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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

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 2012 together with the comparative figures for the previous year as follows:

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2012

	Note	**2012**	2011
		Audited	Audited
		RMB'000	RMB'000
Turnover	3	**27,888,431**	36,603,546
Cost of sales	4	**(23,737,351)**	(30,897,814)
Gross profit		**4,151,080**	5,705,732
Distribution costs	4	**(1,947,278)**	(2,209,616)
Administrative expenses	4	**(1,998,452)**	(1,818,713)
Other gains – net	5	**632,252**	365,902
Operating profit		**837,602**	2,043,305
Finance income		**114,676**	202,677
Finance costs		**(631,840)**	(780,015)
Finance costs – net		**(517,164)**	(577,338)
Profit before income tax		**320,438**	1,465,967
Income tax expense	6	**(148,957)**	(297,645)
Profit for the year		**171,481**	1,168,322

Consolidated Statement of Comprehensive Income (Continued)
For the year ended 31 December 2012

	Note	**2012**	2011
		Audited	Audited
		RMB'000	RMB'000
Other comprehensive income:			
Gains on revaluation of own-occupied properties upon transfer to investment properties, net of tax		**-**	62,192
Gains/(losses) on currency translation		**1,140**	(45,409)
Total comprehensive income for the year		**172,621**	1,185,105
Profit attributable to:			
— equity holders of the Company		**122,969**	1,002,177
— non-controlling interests		**48,512**	166,145
		171,481	1,168,322
Total comprehensive income attributable to:			
— equity holders of the Company		**124,109**	1,018,960
— non-controlling interests		**48,512**	166,145
		172,621	1,185,105
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in RMB per share)			
— basic and diluted	7	**0.04**	0.36

Consolidated Balance Sheet
As at 31 December 2012

	Note	**2012**	2011
		Audited	Audited
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Land use rights		**1,464,106**	1,394,774
Property, plant and equipment		**12,835,865**	11,603,387
Investment properties		**214,754**	266,501
Intangible assets		**546,714**	675,967
Goodwill		**3,868**	3,868
Deferred income tax assets		**880,956**	820,171
Investment in an associate		**4,564**	6,225
Other receivables	8	**360,321**	130,331
		16,311,148	14,901,224
Current assets			
Inventories		**7,560,531**	10,192,736
Trade receivables, other receivables and other current assets	8	**13,930,524**	15,543,011
Financial assets at fair value through profit and loss		**1,489**	5,221
Amounts due from related parties		**12,694**	19,502
Fixed deposits		**64,000**	-
Restricted cash		**894,215**	1,754,753
Cash and cash equivalents		**4,974,962**	9,576,878
		27,438,415	37,092,101
Total assets		**43,749,563**	51,993,325

Consolidated Balance Sheet (continued)
As at 31 December 2012

	Note	**2012**	2011
		Audited	Audited
		RMB'000	RMB'000
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**261,489**	261,489
Reserves		**18,387,613**	18,488,150
		18,649,102	18,749,639
Non-controlling interests		**1,806,010**	1,818,961
Total equity		**20,455,112**	20,568,600
LIABILITIES			
Non-current liabilities			
Borrowings		**5,618,988**	2,106,800
Deferred income tax liabilities		**48,807**	42,688
Termination and post-employment benefits		**22,580**	30,810
Deferred income		**394,383**	605,052
Long-term payable		**7,902**	7,297
Amounts due to related parties		**170,069**	245,741
		6,262,729	3,038,388
Current liabilities			
Trade payables, other payables and other current liabilities	9	**10,718,796**	13,701,462
Current income tax liabilities		**20,549**	76,750
Borrowings		**5,388,247**	13,498,810
Amounts due to related parties		**599,937**	631,041
Provisions for other liabilities		**304,193**	478,274
		17,031,722	28,386,337
Total liabilities		**23,294,451**	31,424,725
Total equity and liabilities		**43,749,563**	51,993,325
Net current assets		**10,406,693**	8,705,764
Total assets less current liabilities		**26,717,841**	23,606,988

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 Main Board of The Stock Exchange of Hong Kong Limited (the **"Stock Exchange**") since 2007.

