中国重汽
SINOTRUK

SINOTRUK (HONG KONG) LIMITED
中 國 重 汽 (香 港) 有 限 公 司

(incorporated in Hong Kong with limited liability)

(Stock Code: 3808)

ANNOUNCEMENT OF FINAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2010

RESULTS

The board of directors (the "**Board**") 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 2010 together with the comparative figures for the previous year as follows:

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2010

	Note	**2010**	2009
		Audited	Restated
		RMB'000	RMB'000
Turnover	4	**39,656,160**	27,900,781
Cost of sales	5	**(33,311,730)**	(24,148,172)
Gross profit		**6,344,430**	3,752,609
Distribution costs	5	**(2,366,026)**	(1,551,289)
Administrative expenses	5	**(1,660,789)**	(1,110,268)
Other (losses) /gains – net	6	**(24,127)**	262,927
Operating profit		**2,293,488**	1,353,979
Finance income		**211,977**	239,145
Finance costs		**(451,217)**	(284,102)
Finance costs – net		**(239,240)**	(44,957)
Profit before income tax		**2,054,248**	1,309,022
Income tax expense	7	**(324,733)**	(292,973)
Profit for the year		**1,729,515**	1,016,049
Other comprehensive income:			
(Losses)/gains on currency translation		**(19,549)**	2,537
Total comprehensive income for the year		**1,709,966**	1,018,586

Consolidated Statement of Comprehensive Income (Continued)

For the year ended 31 December 2010

	Note	**2010**	2009
		Audited	Restated
		RMB'000	RMB'000
Profit attributable to:			
— equity holders of the Company		**1,480,745**	836,759
— non-controlling interests		**248,770**	179,290
		1,729,515	1,016,049
Total comprehensive income attributable to:			
— equity holders of the Company		**1,461,196**	839,296
— non-controlling interests		**248,770**	179,290
		1,709,966	1,018,586
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in RMB per share)			
—basic	8	**0.54**	0.38
—diluted	8	**0.54**	0.36

Consolidated Balance Sheet

As at 31 December 2010

	Note	2010	2009
		Audited	Restated
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Land use rights		**1,398,436**	889,972
Property, plant and equipment		**9,359,943**	7,999,129
Investment properties		**6,492**	5,609
Intangible assets		**761,093**	361,273
Goodwill		**3,868**	3,868
Deferred income tax assets		**842,264**	354,298
Investment in an associate		**6,196**	7,500
		12,378,292	9,621,649
Current assets			
Inventories		**13,381,835**	5,789,585
Trade and other receivables	9	**14,311,029**	7,205,040
Financial assets at fair value through profit or loss		**1,089**	14,731
Amounts due from related parties		**30,837**	79,712
Fixed deposit		**-**	1,038,492
Restricted cash		**2,245,064**	4,087,468
Cash and cash equivalents		**11,561,472**	11,538,194
		41,531,326	29,753,222
Total assets		**53,909,618**	39,374,871

Consolidated Balance Sheet (continued)
As at 31 December 2010

	Note	**2010**	2009
		Audited	Restated
		RMB'000	RMB'000
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**261,489**	261,489
Reserves		**17,865,889**	16,631,528
		18,127,378	16,893,017
Non-controlling interests		**1,632,693**	1,283,832
Total equity		**19,760,071**	18,176,849
LIABILITIES			
Non-current liabilities			
Borrowings		**2,686,240**	1,500,250
Deferred income tax liabilities		**35,188**	10,880
Termination benefits, post-employment benefits and medical insurance plan		**39,840**	51,760
Deferred income		**504,297**	329,321
Amounts due to related parties		**380,115**	-
		3,645,680	1,892,211
Current liabilities			
Trade and other payables	10	**17,645,026**	11,257,729
Current income tax liabilities		**487,038**	112,030
Borrowings		**11,520,934**	7,250,297
Amounts due to related parties		**308,714**	464,941
Provisions for other liabilities		**542,155**	220,814
		30,503,867	19,305,811
Total liabilities		**34,149,547**	21,198,022
Total equity and liabilities		**53,909,618**	39,374,871
Net current assets		**11,027,459**	10,447,411
Total assets less current liabilities		**23,405,751**	20,069,060

Notes:

1 General information

The Company was incorporated in Hong Kong on 31 January 2007 as a limited liability company and its shares are listed on the Stock Exchange of Hong Kong Limited.

The Group is principally engaged in the manufacturing and sales of heavy duty trucks, engines, and the provision of finance services. The address of the Company's registered office is Units 2102-2103, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

2 Business Combination under Common Control and Basis of Presentation

In May 2010, the Group acquired 100% of equity interest in CNHTC Jining Commercial Truck Co., Ltd. ("**Jining Commercial Truck**") from China National Heavy Duty Truck Group Company Limited ("**CNHTC**", or "**Parent Company**"). The acquisition of Jining Commercial Truck was considered to be a business combination under common control as the Group and Jining Commercial Truck are under common control of CNHTC both before and after the Group's acquisition of Jining Commercial Truck. Accordingly, the assets and liabilities of Jining Commercial Truck have been accounted for at historical amounts and the consolidated financial statements of the Group prior to the acquisition of Jining Commercial Truck have been restated to include the results of operations and assets and liabilities of Jining Commercial Truck as if Jining Commercial Truck had always been part of the Group.

