	ZL200620087883.5	2006-8-17 to 2016-8-16	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
575	Auto saddle position adjustment device	Utility model	ZL200620087879.9	2006-8-17 to 2016-8-16	PRC
576	A non-skid step device that can be easily cleaned and washed	Utility model	ZL200620087652.4	2006-8-11 to 2016-8-10	PRC
577	An air sac seat	Utility model	ZL200620009891.8	2006-9-22 to 2016-9-21	PRC
578	A stand for holding compressed natural gas bottles	Utility model	ZL200620010062.1	2006-9-25 to 2016-9-24	PRC

The following list set forth the patents owned and registered by our Group:

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
579	Fuel pump fast re-open engine stop valve	Utility model	ZL200420033114.8	2004-3-3 to 2014-3-2	PRC
580	Injection pump sound insulation enclosure	Utility model	ZL200420033116.7	2004-3-3 to 2014-3-2	PRC
581	Constant pressure delivery valve	Utility model	ZL200420033115.2	2004-3-3 to 2014-3-2	PRC
582	Mono pump assembly with a centrally-mounted sensor	Utility model	ZL200550010305.7	2005-11-14 to 2015-11-13	PRC
583	Cam tank positioning installation and sealing structure	Utility model	ZL200520010304.2	2005-11-14 to 2015-11-13	PRC
584	Electric control fuel oil spraying system	Utility model	ZL200520010680.1	2005-12-30 to 2015-12-29	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
585	Rally car up-to second steering driving bridge	Utility model	ZL02213053.5	2002-2-26 to 2012-2-25	PRC
586	Double driving bridge for heavy vehicles	Utility model	ZL02267571.X	2002-6-11 to 2012-6-10	PRC
587	Offcenter double constant velocity joint for heavy vehicles	Utility model	ZL02269013.1	2002-8-22 to 2012-8-21	PRC
588	Double driving bridge for heavy vehicles	Utility model	ZL02268568.5	2002-7-31 to 2012-7-30	PRC
589	Heavy vehicle driving bridge bridge shell assembly	Utility model	ZL02269825.6	2002-9-28 to 2012-9-27	PRC
590	A heavy vehicle front axle device	Utility model	ZL02255887.X	2002-12-11 to 2012-12-10	PRC
591	A welding technique for medium gauge steel plate punching vehicle bridge shells	Invention	ZL03111726.0	2003-1-16 to 2023-1-15	PRC
592	A connecting technique for lifting the rear trunnion of a heavy truck	Utility model	ZL03111835.6	2003-1-28 to 2013-1-27	PRC
593	Brake shoe return spring	Utility model	ZL03215501.8	2003-3-4 to 2013-3-3	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
594	A technique for increasing the toughness of the semi-axle and the depth of the hardened layer of heavy vehicles	Invention	ZL03111931.X	2003-3-4 to 2023-3-3	PRC
595	Vehicle medium frequency semi-axle induction hardening sensor	Utility model	ZL03215502.6	2003-3-4 to 2013-3-3	PRC
596	Auto steering driving bridge semi-axle	Utility model	ZL03217037.8	2003-5-12 to 2013-5-11	PRC
597	A technique for processing differential carrier cross axles with high strength and high tenacity	Invention	ZL03112271.x	2003-5-21 to 2023-5-20	PRC
598	Heavy vehicle braking air chamber support	Utility model	ZL03217616.3	2003-5-26 to 2013-5-25	PRC
599	A technique for processing differential carrier cross axles	Invention	ZL03112280.9	2003-5-23 to 2023-5-22	PRC
600	A specialized device for processing differential carrier cross axles	Utility model	ZL03218192.2	2003-6-20 to 2013-6-19	PRC
601	A heavy vehicle axle rear cover	Utility model	ZL03217614.7	2003-5-26 to 2013-5-25	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
602	Steel-cast bridge shell for heavy vehicles	Utility model	ZL03217944.8	2003-6-12 to 2013-6-11	PRC
603	New interaxial differential	Utility model	ZL03217941.3	2003-6-12 to 2013-6-11	PRC
604	Vehicle driving bridge differential double sun gear	Utility model	ZL03218110.8	2003-6-13 to 2013-6-12	PRC
605	A brake camshaft used in brake air chamber	Utility model	ZL03218106.X	2003-6-13 to 2013-6-12	PRC
606	A cylinder valve oil seal for auto driving bridges	Utility model	ZL03218107.8	2003-6-13 to 2013-6-12	PRC
607	Auto driving bridge brake wheel	Utility model	ZL03268622.6	2003-7-1 to 2013-6-30	PRC
608	A heavy vehicle differential cross axle with coating	Utility model	ZL03269488.1	2003-8-15 to 2013-8-14	PRC
609	Seal ring	Design	ZL03350610.8	2003-7-1 to 2013-6-30	PRC
610	A vehicle bridge shell middle segment sizing die	Utility model	ZL03269132.7	2003-7-18 to 2013-7-17	PRC
611	Double driving bridge for heavy vehicles	Utility model	ZL03253460.4	2003-9-19 to 2013-9-18	PRC
612	Auto triple driving bridge	Utility model	ZL03253560.0	2003-9-23 to 2013-9-22	PRC
613	A vehicle driving bridge wheel hub bearing guide sleeve	Utility model	ZL200320106503.4	2003-10-27 to 2013-10-26	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
614	Two-way boosting block brake	Utility model	ZL200320121368.0	2003-12-19 to 2013-12-18	PRC
615	Self-centering double universal joint transmission shaft	Utility model	ZL200320106504.9	2003-10-27 to 2013-10-26	PRC
616	Brake drum for heavy vehicles	Utility model	ZL200420039173.6	2004-3-22 to 2014-3-21	PRC
617	A punching die set for heavy vehicle bridge shell	Utility model	ZL200420039304.0	2004-3-24 to 2014-3-23	PRC
618	Supporting axle axle housing for heavy vehicles	Utility model	ZL200420039303.6	2004-3-24 to 2014-3-23	PRC
619	A testing device for vehicle front axle	Utility model	ZL200420039874.X	2004-4-23 to 2014-4-22	PRC
620	A new steering rear driving bridge	Utility model	ZL200420040423.8	2004-5-11 to 2014-5-10	PRC
621	New technique for heavy vehicle driving bevel gear local softening	Invention	ZL200410024132. 4	2004-5-21 to 2024-5-20	PRC
622	Bridge shell auto positioning device for vehicle driving bridge shell welding clamper	Utility model	ZL200420040935.4	2004-5-31 to 2014-5-30	PRC

