Sinotruk (Hong Kong) Limited
中國重汽(香港)有限公司

(incorporated in Hong Kong with limited liability)
(Stock Code: 3808)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

RESULTS

The board (the "Board") of directors (the "Directors") is pleased to announce the consolidated audited results of Sinotruk (Hong Kong) Limited (the "Company") and its subsidiaries (together, the "Group") for the year ended 31 December 2008 together with the comparative figures for the previous year as follows:

Consolidated Income Statement
For the year ended 31 December 2008

	Note	**2008** *RMB'000*	**2007** *RMB'000*
Turnover	2	26,000,199	21,297,372
Cost of sales	3	(22,359,252)	(17,394,852)
Gross profit		3,640,947	3,902,520
Distribution costs	3	(1,370,835)	(1,141,364)
Administrative expenses	3	(985,770)	(806,190)
Other losses — net	4	(35,667)	(18,058)
Operating profit		1,248,675	1,936,908
Finance income		289,415	173,180
Finance costs		(238,985)	(221,324)
Finance income/(costs) — net		50,430	(48,144)
Profit before income tax		1,299,105	1,888,764
Income tax expense	5	(185,909)	(500,806)
Profit for the year		1,113,196	1,387,958
Attributable to:			
Equity holders of the Company		880,774	1,109,185
Minority interests		232,422	278,773
		1,113,196	1,387,958
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in RMB per share) — basic and diluted	6	0.39	0.71
Dividends, proposed	7	76,244	145,112

Consolidated Balance Sheet
As at 31 December 2008

	Note	**2008** *RMB'000*	**2007** *RMB'000*
ASSETS			
Non-current assets			
Land use rights		441,699	319,204
Property, plant and equipment		6,498,830	4,187,580
Investment properties		4,171	—
Intangible assets		33,808	5,901
Deferred income tax assets		316,178	203,426
		7,294,686	4,716,111
Current assets			
Inventories		5,327,669	4,247,745
Trade and other receivables	8	5,138,973	2,856,879
Financial assets at fair value through profit or loss		8,622	—
Amounts due from related parties		71,317	169,645
Restricted cash		3,739,575	2,098,057
Cash and cash equivalents		6,721,470	10,077,093
		21,007,626	19,449,419
Total assets		28,302,312	24,165,530
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		219,648	219,648
Other reserves		9,392,137	9,263,817
Retained earnings		1,693,707	1,503,614
		11,305,492	10,987,079
Minority interests		1,138,240	916,228
Total equity		12,443,732	11,903,307

Consolidated Balance Sheet (Continued)
As at 31 December 2008

	Note	**2008** *RMB'000*	**2007** *RMB'000*
LIABILITIES			
Non-current liabilities			
Borrowings		344,434	924,427
Deferred income tax liabilities		1,461	—
Termination benefits, post-employment benefits and medical insurance plan		64,570	81,550
		410,465	1,005,977
Current liabilities			
Trade and other payables	9	7,606,909	6,579,546
Current income tax liabilities		15,639	41,632
Borrowings		7,680,211	4,457,188
Amounts due to related parties		19,307	25,254
Provisions for other liabilities		126,049	152,626
		15,448,115	11,256,246
Total liabilities		15,858,580	12,262,223
Total equity and liabilities		28,302,312	24,165,530
Net current assets		5,559,511	8,193,173
Total assets less current liabilities		12,854,197	12,909,284

Notes :

1 **Principal accounting policies**

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). They have been prepared under the historical cost convention, as modified by the revaluation of investment property, and financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Amendment and interpretation effective in 2008

- The HKAS 39, 'Financial instruments: Recognition and measurement', amendment on reclassification of financial assets permits reclassification of certain financial assets out of the held-for-trading and available-for-sale categories if specified conditions are met . The related amendment to HKFRS 7, 'Financial instruments: Disclosures', introduces disclosure requirements with respect to financial assets reclassified out of the held-for-trading and available-for-sale categories. The amendment is effective prospectively from 1 July 2008. This amendment does not have any impact on the Group's financial statements, as the Group has not reclassified any financial assets.

- HK(IFRIC) - Int 14, 'HKAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction', provides guidance on assessing the limit in HKAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. This interpretation does not have any impact on the Group's financial statements.

Interpretations effective in 2008 but not relevant

The following interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2008 but are not relevant to the Group's operations:

- HK(IFRIC) - Int 11, 'HKFRS 2 — Group and treasury share transactions'

- HK(IFRIC) — Int 12, 'Service Concession arrangements'

Notes (Continued):

2. **Turnover and segment information**

The segment results for the year ended 31 December 2008 by business segment are as follows:

	Trucks *RMB'000*	**Engines** *RMB'000*	**Finance** *RMB'000*	**Others** *RMB'000*	**Elimination** *RMB'000*	**Total** *RMB'000*
Turnover						
External segment revenue	24,236,461	1,637,935	116,025	9,778	—	26,000,199
Inter-segment revenue	184,349	4,660,255	42,919	97,494	(4,985,017)	—
Revenue	24,420,810	6,298,190	158,944	107,272	(4,985,017)	26,000,199
Operating profit/(loss) before unallocated corporate expenses	877,191	325,721	102,744	(44,863)	135,822	1,396,615
Unallocated corporate expenses						(147,940)
Operating profit						1,248,675
Finance income — net						50,430
Profit before income tax						1,299,105
Income tax expense						(185,909)
Profit for the year						1,113,196

Notes (Continued):

2. **Turnover and segment information (Continued):**

The segment results for the year ended 31 December 2007 by business segment are as follows:

	Trucks *RMB'000*	**Engines** *RMB'000*	**Finance** *RMB'000*	**Others** *RMB'000*	**Elimination** *RMB'000*	**Total** *RMB'000*
Turnover						
External segment revenue	20,049,435	1,232,764	13,424	1,749	—	21,297,372
Inter-segment revenue	109,273	4,094,540	88,619	57,709	(4,350,141)	—
Revenue	20,158,708	5,327,304	102,043	59,458	(4,350,141)	21,297,372
Operating profit/(loss) before unallocated corporate expenses	1,736,203	614,706	46,784	(62,092)	(277,315)	2,058,286
Unallocated corporate expenses						(121,378)
Operating profit						1,936,908
Finance costs — net						(48,144)
Profit before income tax						1,888,764
Income tax expense						(500,806)
Profit for the year						1,387,958

Other segment items included in the consolidated income statement for the year ended 31 December 2008 are as follows:

	Trucks *RMB'000*	**Engines** *RMB'000*	**Finance** *RMB'000*	**Others** *RMB'000*	**Unallocated** *RMB'000*	**Total** *RMB'000*
Depreciation	173,106	161,002	661	12,744	46	347,559
Amortisation of intangible assets and land use rights	4,319	4,882	23	512	391	10,127

Other segment items included in the consolidated income statement for the year ended 31 December 2007 are as follows:

	Trucks *RMB'000*	**Engines** *RMB'000*	**Finance** *RMB'000*	**Others** *RMB'000*	**Unallocated** *RMB'000*	**Total** *RMB'000*
Depreciation	98,941	113,659	734	13,489	3,659	230,482
Amortisation of intangible assets and land use rights	3,399	4,524	8	19	8	7,958

Notes (Continued):

The segment assets and liabilities at 31 December 2008 and capital expenditure for the year then ended are as follows:

	Trucks *RMB'000*	**Engines** *RMB'000*	**Finance** *RMB'000*	**Others** *RMB'000*	**Elimination** *RMB'000*	**Total** *RMB'000*
Segment assets	18,103,909	11,179,213	2,374,688	38,687	(4,551,503)	27,144,994
Unallocated assets						1,157,318
Total assets						28,302,312
Segment liabilities	8,313,191	3,280,576	1,269,245	22,259	(4,236,431)	8,648,840
Unallocated liabilities						7,209,470
Total liabilities						15,858,580
Capital expenditure	1,441,359	1,394,401	227	11,503	—	2,847,490
Unallocated capital expenditure						3
Total capital expenditure						2,847,493

Segment assets and liabilities are reconciled to entity assets and liabilities as follows:

	Assets *RMB'000*	**Liabilities** *RMB'000*
Segment assets/liabilities	27,144,994	8,648,840
Unallocated:		
Deferred tax assets/liabilities	316,178	1,461
Current tax assets/liabilities	108,407	15,639
Current borrowings	—	7,129,773
Non-current borrowings	—	50,784
Assets/liabilities of the Company	732,733	12,083
Total	28,302,312	15,858,580

Notes (Continued):

The segment assets and liabilities at 31 December 2007 and capital expenditure for the year then ended are as follows:

	Trucks *RMB'000*	**Engines** *RMB'000*	**Finance** *RMB'000*	**Others** *RMB'000*	**Elimination** *RMB'000*	**Total** *RMB'000*
Segment assets	14,343,807	3,079,257	1,321,021	222,848	(4,130,003)	14,836,930
Unallocated assets						9,328,600
Total assets						24,165,530
Segment liabilities	8,010,374	2,312,350	748,549	226,342	(3,072,678)	8,224,937
Unallocated liabilities						4,037,286
Total liabilities						12,262,223
Capital expenditure	753,023	1,096,581	1,159	15,202	—	1,865,965
Unallocated capital expenditure						1,356
Total capital expenditure						1,867,321

Segment assets and liabilities are reconciled to entity assets and liabilities as follows:

	Assets *RMB'000*	**Liabilities** *RMB'000*
Segment assets/liabilities	14,836,930	8,224,937
Unallocated:		
Deferred tax assets	203,426	—
Current tax liabilities	—	41,632
Current borrowings	—	3,372,188
Non-current borrowings	—	604,077
Assets/liabilities of the Company	9,125,174	19,389
Total	24,165,530	12,262,223

Notes (Continued):

5.2 **Secondary reporting format - geographical segments**

Revenue from external customers by geographical area is based on the geographical location of the customers.

Revenue is allocated based on the countries in which the customers are located.

	2008	**2007**
	RMB'000	*RMB'000*
Revenue		
Mainland China	22,166,492	17,115,631
Overseas	3,833,707	4,181,741
	26,000,199	21,297,372

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

	2008	**2007**
	RMB'000	*RMB'000*
Total assets		
Mainland China	27,101,279	14,951,462
Hong Kong	1,201,033	9,214,068
	28,302,312	24,165,530

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

	2008	**2007**
	RMB'000	*RMB'000*
Capital expenditure		
Mainland China	2,847,490	1,823,245
Hong Kong	3	44,076
	2,847,493	1,867,321

The segment results for the year ended 31 December 2008 by geographical segment are as follows:

	2008	**2007**
	RMB'000	*RMB'000*
Turnover		
Mainland China	22,166,492	17,115,631
Overseas	3,833,707	4,181,741
	26,000,199	21,297,372

Notes (Continued):