Notes (Continued):

2 Business Combination under Common Control and Basis of Presentation (Continued)

The consolidated balance sheet as at 31 December 2010:

	The Group, excluding Jining Commercial Truck	**Jining Commercial Truck**	**Adjustments**	**Consolidated**
Investment in Jining Commercial Truck	**81,212**	**-**	**(81,212)**	**-**
Other assets - net	**19,815,134**	**(2,658)**	**(52,405)**	**19,760,071**
Net assets	**19,896,346**	**(2,658)**	**(133,617)**	**19,760,071**
Share capital	**261,489**	**100,000**	**(100,000)**	**261,489**
Share premium	**16,444,600**	**-**	**-**	**16,444,600**
Other reserves	**(1,929,796)**	**123,464**	**(24,355)**	**(1,830,687)**
Retained earnings	**3,488,721**	**(226,122)**	**(9,262)**	**3,253,337**
Non-controlling interests	**1,631,332**	**-**	**-**	**1,631,332**
	19,896,346	**(2,658)**	**(133,617)**	**19,760,071**

The consolidated balance sheet as at 31 December 2009:

	The Group, as previously reported	Jining Commercial Truck	Adjustments	Consolidated
Investment in Jining Commercial Truck	-	-	-	-
Other assets - net	18,204,980	2,333	(30,464)	18,176,849
Net assets	18,204,980	2,333	(30,464)	18,176,849
Share capital	261,489	100,000	(100,000)	261,489
Share premium	16,444,600	-	-	16,444,600
Other reserves	(2,066,712)	123,464	56,857	(1,886,391)
Retained earnings	2,281,771	(221,131)	12,679	2,073,319
Non-controlling interests	1,283,832	-	-	1,283,832
	18,204,980	2,333	(30,464)	18,176,849

Notes (Continued):

3 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. The consolidated financial statements 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) New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010 and relevant to the Group:

- HKFRS 3 (revised), 'Business combinations', and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates', and HKAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

Notes (Continued):

3 Basis of preparation (Continued)

Changes in accounting policy and disclosure (Continued)

(1) New and amended standards adopted by the Group (Continued)

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the 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 are expensed.

- HKAS 27 (revised) requires the effects of all transactions with non-controlling interests 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. HKAS 27 (revised) has had no impact on the current period, as none of the non-controlling interests have a deficit balance; there have been no transactions whereby an interest in an entity is retained after the loss of control of that entity, and there have been no transactions with non-controlling interests.

- HKAS 17 (amendment), 'Leases', deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under "Leasehold land and land use rights", and amortised over the lease term.

Notes (Continued):

3 Basis of preparation (Continued)

Changes in accounting policy and disclosure (Continued)

(1) New and amended standards adopted by the Group (Continued)

HKAS 17 (amendment) has been applied retrospectively for annual periods beginning 1 January 2010 in accordance with the effective date and transitional provisions of the amendment. The Group has reassessed the classification of unexpired leasehold land and land use rights as at 1 January 2010 on the basis of information existing at the inception of those leases. As the leasehold land in Hong Kong which may be classified as finance lease amounted to approximate RMB16, 000,000, the directors of the Company considered that this was not material and no retrospective adjustment was made.

(2) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2010 but not currently relevant to the Group.

- HK(IFRIC) - Int 17, 'Distribution of non-cash assets to owners' (effective on or after 1 July 2009).
- HK(IFRIC) - Int 18, 'Transfers of assets from customers', effective for transfer of assets received on or after 1 July 2009.
- HK(IFRIC) - Int 9, 'Reassessment of embedded derivatives' and HKAS 39, Financial instruments: Recognition and measurement', effective from 1 July 2009.
- HK(IFRIC) - Int 16, 'Hedges of a net investment in a foreign operation' , effective from 1 July 2009.
- HKAS 1 (amendment), 'Presentation of financial statements', effective from 1 January 2010.
- HKAS 36 (amendment), 'Impairment of assets', effective from 1 January 2010.
- HKFRS 2 (amendment), 'Group cash-settled share-based payment transactions', effective from 1 January 2010.
- HKFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations', effective from 1 January 2010.

Notes (Continued):

3 Basis of preparation (Continued)

Changes in accounting policy and disclosure (Continued)

(3) New standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 January 2010 and have not been early adopted.

- HKFRS 9, 'Financial instruments', issued in November 2009. This standard is the first step in the process to replace HKAS 39, 'Financial instruments: recognition and measurement'. HKFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption.

- Revised HKAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes HKAS 24, 'Related party disclosures', issued in 2003. HKAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. Earlier application, in whole or in part, is permitted.

  The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Group will apply the revised standard from 1 January 2011. When the revised standard is applied, the Group and the parent will need to disclose any transactions between its subsidiaries and its associates. The Group does not earlier adopted the revised standard.

Notes (Continued):

3 Basis of preparation (Continued)

Changes in accounting policy and disclosure (Continued)

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

- 'Classification of rights issues' (amendment to HKAS 32), issued in October 2009. The amendment applies to annual periods beginning on or after 1 February 2010. Earlier application is permitted. The Group will apply the amended standard from 1 January 2011.

- HK (IFRIC) - Int 19, 'Extinguishing financial liabilities with equity instruments', effective from 1 July 2010.

- 'Prepayments of a minimum funding requirement' (amendments to HK (IFRIC) - Int 14). The Group will apply these amendments for the financial reporting period commencing on 1 January 2011.

The Group has not early adopted those third annual improvement project (2010) published in May 2010 by the HKICPA (to be effective in the financial year of 2011) in this consolidated financial statements and will apply those improvements in accordance with their respective effective dates, where applicable.