Serial No.	Patent description	Type of patent	Patent number	Duration of registration	Place of registration
623	Driving bridge bridge shell assembly for widening the tread of a heavy vehicle	Utility model	ZL200420051637.5	2004-6-21 to 2014-6-20	PRC
624	Driving bridge main input flange autolocking nut assembling and disassembling special tool	Utility model	ZL200420053741.8	2004-9-10 to 2014-9-9	PRC
625	New divided driving axle shell	Utility model	ZL200520080000.3	2005-1-19 to 2015-1-18	PRC
626	High-position driving double bridge	Utility model	ZL200520080728.6	2005-3-1 to 2015-2-28	PRC
627	A driving bridge semi-shell extruding die	Utility model	ZL200520080945.5	2005-3-22 to 2015-3-21	PRC
628	A processing technique for the vehicle lifting bridge trunnion base	Invention	ZL200410024529.3	2004-7-29 to 2024-7-28	PRC
629	Auto front steering driving bridge	Utility model	ZL200520080942.1	2005-3-22 to 2015-3-21	PRC
630	Double driving bridge for heavy trucks	Utility model	ZL200520084801.7	2005-7-1 to 2015-6-30	PRC

Trademarks. The following list sets forth the trademarks and service marks owned and licensed by our Parent Company to us under the Trademarks Licensing Agreement as referred to in the section "Connected Transactions — Exempt Continuing Connected Transactions — Trademarks Licensing Agreement" in this prospectus:

Serial No.	Trademark	Registration number	Registration date	Duration period	Duration of renewal	Registered owner	Remarks	Class	Place of registration
1		127407	Oct 31, 1979	Oct 31, 1979 to Oct 30, 1989	Mar 1, 1993 to Feb 28, 2003 Mar 1, 2003 to Feb 28, 2013	China Heavy Truck Group Company	Supplemented on Jun 2, 1989	19[1]	PRC
2	斯达	541666	Jan 30, 1991	Jan 30, 1991 to Jan 29, 2001	Jan 30, 2001 to Jan 29, 2011	China Heavy Truck Group Company		12[2]	PRC
3		541667	Jan 30, 1991	Jan 30, 1991 to Jan 29, 2001	Jan 30, 2001 to Jan 29, 2011	China Heavy Truck Group Company		12[2]	PRC
4	黄河	653638	Aug 14, 1993	Aug 14, 1993 to Aug 13, 2003	Aug 14, 2003 to Aug 13, 2013	China Heavy Truck Group Company		12[2]	PRC
5	斯太尔®	1359628	Jan 28, 2000	Jan 28, 2000 to Jan 27, 2010		China Heavy Truck Group Company		12[2]	PRC
6	[illegible]®	1424742	Jul 21, 2000	Jul 21, 2000 to Jul 20, 2010		China Heavy Truck Group Company	Service mark	37[2]	PRC
7	STARY	1555618	Apr 14, 2001	Apr 14, 2001 to Apr 13, 2011		China Heavy Truck Group Company		12[2]	PRC
8	CNHTC	1697887	Jan 14, 2002	Jan 14, 2002 to Jan 13, 2012		China Heavy Truck Group Company		12[2]	PRC
9	重 汽	3163992	May 7, 2003	May 7, 2003 to May 6, 2013		China Heavy Truck Group Company		12[2]	PRC
10	斯太尔王	3320136	Nov 28, 2003	Nov 28, 2003 to Nov 27, 2013		China Heavy Truck Group Company		12[2]	PRC
11	SINOTRUK	4139231	Sep 21, 2006	Sep 21, 2006 to Sep 20, 2016		China Heavy Truck Group Company		12[3]	PRC
12	CNHTC	300329878	Dec 1, 2004	Dec 1, 2004 to Nov 30, 2014		China Heavy Truck Group Company		12;37[3]	Hong Kong
13	CNHTC added to the triangular logo	300329850	Dec 1, 2004	Dec 1, 2004 to Nov 30, 2014		China Heavy Truck Group Company		12;37[3]	Hong Kong

Serial No.	Trademark	Registration number	Registration date	Duration period	Duration of renewal	Registered owner	Remarks	Class	Place of registration
14	CNHTC	3562195	Dec 21, 2004	Dec 21, 2004 to Dec 20, 2014		China Heavy Truck Group Company		12	PRC
15	豪沃	3633877	Mar 28, 2005	Mar 29, 2005 to Mar 27, 2015		China Heavy Truck Group Company		12	PRC
16	伊思特曼	3633879	Mar 28, 2005	Mar 28, 2005 to Mar 27, 2015		China Heavy Truck Group Company		12	PRC
17	伊思特龙	3633878	Mar 28, 2005	Mar 28, 2005 to Mar 27, 2015		China Heavy Truck Group Company		12	PRC
18	黄河王子	3668001	Jan 7, 2006	Jan 7, 2006 to Jan 6, 2016		China Heavy Truck Group Company		12	PRC
19	鼎牌	149256	Aug 30, 1981		Mar 1, 1993 to Feb 28, 2003 Mar 1, 2003 to Feb 28, 2013	Hangzhou Engine Factory		12	PRC
20	杭发	3265278	Aug 7, 2003	Aug 7, 2003 to Aug 6, 2013		Hangzhou Engine Factory		12	PRC
21	HF	3505788	Sep 21, 2004	Sep 21, 2004 to Sep 20, 2014		Hangzhou Engine Factory		12	PRC
22	鼎牌	261909	Sep 10, 1986	Sep 10, 1986 to Sep 9, 1996	Sep 10, 1996 to Sep 9, 2006	Hangzhou Engine Factory		12	PRC
23	中国重汽集团	4142857	Jan 21, 2007	Jan 21, 2007 to Jan 20, 2017		China Heavy Truck Group Company		12	PRC
24	豪泺	4332246	May 14, 2007	May 14, 2007 to May 13, 2017		China Heavy Truck Group Company		12,37	PRC
25	SINOTRUK	300329869	Dec 1, 2004	Dec 1, 2004 to Nov 3, 2014		China Heavy Truck Group Company		12,37	Hong Kong
26	中国重汽 SINOTRUK 中国重汽 SINOTRUK	300809686	Feb 5, 2007	Feb 5, 2007 to Feb 4, 2017		China Heavy Truck Group Company		12,37	Hong Kong
27	SINOTRUK SINOTRUK SINOTRUK	300329887	Dec 1, 2004	Dec 1, 2004 to Nov 30, 2014		China Heavy Truck Group Company		12,37	Hong Kong