3. **Expenses by nature**

	2008 *RMB'000*	**2007** *RMB'000*
Auditors' remuneration	13,258	8,587
Amortisation of land use rights	7,259	6,021
Amortisation of intangible assets	2,868	1,937
Depreciation of property, plant and equipment	347,559	230,482
Provision for impairment of trade and other receivables	78,154	3,685
Employee benefit expense	1,160,851	1,080,071
Write-down of inventories to net realisable value	64,560	57,182
Materials cost	19,903,635	15,208,447
Transportation expenses	622,979	473,846
Advertising costs	148,095	146,891
Warranty expenses	385,174	278,248
Travel and office expenses	153,486	130,900
Transaction taxes	40,740	49,472
Utilities	519,382	487,095
Other charges	1,267,857	1,179,542
Total	24,715,857	19,342,406
Representing:		
Cost of sales	22,359,252	17,394,852
Distribution costs	1,370,835	1,141,364
Administrative expenses	985,770	806,190
	24,715,857	19,342,406

4. **Other losses — net**

	2008 *RMB'000*	**2007** *RMB'000*
Excess of share of acquired assets over the purchase consideration	5,674	—
Disposal of scraps	53,256	17,403
Losses on disposals of property, plant and equipment	(3,049)	(2,396)
Gains on waiver of debts	1,628	1,920
Government grants	86,086	7,928
Fair value gains of financial assets at fair value through profit or loss	893	—
Fair value losses of investment properties	(882)	—
Foreign exchange losses, net	(196,410)	(53,254)
Others	17,137	10,341
	(35,667)	(18,058)

Notes (Continued):

5. **Taxation**

The Company and Sinotruk (Hong Kong) International Investment Limited, one of the subsidiaries of the Group, are subject to Hong Kong profits tax at the rate of 16.5% (2007: 17.5%) on their estimated assessable profit for the year.

Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

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 statutory corporate income tax rate is 25% with effect from 1 January 2008. The reduction/increase on corporate income tax rate of PRC subsidiaries will also impact the carrying value of deferred tax assets as a result of the new tax rate.

The Group's four subsidiaries, Sinotruk Ji'nan Power Co., Ltd., Sinotruk Ji'nan Axle & Tramsmission Co., Ltd., Ji'nan Fuqiang Power Co., Ltd. and Sinotruk Hangzhou Engine Co., Ltd., have been recognised as the New/High Tech Enterprises in 2008. According to the tax incentives of the new CIT Law for New/High Tech Enterprises, these subsidiaries are subject to a reduced corporate income tax rate of 15% for three years from 2008 to 2010. The tax rate reduction, from 25% to 15% with effect from 1 January 2008, also impacts the carrying value of deferred tax assets as a result of the new tax rate. The carrying amount of the deferred tax assets was written down by approximately RMB 30,585,000 due to the change of applicable tax rate.

Sinotruck Chongqing Fuel System Co., Ltd. and Sinotruk Liuzhou Yunli Special Vehicle Co., Ltd. are subject to a corporate income tax rate of 15% according to the Western Development tax incentives of the new CIT Law.

Remaining subsidiaries are subject to the PRC corporate income tax, which has been calculated based on the corporate income tax rate of 25% according to the new CIT Law of PRC with the effect from 1 January 2008.

The amount of income tax expense charged to the income statement represents:

	2008	**2007**
	RMB'000	*RMB'000*
Current tax:		
- Hong Kong profits tax	(665)	2,437
- PRC corporate income tax	301,314	505,989
Total current tax	300,649	508,426
Deferred tax	(114,740)	(7,620)
Income tax expense	185,909	500,806

Notes (Continued):

6. **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.

	2008	**2007**
Profit attributable to equity holders of the Company (RMB thousands)	880,774	1,109,185
Weighted average number of ordinary shares in issue (thousands)	2,267,893	1,564,637
Basic earnings per share (RMB per share)	0.39	0.71

Diluted earnings per share equals to basic earnings per share for the years ended 2008 and 2007 as the Company has no dilutive potential shares existed during the years.

7. **Dividends**

At a meeting held on 20 April 2009, the Board proposed a final dividend in respect of the year ended 31 December 2008 of approximately HKD 86,477,000 (2007: HKD 161,539,000) (approximately RMB 76,244,000, 2007: RMB 145,112,000), representing HKD 0.04 (2007: HKD 0.071) per ordinary share. Such dividend is to be approved by the shareholders at the Annual General Meeting on 8 June 2009.

Notes (Continued):

8. **Trade and other receivables**

	2008 *RMB'000*	**2007** *RMB'000*
Accounts receivable	1,678,702	1,542,480
Less: Provision for impairment of accounts receivable	(102,788)	(24,585)
Accounts receivable — net	1,575,914	1,517,895
Notes receivable	2,194,502	699,922
Trade receivables — net	3,770,416	2,217,817
Other receivables	384,172	146,329
Less: Provision for impairment of other receivables	(4,858)	(4,007)
Other receivables — net	379,314	142,322
Prepayments	481,083	265,511
Interest receivables	138,554	37,449
Prepaid taxes other than income tax	261,199	193,780
Income taxes to be offset	108,407	—
Trade and other receivables	5,138,973	2,856,879

As at 31 December 2008 and 2007, the carrying amounts of the Group's trade and other receivables approximated their fair values.

Ageing analysis of trade and notes receivables at respective balance sheet dates are as follows:

	2008 *RMB'000*	**2007** *RMB'000*
Less than 3 months	2,144,365	1,573,357
3 months to 6 months	1,499,580	654,728
6 months to 12 months	208,217	2,843
1 year to 2 years	13,415	9,139
2 years to 3 years	5,463	612
Over 3 years	2,164	1,723
	3,873,204	2,242,402

The credit policy of the Group generally requires customers to pay a certain amount of deposits when orders are made and settle full purchase price prior to delivery either in cash or bank notes with a tenure of usually three to six months, which represents the credit term granted to the customers who pay by bank notes. Credit terms in the range within 6 months are granted to those customers with good payment history.