Notes (Continued):

4. Turnover and segment information

The segment results for the year ended 31 December 2010 are as follows:

	Audited				
	Trucks	**Engines**	**Finance**	**Elimination**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
External segment revenue	**37,307,700**	**2,273,267**	**75,193**	**-**	**39,656,160**
Inter-segment revenue	**154,902**	**10,138,657**	**43,082**	**(10,336,641)**	**-**
Segment revenue	**37,462,602**	**12,411,924**	**118,275**	**(10,336,641)**	**39,656,160**
Operating profit before unallocated expenses	**2,033,092**	**1,076,736**	**98,129**	**(787,737)**	**2,420,220**
Unallocated expenses					**(126,732)**
Operating profit					**2,293,488**
Finance costs – net					**(239,240)**
Profit before income tax					**2,054,248**
Income tax expense					**(324,733)**
Profit for the year					**1,729,515**

Notes (Continued):

4. Turnover and segment information (continued)

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

	Restated				
	Trucks	Engines	Finance	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
External segment revenue	26,376,010	1,459,335	65,436	-	27,900,781
Inter-segment revenue	204,210	6,447,483	20,397	(6,672,090)	-
Segment revenue	26,580,220	7,906,818	85,833	(6,672,090)	27,900,781
Operating profit before unallocated expenses	1,207,984	568,847	69,554	(465,955)	1,380,430
Unallocated expenses					(26,451)
Operating profit					1,353,979
Finance cost – net					(44,957)
Profit before income tax					1,309,022
Income tax expense					(292,973)
Profit for the year					1,016,049

Notes (Continued):

4. Turnover and segment information (continued)

Other segment items included in the consolidated statement of comprehensive income for the year ended 31 December 2010 are as follows:

	Audited				
	Trucks	**Engines**	**Finance**	**Unallocated**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Depreciation	**407,324**	**315,460**	**776**	**48**	**723,608**
Amortisation of intangible assets and land use rights	**40,350**	**89,942**	**38**	**22**	**130,352**

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

	Restated				
	Trucks	Engines	Finance	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation	242,313	278,933	767	48	522,061
Amortisation of intangible assets and land use rights	15,941	11,273	19	20	27,253

Notes (Continued):

4. Turnover and segment information (continued)

The segment assets and liabilities as at 31 December 2010 and capital expenditure for the year then ended are as follows:

	Audited				
	Trucks	Engines	Finance	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	33,045,591	16,504,649	3,532,112	5,964,909	59,047,261
Elimination					(5,137,643)
Total assets					53,909,618
Segment liabilities	15,566,155	5,792,489	1,951,642	14,868,180	38,178,466
Elimination					(4,028,919)
Total liabilities					34,149,547
Segment capital expenditure	1,747,201	1,457,287	1,022	-	3,205,510

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

	Audited	
	Assets	Liabilities
	RMB'000	RMB'000
Segment assets/liabilities after elimination	47,944,709	19,281,367
Unallocated:		
Deferred tax assets/liabilities	842,264	35,188
Current tax assets/liabilities	8,328	487,038
Current borrowings	-	11,520,934
Non-current borrowings	-	2,686,240
Assets/liabilities of the Company	5,114,317	138,780
Total	53,909,618	34,149,547

Notes (Continued):

4. 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:

	Restated				
	Trucks	Engines	Finance	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	22,923,441	11,706,865	3,751,368	5,071,338	43,453,012
Elimination					(4,078,141)
Total assets					39,374,871
Segment liabilities	8,302,830	3,406,114	2,596,862	8,891,233	23,197,039
Elimination					(1,999,017)
Total liabilities					21,198,022
Segment capital expenditure	1,448,717	1,286,910	76	6	2,735,709

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

	Restated	
	Assets	Liabilities
	RMB'000	RMB'000
Segment assets/liabilities after elimination	34,303,533	12,306,789
Unallocated:		
Deferred tax assets/liabilities	356,288	10,880
Current tax assets/liabilities	27,845	112,030
Current borrowings	-	7,250,297
Non-current borrowings	-	1,500,250
Assets/liabilities of the Company	4,687,205	17,776
Total	39,374,871	21,198,022

Notes (Continued):

4. Turnover and segment information (continued)

Turnover from 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.

	2010	2009
	Audited	Restated
	RMB'000	RMB'000
Turnover		
Mainland China	**37,055,826**	26,158,117
Overseas	**2,600,334**	1,742,664
	39,656,160	27,900,781

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

	2010	2009
	Audited	Restated
	RMB'000	RMB'000
Total assets		
Mainland China	**48,169,960**	35,586,622
Overseas	**5,739,658**	3,788,249
	53,909,618	39,374,871

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

	2010	2009
	Audited	Restated
	RMB'000	RMB'000
Capital expenditure		
Mainland China	**3,193,789**	2,523,202
Overseas	**11,721**	212,507
	3,205,510	2,735,709

Notes (Continued):

5. Expenses by nature

	2010	2009
	Audited	Restated
	RMB'000	RMB'000
Materials cost	**30,107,853**	21,538,898
Employee benefit expenses	**1,727,836**	1,168,802
Warranty expenses	**1,122,707**	602,628
Utilities	**822,448**	537,771
Amortisation of land use rights	**22,274**	16,507
Depreciation of property, plant and equipment	**723,608**	522,061
Amortisation of intangible assets	**108,078**	10,746
Transportation expenses	**776,956**	499,880
Advertising costs	**84,240**	198,279
Travel and office expenses	**231,989**	172,038
Transaction taxes	**78,720**	61,360
Write-down of inventories to net realisable value	**93,279**	35,081
Auditors' remuneration	**14,937**	12,858
Provision for legal claims	**-**	266
Provision for /(reversal of) impairment of trade and other receivables	**119,294**	(159)
Other charges	**1,304,326**	1,432,713
Total	**37,338,545**	26,809,729
Representing:		
Cost of sales	**33,311,730**	24,148,172
Distribution costs	**2,366,026**	1,551,289
Administrative expenses	**1,660,789**	1,110,268
Total	**37,338,545**	26,809,729