Serial No.	Trademark	Registration number	Registration date	Duration period	Duration of renewal	Registered owner	Remarks	Class	Place of registration
28		300499762	Sep 23, 2005	Sep 23, 2005 to Sep 22, 2015		China Heavy Truck Group Company		12,37	Hong Kong
29		300329896	Dec 1, 2004	Dec 1, 2004 to Nov 30, 2014		China Heavy Truck Group Company		12,37	Hong Kong

1. *Class No. 19: Heavy loading car spare parts*
2. *Class No. 12: Cars, car engines, car spare parts*
3. *Class No. 37: Car maintenance and reparation*
   Addition of car grease, car service station, car maintenance

Domain name: We have registered the following domain names:

Domain name	Registration date	Duration period	Registered owner
www.sinotruk.com	Feb 4, 2005	Feb 4, 2005 to Feb 4, 2009	our company
www.sinotrukhk.com	May 30, 2007	May 30, 2007 to May 30, 2010	our company

Share Repurchase Mandate

This section includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by us of our own securities.

The Listing Rules

The Listing Rules permit a company with a primary listing on the Stock Exchange to repurchase its securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

Shareholders' Approval. The Listing Rules provide that all proposed repurchases of securities by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of its shareholders, either by way of a general mandate or by specific approval of a particular transaction.

You should note in this respect that, pursuant to a written resolution passed by our sole shareholder on November 3, 2007, a general mandate (the "Repurchase Mandate") was given to our Directors authorizing any repurchase by us on the Stock Exchange or on any other stock exchange on which our Shares may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, of such aggregate nominal amount of Shares not exceeding 10% of the aggregate nominal amount of our share capital in issue immediately following the completion of the Global Offering, excluding Shares which may be issued upon the exercise of the Over-allotment Option, such mandate to remain in effect until (i) the conclusion of our next annual general meeting, (ii) the expiration of the period within which our next annual general meeting is required by any applicable law or our Articles of Association to be held, or (iii) it is varied or revoked by an ordinary resolution of our Shareholders in a general meeting, whichever occurs first.

Source of Funds. Repurchases must be funded out of funds legally available for such purpose. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

Trading Restrictions. The shares proposed to be repurchased by a company must be fully paid up. A maximum of 10% of the existing issued share capital as of the date of resolution passed on the grant of a repurchase mandate may be repurchased on the Stock Exchange. A company may not issue or announce an issue of new shares for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. A company shall not repurchase shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days. The Listing Rules also prohibit a company from repurchasing its own securities on the Stock Exchange if the repurchase would result in the number of that company's listed securities in the hands of the public falling below the relevant prescribed minimum percentage as required by the Listing Rules.

Status of Repurchased Securities. The Listing Rules provide that the listing of all repurchased securities will be automatically cancelled and that the certificates for those securities must be cancelled and destroyed.

Suspension of Repurchases. The Listing Rules prohibit any repurchase of securities at any time after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information is made publicly available. A company may not repurchase securities on the Stock Exchange, unless the circumstances are exceptional, during the period of one month immediately preceding the earlier of (i) the date of the board meeting (as such date is first notified to the Stock Exchange) for the approval of the company's results for any year, half-year, quarterly or any other interim period and (ii) the deadline for the company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period, and ending on the date of the results announcement. In addition, the Stock Exchange reserves the right to prohibit repurchases of securities on the Stock Exchange if a company has committed a breach of the Listing Rules.