Notes (Continued):

9. **Trade and other payables**

	2008	**2007**
	RMB'000	*RMB'000*
Trade and bills payables	6,194,129	5,030,493
Advances from customers	567,230	525,625
Staff welfare and salaries payable	153,280	139,597
Taxes liabilities other than income tax	73,512	22,312
Accrued expenses	220,379	219,705
Other payables	398,379	641,814
	7,606,909	6,579,546

As at 31 December 2007 and 2008, the ageing analysis of the trade and bills payables were as follows:

	2008	**2007**
	RMB'000	*RMB'000*
Less than 3 months	4,477,371	3,891,622
3 months to 6 months	1,510,727	1,035,232
6 months to 12 months	172,935	64,787
1 year to 2 years	20,128	24,416
2 years to 3 years	6,370	4,698
Over 3 years	6,598	9,738
	6,194,129	5,030,493

Dividends

The Board recommends the payment of a final dividend of HKD0.04 per share for the year ended 31 December 2008, which is subject to shareholders' approval at the forthcoming annual general meeting.

Closure of Register of Members

The proposed final dividend, if approved, will be distributed on or around 12 June 2009 to shareholders of the Company whose names appear on the register of members of the Company on 8 June 2009. The register of members of the Company will be closed from 3 June 2009 to 8 June 2009 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for receiving the proposed final dividend, holders of the Company's shares must lodge their share certificates together with the relevant share transfer documents with Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 2 June 2009.

BUSINESS AND SEGMENT REVIEW

Market Overview

In the first half of 2008, China's economy showed continued fast growth. Fixed asset investment also registered high growth. The favourable economy and the shift to China III emission standards that triggered earlier purchase of trucks stimulated demand for heavy duty trucks. During March and April, demand exceeded supply in China's heavy duty truck market, with the monthly sales increasing 50% year on year. In March, sales hit a record high of 90,000 units. The whole industry sold 380,000 heavy duty trucks in the first half of 2008, or 48.6% more than in the same period in the previous year. The country's major heavy duty truck manufacturers were producing at full capacity to satisfy the demand. As a result, production capacity determined truck manufacturers' market shares.

However, China's economic growth decelerated in the second half of the year as a result of the state's macroeconomic control measures. This, coupled with the global financial crisis triggered by the United States' sub-prime mortgage crisis, led to a decline in both domestic and overseas demand for China-made heavy duty trucks. Sales of China-made heavy duty trucks fell sharply to 160,000 units in the second half of the year, or 30.8% less than in the same period of 2007. Nevertheless, the rapid growth in heavy duty truck sales in the first half of the year more than offset the slowdown in the second half of the year. This resulted in a 10.87% growth in sales to 540,000 units for the whole year.

Review of Operations

Truck:

In the year under review, the Group's heavy duty truck sales grew by 18.5% to 100,115 units. Truck sales (including sales of components and own use) increased by 21.1% to RMB 24,421 million.

Domestic Business

The Group capitalized on the fast growth of the country's heavy duty truck industry in the first half of 2008 by accelerating the pace of new product launch and new technology application. It introduced 2008 models in a timely manner boosting the growth in the orders for the products. The Group received monthly orders for 30,000 heavy duty trucks during March and April of 2008. The fast growth in the orders for heavy duty trucks exceeded our original estimate by a wide margin. Although the Group had already completed a lot of preparation work to expand production capacity, our production capacity was once again a bottleneck. Monthly heavy duty truck production volume hit a record of 15,000 units in March and April, fulfilling just half of the orders received. The loss of a large number of the orders affected the growth of our market share. The Group and its parent company saw their combined market share slip from the number one position in 2007 to third place in the first half of 2008. In the second half of 2008, the Group broke the monopoly of foreign technology by successfully developing the electronic EGR engine to meet China III emission standards. We also introduced into the market 2008 series models which contained our proprietary electronic EGR engine. The new product's high quality and cost efficiency and our overall competitive strength enabled the Group to seize business opportunities in the market despite the unfavourable market conditions. The Group was ahead of its peers by a wide margin in monthly sales in the second half of the year. Its market share also grew. The Group and its parent company saw their combined market share go back to the number one position by the end of 2008.

The Group's strong and large sales network helped it to expand its market share every year. In 2008, the Group established a solid sales network and strengthened its domestic and overseas sales networks, after-sales service network, component sales network and refitting business network. It also made greater efforts to build 4S centers (4S centers: independent shops that sell the Group's trucks and components, provide after-sales services and gather market intelligence). The Group carried out a series of sales activities and customer visits to provide more support to its regional sales networks. It also put emphasis on after-sales services by increasing the supply of components to new models before their launch into market as well as by providing systemic training for after-sales staff. The Group made progress with the establishment of a refitting business network. In 2008, the Group acquired Liuzhou

Yunli Special Vehicle Co., Ltd and signed a letter of intent to acquire Hubei Huawei Special-purpose Automobile Manufacturing Co., Ltd. ("Hubei Huawei") with an aim of beefing up the Group's capability for refitting in central and southwestern China (Now the acquisition of Hubei Huawei has been completed). Presently, the Group has 774 distributors, including 150 4S centers. There are 867 repair shops to provide quality after-sales service for customers using the Group's products. Moreover, there are 634 component distributors selling the Group's products, and 203 refitting enterprises providing refitting services for customers using the Group's trucks. All these outlets are part of the Group's nationwide sales network. The Group also has taken advantage of its financial strength by developing a truck financing business.