The Group is principally engaged in the manufacturing and sales of commercial trucks including heavy duty trucks, medium heavy duty trucks, light duty trucks and buses, and also produces and sells key parts and components such as engines axles and cabins, and the provision of finance services. The registered office of the Company is situated at Units 2102-2103, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

2. 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.

Notes:

2. Basis of preparation (Continued)

Changes in accounting policy and disclosures

(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 2012 that would be expected to have a material impact on the Group:

- HKAS 12 (Amendment), 'Income taxes', to introduce an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012 with early adoption permitted. The adoption of this amendment did not have impact on the financial statements of the Group for the year ended 31 December 2012.

There are no other amended standards or interpretations that are effective for the first time for this year that could be expected to have a material impact on this Group.

(2) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been earlier applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group:

- HKAS 1 (Amendment), 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

Notes:

2. Basis of preparation (Continued)

Changes in accounting policy and disclosures (Continued)

(2) New standards and interpretations not yet adopted (Continued)

- HKAS 19 (Amendment) 'Employee benefits'. The impact on the Group will be as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The Group is yet to assess the full impact of the amendments.

- HKFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. HKFRS 9 was issued in November 2009 and October 2010. It replaces the parts of HKAS 39 that relate to the classification and measurement of financial instruments. HKFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the HKAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess HKFRS 9's full impact and intends to adopt HKFRS 9 no later than the accounting period beginning on or after 1 January 2015. The Group will also consider the impact of the remaining phases of HKFRS 9 when completed by the Board.

Notes:

2. Basis of preparation (Continued)

Changes in accounting policy and disclosures (Continued)

(2) New standards and interpretations not yet adopted (Continued)

- HKFRS 10, 'Consolidated financial statements', builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. Based on its current assessment, the Group expects that this amended standard will not have material impact to the Group. The Group intends to adopt HKFRS 10 no later than the accounting period beginning on or after 1 January 2013.

- HKFRS 12, 'Disclosures of interests in other entities', includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group is yet to assess HKFRS 12's full impact and intends to adopt HKFRS 12 no later than the accounting period beginning on or after 1 January 2013.

- HKFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements, which are largely aligned between HKFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs or US GAAP.

There are no other HKFRSs or HK (IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

Notes:

3. Turnover and segment information

The segment results for the year ended 31 December 2012 are as follows:

	Audited				
	Trucks	**Engines**	**Finance**	**Elimination**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
External segment revenue	**26,375,217**	**1,305,223**	**207,991**	**-**	**27,888,431**
Inter-segment revenue	**45,546**	**5,007,244**	**46,499**	**(5,099,289)**	**-**
Segment revenue	**26,420,763**	**6,312,467**	**254,490**	**(5,099,289)**	**27,888,431**
Operating profit before unallocated expenses	**248,254**	**280,675**	**172,947**	**150,159**	**852,035**
Unallocated expenses					**(14,433)**
Operating profit					**837,602**
Finance costs – net					**(517,164)**
Profit before income tax					**320,438**
Income tax expense					**(148,957)**
Profit for the year					**171,481**

The segment results for the year ended 31 December 2011 are as follows:

	Audited				
	Trucks	Engines	Finance	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
External segment revenue	34,750,568	1,757,497	95,481	-	36,603,546
Inter-segment revenue	54,322	6,576,666	146,807	(6,777,795)	-
Segment revenue	34,804,890	8,334,163	242,288	(6,777,795)	36,603,546
Operating profit before unallocated income	1,253,860	683,717	201,085	(99,573)	2,039,089
Unallocated income					4,216
Operating profit					2,043,305
Finance costs – net					(577,338)
Profit before income tax					1,465,967
Income tax expense					(297,645)
Profit for the year					1,168,322

Notes:

3. Turnover and segment information (Continued)

Other segment items included in the consolidated statement of comprehensive income for the year ended 31 December 2012:

	Audited				
	Trucks	**Engines**	**Finance**	**Unallocated**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Depreciation	**427,270**	**400,509**	**843**	**46**	**828,668**
Amortisation of intangible assets and land use rights	**58,751**	**108,067**	**66**	**19**	**166,903**

Other segment items included in the consolidated statement of comprehensive income for the year ended 31 December 2011:

	Audited				
	Trucks	Engines	Finance	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation	385,403	399,581	861	47	785,892
Amortisation of intangible assets and land use rights	58,324	106,039	64	19	164,446

The segment assets and liabilities as at 31 December 2012 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	**27,777,665**	**11,846,110**	**5,716,050**	**6,801,383**	**52,141,208**
Elimination					**(8,391,645)**
Total assets					**43,749,563**
Segment liabilities	**10,208,829**	**2,503,754**	**4,337,293**	**11,159,012**	**28,208,888**
Elimination					**(4,914,437)**
Total liabilities					**23,294,451**
Segment capital expenditure	**1,406,577**	**957,033**	**218**	**10**	**2,363,838**

Notes:

3. Turnover and segment information (Continued)

Segment assets and liabilities as at 31 December 2012 are reconciled to entity assets and liabilities as follows:

	Audited	
	Assets	**Liabilities**
	RMB'000	**RMB'000**
Segment assets/liabilities after elimination	**36,948,181**	**12,135,439**
Unallocated:		
Deferred tax assets/liabilities	**880,956**	**48,807**
Current tax assets/liabilities	**91,126**	**20,549**
Current borrowings	**-**	**5,388,247**
Non-current borrowings	**-**	**5,618,988**
Other assets/liabilities of the Company	**5,829,300**	**82,421**
Total	**43,749,563**	**23,294,451**

The segment assets and liabilities as at 31 December 2011 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	34,680,422	15,071,734	6,075,182	5,224,349	61,051,687
Elimination					(9,058,362)
Total assets					51,993,325
Segment liabilities	13,226,034	3,569,733	4,667,140	15,754,759	37,217,666
Elimination					(5,792,941)
Total liabilities					31,424,725
Segment capital expenditure	1,930,656	1,415,464	486	8	3,346,614

Notes:

3. Turnover and segment information (Continued)

Segment assets and liabilities as at 31 December 2011 are reconciled to entity assets and liabilities as follows:

	Audited	
	Assets	Liabilities
	RMB'000	RMB'000
Segment assets/liabilities after elimination	46,768,976	15,669,966
Unallocated:		
Deferred tax assets/liabilities	820,171	42,688
Current tax assets/liabilities	147,310	76,750
Current borrowings	-	13,498,810
Non-current borrowings	-	2,106,800
Other assets/liabilities of the Company	4,256,868	29,711
Total	51,993,325	31,424,725

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.

	2012	2011
	Audited	Audited
	RMB'000	RMB'000
Turnover		
Mainland China	**23,247,048**	32,167,042
Overseas	**4,641,383**	4,436,504
	27,888,431	36,603,546

Notes:

3. Turnover and segment information (Continued)

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

	2012	2011
	Audited	Audited
	RMB'000	RMB'000
Total assets		
Mainland China	**34,633,526**	44,598,583
Overseas	**9,116,037**	7,394,742
	43,749,563	51,993,325

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

	2012	2011
	Audited	Audited
	RMB'000	RMB'000
Capital expenditure		
Mainland China	**2,181,212**	3,345,512
Overseas	**182,626**	1,102
	2,363,838	3,346,614

Notes:

4. Expenses by nature

	2012	2011
	Audited	Audited
	RMB'000	RMB'000
Materials cost	**20,282,912**	27,423,047
Employee benefit expenses	**2,043,736**	1,982,805
Warranty expenses	**680,051**	862,085
Utilities expenses	**593,201**	616,568
Amortisation of land use rights	**32,007**	31,622
Depreciation of property, plant and equipment	**828,668**	785,892
Amortisation of intangible assets	**134,896**	132,824
Transportation expenses	**867,348**	1,049,615
Advertising costs	**97,403**	113,226
Travel and office expenses	**254,903**	247,659
Transaction taxes	**146,675**	99,051
Write-down of inventories to net realisable value	**89,636**	207,837
Auditor's remuneration	**15,878**	13,516
provision for / (reversal of) impairment of trade and other receivables	**67,480**	(88,951)
Other charges	**1,548,287**	1,449,347
Total	**27,683,081**	34,926,143
Representing:		
Cost of sales	**23,737,351**	30,897,814
Distribution costs	**1,947,278**	2,209,616
Administrative expenses	**1,998,452**	1,818,713
Total	**27,683,081**	34,926,143

Notes:

5. Other gains – net

	2012 Audited RMB'000	2011 Audited RMB'000
Losses from financial assets at fair value through profit or loss	**(176)**	(188)
Disposal of scraps	**160,896**	204,576
Government grants (a)	**427,861**	97,354
Fair value gains/(losses) on investment properties	**25,977**	(3,729)
(Losses) / gains on disposals of property, plant and equipment	**(10,107)**	2,617
Losses on disposals of investment properties	**(8,865)**	-
Foreign exchange (losses)/ gains - net	**(1,519)**	56,120
Others	**38,185**	9,152
Total	**632,252**	365,902

(a) Government grants mainly represent subsidy income received from various government organisations to compensate the research expenditures and development expenditures, relocation expenses, overseas marketing and advertising expenses, and other incentives to support the operation of the Group.

6. Taxation

The Company and Sinotruk (Hong Kong) International Investment Limited are subject to Hong Kong profits tax at the rate of 16.5% (2011: 16.5%) on their estimated assessable profit for the year. In addition, the Company is determined as a China resident enterprise and, accordingly, is subject to corporate income tax of the People's Republic of China (the "**PRC**"), which has been calculated based on the corporate income tax rate of 25% (2011: 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.

Notes:

6. Taxation (Continued)

Sinotruk Ji'nan Power Co., Ltd. and Sinotruk Hangzhou Engines Co., Ltd. have been recognised as the High New Tech Enterprises in 2011. Sinotruk Ji'nan Fuqiang Power Power Co., Ltd. has been recognised as the High New Tech Enterprises in 2012. According to the tax incentives of the Corporate Income Tax Law of the PRC (the "**CIT Law**") for High New Tech Enterprises, these companies are subject to a reduced corporate income tax rate of 15% for three years.

Sinotruk Chongqing Fuel System Co., Ltd., Sinotruk Liuzhou Yunli Special Vehicles Co., Ltd., Sinotruk Chengdu Wangpai Commercial Vehicles Co., Ltd., Nanchong Sinotruk Wangpai Shuncheng Mechanics Co., Ltd., Sichuan Sinotruk Wangpai Xingcheng Hydraulic Parts Co., Ltd. and Sinotruk Mianyang Special Vehicles 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% (2011: 25%).

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

	2012	2011
	Audited	Audited
	RMB'000	RMB'000
Current tax:		
- Hong Kong profits tax	**7,825**	1,473
- PRC corporate income tax	**195,798**	278,869
Total current tax	**203,623**	280,342
Deferred tax	**(54,666)**	17,303
Income tax expense	**148,957**	297,645

Notes:

7. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares.

	2012	2011
	Audited	Audited
Profit attributable to equity holders of the Company (RMB thousands)	**122,969**	1,002,177
Weighted average number of ordinary shares in issue (thousands)	**2,760,993**	2,760,993
Basic earnings per share (RMB per share)	**0.04**	0.36

Diluted earnings per share equals to basic earnings per share for the years ended 31 December 2012 and 2011 as the Company has no dilutive potential shares existed during the years.