Notes (Continued):

6. Other (losses) / gains – net

	2010	2009
	Audited	Restated
	RMB'000	RMB'000
Gains of financial assets at fair value through profit or loss	**195**	139,879
Disposal of scraps	**129,823**	87,203
Government grants related to income	**75,944**	48,689
Fair value gains on investment properties	**883**	1,438
Excess of share of acquired assets over the purchase consideration	**3,743**	-
Losses on disposals of property, plant and equipment	**(1,778)**	(4,180)
Foreign exchange losses, net	**(262,403)**	(37,586)
Others	**29,466**	27,484
Total	**(24,127)**	262,927

7. Taxation

The Company and Sinotruk (Hong Kong) International Investment Limited are subject to Hong Kong profits tax at the rate of 16.5% (2009: 16.5%) on their estimated assessable profit for the year. In addition, the Company is determined as Chinese-resident enterprise and, accordingly, is subject to corporate income tax of the People's Republic of China ("PRC"), which has been calculated based on the corporate income tax rate of 25% (2009: 25%).

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.

Sinotruk Jinan 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 High New 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 High New Tech Enterprises, these companies are subject to a reduced corporate income tax rate of 15% for three years.

Notes (Continued):

7. Taxation (Continued)

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., Sinotruk Liuzhou Yunli Special Vehicle Co., Ltd. and Sinotruk Chengdu Wangpai Commercial Truck Co., Ltd., are subject to a corporate income tax rate of 15% according to the Western Development tax incentives of the CIT Law.

The remaining subsidiaries are subject to the PRC corporate income tax, which has been calculated based on the corporate income tax rate of 25% (2009: 25%).

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

	2010	2009
	Audited	Restated
	RMB'000	RMB'000
Current tax:		
- Hong Kong profits tax	**-**	651
- PRC corporate income tax	**808,503**	305,904
Total current tax	**808,503**	306,555
Deferred tax	**(483,770)**	(13,582)
Income tax expense	**324,733**	292,973

Notes (Continued):

8. 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.

	2010	2009
	Audited	Restated
Profit attributable to equity holders of the Company (RMB thousands)	**1,480,745**	836,759
Weighted average number of ordinary shares in issue (thousands)	**2,760,993**	2,201,739
Basic earnings per share (RMB per share)	**0.54**	0.38

(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.

	2010	2009
	Audited	Restated
Profit used to determine diluted earnings per share (RMB thousands)	**1,480,745**	836,759
Weighted average number of ordinary shares in issue (thousands)	**2,760,993**	2,201,739
Adjustment for:		
- Assumed conversion of convertible note (thousands)	**-**	103,172
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**2,760,993**	2,304,911
Diluted earnings per share (RMB per share)	**0.54**	0.36

Notes (Continued):

9. Trade and other receivables

	2010 Audited RMB'000	2009 Restated RMB'000
Accounts receivables	**2,995,686**	2,189,859
Less: Provision for impairment of accounts receivables	**(111,399)**	(102,244)
Accounts receivables – net	**2,884,287**	2,087,615
Notes receivables	**8,028,397**	4,051,377
Trade receivables - net	**10,912,684**	6,138,992
Other receivables	**1,477,895**	236,093
Less: Provision for impairment of other receivables	**(118,111)**	(5,999)
Other receivables - net	**1,359,784**	230,094
Interest receivables	**30,679**	80,950
Trade and other receivables before prepaid items	**12,303,147**	6,450,036
Prepayments	**1,300,203**	598,404
Prepaid taxes other than income tax	**699,351**	128,755
Prepaid income taxes	**8,328**	27,845
	14,311,029	7,205,040

As at 31 December 2010 and 2009, the carrying amounts of the Group's trade and other receivables before prepaid items approximated their fair values.

Notes (Continued):

9. Trade and other receivables (Continued)

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

	2010	2009
	Audited	Restated
	RMB'000	RMB'000
Less than 3 months	**8,829,047**	4,888,506
3 months to 6 months	**1,736,320**	1,002,996
6 months to 12 months	**131,597**	190,189
1 year to 2 years	**166,361**	57,301
2 years to 3 years	**49,359**	-
	10,912,684	6,138,992

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.

As at 31 December 2010, amounts receivable of the Group of approximately RMB 565,818,000 (2009: RMB 246,498,000) were secured by certain letters of credit issued by overseas third parties. No provision is provided against there receivables as at 31 December 2010 and 31 December 2009.

Notes (Continued):

10. Trade and other payables

	2010	2009
	Audited	Restated
	RMB'000	RMB'000
Trade and bills payables	**12,681,568**	9,079,215
Advances from customers	**2,312,501**	868,257
Accrued expenses	**196,043**	369,927
Staff welfare and salaries payable	**80,918**	138,962
Taxes liabilities other than income tax	**552,161**	105,794
Withholding tax on dividends to non-PRC resident enterprise shareholders	**-**	7,381
Other payables	**1,821,835**	688,193
	17,645,026	11,257,729

As at 31 December 2010 and 2009, the ageing analysis of the trade and bills payables was as follows:

	2010	2009
	Audited	Restated
	RMB'000	RMB'000
Less than 3 months	**9,675,756**	6,459,420
3 months to 6 months	**2,407,597**	2,490,507
6 months to 12 months	**524,312**	72,503
1 year to 2 years	**51,667**	43,504
2 years to 3 years	**17,767**	4,867
Over 3 years	**4,469**	8,414
	12,681,568	9,079,215

Dividends

The Directors recommend the payment of a final dividend of HKD 0.18 per Share for the year ended 31 December 2010 ("2010 Final Dividend") totalling approximately HKD 496,979,000, which is subject to shareholders' approval at the forthcoming 2011 annual general meeting to be held on 18 May 2011. The Company is determined 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》 which implemented in 2008 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 2010 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 2010 Final Dividend after deducting enterprise income tax of 10% or other appropriate rates. The Company will not withhold and pay the income tax in respect of the 2010 Final Dividend payable to any natural person shareholders or exempted entities.