International Business

In 2008, the Group continued to step up efforts to expand overseas markets, build its brand and develop its sales network. It has established business relationships with more than 60 overseas distributors, exporting its products to more than 90 countries and regions. It also has more than 400 overseas distribution services outlets. In the year under review, the Group exported 15,643 heavy duty trucks, or 0.5% lower than in the previous year. The Group's exports were affected by the changes in the international economy. Its five major export markets experienced ups and downs which offset each other. The markets of Africa and Central and South Americas were growing, and accounted for more than 50% of the Group's export volume. In the first half of 2008, prices of bulk purchase of minerals were surging upon rising demand. This boosted the income of the mineral-producing and processing African countries. The African countries used the increased income to accelerate their economic development, stimulating their demand for heavy duty truck imports. The fast economic development of the emerging markets in Central and South Americas also generated great demand for heavy duty trucks. However, the markets in Southeast Asia, the Middle East and Russia were affected by such factors as the global financial crisis and product certification. Exports to these regions slowed down or even decreased. In 2009, there is great potential for the Group's exports. Its export markets are mainly developing countries, which are less affected by the global financial crisis, and are carrying out large infrastructure construction projects to support their economic development. These markets have huge potential and present opportunities to the Group's export business.

New Products

In 2008, the Group made great progress with its new product development. It launched 2008 series models at the beginning of the year, with the successful development of the HW gearbox as its technological breakthrough. As a result, the

Group achieved completeness in production capability and technology for its whole range of key components and parts including truck body, frames, suspension systems, engines, gearboxes, and front and rear axles. The high value-added 2008 series models boosted the Group's sales.

The Group developed the electronic EGR engine to meet China III emission standards in the middle of the year. The product enabled the Group to capitalize on the change in the country's emission standards. Sales of trucks containing electronic EGR engines have been increasing since their market launch. The EGR engine was crucial in expanding the Group's market share in the second half of the year.

At the end of the year, the Group launched the HOWO-A7 tractor truck, which had the most advanced technology in the country, and the new 2009 series models with technological upgrades. The new models contained technologically advanced components and parts such as new fuel-saving engines, China's innovative disc brakes, proprietary AMT gear box and new suspension systems. In particular, the successful development of the AMT electronically mechanical automatic gear box ushered China into an age of heavy duty trucks with automatic gear boxes, bringing China's heavy duty truck technology to the most advanced level in the world. We believe the introduction of these new models marked a milestone for the development of the country's heavy duty truck technology, and brought business opportunities to the Group. This will also reinforce the Group's leadership in the industry's technological development. Presently, the Group can offer 649 China III emission standard models to satisfy the various needs of the customers. It will continue to develop new products to meet new demands.

Production Capacity Expansion

The Group's production capacity was a bottleneck again in the first half of the year. Although the Group had already been increasing its production capacity every year in its efforts to satisfy demand, the growth in the demand for the Group's products exceeded the expansion of its production capacity. As a result, the shortfall led to the loss of a large number of the orders. The fast growing demand translated into a potential opportunity for the Group to expand its market share. In 2008, the Group's capital expenditure on fixed and intangible assets invested RMB 2.79 billion which included in technological upgrades enhancing the production technology and capacity and product quality of finished trucks, engines, axles, and cast and forged parts. Presently, the Group has established more than 20 production lines for heavy duty truck assembly and key part production. The Group has production bases and research and development centres for heavy duty trucks, engines, gear boxes and axles in Jinan and an engine production base in Hangzhou. It has annual production capacity of 150,000 trucks and 200,000 engines. The production plan and capacity became more aligned to market demand.

Quality Enhancement

The Group regards product quality as the key to an enterprise's survival and development. Its strategy for quality is continuous enhancement. It insists on the principle of "producing quality products with integrity and selling quality products to market". In 2008, the Group tightened the control on the key production procedures and applied quality testing technology at the production line. It also fully implemented the PPM (Parts Per Million) quality management system. The Group's main production units have all passed ISO's certification TS16949 for the international car industry. The quality of finished trucks was enhanced, leading to a more than 40% decrease in problems occurring after sales. As such, the Group's products are well recognized and trusted by the customers. In addition, the Group sources key parts globally through cooperation with the world's leading car parts manufacturers such as Voss Automotive GmbH and etc. It also encourages the international car parts makers to establish factories in Jinan in order to help further localize the truck production. The move has effectively reduced production costs and enhanced product quality.

Technological Innovation

The Group insists on the strategy of maintaining competitive strength through technological innovation and has been increasing investment in product research and development as well as technological upgrades. It has built a technological innovation system based on its technical centre with the goal of developing new products and new production technology. Presently, the Group and its parent company have established 24 standards for China's heavy duty truck industry. It has also undertaken more than 20 technological upgrade projects at national, provincial and municipal levels. The Group has received eight awards for technological advancement from provincial and municipal governments and ministries for two projects in the State Plan 863 and two state-level projects for technological support. The Group saw 18 of its staff honoured with the title of "the leading talent in provincial technology" and 118 of its staff honoured with the title "leading technological experts" or "leading young technological experts". The Group and its parent company together have applied for 1,099 patents, and have been granted 903 patents. They continued to rank first in the domestic heavy duty truck industry in terms of the number of patents owned. Four of the Group's subsidiaries including Sinotruk Jinan Power Co. were rated as "state-level new and high technology enterprises". The Group also enhanced its capability for innovation through international cooperation and exchange.

Engines:

Sales volume of engine segment rose by 10.9% to 112,990 units, and engine sales (including sales of components and internal consumption) increased by 18.2% to RMB 6,298 million. External sales accounted for 26.0% of the Group's engine sales.

Finance and Others

In 2008, external income at the Group's finance segment increased by RMB 103 million to RMB 116 million, compared with RMB 13 million recorded in 2007. The increase was mainly due to the growth in its discounted bill business and the introduction of the truck financing business.

Other external income also increased by RMB 8 million to RMB10 million, compared with RMB2 million recorded in 2007. The growth was due to the increase in provision of design and supervision services.