Notes:

8. Trade receivables, other receivables and other current assets

	2012 Audited RMB'000	2011 Audited RMB'000
Non-current		
Other receivables	**363,791**	131,647
Less: Provision for impairment of other receivables	**(3,470)**	(1,316)
Other receivables - net	**360,321**	130,331
Current		
Accounts receivables	**5,613,024**	4,604,431
Less: Provision for impairment of accounts receivables	**(174,196)**	(120,614)
Accounts receivables – net	**5,438,828**	4,483,817
Notes receivables	**6,257,560**	8,573,653
Trade receivables - net	**11,696,388**	13,057,470
Other receivables	**1,338,120**	1,019,484
Less: Provision for impairment of other receivables	**(18,360)**	(11,900)
Other receivables - net	**1,319,760**	1,007,584
Interest receivables	**12,049**	34,540
Trade and other receivables before prepaid items	**13,028,197**	14,099,594
Prepayments	**412,945**	876,398
Prepaid taxes other than income tax	**398,256**	419,709
Prepaid income taxes	**91,126**	147,310
Trade receivables, other receivables and other current assets - net	**13,930,524**	15,543,011

As at 31 December 2012 and 2011, the carrying amounts of the Group's trade and other receivables before prepaid items approximated their fair values.

Notes:

8. Trade receivables, other receivables and other current assets (Continued)

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

	2012	2011
	Audited	Audited
	RMB'000	RMB'000
Less than 3 months	**8,228,007**	7,815,859
3 months to 6 months	**2,770,116**	4,709,078
6 months to 12 months	**295,447**	258,114
1 year to 2 years	**340,188**	228,532
2 years to 3 years	**58,743**	43,053
Over 3 years	**3,887**	2,834
	11,696,388	13,057,470

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 terms 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.

9. Trade payables, other payables and other current liabilities

	2012	2011
	Audited	Audited
	RMB'000	RMB'000
Trade and bills payables	**6,445,515**	9,180,233
Advances from customers	**1,319,853**	2,452,927
Accrued expenses	**416,395**	573,905
Staff welfare and salaries payable	**194,907**	215,214
Taxes liabilities other than income tax	**151,477**	204,363
Other payables	**2,190,649**	1,074,820
	10,718,796	13,701,462

Notes:

9. Trade payables, other payables and other current liabilities (Continued)

As at 31 December 2012 and 2011, the ageing analysis of the trade and bills payables was as follows:

	2012	2011
	Audited	Audited
	RMB'000	RMB'000
Less than 3 months	**5,168,978**	4,830,401
3 months to 6 months	**1,231,132**	4,240,625
6 months to 12 months	**25,297**	92,723
1 year to 2 years	**13,032**	6,955
2 years to 3 years	**5,595**	1,618
Over 3 years	**1,481**	7,911
	6,445,515	9,180,233

Dividends

The Directors recommend the payment of a final dividend of HKD0.015 per share of the Company for the year ended 31 December 2012 (the "**2012 Final Dividend**") with a sum of approximately HKD41,415,000 which is subject to shareholders' approval at the forthcoming 2013 annual general meeting of the Company to be held on 22 May 2013. The 2012 Final Dividend, if approved, will be distributed on or about 21 June 2013 to shareholders of the Company whose names appear on the register of members of the Company on 31 May 2013.

The Company has been determined as a China 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. 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 2012 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 2012 Final Dividend after deducting an enterprise income tax of 10% or other appropriate rates. The Company will not withhold and pay the income tax in respect of the 2012 Final Dividend payable to PRC resident enterprise shareholders, exempted entities or any natural person shareholders.

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company will be held on 22 May 2013 and the register of members of the Company will be closed from 16 May 2013 to 22 May 2013 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify to attend and vote in the annual general meeting, 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, the share registrar of the Company at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 15 May 2013.

For the distribution of the 2012 Final Dividend, the register of members of the Company will be closed from 29 May 2013 to 31 May 2013 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify to receive the proposed 2012 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, the share registrar of the Company at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 28 May 2013.

