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 2009

RESULTS

The board of directors (the "**Directors**") is pleased to announce the consolidated results of Sinotruk (Hong Kong) Limited (the "**Company**") and its subsidiaries (together, the "**Group**") for the year ended 31 December 2009 together with the comparative figures for the previous year as follows:

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2009

	Note	**2009**	2008
		RMB'000	RMB'000
Turnover	2	**27,222,543**	26,000,199
Cost of sales	3	**(23,416,478)**	(22,359,252)
Gross profit		**3,806,065**	3,640,947
Distribution costs	3	**(1,502,709)**	(1,370,835)
Administrative expenses	3	**(1,085,903)**	(985,770)
Other gains/(losses) – net	4	**265,334**	(35,667)
Operating profit		**1,482,787**	1,248,675
Finance income		**236,865**	289,415
Finance costs		**(273,121)**	(238,985)
Finance (costs)/income – net		**(36,256)**	50,430
Profit before income tax		**1,446,531**	1,299,105
Income tax expense	5	**(302,616)**	(185,909)
Profit for the year		**1,143,915**	1,113,196
Other comprehensive income:			
Gains on currency translation		**2,537**	8,433
Gains on revaluation of own-occupied properties		**-**	1,053
Total comprehensive income for the year		**1,146,452**	1,122,682

Consolidated Statement of Comprehensive Income (Continued)

For the year ended 31 December 2009

	Note	2009	2008
		RMB'000	RMB'000
Profit attributable to:			
－ equity holders of the Company		**964,625**	880,774
－ minority interests		**179,290**	232,422
		1,143,915	1,113,196
Total comprehensive income attributable to:			
－ equity holders of the Company		**967,162**	890,260
－ minority interests		**179,290**	232,422
		1,146,452	1,122,682
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in RMB per share)			
－basic	6	**0.44**	0.39
－diluted	6	**0.42**	0.39

Consolidated Balance Sheet
As at 31 December 2009

	Note	2009	2008
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Land use rights		**851,088**	441,699
Property, plant and equipment		**7,906,964**	6,498,830
Investment properties		**5,609**	4,171
Intangible assets		**361,273**	33,808
Goodwill		**3,868**	-
Deferred income tax assets		**321,532**	316,178
Investment in an associate		**7,500**	-
		9,457,834	7,294,686
Current assets			
Inventories		**5,352,721**	5,327,669
Trade and other receivables	**7**	**7,033,763**	5,138,973
Financial assets at fair value through profit or loss		**14,731**	8,622
Amounts due from related parties		**190,484**	71,317
Fixed deposit		**1,038,492**	-
Restricted cash		**4,087,468**	3,739,575
Cash and cash equivalents		**11,372,932**	6,721,470
		29,090,591	21,007,626
Total assets		**38,548,425**	28,302,312

Consolidated Balance Sheet (continued)
As at 31 December 2009

	Note	2009	2008
		RMB'000	RMB'000
EQUITY			
Capital and reserves attributable to Company's equity holders			
Share capital		**261,489**	219,648
Reserves		**16,659,659**	11,085,844
		16,921,148	11,305,492
Minority interests		**1,283,832**	1,138,240
Total equity		**18,204,980**	12,443,732
LIABILITIES			
Non-current liabilities			
Borrowings		**1,500,250**	344,434
Deferred income tax liabilities		**10,880**	1,461
Termination benefits, post-employment benefits and medical insurance plan		**51,760**	64,570
Deferred income		**329,321**	17,064
		1,892,211	427,529
Current liabilities			
Trade and other payables	**8**	**10,732,502**	7,589,845
Current income tax liabilities		**112,030**	15,639
Borrowings		**7,025,625**	7,680,211
Amounts due to related parties		**360,263**	19,307
Provisions for other liabilities		**220,814**	126,049
		18,451,234	15,431,051
Total liabilities		**20,343,445**	15,858,580
Total equity and liabilities		**38,548,425**	28,302,312
Net current assets		**10,639,357**	5,576,575
Total assets less current liabilities		**20,097,191**	12,871,261

Notes:

1 Basis of preparation

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") and with the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, as modified by the revaluation of investment property, and financial assets (including derivative instruments) 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.

Changes in accounting policy and disclosure

(1) Amendment and interpretation effective in 2009 and relevant to the Group

- HKFRS 7 'Financial Instruments – Disclosures' (amendment) – effective from 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

Notes (Continued):

1 Basis of preparation (Continued)

(1) Amendment and interpretation effective in 2009 and relevant to the Group (Continued)

- HKAS 1 (revised). ‘Presentation of financial statements’ – effective from 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is, ‘non-owner changes in equity’) in the statement of changes in equity, requiring ‘non-owner changes in equity’ to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

- In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009, the group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Group had capitalised borrowing costs before. The adoption of HKAS 23 (Revised) Borrowing Costs had no material impact on earnings per share.

- HKFRS 8, ‘Operating segments’ (effective from 1 January 2009). HKFRS 8 replaces HKAS 14, ‘Segment reporting’, and aligns segment reporting with the requirements of the US standard SFAS 131, ‘Disclosures about segments of an enterprise and related information’. The new standard requires a ‘management approach’, under which segment information is presented on the same basis as that used for internal reporting purposes. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. The standard does not have any impact on the Group’s financial statements except for certain changes in note disclosure.

Notes (Continued):

1 Basis of preparation (Continued)

(2) Amended standard to existing standard effective in 2009 but not relevant

- HKFRS 2 (amendment), 'Share-based payment' (effective from 1 January 2009).

(3) Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2010 or later periods, but the Group has not early adopted them:

- HKAS 27 (revised), 'Consolidated and separate financial statements', (effective from 1 July 2009). The revised standard requires the effects of all transactions with minority interest to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply HKAS 27 (revised) prospectively to transactions with minority interest from 1 January 2010.

