
HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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;

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

- 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 restructured 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;

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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

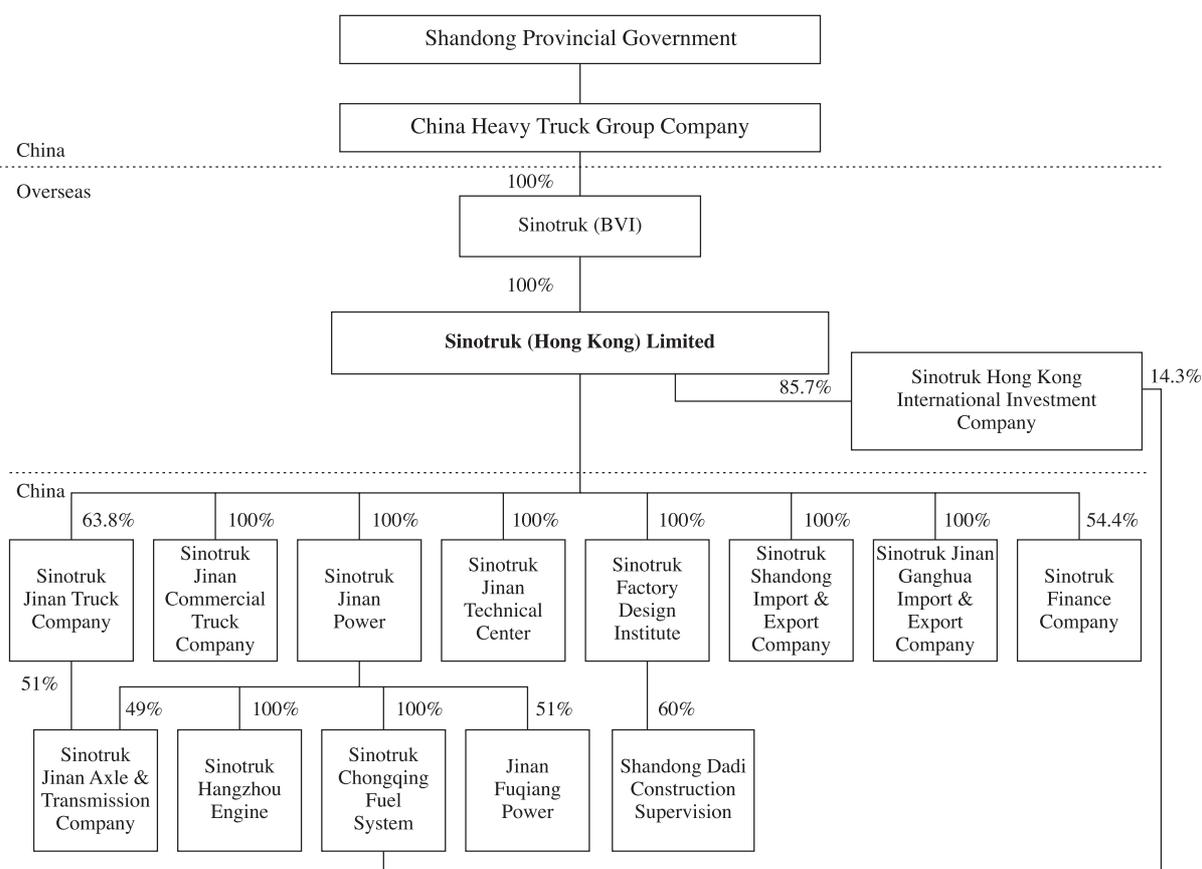
In consideration for transfer of the above shareholdings, our company allotted and issued 1,499,900,000 Shares in our capital to Sinotruk (BVI) and Sinotruk (BVI) allotted and issued 1,499,999,990 Shares in its capital to the Parent Company.

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.