Management Discussion and Analysis

Market Overview

In 2012, the PRC government outlined its policies that priority would be placed firmly on the quality of economic development. The government has since adopted a relatively tight monetary policy to reign in soaring property prices and the rapidly increasing consumer price index. As a result, China's fixed asset investment growth began to fall as did growth in property development and investment. Meanwhile, China's exports decreased significantly during this time due to the continued weak recovery of the global economy. The Chinese economy has shown the trend of slowdown. Under these, the sales volume of heavy duty trucks in China dropped significantly. According to China Association of Automobile Manufacturers ("**CAAM**"), 636,000 units of heavy duty trucks (over 14 tons) were sold during the year ended 31 December 2012 (the "**Period**"), representing a 27.8% decrease as compared with the year ended 31 December 2011.

Review of Operations

Trucks Segment

During the Period, the Group's heavy duty truck sales slowed down year-over-year to 90,346 units, representing a decrease of 30.5%. Sales of medium heavy duty truck and light duty truck increased 46.7% year-over-year to 32,244 units.

Domestic Business

During the Period, the Group's market share in heavy duty trucks together with CNTHC Group increased by 0.94 percentage points as compared with the year ended 31 December 2011 according to CAAM. Such increase took place despite the falling domestic demand for heavy duty trucks and decreased sales volume of the Group's heavy duty truck. The Group's construction trucks and specialty vehicles enjoy significant competitive advantages while retaining their industry leading status. Compared with the sluggish heavy duty truck market, sales of natural gas truck increased as a result of the Group's reliable advanced natural gas engine technology.

During the Period, the Group continued to focus on optimizing product mix and made progress. The foundation of the Group's future development – full series of commercial vehicles by focusing on heavy duty trucks assisted with medium and light duty trucks and buses has been formed. Leveraging matrix of the level of technology standards applied and products differential of each brand, the Group was able to further strengthen the development of new products and carry out promotional activities. This was further supported by the Group's coordinated technological upgrades on its current truck models to balance the development of different series. For example, Hohan series heavy duty truck is repositioned by emphasizing its light weight and price advantage to supplement with HOWO series heavy duty truck. The sales volume of medium heavy duty trucks has been increased. A heavy loading mining truck and natural gas vehicles were favored in the market with increased sales volume.

During the Period, the Group's light duty truck business continued to expand sustainably. A light duty truck division was established in order to centralize and manage production and sales of light duty trucks of Ji'nan light duty truck division and Sinotruk Fujian Haixi Vehicles Co., Ltd. ("**Sinotruk Fujian Haixi**"). These efforts successfully aided in strengthening the research ability, the sales network, the improvement of after sales services and the increase in promotional activities among Ji'nan light duty truck division, Sinotruk Fujian Haixi and Sinotruk Chengdu Wangpai Commercial Vehicles Co., Ltd., ("**Sinotruk Chengdu Wangpai**") and resulting in successful launches of our new products. Following the introduction of the HOWO light duty trucks series at the end of 2011, the Ji'nan light duty truck division also launched the Huanghe light duty tippers series at the end of 2012. During the Period, Sinotruk Fujian Haixi launched Fuluo H3/H5 light duty trucks series. With improved technology and service and support, Sinotruk Wangpai's sales volume increased substantially. The Group's light duty truck division has now become an important growth driver of the Group as it gradually gains wider market recognition.

During the Period, the Group's bus business ran smoothly and successfully increased its sales volume. The Group increased development controls over the new product testing and improved its quality of sales services and further optimized sales networks, in addition to constantly improving the quality of its buses. Aside from actively seeking opportunities in traditional domestic markets, the Group has also begun to focus on expanding its overseas business. In January 2013, Sinotruk Ji'nan HOWO Bus Co., Ltd. delivered 100 buses to various Southeast Asian clients signaling the start of a new era in bus exports. Overseas markets are expected to become increasingly important to the Group's business as growth continues. The Group sold a total of 944 buses during the Period, representing an increase of 588 buses or 165.2% as compared with the year ended 31 December 2011.