Notes (Continued):

1 Basis of preparation (Continued)

(3) Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group (Continued)

- HKFRS 3 (revised), 'Business combinations' (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the consolidated statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply HKFRS 3 (revised) prospectively to all business combinations from 1 January 2010.

- HKAS 38 (amendment), 'Intangible Assets' (effective from 1 July 2009). The amendment is part of the HKICPA's annual improvements project published in April/May 2009. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The Group will apply HKAS 38 (amendment) form the date HKFRS 3 (revised) is adopted.

Notes (Continued):

1 Basis of preparation (continued)

(3) Standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group (Continued)

- HKAS 1 (amendment), 'Presentation of financial statements'. The amendment is part of the HKICPA's annual improvements project published in April/May 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The Group will apply HKAS 1 (amendment) from 1 January 2010.

(4) Interpretations and amendments to existing standards that are not yet effective and not relevant for the Group's operations

The following interpretations and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2010 or later periods but are not relevant for the Group's operations:

- HK(IFRIC) 17 'Distribution of non-cash assets to owners' (effective on or after 1 July 2009).

- HKFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held for sale' (effective on or after 1 July 2009).

- HKFRS 2 (amendments), 'Group cash-settled share-based payment transactions' (effective from 1 January 2010).

Notes (Continued):

2. Turnover and segment information

The segment results for the year ended 31 December 2009 by business segment are as follows:

	Trucks	Engines	Finance	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
External segment revenue	25,429,940	1,727,167	65,436	-	27,222,543
Inter-segment revenue	204,144	6,179,651	20,397	(6,404,192)	-
Segment revenue	25,634,084	7,906,818	85,833	(6,404,192)	27,222,543
Operating profit before unallocated expenses	1,162,045	568,847	69,554	(291,208)	1,509,238
Unallocated expenses					(26,451)
Operating profit					1,482,787
Finance costs – net					(36,256)
Profit before income tax					1,446,531
Income tax expense					(302,616)
Profit for the year					1,143,915

Notes (Continued):

2. Turnover and segment information (continued)

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

	Trucks	Engines	Finance	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
External segment revenue	24,218,729	1,665,984	115,486	-	26,000,199
Inter-segment revenue	208,092	5,071,679	43,458	(5,323,229)	-
Segment revenue	24,426,821	6,737,663	158,944	(5,323,229)	26,000,199
Operating profit before unallocated expenses	839,799	303,410	102,744	150,676	1,396,629
Unallocated expenses					(147,954)
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)

Other segment items included in the consolidated statement of comprehensive income for the year ended 31 December 2009 are as follows:

	Trucks	Engines	Finance	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation	237,206	278,933	767	48	516,954
Amortisation of intangible assets and land use rights	14,803	11,273	19	20	26,115

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

	Trucks	Engines	Finance	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation	155,753	191,098	661	47	347,559
Amortisation of intangible assets and land use rights	4,687	5,397	23	20	10,127

Notes (Continued):

2. Turnover and segment information (continued)

The segment assets and liabilities as at 31 December 2009 and capital expenditure for the year then ended are as follows:

	Trucks	**Engines**	**Finance**	**Unallocated**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	21,981,823	11,706,865	3,751,368	5,034,978	42,475,034
Elimination					(3,926,609)
Total assets					38,548,425
Segment liabilities	9,200,731	3,406,114	2,596,862	7,026,600	22,230,307
Elimination					(1,886,862)
Total liabilities					20,343,445
Segment capital expenditure	1,430,450	1,286,910	76	6	2,717,442
Elimination					-
Total capital expenditure					2,717,442

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

	Assets	Liabilities
Segment assets/liabilities after elimination	33,513,447	13,316,845
Unallocated:		
Deferred tax assets/liabilities	321,532	10,880
Current tax assets/liabilities	27,845	112,029
Current borrowings	-	5,627,519
Non-current borrowings	-	1,260,000
Assets/Liabilities of the Company	4,685,601	16,172
Total	38,548,425	20,343,445

Notes (Continued):

2. Turnover and segment information (continued)

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

	Trucks	**Engines**	**Finance**	**Unallocated**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	18,021,176	11,300,633	2,374,688	1,157,318	32,853,815
Elimination					(4,551,503)
Total assets					28,302,312
Segment liabilities	8,247,237	3,368,789	1,269,245	7,209,740	20,095,011
Elimination					(4,236,431)
Total liabilities					15,858,580
Segment capital expenditure	1,422,660	1,424,603	227	3	2,847,493
Elimination					-
Total capital expenditure					2,847,493

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

	Assets	Liabilities
Segment assets/liabilities after elimination	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):

2. Turnover and segment information (continued)

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

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

	2009	2008
	RMB'000	RMB'000
Turnover		
Mainland China	25,479,879	22,166,492
Overseas	1,742,664	3,833,707
	27,222,543	26,000,199

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

	2009	2008
	RMB'000	RMB'000
Total assets		
Mainland China	34,760,176	27,101,279
Overseas	3,788,249	1,201,033
	38,548,425	28,302,312

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

	2009	2008
	RMB'000	RMB'000
Capital expenditure		
Mainland China	2,504,935	2,847,490
Overseas	212,507	3
	2,717,442	2,847,493

Notes (Continued):