CLOSURE OF REGISTER OF MEMBERS

The proposed 2010 Final Dividend, if approved, will be distributed on or about 25 May 2011 to shareholders of the Company whose names appear on the register of members of the Company on 18 May 2011. The register of members of the Company will be closed from 12 May 2011 to 18 May 2011 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for receiving the proposed 2010 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 11 May 2010.

During the period under review, the Group has completed the acquisition of Jining Commercial Truck. The acquisition of Jining Commercial Truck was considered to be a business combination under common control as the Group and Jining Commercial Truck are under common control of CNHTC both before and after the acquisition. All operating and financial data have been restated by including those of Jining Commercial Truck as if Jining Commercial Truck had always been part of the Group.

MARKET OVERVIEW

China's economy maintained its growth momentum in year 2010. The country's gross domestic product grew by 10.3% during the period, fixed asset investment increased by 23.8%. The demand for heavy duty trucks grew in tandem as the heavy duty truck industry benefited from government investment in infrastructural construction projects, provincial economy revival plans and other favorable policies. According to the China Association of Automobile Manufacturers (CAAM)（中國汽車工業協會）, about 1,017,400 heavy duty trucks (of more than 14 tons) were sold in China in 2010, represents an increase of 59.9% over 2009.

REVIEW OF OPERATIONS

Trucks Segment

During the period under review, the Group's heavy duty truck sales grew by 38.3% to 150,064 units. Truck sales (including inter-segment revenue) increased by 40.9% to RMB 37,463 million as a result of increase in volume sold.

Domestic Business

In 2010, the start of infrastructural construction projects and the economic recovery, along with busy cargo transportation stimulated demand for heavy duty trucks. We captured the opportunities by leveraging our advantages in the market segment for heavy duty trucks for construction projects and by expanding our distribution network for tractor trucks. As a result, the sales of all kinds of products increased significantly. Monthly combined truck sales by the Group and its Parent Company were maintained at more than 20,000 units in March, April, and May 2010. In particular, the volume was a record high of more than 24,000 units in April 2010.

The Group and its Parent Company maintained its growth momentum in sales and its competitive edge in the market segment for heavy duty trucks for construction projects and special vehicles. The Group still plays a dominant role in the construction truck market. By using new technology to reduce the weight of the trucks, the Group produced a new model of tractor truck which gained recognition and boosted sales volume in the market.

During the period under review, the Group continued to improve its four networks of sales and marketing, after-sales services, component sales and refitting. The establishment of those networks at all levels across different regions in China constituted the Group's network and increased the penetration of its marketing efforts.

In 2010, the Group made special efforts in four areas: 1) finer segmentation of networks - the Group made finer segmentation by markets and by categories and carried out tailor-made sales and services; 2) expansion of network coverage - the Group extended its sales and service network which covers customers in suburban and rural areas and enables end users to easily purchase the Group's products and obtain after-sales services; 3) the Group made progress in strengthening the marketing network for tractor truck; and 4) the Group enhanced efforts in training its staff in order to raise the standards of its sales and services and meet the needs of the expansion of sales and after-sales networks and sales of new products. These moves rationalized the development of the marketing and sales network and enhanced the efficiency of the operations.

As at 31 December 2010, there were 1,321 domestic distributors selling the Group's products, including 232 4S centres and 234 stores specializing in products of the Group's own brand; 1,956 services stations providing quality after-sales services for users of the Group's products. During the year 2010, more than 130 stores which specialize in sales of tractor trucks had been set up. 280 refitting companies providing refitting services for the Group's customers make the sales network more comprehensive.

International Business

During the period under review, the global economy was in the trend of recovery. However, the recovery of different economies differed significantly. Adverse factors, including the sovereign bonds crisis in Europe and trade conflicts, generated extra uncertainties to the global economic recovery. The global heavy duty truck market has not yet fully recovered due to these factors.

To cope with the challenges and complicated issues on the international markets, the Group has adopted a series of measures for markets with different characteristics to further expand and penetrate the emerging markets while maintaining existing markets. The Group has established 24 sales divisions, and had more than 70 distributors, more than 230 sales outlets, and about 200 service outlets providing services for users all over the world.

In 2010, the Group exported 13,549 heavy duty trucks, representing a growth of 59.4%, and continued to rank first in export of heavy duty trucks in China.

Technological Upgrade and Production Capacity

During the period under review, the Group made significant investments which was mainly in MAN engines, TGA cabins and spare parts to enhance production technology, quality control, and optimizing capacities for producing trucks, engines, gearbox as well as to increase forged parts production capacity. The move also raised quality standard and enhanced research and development ("R&D") capability.

In order to implement our regional development strategy, and realize "Zero Mileage Delivery" at regional level, Sinotruk Jinan Truck Co., Ltd. has constructed assembly factory of at Sichuan Mianyang, which is scheduled to commence production in year 2011. We believe the new factory will shorten the delivery period, cut the transportation cost, and boost the sales in the region.