Prospects

At the end of 2008, the Chinese government adopted a timely economic stimulus package of RMB 4 trillion with the aim of ensuring China's stable economic growth and coping with the impact of the global financial crisis on the domestic economy. Meanwhile, the Chinese government mapped out a plan to support the pillar industries' development, and in particular, it came up with a plan to revive the automotive industry. It also promptly started a number of infrastructure construction projects. As the large infrastructure projects such as the construction of railways, highways and airports begin, and as fuel tax and fee reforms and the value-added tax transformation policy are enacted, the heavy duty truck industry will become one of the early beneficiaries.

In 2009, the Group will continue to adhere to the scientific outlook on development and will actively cope with the challenges posed by the global financial crisis. It will also strive to expand its market share by taking advantage of its strengths in new products, technological innovation, quality enhancement, production capacity, distribution network and finance. It will enhance its core competitive and overall strengths as well as the standard of its management and staff quality to prepare for a new round of competition.

In order to realize the above-mentioned goals, the Group will continue to develop its distribution system and a solid sales network with Sinotruk's characteristics. It will also adopt a more flexible business strategy to develop new markets. The Group will also take advantage of its financial strength by developing a truck financing business. It opened the truck financing business jointly with PICC Property and Casualty Co., Ltd. (中國人民財產保險股份有限公司) and China Pacific Insurance (Group) Co., Ltd (中國太平洋保險(集團)股份有限公司) to provide truck loans to individuals and end-users at corporations. The insurance firms provide insurance for the truck loan contracts.

In addition, it will raise the standards of its staff and quality of its products It will strive to become an international standard enterprise through more frequent cooperation with foreign partners.

FINANCIAL REVIEW

Turnover, gross profit and gross profit margin

The Group saw significant growth in the year ended 31 December 2008. With strong growth in truck sales in the first half of 2008, turnover rose by RMB4,703 million or 22.1%, to RMB26,000 million in 2008 (2007: RMB21,297 million). Gross profit dropped by RMB262 million or 6.7%, to RMB3,641 million (2007: RMB3,903 million). Gross profit margin was 14.0% (2007: 18.3%). The decreases in gross profit and gross profit margin were due to the sharp increases in the cost of steel, raw materials and plastics, the enhancement of truck accessories, as well as the significant decrease in total sales during the second half of last year.

Distribution costs

Distribution costs increased from RMB1,141 million for 2007 to RMB1,371 million for 2008, rising by RMB230 million or 20%. Distribution costs, however, had a lower increase rate than the sales. The increase was attributable to (i) the growth in sales and the rise in gas prices that led to higher delivery expenses and (ii) the Group's higher sales that led to higher warranty expenses.

Administrative expenses

Administrative expenses increased from RMB806 million for 2007 to RMB986 million for 2008, growing by RMB180 million or by 22%. The increase was mainly attributable to (i) international financial crisis leads to higher credit risk from international business and more provision for bad debt have been made; (ii) the Group's business expansion that led to a rise in administrative expenses and (iii) the increase of stamp duty, property tax and land use tax.

Other losses - net

Net other losses were RMB36 million in 2008. In 2007, there was a net expense of RMB18 million. The main reasons for the change were due to significant increases of foreign exchange losses.

Financial income - net

For the year ended 31 December 2008, net financial income was RMB50 million. The net financial income was mainly due to the rise of deposits interest income, the reduction of bill discount interest and the change of loan structures. During the previous year, net finance cost was RMB48 million.

Income tax expense

Income tax expense was RMB186 million in 2008 compared to RMB501 million in 2007, a decrease of 63%. The decrease was due to i) the waive of income tax for the valuation gain arised from the asset revaluation for listing; ii) the reduction of the income tax rate in China from 33% to 25% beginning from 1 January 2008; iii) some subsidiary companies were determined to be high technology enterprises, whose income will be taxed at a rate of 15% for three years beginning in 2008 and iv) the decrease in operating profits. In 2008, the effective corporate income tax rate applied to the Group was about 14%, compared with 27% in 2007, a reduction of about thirteen percentage points.

Profit for the year and earnings per share

Profit for the year ended 31 December 2008 decreased from RMB1,388 million in 2007 to RMB1,113 million, a decrease of 20%. The weighed average earnings per share attributable to the equity holders of the Company in 2008 decreased by 45% from RMB0.71 in 2007 to RMB0.39. The decrease in the weighed average earnings per share attributable to the equity holders of the Company was mainly because the weighted average number of ordinary shares increased to 2,268 million shares in 2008 from 1,565 million shares after the Company’s initial public offering and decrease in profit.

Net Proceeds from the 2007 Initial Public Offering

The Company successfully listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in 2007. The net proceeds of the Offering will be used as follows:

	Planned usages *HK$ million*	**For the year ended 31 December 2008** *HK$ million*
Expand the engine manufacturing capacity and enhance the technology level of Sinotruk Hangzhou Engine in Xiaoshan district of Hangzhou	1,200.0	495.4
Expand the forging capacity and enhancing the technology level at Sinotruk Jinan Power in Zhangqiu district of Jinan	800.0	780.7
Expand the truck manufacturing capacity and enhance technology level at Sinotruk Jinan Truck Company	700.0	486.3
Expand the truck manufacturing capacity at and enhance technology level at Sinotruk Jinan Commercial Truck Company	600.0	439.0
Research and development	1,232.7	291.5
Domestic and overseas market expansion	1,056.6	149.1
Repayment of loans	2,897.8	2,897.8
General working capital	943.0	937.2
	9,430.1	6,477.0

The Group's expenses on research and development are on par with those of other major peers. As the Group booked part of the research and development expenses under the cost of production, the actual expenses on research and development were larger than the sum stated above. In the table above, of the capital expenditure for expanding the forging capacity and enhancing the technology level at Sinotruk Jianan Power Co., HK$138.8 million was used for purchasing equipment for technological development. Of the capital expenditure for expanding the truck manufacturing capacity and enhancing technological level, HK$462.0 million was used for purchasing equipment for technological development.