3. Expenses by nature

	2009	2008
	RMB'000	RMB'000
Materials cost	20,806,384	19,903,635
Employee benefit expense	1,149,187	1,160,851
Warranty expenses	602,628	385,174
Utilities	537,378	519,382
Depreciation of property, plant and equipment	516,954	347,559
Transportation expenses	492,391	622,979
Advertising costs	193,422	148,095
Travel and office expenses	163,049	153,486
Transaction taxes	57,592	40,740
Write-down of inventories to net realisable value	24,225	64,560
Amortisation of land use rights	15,369	7,259
Auditors' remuneration	12,850	13,490
Amortisation of intangible assets	10,746	2,868
Provision for legal claims	266	555
(Reversal of)/provision for impairment of trade and other receivables	(3,537)	78,154
Other charges	1,426,186	1,267,070
Total	26,005,090	24,715,857
Representing:		
Cost of sales	23,416,478	22,359,252
Distribution costs	1,502,709	1,370,835
Administrative expenses	1,085,903	985,770
Total	26,005,090	24,715,857

Notes (Continued):

4. Other gains/(losses) – net

	2009	**2008**
	RMB'000	RMB'000
Gains of financial assets at fair value through profit or loss	139,879	893
Disposal of scraps	81,306	53,256
Government grants related to income	46,696	86,086
Fair value gains/(losses) of investment properties	1,438	(882)
Excess of share of acquired assets over the purchase consideration	-	5,674
Losses on disposals of property, plant and equipment	(4,077)	(3,049)
Foreign exchange losses, net	(37,586)	(196,410)
Others	37,678	18,765
Total	265,334	(35,667)

5. Taxation

The Company and Sinotruk (Hong Kong) International Investment Limited are subject to Hong Kong profits tax at the rate of 16.5% (2008: 16.5%) 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.

Notes (Continued):

5. Taxation (Continued)

Sinotruk Ji'nan Truck Co., Ltd has been recognised as the New/High Tech Enterprise in 2009. Sinotruk Ji'nan Power Co., Ltd., Sinotruk Ji'nan Axle & Tramsmission Co., Ltd., Sinotruk 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 Corporate Income Tax Law of the People's Republic of China (the "CIT Law") for New/High Tech Enterprises, these companies are subject to a reduced corporate income tax rate of 15% for three years.

Sinotruk Hubei Huawei Special Vehicle Co. Ltd. is subject to a corporate income tax rate of 25%. According to the Income Tax Law for Foreign Investment Enterprises and Foreign Enterprises and other policies related to income tax relief, Sinotruk Hubei Huawei Special Vehicle Co. Ltd. is exempted from corporate income tax for two years, starting from its first profitable year, which was 2006, and is then entitled to a 50% reduction in corporate income tax for three years thereafter until 2010.

Sinotruk 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 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% (2008: 25%).

Notes (Continued):

5. Taxation (Continued)

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

	2009	2008
	RMB'000	RMB'000
Current tax:		
- Hong Kong profits tax	651	(665)
- PRC corporate income tax	307,997	301,314
Total current tax	308,648	300,649
Deferred tax	(6,032)	(114,740)
Income tax expense	302,616	185,909

Notes (Continued):

6. Earnings per share

(a) Basic

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.

	2009	2008
Profit attributable to equity holders of the Company (RMB thousands)	964,625	880,774
Weighted average number of ordinary shares in issue (thousands)	2,201,739	2,267,893
Basic earnings per share (RMB per share)	0.44	0.39

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares of the Company are the convertible notes issued. The convertible notes are assumed to have been converted into ordinary shares at the date of the issue of the convertible notes.

	2009	2008
Profit used to determine diluted earnings per share (RMB thousands)	964,625	880,774
Weighted average number of ordinary shares in issue (thousands)	2,201,739	2,267,893
Adjustment for:		
- Assumed conversion of convertible notes (thousands)	103,172	-
Weighted average number of ordinary shares for diluted earnings per share (thousands)	2,304,911	2,267,893
Diluted earnings per share (RMB per share)	0.42	0.39

Notes (Continued):

7. Trade and other receivables

	2009	2008
	RMB'000	RMB'000
Accounts receivables	2,171,211	1,678,702
Less: Provision for impairment of accounts receivables	(98,155)	(102,788)
Accounts receivables – net	2,073,056	1,575,914
Notes receivables	3,925,970	2,194,502
Trade receivables - net	5,999,026	3,770,416
Other receivables	219,691	384,172
Less: Provision for impairment of other receivables	(2,780)	(4,858)
Other receivables - net	216,911	379,314
Interest receivables	80,950	138,554
Trade and other receivables before prepaid items	6,296,887	4,288,284
Prepayments for purchase of inventories	580,276	481,083
Prepaid taxes other than income tax	128,755	261,199
Prepaid income taxes	27,845	108,407
Trade and other receivables	7,033,763	5,138,973

As at 31 December 2009 and 2008, the carrying amount of the Group's trade and other receivables approximated their fair value.

Notes (Continued):

7. Trade and other receivables (Continued)

Ageing analysis of trade receivables – net at respective balance sheet dates are as follows:

	2009	2008
	RMB'000	RMB'000
Less than 3 months	4,748,540	2,593,402
3 months to 6 months	1,002,996	1,050,543
6 months to 12 months	190,189	115,604
1 year to 2 years	57,301	10,867
	5,999,026	3,770,416

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 3 to 6 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):

8. Trade and other payables

	2009	2008
	RMB'000	RMB'000
Trade and bills payables	8,624,772	6,194,129
Advances from customers	821,631	567,230
Accrued expenses	369,927	220,379
Staff welfare and salaries payable	138,527	153,280
Taxes liabilities other than income tax	105,794	73,512
Withholding tax on dividends to non-PRC resident enterprise shareholders	7,381	-
Other payables	664,470	381,315
	10,732,502	7,589,845

As at 31 December 2009 and 2008, the ageing analysis of the trade and bills payable were as follows:

	2009	**2008**
	RMB'000	RMB'000
Less than 3 months	6,045,658	4,477,371
3 months to 6 months	2,460,507	1,510,727
6 months to 12 months	67,268	172,935
1 year to 2 years	38,385	20,128
2 years to 3 years	4,540	6,370
Over 3 years	8,414	6,598
	8,624,772	6,194,129