The progress of the introduction of technology and product localization is on track according to the agreement between the Group and MAN SE.

In order to match the Group's development strategies, the Group has increased its investment in light truck production, and acquired Sinotruk Chengdu Wangpai Commercial Vehicles Co., Ltd. （" Chengdu Wangpai", 中國重汽集團成都王牌商用車有限公司）and formed Sinotruk Fujian Haixi Vehicles Co., Ltd. （" Fujian Haixi", 中國重汽集團福建海西汽車有限公司）, enabling the Group to diversify its products portfolio and product lines.

The Group's annual production capacity increased to 160,000 units of heavy duty trucks, 40,000 units of light trucks, and 200,000 units of engines. It also has research, development and production bases in Jinan, Hangzhou and Chengdu. It optimizes its product mix, production layout and production capacity to satisfy more market demand.

Truck

Under its continuous commitment to research and development, innovation, product diversification together with merger and acquisitions, the Group expands its product lines to cover all series of commercial trucks including heavy duty truck, medium-heavy truck, light truck, and coach.

During the period under review, the launch of upgraded 70-ton HOWO Mine Overload Dumper (礦山霸王) was well received by the market, and became another growth driver.

The Group continued its development of trucks powered by new type of energy, CNG and LNG, and introduced new series of environmentally friendly and cost effective trucks which are widely used in transportation, construction, mining and other fields. We believe those trucks are gradually gaining recognitions in the market and have great market potentials in the future.

The Group injects advanced technology and products into existing technology and markets of Chengdu Wangpai and Fujian Haixi, lifting their technological standards and launches new products of medium-heavy trucks and light trucks to satisfy market demands.

Engines Segment

During the period under review, Engines segment sold a total of 199,875 engines, representing an increase of 49.6% over 2009. Revenue (including inter-segment revenue) totaled RMB 12,412 million, represents an increase of 57.0%. External sales accounted for 18.3% of the Group's engine sales.

In addition, the project of the localization of MAN engine has been in progress and the completion of this project will further strengthen the Group's competitive strength and enable it to gain market opportunity during the transitional period in upgrading into China IV emission standard.

Research and Development

The Group is dedicated to research and development and will continue to invest in the innovation and development of new technology. Its technology centre is equipped with experienced and skilled heavy duty vehicle engineering staff and with advanced design platform and laboratory equipment and is backed by the Group's research funds. The centre focuses on the development of new technology and new products. During the period under review, the centre developed, tested and optimized trucks and their key parts and components and carried out testing verifications. It also accelerates the localization of imported technologies.

Up to now, the Group with its Parent Company together participated in the formulation of 28 industry standards for China's heavy duty trucks and had applied for 1,503 patents, of which 1,354 patents had been granted. We continued to rank first in the domestic heavy duty truck industry in terms of the number of patents owned.

During the period under review, the Group provided 1,576 models with China III emission standard to accommodate the various needs of customers.

Lean Management

The Group carried out lean management to enhance the overall management quality and core competitive strength. The measures included the improvement of employees and products quality, reduction of cost and improvement of production efficiency. The Group continues to improve the quality control management system, increase the employees' consciousness of product quality, establish alert system on technology and quality control, strengthen the team with high management calibers and enhance production skill. In addition, the Group had successfully established an information network of product quality, quality control and automated production controls. As a result, the Group maintains its in the leading position in the industry in terms of product quality.

Development of Risk Management System

In order to prevent legal risk, financial risk, market risk and other risks associated with the operation, the Group executes risk management at all levels and has hired a PRC professional risk management company to provide comprehensive risk management services and establishes corporate risk management system to strengthen risk control on key segments to ensure the continuous, healthy and rapid development of the Group.

Significant Investments and Cooperation

In January 2010, Sinotruk Jinan Power Company Limited （中國重汽集團濟南動力有限公司） ("Jinan Power") and Sinotruk (Hong Kong) International Investment Limited invested RMB180 million to establish Sinotruk Jinan HOWO Bus Co., Ltd. （中國重汽集團濟南豪沃客車有限公司） of which Jinan Power invested RMB135 million, accounting for 75% of the registered capital and Sinotruk (Hong Kong) International Investment Limited invested RMB45 million, accounting for the remaining 25% of the registered capital. Sinotruk Jinan HOWO Bus Co., Ltd. is principally engaged in the manufacturing and sales of bus, bus chassis and bus auto parts, as well as providing technical services.

In March 2010, Sinotruk (Hong Kong) International Investment Limited invested USD16 million to establish a wholly owned subsidiary, Sinotruk Jinan Ganghao Bonded Logistics Co., Ltd. (中國重汽集團濟南港豪保稅物流有限公司)("Jinan Ganghao Logistics"). Jinan Ganghao Logistics is principally engaged in provision of storage services and bonded logistics services.

In May 2010, Jinan Power had successfully acquired 100% equity interests in Jining Commercial Truck from CNHTC at a consideration of RMB81 million and the change of ownership had been completed.

In August 2010, Jinan Power entered into a joint venture agreement with Chengdu Dachenggong Mechanics Company Limited (成都大成功機械股份有限公司) in which Jinan Power agreed to acquire 80% equity interests in Chengdu Wangpai and the consideration for the acquisition is RMB325 million. After the equity transfer is completed, both shareholders agreed to contribute additional capital in proportion to their shareholding in Chengdu Wangpai. Sinotruk Jinan Power had additionally contributed RMB286 million in cash to Chengdu Wangpai. Chengdu Wangpai is principally engaged in manufacturing and sales of medium-heavy trucks and light trucks.