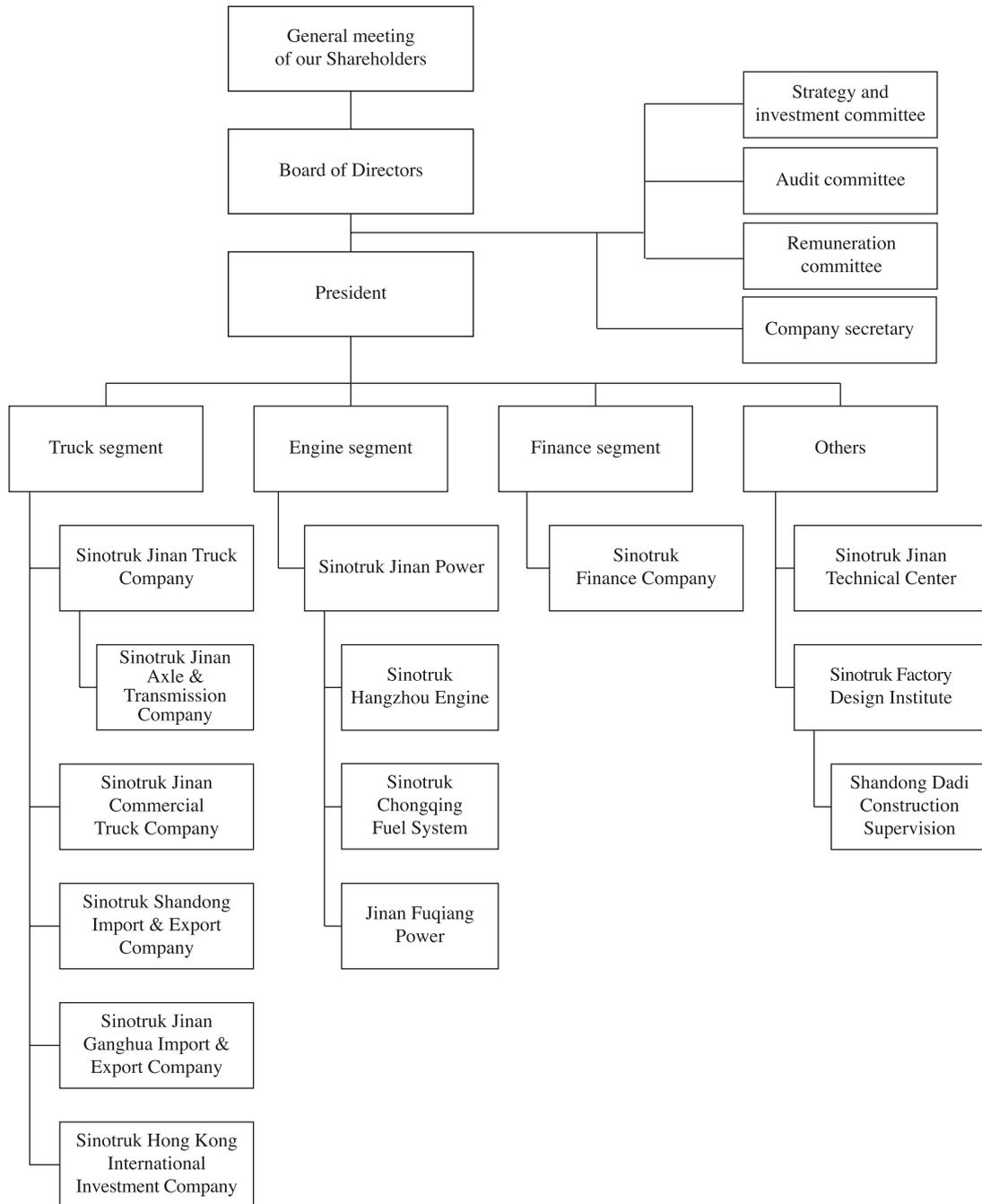
Corporate Structure

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



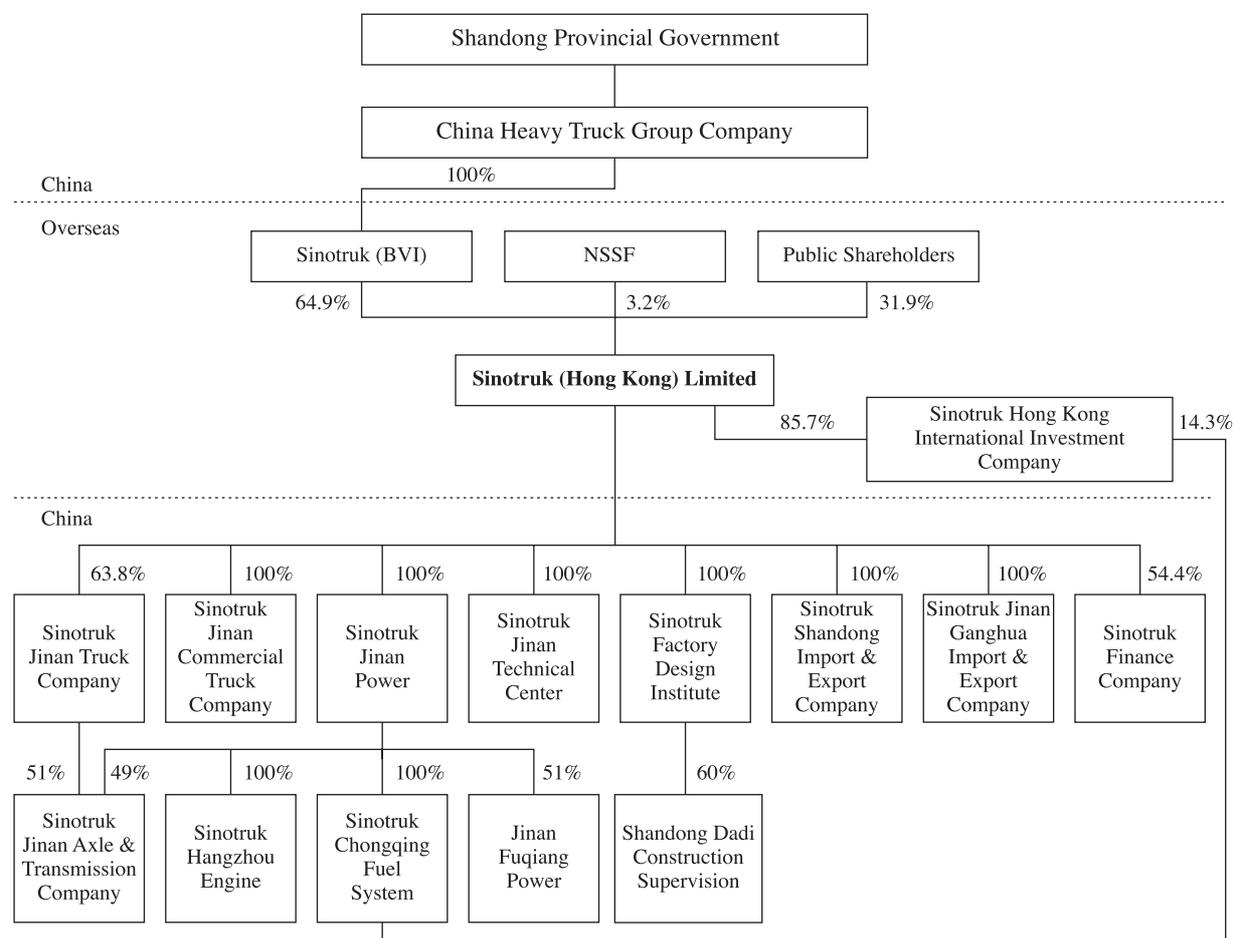
HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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



HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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.