Dividends

The Directors recommend the payment of a final dividend of HKD0.06 per share for the year ended 31 December 2009 ("2009 Final Dividend") totalling approximately HKD165,660,000 (approximately RMB145,734,000), which is subject to shareholders' approval at the forthcoming annual general meeting to be held on 18 May 2010. According to the "Notice Regarding Matters on Determination of Tax Residence Status of Chinese-controlled Offshore Incorporated Enterprises under Rules of Effective Management" 《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》(國稅發 [2009]82 號)issued by the State Administration of Taxation of the People's Republic of China ("PRC"), the Company is likely to be regarded as a Chinese-Resident Enterprise. Pursuant to the "Enterprise Income Tax Law of the People's Republic of China"《中華人民共和國企業所得稅法》 and the "Detailed Rules for the Implementation of the Enterprise Income Tax Law of the People's Republic of China"《中華人民共和國企業所得稅法實施條例》, a Chinese-controlled Offshore Incorporated Enterprise shall withhold and pay enterprise income tax for its non-PRC resident enterprise shareholders. Hence, as the withholding and payment obligation lies with the Company, the Company will withhold and pay Enterprise Income Tax for its non-PRC resident enterprise shareholders to whom the Company pays the 2009 Final Dividend. In respect of all shareholders whose names are not registered as natural persons (including HKSCC Nominees Limited, corporate nominees or trustees such as securities companies and banks, and other entities or organisations, which are all considered as non-PRC resident enterprise shareholders), the Company will distribute the 2009 Final Dividend after deducting enterprise income tax of 10%. The Company will not withhold and pay the income tax in respect of the 2009 Final Dividend payable to any natural person shareholders or exempted entities. In the event that the Company is not regarded as a Chinese-Resident Enterprise and hence no enterprise income tax should have been withheld, to the extent that such tax remains in the custody of the Company and so far it is legally able to do so, the Company will procure such tax to be refunded to the relevant shareholders.

Closure of Register of Members

The proposed 2009 Final Dividend, if approved, will be distributed on or about 25 May 2010 to shareholders of the Company whose names appear on the register of members of the Company on 18 May 2010. The register of members of the Company will be closed from 13 May 2010 to 18 May 2010 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for receiving the proposed 2009 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 Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 12 May 2010.

Management Discussion and Analysis

Market Overview

During the period under review, the PRC domestic heavy duty truck market declined in the first half of the year but grew in the second half. This was in tandem with the trend of China's economy. The structure of the demand for heavy duty truck also changed. In the first half of 2009, the start of infrastructural projects stimulated demand for heavy duty trucks for construction projects, especially the tippers. In the second half of 2009, the recovery of economy led to higher volume in cargo transportation, which in turn generated big demand for cargo trucks, especially tractor trucks. According to China Association of Automobile Manufacturers (CAAM)（中國汽車工業協會）, about 636,000 heavy duty trucks (of more than 14 tons) were sold in China in 2009, or 17.7% more than in 2008.

Review of operations

Trucks segment

During the period under review, the Group's heavy duty truck sales grew by 2.7% to 102,776 units. Truck sales (including sales of components and internal consumption) increased by 4.9% to RMB25,634 million as a result of increase in volume sold.

In the first half of 2009, a number of infrastructural projects commenced under the government-led investment drive. This generated large demand for tippers and concrete mixer trucks. As a result, the demand for heavy duty trucks for construction projects accounted for a higher proportion of the total demand. The Group capitalized on its competitive advantages in this niche market and its well established network for sales and refitting to boost its market share. In March 2009, the Group and its parent company, China National Heavy Duty Truck Group Limited (the "Parent Company"), together produced and sold more than 18,000 heavy duty trucks, breaking the monthly record. In the second half of 2009, the domestic demand for cargo trucks recovered. While the Group maintained the growth momentum in sales of trucks for construction projects, the Group's cargo truck sales increased.

During the period under review, the Group continued to actively build up and optimize its networks for sales, after-sales services, component provision and refitting, with emphasis on the establishment of 4S centers (independent shops that exclusively sell the Group's trucks and components, provide after-sales services and gather market intelligence) and Sinotruk brand franchise stores. As a result, a solid framework of the four mutually dependent businesses of sales, refitting, services and component provision has been established. The Group has raised the standard and efficiency of its sales and after-sales services through intensive training of its sales and after-sales services staff in business operation and repair know-how.

During the period under review, the refitting business made new progress. As the government stepped up its efforts to invest in the infrastructural projects in the country's western region, the demand for heavy duty trucks continued to grow there in tandem. In order to beef up its capability for truck refitting and to consolidate and expand its market share in the country's western region, the Group established joint ventures such as Sinotruk Mianyang Special Vehicle Co., Ltd.（中國重汽集團綿陽專用汽車有限公司）("Sichuan Mianyang") and Sinotruk Baotou Xinhongchang Special Vehicle Co., Ltd.（中國重汽集團包頭新宏昌專用車有限公司）, following its acquisition of Liuzhou Yunli Special Vehicle Co., Ltd.（柳州運力專用汽車有限公司）(“Liuzhou Yunli") and Hubei Huawei Special Vehicle Manufacturing Co., Ltd.（湖北華威專用汽車製造有限公司）(“Hubei Huawei"). As the two joint ventures were launched into operation, the Group's capability for refitting has been enhanced and the coverage of its refitting network has been optimized. The refitting network also boosted the development of the Group's sales network in the western region and thus boosted its market share there.