In September 2010, Jinan Power and Yongan Fudi Investment Company Limited (永安福迪投資有限公司) established a joint venture, Fujian Haixi, with a registered capital of RMB 5 million of which Jinan Power invested RMB 4 million, representing 80% of the registered capital. Jinan Power, according to its equity proportion in Fujian Haixi, had contributed additional capital at RMB 156 million in cash in March 2011. Fujian Haixi is principally engaged in manufacturing and sales of medium-heavy trucks and light trucks.

Finance Segment

In 2010, the external revenue of the Group’s finance segment increased from RMB65 million by RMB10 million to RMB75 million. The increase was mainly due to the expansion of the consumer credit business, the growth in lending portfolio and the increase in interest income from bill discount.

During the period under review, in order to adapt to the market changes, Sinotruk Finance Co., Ltd. under credit risk controls, promoted the sales of trucks with provision of credit. It expanded its consumer consumption credit businesses such as pledge business, automobile loan insurance business and comprehensive credit business. In addition, Sinotruk Finance Co., Ltd. accelerated the establishment of regional offices of its consumer credit business in China. As at the end of 2010, Sinotruk Finance Co., Ltd. had already set up 16 regional offices and enlarged its consumer credit business coverage over 20 provinces and most parts of China. A preliminary vehicle consumer credit network was established. In 2010, 3,761 units of heavy duty trucks were sold through consumer credit.

Human Resources

As at 31 December 2010, the Group had a total of 18,202 employees. The Group values human resources role in operations. The Group strives to hire senior management caliber individuals and professional technicians and reinforces the management of supervisor grade employees. The Group selects and recruits high caliber individuals for the key and new established positions with stringent assessment, implemented the exchange of personnel in key positions. The Group continues to evaluate various job positions, set up and modify job requirements so as to match the growth of the Group. The Group also promotes sound working environment with decent facilities and improves working standard for better management system with a view to increasing the management efficiency.

The Group continues to execute performance pay system to improve staff incentives and employee motivation. In addition, the Group creates a better opportunity for outstanding and good performance employees and encourages staff to complete the task indicators. The Group also focuses on training and developing high caliber individuals by increasing investment on training resources in order to satisfy the rapid development of the Group.

Prospects

The year of 2011 is the first year to implement the Twelfth Five-Year Plan in China and it is also a significant year to accelerate the transformation of development of economy. Currently, the China government determines to stabilize the growth of economy and to control inflation as its first priority mission. The increase of bank reserve requirement ratio and interest rates on deposits and lending at the end of 2010 indicated that the China government adjusted its monetary policy from a loose policy to a more prudent policy. The growth rate of fixed asset investment and the economic growth of year 2011 will be slow down compared to the booming economy of year 2010 but there are no significant changes in the crucial factors to promote a steady growth of China economy. The implementation of infrastructure construction projects by the China government, including the improvement of livelihood, regional revitalization plans and urbanization, and the increasing transportation volume of goods will further impetus the demand on heavy duty trucks.

Looking forward to 2011, the world economic situation is still complicated and uncertain factors affect the economic recovery will continue to exist. The world economy will continue to uneven development trend and the export of heavy truck will be affected.

The Group will seize the opportunity of development and adopt various measures to accelerate its development, including:

1. To expand sales network and enhance the quality of sales and services comprehensively. The Group will further develop and improve sales, services and component sales system, as well as to make finer regional marketing network and increase the overall quality of operation and sales network so as to achieve branding for each major product. In addition, the Group will further develop cargo trucks sales network and through vigorous measures and market promotion to increase the market share of cargo trucks. The Group will seize opportunity to set up assembly base in distant regions with great market potential. The Group continues the expansion of after-sales services network so as to increase work ability and after-sales services standard. The Group also focuses credit sales management and, under accepted credit risk level, promotes truck sales by provision of consumer credit.

2. To firmly execute "going out" strategy by further establishing and improving brand image and expanding exports. Pursuant to the characteristics of each international market, the Group will explore different sales models and new cooperation patterns as well as establishes, with characteristics of Sinotruk, efficient networks of sales, services and spare parts in major target international markets. The Group will actively regulate the cooperation of overseas distributors, utilize the advantages of multi-brand, develop each brand sales network to form large international market network. Moreover, the Group will promote KD production in overseas markets with high market potential, strengthen business training for import and export departments so as to increase quality of after-sales services and expand exports.

3. To have substantial progress in various aspects in cooperation with MAN SE including various cooperation projects, localization of technology and products as well as the exploration of international markets. According to the development of market, both parties will explore and expand areas and scopes of the cooperation.

4. Capitalizing on the Group's strengths on capital, human resources and research and development capability, the Group will continue to focus on technology innovation, digest new import technology, develop new products to keep as the technology leader in heavy duty truck industry. The Group will continue to implement stringent quality management and take advantage of domestic production by global automobile parts manufacturers to provide high quality products to satisfy the different needs of the customers.

5. To continue the implementation of lean management, the Group will establish overall risk management system to improve the quality of corporation management standard and maintain a rapid and healthy development.

Financial review

Turnover, gross profit and gross profit margin

For the year ended 31 December 2010, the Group's turnover rose by RMB11,755 million or 42.1% to RMB39,656 million (2009: RMB27,901million). The increase in turnover was mainly contributed by (i) the increase in truck sales volume and (ii) the increase in average selling price.