Reporting Requirements. Under the Listing Rules, repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 9:00 a.m. (Hong Kong time) on the following business day. In addition, a company's annual report is required to disclose details regarding repurchases of securities made during the year including the number of securities repurchased each month, the repurchase price for each such securities or the highest and lowest price paid for each repurchase where relevant, and the aggregate price paid for such repurchases and the reasons of the directors of the company for making such repurchases. A company shall procure that any broker appointed by the company to effect the repurchase of securities shall disclose to the Stock Exchange such information with respect to repurchases made on behalf of that company as the Stock Exchange may request.

Connected Parties. The Listing Rules prohibit a company from knowingly repurchasing securities on the Stock Exchange from a "connected person," that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their respective associates (as defined in the Listing Rules) and a connected person is prohibited from knowingly selling his securities in the company back to the company. No such connected person of our company has notified us that he has a present intention to sell Shares to us, or has undertaken not to do so, if the Repurchase Mandate is exercised.

Share capital

Exercise in full of the Repurchase Mandate, on the basis of 2,202,000,000 Shares in issue after completion of the Global Offering (but taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option) and on the basis of 2,307,300,000 Shares in issue after completion of the Global Offering (assuming exercise of the Over-allotment Option in full), could result in up to 220,200,000 Shares and 230,730,000 Shares, respectively, being repurchased by us during the period prior to (i) the conclusion of our next annual general meeting; (ii) the expiration of the period within which our next annual general meeting is required by any applicable law or our Articles of Association to be held; or (iii) the revocation or variation of the Repurchase Mandate by an ordinary resolution of our Shareholders in a general meeting, whichever occurs first.

Reasons for repurchases

Our Directors believe that it is in the best interests of our company and our Shareholders to have a general authority from our Shareholders to enable us to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of our net asset value and/or earnings per Share and will only be made when our Directors believe that such repurchases will benefit our company and our Shareholders.

Funding of repurchases

In repurchasing securities, we may only apply funds legally available for such purpose in accordance with our memorandum of association and our Articles of Association, the laws of Hong Kong and the Listing Rules. We will make repurchases pursuant to the Repurchase Mandate out of funds legally permitted to be utilized in this connection, including our funds otherwise available for dividend or distribution or the proceeds of a fresh issue of shares made for such purpose. Any premium payable on a purchase over the par value of the Shares to be purchased must be provided for out of our funds otherwise available for dividend or distribution or out of sums standing to the credit of our share premium account.

There might be a material adverse effect on our working capital or gearing position, as compared with the position disclosed in this prospectus, in the event that the Repurchase Mandate is exercised in full at any time. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on our working capital requirements or gearing levels which, in the opinion of our Directors, are from time to time appropriate for us.

General

None of our Directors nor, to the best of our and their knowledge, having made all reasonable enquiries, their respective associates, have any present intention, if the Repurchase Mandate is exercised, to sell any Shares to us.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate only in accordance with the Listing Rules and the applicable laws of Hong Kong.

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in our voting rights increases, such increase will be treated as an acquisition of voting rights for the purposes of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the Shareholders' interest, could obtain or consolidate control of our company and thereby become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a result of any repurchases of Shares pursuant to the Repurchase Mandate.

Disclosure of Interests

Particulars of Directors' service contracts

Each of the executive Directors has entered into a service contract with us for a term of three years commencing from November 1, 2007. Under the service contracts, each executive Director is entitled to a monthly basic salary and a year-end bonus after review and evaluation of the Board according to his performance and contribution to us. Each of the executive Directors will also be entitled to reimbursement of all reasonable out-of-pocket expenses and medical expenses. Under the current service contracts, the approximate maximum aggregate remuneration payable to each of the executive Directors per year is as follows:

Name	Maximum annual remuneration
	(Rmb)
Ma Chunji	937,000
Cai Dong	853,000
Wang Haotao	672,000
Wei Zhihai	672,000
Wang Guangxi	672,000
Tong Jingen	672,000
Wang Shanpo	672,000

Each of the independent non-executive Directors is appointed for a term of one year commencing from July 26, 2007. The annual fee payable to each of the independent non-executive Director is Rmb 120,000.