During the Period, the Group continued to upgrade the sales networks for its various brands. Particular attention was placed on the optimization and integration of sales networks of Sinotruk Ji'nan Truck Co., Ltd. and Sinotruk Ji'ning Commercial Truck Co., Ltd. ("**Sinotruk Ji'ning**") As a result, a sizable sales network covering medium heavy duty trucks, light duty trucks and buses has been built. As at 31 December 2012, the Group's heavy duty truck division had a total of 1,094 heavy duty truck dealerships including 258 4S centers and 219 stores specializing in products of the Group's own brands, 2,037 service centers providing high quality after-sales services, and 177 refitting companies to help tailor our trucks for different customers. The Group's light duty truck division had a total of 730 dealerships including 9 4S centers and 166 Sinotruk branded dealerships, 1,430 service centers providing high quality after-sales services and 11 refitting companies providing refitting services for our light duty truck products. We also had a total of 50 dealerships and 71 service centers for our buses. Each brand sales network was further strengthened.

International Business

In 2012, the global economy continued to stagger through a weak recovery adding to the pressures China's export industry already faces. With weak growth expected from the global economy, the Group has proactively taken various measures to boost the export of its products with the aim of offsetting slumping domestic demand. The Group continued building its international brand equity by brand building and defending its trademarks as it expands overseas. Sinotruk's uniqueness can be created by improving and strengthening the quality of the Group's sales network and after-sales services in addition to establishing cooperative agreements with overseas partners. The Group has established overseas assembly plants (KD plants) to localize production. Other than to consolidate the markets we are traditionally strong, we also proactively expanded our presence in emerging markets such as South America. The Group also tailors developed products for developed markets based on our research and analysis of needs in those markets. In July 2012, our Euro V heavy duty trucks were first exported to Hong Kong, where the Group set up the local distribution agent network. These measures have enabled the Group to adapt its global market positioning and increase its diversified market exposure. To support this overseas expansion, the Group devoted resources towards the hiring of well qualified overseas sales teams as well as creating an incentive program to increase productivity. As a result, overseas sales continued to improve as the Group pushes forward.

As at 31 December 2012, the Group has overseas sales centers in more than 40 countries and regions along with 86 primary distributors and 145 secondary distributors in more than 80 countries. The Group also helped its overseas distributors to build 343 service outlets and 319 accessories and components outlets in total. During the Period, the Group recorded export (including affiliated export) of 26,505 heavy duty trucks, with a 27.1% increase when compared to year 2011. This represents an industry leading export income of RMB7,202 million, with a 22.9% increase when compared to 2011.

Engines Segment

The engine business caters to the Group's own truck segment and to external third parties, including other manufacturers of heavy duty trucks, buses and construction machinery. To diversify its sources of revenue, the Group also focused on increasing revenue from external sales in its engine division and expanding its domestic market share.

During the Period and as compared with the year 2011, the sales volume of engines decreased by 32.2% to 92,017 units and revenue (including components used During production and external sales) decreased by 24.3% to RMB6,312 million. External sales accounted for 20.7% of the engines division's revenue, representing a minor decrease compared to 21.1% during the same period of 2011.

The localization of engine technology of MAN SE and its subsidiaries ("**MAN Group**") continued to progress smoothly and on schedule. Prototype engines for heavy and medium duty trucks were constructed, tested, examined and verified. Production lines have been tested, fine-tuned and ready for batch production.

The Group is devoting resources towards the development of green energy-saving products, and is working constantly to improve the technologies against its large power natural gas engines. The Group's T12 natural gas engine equipped in heavy duty truck shows excellent performance and earns reputation among users.

Technological Upgrade

Major investments and construction projects included, 1) the localization of the MAN Group's engine, TGA cabin and the spare parts production, 2) the construction of medium heavy duty truck and light duty truck production facilities, and 3) the enhancement of production techniques and quality control standards, which intended to balance the production capacities among trucks, engines and gearboxes as well as improved product quality standards and research and development capabilities for the Group's forged parts division.