During the period under review, the Group offered 851 models of China III emission standards to satisfy various demand. It has established a comprehensive sales service network that comprises 821 distributors (47 more than in 2008) selling the Group's products in the country, including 175 4S centers (25 more than in 2008), 180 shops under Sinotruk's own brand, 1,110 services stations (243 more than in 2008) which provides quality after-sales services for users of the Group's products, and 1,016 shops (382 more than in 2008) which supplies the Group's components (including 44 component sales centres), and 226 refitting companies (23 more than in 2008) which provide services to the Group's customers.

International demand for heavy duty trucks continued to be depressed by the decline in global economy during the period under review. China's heavy duty truck export was faced with challenging market conditions. The Group's heavy duty truck export decreased by 45.6% to 8,502 units.

Although the global economy has now shown signs of recovery, different economies have mixed performance. The recovery of the global economy has been slow and difficult. There is still obstacle to a full recovery of the international market for heavy duty trucks. The Group will actively adopt measures to cope with the challenges and look set to capitalize on the recovery of the international market for heavy duty trucks. Such measures include optimization of functions and structure of the import/export department; finer segmentation of the international market; spearheading the development of the Group's overseas business units and marketing and sales network. The Group will divide its overseas business into major geographical areas and establish regional departments there. It will also establish offices and representative offices under each regional department. It will also restructure its overseas sales and support operations.

Engines segment

During the period under review, the Group's annual engine production capacity was 200,000 units. The Group's engine production supplies to its own heavy duty truck production as well as connected parties and other manufacturers of heavy duty trucks, coaches and engineering machinery. The Group aims to raise the proportion of external sales in the total sales of the engine segment and to increase its domestic market share.

During the period under review, sales volume of engine segment rose by 18.3% to 133,616 units, and engine sales (including sales of components and internal consumption) increased by 17.3% to RMB7,907 million. External sales accounted for 21.8% of the Group's engine sales.

After years of research and development, the Group leads the domestic industry in terms of the quality and energy saving of engines. In order to meet the government's higher requirement for vehicle exhaust gas emission, the Group has successfully developed a proprietary engine which meets China IV emission standards. In addition, the Group continued to raise the upper limit of the power range of its engines. It has succeeded in developing a 12-litre large horse power engine and has begun installing them in its heavy duty trucks for sales. It has also developed engines fuelled by compressed natural gas (CNG) and liquefied natural gas (LNG). The key components of the engines are of leading international and domestic brands. The Group not only ensures that most of the natural gas engines' components are common to those used in the diesel engines of China III emission standards but also redesigns some of the components to make the engines fit for natural gas combustion. As a result, the Group's engines have a leading position in domestic market in terms of power, reliability and economic efficiency. Presently, the Group's products including tractor trucks and tippers are compatible with natural gas engines. This type of trucks will have good market prospect in natural gas-rich regions such as Xinjiang and other overseas markets.

Finance Segment

In 2009, external income at the Group's finance segment decreased by RMB50 million to RMB65 million, compared with RMB115 million recorded in 2008. The decrease was mainly due to the reduction in its discounting bill business and the decrease in discount rates.

In order to allow Sinotruk Finance Company Limited to fulfill its finance function and to satisfy the domestic consumers' demand for loans to purchase heavy duty trucks. From 2010, the Group will, under tight risk control and profit targeting, advance credit business on vehicles consumption principally facilitated by Sinotruk Finance Company Limited. The business model mainly includes mortgages business, automobile loan insurance business and comprehensive credit business to guarantor. We believe various business categories are able to meet different consumers' needs on consumption credit.

Investment and Capacity

During the period under review, the main purpose of the Group's substantial project investments was to enhance production technology, product quality and capacity for producing finished trucks, engines, gearbox and forged parts. The completion of the axles production base removal project put the Group's axle production in the leading position in China. The technology of production of axle, the vehicle's case, assembly and painting reached international standards. The Group thus became the largest producer of quality axle in China.

During the period under review, the Group's capital expenditure was approximately RMB2.72 billion. The Group had established more than 30 production lines for heavy duty truck assembly and key parts production. The Group had production bases and research and development centers for heavy duty trucks, engines, axles and gearbox in Jinan and engines in Hangzhou. The Group also owned refitting enterprises, namely Sinotruk Liuzhou Yunli Special Vehicle Co., Ltd. ("Liuzhou Yunli"), Sinotruk Hubei Huawei Special Vehicle Co., Ltd. ("Hubei Huawei") and Sinotruk Mianyang Special Vehicle Co., Ltd. ("Sinotruk Mianyang"). These enterprises had combined annual production capacity of 150,000 heavy duty trucks and 200,000 engines. The production management and capability will be more scientific and market oriented.

According to the analysis of market demand and the fluctuation in monthly demand in the industry, the Group's overall production capacity was able to meet the market demand and was able to maintain a higher capacity utilization. Meanwhile, the Group's current capacity is able to meet the market demand during peak season by adjusting internal production schedule and increasing key parts inventory.

New product development

During the period under review, the Group continued to lead the development of domestic heavy duty truck and technology by improving and enhancing the entire series of current products. Meanwhile, new heavy duty trucks and key parts are developed since new products are key factors to increasing market share.

Heavy duty truck

During the period under review, the Group launched the most advanced tractor HOWO-A7 series. Because of the technological advantages and outstanding performance of HOWO-A7 series, the products were instantly well-recognized by the market and sales continued to increase. The Group therefore further upgraded the series of HOWO-A7 products to meet the market demand, new products such as concrete mixer, tipper and platform trucks were developed and launched to the market.

Numerous practices and users‘ experiences were collected accumulatively in the production of HOWO Mine King Dumper (HOWO 礦山王) and HOWO Mine Overload Dumper (HOWO 礦山霸王). The models were developed in accordance to the characteristics of tipper for mining used and the technology of special truck. We believe the launch of HOWO Mine King Dumper and HOWO Mine Overload Dumper will further consolidate the Group’s position in the market segment of tipper for mining.