None of our Directors has or is proposed to have a service contract with our company or our subsidiaries (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

Directors' remuneration

The aggregate remuneration paid and benefits in kind granted to our Directors for the year ended December 31, 2006 amounted to approximately Rmb 4,584,000.

Under the arrangements currently in force, the aggregate remuneration payable to, and benefits in kind receivable by, our Directors for the year ending December 31, 2007 are estimated to be approximately Rmb 5,000,000.

Interests and short positions of Directors and chief executives in our issued share capital and that of our associated corporations

Immediately following the completion of the Global Offering (without taking into account the exercise of the Over-allotment Option), none of our Directors and our chief executives has any interest or short position in the shares, underlying shares or debentures of our company or any of our associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, in each case once the Shares are listed on the Stock Exchange.

Substantial shareholder and persons who have an interest or short position discloseable under Divisions 2 and 3 of Part XV of the SFO

Information on the persons, not being our Directors or chief executive, who will have, immediately following the completion of the Global Offering and taking no account of any Shares which may be taken up under the Global Offering or which may be allotted and issued pursuant to the exercise of the Over-allotment Option, who will, immediately following the completion of the Global Offering, have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any of our other member is set out in the section entitled "Substantial Shareholders" of this prospectus.

Disclaimers

Except as disclosed in this prospectus:

(a) none of our Directors nor any of the parties listed in the section entitled "— Other Information — Consents and qualifications of experts" in this appendix is interested, directly or indirectly, in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to, our company or any of our subsidiaries, or are proposed to be acquired or disposed of by or leased to our company or any of our subsidiaries;

(b) none of the Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business; and

(c) save in connection with the Underwriting Agreements, none of the parties listed in the section titled "— Other Information — Consents and qualifications of experts" in this appendix:

   (i) has any shareholding in our company or any of our subsidiaries; or

   (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our company or any of our subsidiaries.

Other Information

Indemnities

Pursuant to the Reorganization Agreement, the Asset Injection Agreement and the deed of indemnity dated November 14, 2007, China Heavy Truck Group Company has given certain indemnities in connection with all taxes and claims (except for taxes and claims for which provisions or allowances have been provided for in our audited financial statements as of September 30, 2007) arising before the Reorganization and payable in respect of the assets and rights which have been transferred to us pursuant to the Reorganization.

In addition, pursuant to the Reorganization Agreement and the deed of indemnity, our Parent Company has agreed to indemnify us against any and all potential losses, liabilities and expenses, if any, arising out of claims, fines, penalties and sanctions relating to our use of certain bank/commercial notes.

Further, pursuant to Reorganization Agreement and the Asset Injection Agreement, China Heavy Truck Group Company has undertaken to indemnify us against all losses, claims, charges or expenses arising out of any of the transactions contemplated under those agreements.

Pursuant to a deed of indemnity, China Heavy Truck Group Company has undertaken to indemnify us against all losses, claims, charges or expenses (including but not limited to the relocation costs and expenses) arising out of, among others, any of the title defects referred to in the section entitled "Business — Properties and Facilities — Other Properties" of this prospectus and litigations in respect of bank facility previous taken out by us.

Litigation

Except as disclosed in this prospectus, neither our company nor any of our subsidiaries is involved in any litigation, arbitration or claim of material importance and, so far as our Directors are aware, no litigation, arbitration or claim of material importance is pending or threatened against our company or any of our subsidiaries.

Quarterly interim financial reporting by Sinotruk Jinan Truck Company

Since Sinotruk Jinan Truck Company constitutes our principal subsidiary, we will publish its quarterly and other interim financial information to our Shareholders pursuant to the Listing Rules as Sinotruk Jinan Truck Company releases such quarterly interim financial information to its shareholders pursuant to the listing rules of Shenzhen Stock Exchange.

Arrangements on mutual judicial assistance between mainland China and Hong Kong

At present, China and Hong Kong have concluded reciprocal arrangements for mutual service of judicial documents in civil and commercial proceedings, for mutual enforcement of arbitral awards and for reciprocal enforcement of court judgments in civil and commercial matters.