Cash flow

During the year, net cash outflow from operating activities was about RMB944 million (there would have been a cash inflow of RMB480 million if RMB1,424 million worth of bank acceptance bills held by the Group as at the end of the year under review is considered). Compared with cash inflow of RMB1,235 million in 2007 from operating activities, the increase in cash outflow was RMB2,179 million. The cash outflow was mainly attributable to (i) an array of bank's acceptance bills collected from sales. As at 31 December 2008, the Company recorded non-matured bank's acceptance bills of RMB2,118 million (as at 31 December 2007: RMB694 million) and (ii) the increase of inventories of raw materials and semi-finished goods for high season preparation.

Net cash outflow from investing activities was RMB2,715 million, an increase of RMB1,394 million compared to that of previous year. The increase was mainly due to production expansion.

In 2008, net cash inflow from financing activities was RMB315 million, a decrease of RMB7,629 million compared to the previous year. The decrease was mainly due to the large cash inflow from the IPO in 2007.

Liquidity and Financial Resources

The Group had cash and cash equivalents of RMB6,721 million and bank's acceptance bills of RMB2,118 million at the end of the year under review. Cash and cash equivalents recorded a net decrease of RMB3,356 million, while bank's acceptance bills recorded a net increase of RMB1,424 million as compared with those at the beginning of the year under review.

The Group's total borrowings (including long-term and short-term borrowings) were about RMB8,025 million at the end of the period under review. Its gearing ratio was 28%, which was calculated by dividing borrowings by total assets. Renminbi borrowings accounted for 99.8% of the total borrowings. The remainder is denominated in HKD. Most of the borrowings had floating rates, which were lower than the bank benchmark interest rate, and were due within one year. The current ratio (total current assets divided by total current liabilities) was 1.4, compared with 1.7 at the end of the previous year.

As at 31 December 2008, total available credit facilities amounted to RMB13,235 million, of which RMB6,634 million had been utilized. A total net book value of RMB3,752.9 million of the Group's assets was pledged to secure its borrowings and loan facilities. The Group has not committed to any other borrowings. In order to better manage its daily cash flow and enhance its liquidity, the Group has secured adequate short-term funding from banks and issued short-term commercial papers.

Financial Management and Policy

The finance department is responsible for financial risk management. One of our key financial policies is to manage exchange rate risk. Our financial policy prohibited the

Group from participating in any speculative activities. By the end of 2008, except for bank deposits of approximately RMB534 million, accounts receivable of approximately RMB596 million, loans of approximately RMB12 million and accounts payable of approximately RMB 9 million denominated in foreign currencies, most of the Group's assets and liabilities were denominated in RMB.

During the year under review, the Group recorded losses of about RMB198 million from foreign currency exchange because of appreciation of the RMB. The management believes the continuing appreciation of RMB against other currencies is favourable to its overseas shareholders, as the Company's dividend is mainly dependent on the profits from subsidiaries operated in PRC. The strong RMB position against the HKD may allow the shareholders to receive higher dividend denominated in HKD.

Capital Structure

At the end of the year under review, owner's equity was RMB12,444 million, representing an increase of RMB541 million or 5% when compared with RMB11,903 million at the end of the previous year.

During the year, the Company used HKD503 million to buy back 101,693,500 ordinary shares. As of 31 December 2008, the Company's market capitalization was RMB10,006 million (calculated by issued share capital after deduction of share buyback: 2,173,505,500 shares, closing price: HK$5.22 per share and exchange rate of 0.88189).

Material Investments and Restructuring

During 2008, the Company increased its investment in Sinotruk Finance Company Limited（中國重汽財務有限公司）(“Sinotruk Finance”) and acquired equity interest in Liuzhou Yunli Special Vehicle Co., Ltd.（柳州運力專用汽車有限公司）(“Liuzhou Yunli”).

The Company acquired a 4.7% equity interest in Sinotruk Finance from its independent shareholders for the consideration of RMB23.2 million. In addition, the Company has paid RMB500 million to subscribe for new equity interest in Sinotruk Finance. As of the date hereof, the Company's holding in the equity interest in Sinotruk Finance has increased to 78.9%.

In May 2008, the Company's wholly-owned subsidiary, Sinotruk Jinan Power Co., Ltd. (中國重汽濟南動力有限公司) (“Jinan Power”) made a capital contribution to Liuzhou Yunli with RMB49 million in cash. Upon the capital injection, Jinan Power became the holder of 60% of Liuzhou Yunli's registered capital. Yunli Liuzhou Yunli Assets Investment Co., Ltd. (柳州運力資產投資有限公司), the original shareholder of Liuzhou Yunli, held the remaining 40%. Liuzhou Yunli was subsequently renamed Sinotruk Liuzhou Yunli Special Vehicle Co., Ltd.(中國重汽集團柳州運力專用汽車有限公司).

In October 2008, Jinan Power and Sinotruk (Hong Kong) International Investment Limited ("International Investment") signed a letter of intent with Suizhou Huawei Investment Holding Co., Ltd. (華威投資控股有限公司), a controlling equity holder of Hubei Huawei. Jinan Power and International Investment signed a letter of intent for capital injection in Hubei Huawei. As at the date hereof, the above transaction has been completed and the Group holds 60% of the equity interest in Huibei Huawei, which has changed its name into Sinotruk Hubei Huawei Special Vehicle Co., Ltd. (中國重汽集團湖北華威專用汽車有限公司).