Energy saving and emission reduction are principle issues currently encountered by all countries. The Group had successfully developed natural gas (“NG”) trucks in line with the global and domestic market demand. It will launch the NG trucks to the market. In addition, these NG trucks were environment-friendly and economical. With the installation of powerful NG engines, we believe these NG trucks will have a good market potential in the future.

Key parts

In order to accommodate the demand in new truck model’ s assembly, the Group continued to develop various gearboxes, such as 12-gearshift and 10-shift AMT gearbox, following by the launch of 16-shift AMT gearbox and 10-gearshift in 2009. As a result, it was able to widen the power range of HOWO gearbox to fit various engines, enlarge the range of torque and increase the number of shifts.

To reduce the weight of heavy duty trucks and hence boost the sales of tractors, the Group, based on high reliabilities aspects, introduced new technological products, namely Hendrickson rubber frame system and gearbox in aluminium alloy case so as to manufacture the lightest tractor among domestic heavy duty trucks to enhance the transportation efficiency of users.

The Group had developed AC drive axles of 16 tons and 26 tons by taking into account users’ conditions and product benefits. These drive axles were ratified as the highest standard in PRC, approach or reach to international standards. In 2010, all branded tippers are installed with AC16 axle except for the model of Sitaier King. The Group will maintain its technological advantages in tippers.

Research and development

The Group’s strong technological research and development capability enables the continuous innovation of new products. The Group increased the investment in technological research and development in recent years. Our research and development are principally carried out in our technical centre. This center has the best heavy vehicle engineering talent in China. Our research and development maintained a top position in China since we have the most advanced design platform and laboratory equipment. Also, we have been assigned to lead the heavy duty truck research project in State Plan 863.

During the period under review, the Group was approved by the PRC Ministry of Science and Technology to establish the state-level research center for heavy duty truck production technology ("Research Center"). The Research Center is the only state-level research center for heavy duty trucks in China. The establishment of the Research Center will provide support for the enhancement of the Group's research and development capability and technology advancement. It will accelerate the research and development as well as the application of the most advanced heavy duty truck technology.

The Group places emphasis on the application of patent rights. We believe it is an essential factor in business success. As at the end of the period under review, the Group and its Parent Company together had applied for 1,310 patents, in which 1,074 patents had been granted. They continued to rank first in the domestic heavy duty truck industry in terms of the number of patents owned.

Material Investment and Cooperation

In April 2009, Sinotruk Jinan Power Co., Ltd.（中國重汽集團濟南動力有限公司）("Jinan Power") reached an agreement with minority shareholder of Liuzhou Yunli that both parties, on their equity proportion, contributed capital at total of RMB26,530,000.

In May 2009, Jinan Power signed an agreement with Sichuan Fulin Industrial Group Co., Ltd.（四川富臨實業集團有限公司）and Mianyang Hi-tech Zone Heping Automobile Co., Ltd.（綿陽高新區和平車業有限公司）to establish Sinotruk Mianyang Special Vehicle Co., Ltd.（中國重汽集團綿陽專用汽車有限公司）with a registered capital of RMB50 million. Jinan Power invested RMB30 million, representing 60% of the total investment. Sinotruk Mianyang Special Vehicle Co., Ltd. is principally engaged in the manufacturing and sales of special vehicles, key parts and commercial vehicles.

In June 2009, Jinan Power and Sanhe City Xinhongchang Special Vehicles Co., Ltd.（三河市新宏昌專用車有限公司）signed a joint-venture agreement to establish Sinotruk Baotou Xinhongchang Special Vehicle Co., Ltd.（中國重汽集團包頭新宏昌專用車有限公司）with a registered capital of RMB50 million. Jinan Power contributed RMB7.5 million in cash, representing 15% of the investment. Sinotruk Baotou Xinhongchang Special Vehicle Co., Ltd. is principally engaged in the manufacturing and sales of special vehicles, key parts and commercial vehicles, as well as export and import businesses.

In July 2009, the Company, among others, entered into the cooperation agreements (the "Cooperation Agreements") with MAN SE, a renowned German industrial group with internationally leading truck technologies to form a long term strategic partnership involving capital investment and technology license. Under the Cooperation Agreements, the Company's controlling shareholder, Sinotruk (BVI) Limited, agreed to sell and MAN Finance and Holdings S.á.r.l. ("MAN"), a wholly-owned subsidiary of MAN SE, agreed to purchase 91,185,497 existing shares of the Company, and the Company agreed to issue and MAN agreed to subscribe the convertible note convertible into 599,062,839 new shares of the Company, with both the share purchase price and conversion price being approximately Euro 0.8113 per share. Pursuant to the terms of the Cooperation Agreements, upon closing of the Cooperation Agreements and the full conversion of the convertible note, the Company's Parent Company will hold 51% of the then issued share capital of the Company through Sinotruk (BVI) Limited, while MAN SE will become a holder of 25% plus one share of the then issued shares of the Company through MAN. Subject to the terms and conditions of the Cooperation Agreements, MAN Nutzfahrzeuge Aktiengesellschaft ("MN"), a wholly-owned subsidiary of MAN SE, will grant relevant members of the Group the exclusive license to use its advanced truck and engine technology in mainland China, and the parties will have shared global distribution rights in specified territories with respect to the technology-upgraded trucks manufactured by the Group utilizing MN's licensed technology. The Cooperation Agreements have been approved by the shareholders of the Company at the Company's extraordinary general meeting on 12 August 2009. Closing of the Cooperation Agreements took place on 7 October 2009 and MAN had completed the conversion of the convertible note in full on 8 December 2009.