Gross profit increased by RMB2,591 million or 69.1% to RMB6,344million (2009: RMB3,753million). Gross profit margin increased by 2.6 percentage points to 16.0% (2009: 13.4%). The increase in gross profit was contributed by (i) the change of product mix by increase in the sales volume of higher profit margin high-powered trucks which increases the profitability, (ii) the dilution effect on fixed cost of truck allocated by the substantial growth in trucks sales and production volume, (iii) the implementation of lean management leading an obviously effect on quality level and work efficiency and (iv) centralized bidding and procurement, further reducing the external procurement and purchasing costs.

Distribution costs

Distribution costs increased from RMB1,551 million for 2009 to RMB2,366 million for 2010, increased by RMB815 million or 52.5%. The increase was mainly due to the increase in truck sales volume leading to the increase in delivery costs.

Administrative expenses

Administrative expenses increased from RMB1,110 million for 2009 to RMB1,661 million for 2010, increased by RMB551 million or by 49.6%. The increase was mainly due to (i) increase in amortization of intangible assets of the Group and (ii) the expansion of the Group's operation scale and the growth of salaries and benefits.

Other gains/losses – net

There was a net other losses of RMB24 million in year 2010 against the net other gain of RMB263 million in year 2009. The change was mainly due to the increase of foreign exchange losses as a result of approximately 10% depreciation of Euro against RMB during year 2010.

Financial costs – net

Net financial costs for 2010 were RMB239 million while the net finance costs was RMB45 million for 2009. The increase of net financial costs was mainly resulted by the increase in loan interest rate and increase in interest expense.

Income tax expense

Income tax expense increased by RMB32 million or 10.9% to RMB325 million in year 2010 from RMB293 million in year 2009, due to increase in profit before tax.

Profit for the year and earnings per share

Profit for the year ended 31 December 2010 increased by 70.2% to RMB1,730 million from RMB1,016 million in year 2009. The basic earnings per share attributable to the equity holders of the Company in year 2010 increased by 42.1% from RMB0.38 in 2009 to RMB0.54 in year 2010. The percentage of the increase of basic earnings per share is less than that of net profit increase because of the increase of 25.4% from the weighted average number of ordinary shares in issue at 2,202 million shares in year 2009 to the current year at 2,761 million shares.

Cash flow

During the year ended 31 December 2010, net cash outflow from operating activities was about RMB6,380 million (with considering the bank acceptances bills amount increase of RMB 4,572 million, the net cash outflow from operating activities during the review period was RMB 1,808 million). Compared with net cash inflow from operating activities at RMB2,133 million in year 2009, the cash outflow from operating activities increased by RMB8,513 million. It was mainly contributed by (i) the impact of macro-monetary conditions, the bank acceptances bills sales to total sales increased and (ii) the increase of levels of finished products and spare parts for the preparation of the peak season of first quarter of 2011.

Net cash outflow from investing activities in year 2010 was RMB322 million, a decrease of RMB1,840 million compared to that of year 2009. The decrease was mainly due to the reduction in fixed deposits. In year 2010, net cash inflow from financing activities was RMB6,841 million while it was RMB4,845 million in year 2009. The cash flow from financing activities was increased by RMB1,996 million. The increase was due to the increase in borrowings.

Liquidity and Financial Resources

In October 2010, the Company issued two-year RMB 2.7 billion bonds maturity in 2012 to increase the Group's working capital.

The Group had cash and cash equivalents of RMB11,561 million, and bank acceptance bills of RMB7,947 million at 31 December 2010. Cash and cash equivalents recorded an increase of RMB23 million and bank acceptance bills an increase of RMB4,572 million of year 2009. The Group's total borrowings (including long-term and short-term borrowings) were about RMB14,207 million as at 31 December 2010. Its gearing ratio was 26.4%, which was calculated by dividing borrowings by total assets (2009: 22.2%). 99.0% of borrowings were denominated in RMB(2009:87.9%). Most of the borrowings had floating rates lower than the bank benchmark interest rates and were due within one year. The current ratio (total current assets divided by total current liabilities) as at 31 December 2010 was 1.4 (2009: 1.5).

As at 31 December 2010, the Group's total available credit facilities amounted to RMB 34,070 million of which RMB13,441 million had been utilised. A total net book value of RMB1,566 million of the Group's deposits and bank deposits was pledged to secure its borrowings and loan facilities. In addition, Sinotruk Finance Co., Ltd. had made mandatory deposits at RMB250 million to People's Bank of China ("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 treasury policy prohibited the Group from participating in any speculative activities. As at 31 December 2010, 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 RMB1,456 million, accounts receivable of approximately RMB161 million, foreign currency borrowings of approximately RMB140 million and accounts payable of approximately RMB212 million which were denominated in foreign currencies.

Capital Structure

As at 31 December 2010, owner's equity was RMB19,760 million, representing an increase of RMB1,583 million or 8.7% when compared with RMB18,177 million at the end of year 2009. As at 31 December 2010, the Company's market capitalisation was RMB18,819 million (calculated by issued share capital: 2,760,993,339 shares, closing price: HKD8.01 per share and at the exchange rate of 0.85093 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 material adverse effect on its financial condition and results of operations. The Group estimates that the total amount of claims of all lawsuits is approximately RMB42 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.

Purchase, Sale and Redemption of Listed Securities

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 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 so as to cope with the expectations of the Company's shareholders.

The Company has adopted the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 to the Rules Governing of the Listing of Securities on the Stock Exchange (the "Listing Rules") as its own code of corporate governance and, during the year under review, has been in compliance with the CG Code.

Directors' Securities Transactions

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. The Company has made specific enquiries with all Directors and all Directors confirm that they 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 2010 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 2010. 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

Hong Kong, 25 March 2011

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