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.