Mutual Service of Judicial Documents in Civil and Commercial Proceedings. While both China and Hong Kong rely on the 1965 Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil and Commercial Matters in service of process overseas with respect to foreign parties to the convention, service of judicial documents in civil and commercial proceedings between China and Hong Kong relies upon the Arrangement for Mutual Service of Judicial Documents in Civil and Commercial Proceedings Between the Mainland and Hong Kong Courts signed on January 14, 1999. This arrangement allows entrustment for service of various types of judicial documents. Such judicial documents originated from China include originating processes, motions of appeal, letters of authorization or entrustment, summons, judgments, mediation decisions, rulings, decisions, notices, certificates and acknowledgements of service. Judicial documents originated from Hong Kong include originating processes, notices of appeal, summons, pleadings, affidavits, judgments, decisions or rulings, notices, court orders and certificates of service. Each of the judicial document subject to service under the arrangement must follow prescribed format as exchanged between the Supreme People's Court of China and the High Court of Hong Kong.

Mutual Enforcement of Arbitral Awards. While both China and Hong Kong rely on the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards in mutually recognizing and enforcing arbitral awards with respect to foreign parties to the convention, arbitral awards are mutually enforceable between China and Hong Kong by virtue of the Memorandum of Understanding on the Arrangement Concerning Mutual Enforcement of Arbitral Awards Between the Mainland and the Hong Kong SAR signed on June 21, 1999. This arrangement reflects the principles and spirit of the 1958 New York Convention. Under this arrangement, arbitral awards made in China pursuant to the PRC Arbitration Law by recognized PRC arbitral authorities and arbitral awards made in Hong Kong pursuant to the Hong Kong Arbitration Ordinance may be reciprocally enforceable in the respective courts in China and Hong Kong. This arrangement contains a number of grounds based on the relevant provisions of the 1958 New York Convention for refusing to enforce an arbitral award, such as the arbitral award is invalid; a party to the arbitration agreement was incapacitated; or enforcement of the arbitral award would be contrary to the public interests of China or the public policy of Hong Kong.

Reciprocal Enforcement of Judgments in Civil and Commercial Matters. China and Hong Kong entered into the Arrangement on Reciprocal Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong SAR Pursuant to Choice of Court Agreements Between Parties Concerned on July 14, 2006. This arrangement allows money judgments made by designated courts in China or Hong Kong in accordance with valid exclusive choice of court clauses in business-to-business agreements to be recognized and enforced reciprocally across the borders. Because of the differences of the two legal systems in China and Hong Kong, the applicability of this arrangement is necessarily limited. The arrangement covers only money judgments on disputes arising out of commercial agreements, which excludes matters such as employment contracts, matrimonial, bankruptcy, winding-up and probate matters; and it is applicable only when the parties have expressly agreed to submit their disputes to the sole jurisdiction of the courts of China or the courts of Hong Kong. Judgments eligible for reciprocal enforcement under the arrangement must be final. There are also grounds for refusal of enforcement under the arrangement similar to the Hong Kong Foreign Judgments (Reciprocal Enforcement) Ordinance. An application for recognition and enforcement of a judgment may be refused if (i) the choice of court agreement is invalid under the applicable governing law, (ii) the judgment has been fully executed, (iii) the choice deprives the court of enforcement of its exclusive jurisdiction over the case granted by its own law, (iv) the losing party has not been given sufficient time to defend its case, (v) the judgment has been obtained by fraud, (vi) the court of enforcement has made a prior judgment on the same cause of action, (vii) the court of enforcement considers the requested enforcement is contrary to social and public interests of China or the public policy of Hong Kong.

Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue as mentioned herein and any Shares to be issued pursuant to the exercise of the Over-allotment Option. All necessary arrangements have been made to enable our Shares to be admitted into CCASS.

Preliminary expenses

Our estimated preliminary expenses are approximately HK$4,000 payable by us.

Consents and qualifications of experts

Each of CICC Hong Kong, JPMorgan, DeHeng Law Offices, PricewaterhouseCoopers, Sallmanns (Far East) Limited has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or valuation certificate and/or the references to its name included herein in the form and context in which they are respectively included.