In October 2009, Sinotruk (Hong Kong) International Investment Limited agreed to purchase a 49% equity interest in Sinotruk Jinan Fuqiang Power Co., Ltd.（濟南復強動力有限公司）at the consideration of US$6,000,000. The acquisition had been completed.

In November 2009, Jinan Power had signed an agreement with the Parent Company to acquire 100% equity interest in CNHTC Jining Commercial Truck Co., Ltd.（中國重汽集團濟寧商用車有限公司）at the consideration of not more than RMB97,401,300. CNHTC Jining Commercial Truck Co., Ltd. is principally engaged in the manufacturing and sale of heavy duty trucks used for mining. The acquisition is still in progress.

In addition, the subsidiaries of the Group executed transfer of equities during the period under review. Sinotruk Jinan Power Co., Ltd. transferred its holding of 49% equities in Sinotruk Hangzhou Engine Co., Ltd. and 49% equities in Sinotruk Jinan Axle & Transmission Co., Ltd. to Sinotruk (Hong Kong) International Investment Limited.

Human Resources

As at 31 December 2009, the Group had a total of 16,242 employees. The Group concerned the development and use of human resources. We will follow Labour Contract Law of PRC to optimize the allocation of human resources. A scientific work plan was able to solve the shortage of human resource demand under different market requirements. It could plan the allocation of human resources and introduce different types of professional to certain positions.

The Group pays special attention to the training and developing of high caliber people. In accordance with the rapid development of its business, the Group continues to expand investment on training resources and increases professional technicians and high operating talent through internal and external training programs.

In order to encourage employees in completing various tasks and meeting targets, the Group aims at connecting employees' salaries and enterprises' benefits by continuous advancing management compensation systems, establishing payment system reflected on staff's performance and standardizing assessment.

Prospects

China's economy will maintain its momentum of rapid growth in year 2010. The Government will further expand the investment in infrastructure. The continuous recovery of the economy will also boost the cargo transportation volume. The Group will adopt various measures to seize market opportunity.

1. To improve marketing for new products. We will convert product advantages into market advantages. Moreover, we will establish “Sinotruk” as a brand of leading technology. Sinotruk will continue to lead the industry in the development of heavy duty truck technology in China.

2. To realize a break-through in establishment of sales network. We will step up efforts to build the sales network as the demand for the Company’s products grows. This will also help to solve the problem of unbalanced development of different regional sales network. In order to enlarge our share of the market for cargo trucks, we will keep consolidating our advantages in sales of heavy duty truck for construction projects, and at the same time will accelerate the development of our cargo trucks sales network. In addition, we will step up our efforts to boost sales through closer cooperation with distributors.

3. According to the Cooperation Agreements signed with MAN SE, we will actively localize the German partner’s technology and the production of trucks which adopt MAN SE’s technology. Meanwhile, we will expand the international market through cooperation with MAN SE as well as to increase investment in the projects with MAN SE as planned. Such projects include the construction of production facilities and factories.

4. To do a good job with the export business. We will increase efforts to reform our import/export department. We will also capitalize on the opportunities in China’s plan of offering assistance to foreign countries’ infrastructural constructions, which will generate demand for heavy duty truck. Moreover, we will step up the efforts to train our import / export department with an aim of enhancing the quality of after-sale services. We will continue to develop our international sales and marketing network in order to increase exports.

5. To diversify our product mix by introducing coaches into the market. The move will help to raise the Company’s profitability. We will increase the volume of coach production and step up efforts in research and development of coaches in view of the bright prospects of the coach industry.

Financial review

Turnover, gross profit and gross profit margin

For the year ended 31 December 2009, the Group's turnover rose by RMB1,223 million or 4.7% to RMB27,223 million (2008: RMB26,000 million). The increase in turnover was mainly contributed by the growth in truck sales.

Gross profit increased by RMB165 million or 4.5% to RMB3,806 million (2008: RMB3,641 million). Gross profit margin remained unchanged at 14.0% (2008: 14.0%). The increase in gross profit was mainly contributed by the growth in truck sales.

Distribution costs

Distribution costs increased from RMB1,371 million for 2008 to RMB1,503 million for 2009, rising by RMB132 million or 9.6%. The increase was due to (i) the increase in advertisement and promotion of brand names at domestic and overseas markets and (ii) higher warranty expenses as a result of more trucks sold.

Administrative expenses

Administrative expenses increased from RMB986 million for 2008 to RMB1,086 million for 2009, growing by RMB100 million or by 10.1%. The increase was mainly due to (i) increase in research and development expenses and (ii) the expansion of the Group's operation scale.

Other gains/losses – net

There was a net other gain of RMB265 million in year 2009 against the net other losses of RMB36 million in year 2008. The turnaround was mainly due to a fair value gain in financial assets and significant decrease in foreign exchange losses.

Financial costs/income – net

Net financial costs for 2009 were RMB36 million against the net finance income was RMB50 million for 2008. The net financial costs were mainly resulted by the decrease in deposit interest rate, decrease in interest income and increase in interest expense as a result of larger loan portfolio.

Income tax expense

Income tax expense increased by RMB117 million or 62.9% to RMB303 million in year 2009 from RMB186 million in year 2008. The main reason is due to the entitlement of a tax benefit in respects of revaluation of certain assets in year 2008 causing the reduction of that year tax expenses.

Profit for the year and earnings per share

Profit for the year ended 31 December 2009 increased by 2.8% to RMB1,144 million from RMB1,113 million in year 2008. The basic earnings per share attributable to the equity holders of the Company in year 2009 increased by 12.8% from RMB0.39 in 2008 to RMB0.44 in year 2009.

Net proceeds from the 2007 Global Offering

The Board announced on 24 August 2009 that the remaining unutilized net proceeds from 2007 Global Offering for the purposes other than general working capital of approximately HKD1,926.9 million had been re-allocated as general working capital of the Group.