In addition, Sinotruk (Hong Kong) International Investment Limited invested HKD350 million to establish Jinan Ganghao Development Co., Ltd.(濟南港豪發展有限公司), a wholly foreign owned enterprise incorporated in the Jinan Hi-tech Development Zone. It also established Hangzhou Ganghao Power System Co., Ltd. (杭州港豪動力系統有限公司) and Hangzhou Ganghang Power System Co., Ltd. (杭州港杭動力系統有限公司) in Hangzhou both being wholly foreign owned enterprises. These entities will be engaged in investments, trading and mergers and acquisitions based on the needs of the Group's development strategies.

The Group reorganized some domestic subsidiaries in order to reduce tax reporting entities. It merged Sinotruk Ji'nan Technical Center Co., Ltd.(中國重汽濟南技術中心有限公司)("Technical Center") into Jinan Power. Upon the merger, the legal person status of the Technical Center was cancelled. In addition, Sinotruk Factory Design Institute Co., Ltd.(中國重汽設計研究院有限公司)("Design Institute"), a wholly-owned subsidiary of the Company, acquired a 40% equity stake in Shandong Dadi Construction Supervision Co., Ltd. (山東大地建築監理有限公司)("Dadi Construction") from its ultimate parent company, China National Heavy Duty Truck Group Co., Ltd., for a consideration of approximately RMB1.1 million. Design Institute then mergered Dadi Construction and the legal person states of Dadi Construction was cancelled.

Going Concern

Based on the current financial forecast and the funding that can be utilized, the Group will have sufficient financial resources to continue its operations. As a result, the financial statements were prepared under the going concern assumption.

Contingent Liabilities, Legal Proceedings and Potential Litigation

In 2008, the Group was not involved in any litigation, arbitration or administrative proceedings that could have a materially adverse effect on its financial condition and results of operations. The Group estimates that the total amount of claims of all lawsuits was approximately RMB 10.3 million. The total provision for legal claims was RMB2.8 million. The Group has already made full provisions for claims with high risk of loss, and, as such, it did not have other material contingent liability with respect to legal claims to declare.

Human Resources

As of 31 December 2008, the Group had a total of 14,882 employees (2007: 13,983 employees). The Group further developed human resources management reform and strengthened the development of talent in its core business. Special attention was paid to training and developing high caliber people. In accordance with the rapid development of its business, the Group continues to expand investment on training resources in order to increase the types of training methods and innovate training models. The Group developed large scale internal training programs, aimed at increasing training coverage and enhancing training quality. In addition, the Group continues to improve management compensation systems and establish results appraisals so as to encourage employees in completing various tasks and meeting targets.

Events after the balance sheet date

On 2 January 2009, the Company repurchased of 11,575,000 ordinary shares of the Company at an aggregate consideration of approximately HK$67,723,490 through the Stock Exchange of Hong Kong Limited.

On 26 February 2009, the Company has cancelled 113,268,500 ordinary shares.

In March 2009, the Group acquired 60% of equity interests in Hubei Huawei Special-purpose Automoblie Manufacturing Co., Ltd. ("Hubei Huawei") by additional capital injection. Hubei Huawei is mainly engaged in refitting and sales of heavy duty trucks.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During 2008, the Company in aggregate repurchased 101,693,500 ordinary shares of the Company at total consideration of HK$501,547,255 from open market. Details of the shares repurchased are disclosed as follows:

Month of share repurchase	Number of ordinary shares repurchased	Price per share Maximun	Price per share Minimum	Total consideration
		HKD	*HKD*	*HKD*
November	31,324,500	4.54	3.79	135,509,325
December	70,369,000	6.16	4.39	366,037,930
Total	101,693,500			501,547,255
			Other expenses	1,103,506
			Total payment	502,650,761

The above shares repurchased was not cancelled during 2008 but after year end. Hence, the number of issed share capital of the Company was not cancelled but the total consideration paid was offset with the retained earnings. The purchase of the Company's shares during the year was effected by the Directors, pursuant to the mandate obtained from shareholders at the last annual general meeting, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

Save as disclosed, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the year under review.

CORPORATE GOVERNANCE

The Board and senior management of the Company aim to maintain a high standard of internal control by enhancing the consistency and transparency of operational and financial management through internal audit and assessable measurement. The objective is to maintain a high standard of corporate governance, formulate good corporate governance practice for improving accountability and transparency in operations, and strengthen the internal control system from time to time, in line with the expectations of the Company's shareholders. The Company has been in compliance with the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

Model Code for Securities Transactions by Directors of Listed Companies

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Code") as set out in Appendix 10 to the Listing Rules as the code of conduct for securities transactions by Directors. After making specific enquiries with all Directors, the Company confirmed that all Directors have compiled with the standards required by the Code during the year under review.

Review of Financial Statements

The Group's consolidated financial statements for the year ended 31 December 2008 have been reviewed by the Company's audit committee. Also, the figures in respect of the Group's consolidated income statement, consolidated balance sheet and related notes as set out in this preliminary results announcement have been agreed by the Company's external auditors, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2008. The procedures performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary results announcement.

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

Beijing, 20 April 2009

As at the date of this announcement, the executive Directors of the Company are Mr. Ma Chunji, Mr.Cai Dong, Mr. Wang Haotao, Mr. Wei Zhihai, Mr. Wang Guangxi, Mr. Tong Jingen and Mr. Wang Shanpo; and the independent non-executive Directors of the Company are Mr. Shao Qihui, Mr. Lin Zhijun, Mr. Ouyang Minggao, Mr. Hu Zhenghuan, Mr. Chen Zheng and Mr. Li Xianyun.