The qualifications of the parties who have given opinions in this prospectus are as follows:

Name	Qualifications
CICC Hong Kong	licensed to conduct Type 1 regulated activity (dealing in securities), Type 4 regulated activity (advising on securities), Type 6 regulated activity (advising on corporate finance) and type 9 regulated activity (asset management) under the SFO
J.P. Morgan Securities (Asia Pacific) Limited	licensed to conduct Type 1 regulated activity (dealing in securities), Type 4 regulated activity (advising on securities), Type 6 regulated activity (advising on corporate finance) and Type 7 regulated activity (providing automated trading services) under the SFO
DeHeng Law Offices	PRC legal advisors
PricewaterhouseCoopers	Certified public accountants
Sallmanns (Far East) Limited	Independent professional valuer

No material adverse change

Our Directors confirm that there has been no material adverse change in our financial or trading position or prospects since September 30, 2007.

Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies Ordinance so far as applicable.

Promoter

Our company has no promoter.

Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by Section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

Miscellaneous

(a) Except as disclosed in this prospectus:

- within the two years immediately preceding the date of this prospectus, neither we nor any of our subsidiaries have issued or agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash;

- none of our share or loan capital or the share or loan capital of any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

- neither we nor any of our subsidiaries have issued or agreed to issue any founder shares, management shares or deferred shares;

- none of our equity or debt securities is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought; and

- within the two years preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our company or any of our subsidiaries.

(b) We have no outstanding convertible debt securities.

Background on OFAC Sanctions

Certain of the countries in which we do business, namely, Iran and Sudan, are subject to the Iranian Sanctions Regulations and the Sudanese Sanctions Regulations, respectively, promulgated under the U.S. International Economic Emergency Powers Act and administered by the United States Treasury Department's Office of Foreign Assets Control ("OFAC"). In general, these sanctions impose a nearly comprehensive economic embargo against these countries, prohibiting, among other things, the exportation, directly or indirectly, to Iran or Sudan of goods, services or technology from the U.S. or by a U.S. person wherever located. They also prohibit U.S. persons from facilitating, which includes financing, any non-U.S. entity's undertaking a transaction which these sanctions would prohibit a U.S. person from undertaking, such as the exportation of goods, service or technology from a non-U.S. country to Iran or Sudan. In addition, the Iran Sanctions Act authorizes the President of the United States to impose certain sanctions against non-U.S. persons if they invest in the development of Iran's energy sector above a certain threshold or supply Weapons of Mass Destruction related technology or destabilizing numbers of conventional weapons to Iran.

Documents Delivered to the Registrar of Companies

The documents attached to a copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

- a copy of the White, Yellow and Green Application Forms;
- the written consents referred to in "Appendix VII — Statutory and General Information — Other Information — Consents and qualifications of experts" in this prospectus; and
- a copy of each material contract referred to in "Appendix VII — Statutory and General Information — Further Information About Our Business — Summary of material contracts" in this prospectus.

Documents Available for Inspection

Copies of the following documents will be available for inspection at the offices of Sidley Austin at 39th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong, during normal business hours up to and including November 30, 2007:

- our memorandum of association and our Articles of Association;
- the accountants' report from PricewaterhouseCoopers, certified public accountants, Hong Kong, the text of which is contained in Appendix I hereto;
- a report on pro forma financial information, the text of which is contained in Appendix II hereto;
- the letters relating to our profit forecast, the texts of which are contained in Appendix III hereto;
- the letter, summary of values and valuation certificate relating to our property interests from Sallmanns (Far East) Limited, the texts of which are set out in Appendix IV hereto;
- the material contracts referred to in paragraph "Appendix VII — Statutory and General Information — Further Information About Our Business — Summary of material contracts" in this prospectus;
- consolidated financial statements of our company for the year ended December 31, 2004, 2005 and 2006 and the nine months ended September 30, 2007;

- the written consents referred to in paragraph "Appendix VII — Statutory and General Information — Other Information — Consents and qualifications of experts" in this prospectus; and

- a copy of the PRC legal opinion dated November 15, 2007 issued by DeHeng Law Offices, our PRC legal counsels.

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