Cash flow

During the year ended 31 December 2009, net cash inflow from operating activities was about RMB1,712 million. Compared with net cash outflow from operating activities at RMB944 million in year 2008, the cash flow from operating activities increased by RMB2,656 million. It was mainly contributed by (i) changes in business policies, the cash sales to total sales increased and (ii) the increase in use of commercial bills to settle the purchases.

Net cash outflow from investing activities in year 2009 was RMB2,156 million, a decrease of RMB559 million compared to that of previous year. The decrease was mainly due to the significant reduction in cash spent for acquisition of property, plant and equipment.

In year 2009, net cash inflow from financing activities was RMB5,104 million while it was RMB315 million in year 2008. The cash flow from financing activities was increased by RMB4,789 million. The significant increase was due to the issue of convertible notes.

Liquidity and Financial Resources

The Group had cash and cash equivalents of RMB11,373 million, fixed deposit of RMB1,038 million and bank acceptance bills of RMB3,247 million at 31 December 2009. Cash and cash equivalents, fixed deposit and bank acceptance bills recorded an increase of RMB4,651 million, RMB1,038 million and RMB1,129 million respectively as compared with those of year 2008. The Group's total borrowings (including long-term and short-term borrowings) were about RMB8,526 million as at 31 December 2009. Its gearing ratio was 22.1%, which was calculated by dividing borrowings by total assets. 87.6% of borrowings were made in RMB. 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) as at 31 December 2009 was 1.6 (2008: 1.4).

As at 31 December 2009, the Group's total available credit facilities amounted to RMB 22,542 million, of which RMB7,512 million had been utilised. A total net book value of RMB3,818 million of the Group's deposits and bank deposits was pledged to secure its borrowings and loan facilities. Sinotruk Finance Co., Ltd. had made mandatory deposits at RMB240 million to PBOC for its financial operations. The Group meets the daily liquidity needs by matching operating cash flow patterns with funds on hand and enhances its liquidity by way of application of longer credit periods from suppliers, utilization of banking facilities and issue of bills such as short-term commercial acceptance notes and bank acceptance notes.

Financial Management and Policy

The finance department is responsible for financial risk management of the Group. One of our key financial policies is to manage exchange rate risk. Our financial policy prohibited the Group from participating in any speculative activities. As at 31 December 2009, most of the Group's assets and liabilities were denominated in RMB, except for fixed deposit, restricted cash and bank deposits of foreign currencies which are totally equivalent to approximately RMB3,293 million, accounts receivable of approximately RMB433 million, foreign currency borrowings of approximately RMB1,059 million and accounts payable of approximately RMB71 million which were denominated in foreign currencies.

Capital Structure

As at 31 December 2009, owner's equity was RMB18,205 million, representing an increase of RMB5,761 million or 46.3% when compared with RMB12,444 million at the end of the last year.

As at 31 December 2009, the Company's market capitalisation was RMB22,049 million (calculated by issued share capital: 2,760,993,339 shares, closing price: HKD9.07 per share and at the exchange rate of 0.88048 between HKD and RMB).

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

During the period under review, 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 is approximately RMB22 million. The total provision for legal claims was RMB3 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.

Events after the balance sheet date

On 25 November 2009, Jinan Power entered into an agreement with the Parent Company for its acquisition of 100% equity interest of CNHTC Jining Commercial Truck Co., Ltd. from the Parent Company with a cash consideration not more than RMB97,401,300. On 18 January 2010, the acquisition was duly approved by the shareholders of the Company at an extraordinary general meeting of the Company. As at the date of this announcement, the acquisition has not yet completed.

Purchase, Sale and Re-purchase of Listed Securities

During the period under review, the Company in aggregate repurchased 11,575,000 ordinary shares of the company at total consideration of HKD67,881,964 from open market. Details of the shares repurchased are disclosed as follows:

Month of share repurchased	Number of ordinary shares repurchased	Price per each ordinary share		Total consideration
		Maximum	Minimum	
		HK$	HK$	HK$
January	11,575,000	5.97	5.29	67,723,490
Other expenses				158,474
Total payment				67,881,964

The above total payment was offset with the retained earnings. The above shares repurchased together with the 101,693,500 shares repurchased in year 2008 by the Company at total of 113,268,500 shares were cancelled on 26 February 2009. The above repurchase of the Company's shares was effected by the Directors, pursuant to the repurchase mandate approved by the shareholders, with a view to benefit shareholders as a whole by enhancing the net asset value per share and earnings per share of the Company. Save as disclosed above, 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 to improve 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. During the year under review, the Company has been in compliance with the Code on Corporate Governance Practices set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("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 "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct for securities transactions by the Directors. After making specific enquiries with all Directors, the Company confirmed that all Directors have compiled with the standards required by the Model Code during the year under review.

Review of Financial Statements

The Group's consolidated financial statements for the year ended 31 December 2009 have been reviewed by the Company's audit committee. Also, the figures in respect of the Group's consolidated balance sheet, consolidated statement of comprehensive income 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 2009. 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, 23 March 2010

As at the date of this announcement, the eight executive Directors are Mr. Ma Chunji, Mr.Cai Dong, Mr. Wei Zhihai, Mr. Wang Haotao, Mr. Wang Guangxi, Mr. Tong Jingen, Mr. Wang Shanpo and Mr. Pan Qing; the three non-executive Directors are Dr. Georg Pachta-Reyhofen, Mr. Jörg Schwitalla and Mr. Lars Wrebo and the six independent non-executive Directors are Mr. Shao Qihui, Mr. Lin Zhijun, Mr. Ouyang Minggao, Mr. Hu Zhenghuan, Mr. Chen Zheng and Mr. Li Xianyun.