The Group's Ji'nan light duty trucks project was completed and ready for batch production. Material investment projects and large construction plans including Sinotruk Wangpai medium and heavy duty truck project, Sinotruk Fujian Haixi medium and heavy duty truck project, and Sinotruk Ji'ning cabin production for commercial vehicle project, continue to progress on schedule. They provide a solid foundation for the enhancement of the Group's production lines and technology upgrade.

The Group currently maintains truck and spare parts research and development centers and their production facilities in Ji'nan, Hangzhou, Chengdu and Fujian, PRC. Through optimized product mixes and balanced production capacity, the Group is able to meet various different demands for all of its products.

New Products

The Group remains committed to its strategy of building the technological edge by strengthening its competitiveness through investment and upgrades on technology. The Group also enriches its product portfolio to cover full series of commercial vehicles including heavy duty trucks, medium heavy duty trucks, light duty trucks and buses by continuously investing on new products development.

SITRAK, a high end truck brand co-operated developed by the Group and MAN Group, will be brought to the market in 2013. SITRAK heavy duty trucks series are built upon the MAN Group's product designs and its design, production and launch followed the strict quality assurances measures set up by both parties. This series of trucks meets high end market requirements in terms of fuel efficiency, reliability, and safety and would raise the Group's market position. The introduction of this series will positively impact to the heavy duty truck industry both domestically and overseas by creating a new market position for the Chinese heavy duty truck manufacturers.

In order to warrant product reliability, each stage of development of HOWO-T7H and HOWO-T5G series heavy duty trucks including from conception, testing, verification and production of parts run through MAN Group's standardized product development procedure controls. The Group equips the MAN Group's engines, axles, and other key components and parts with the existing models so as to upgrade their levels of reliance, efficiency and technology. These series are designed for customers who want to upgrade their existing heavy duty trucks and medium heavy duty trucks upon replacement. They are expected to launch the market in year 2013.

After the successful introduction of HOWO light duty truck series, Sinotruk Ji'nan light duty truck division launched the Huanghe tippers series which satisfies the various customers' needs.

Research and Development

During the Period, the technology center completed a total of 143 projects, ranging from the research and development of trucks, key parts and components, to experiments and testing, trial-production and optimization of trucks. By leveraging its research and development capabilities and strengthening the cooperation with MAN Group in the co-development of high quality and technology engines, parts and components as well as trucks, the Group further enhanced its competitive strength.

As at 31 December 2012, the Group and China National Heavy Truck Group Company Limited ("**CNHTC**") together participated in the formulation of 48 industry standards for China's heavy duty trucks and had been granted 2,247 patents, which maintained leading position in the domestic heavy duty truck industry in terms of the number of patents owned.

During the Period, the Group was able to supply 4,333 models to serve various customers' needs. The Group has worked diligently to ensure all its products are able to meet PRC emission requirements and well prepare for the upgrades of emission standard of the Group's products.

Finance Segment

During the Period, the external revenue of the Group's finance segment increased from by RMB113 million RMB95 million to RMB208 million as compared with the year ended December 2011. The increase was primarily due to the expansion of the consumer credit business, the growth in interest income from lending and the increase in income on interbank deposits.

During the Period, in order to satisfy demand for taking a loan for truck purchases, Sinotruk Finance Co., Ltd. ("**Sinotruk Finance**") continued to expand its consumer credit business, with various forms of consumer credit and finance leases, to encourage sales while taking a prudent approach towards credit risk management. As at 31 December 2012, Sinotruk Finance has established 19 regional offices and extended its consumer credit business coverage to over 20 provinces; covering most parts of China. In 2012, the Group sold 6,029 trucks through providing consumer credit, representing an increase of 84.9% compared to the year 2011.

The Group continued to work diligently on strengthening its financial management over the Period. The Group is determined to achieve sound risk management through enhanced process management and further strengthened its finance control system.

Quality Control

The Group continued to implement lean management in order to enhance and improve quality controls by carrying out the programs, "Quality and Efficiency Year" and "Performance Excellence Management Model" with the establishment of a quality improvement committee in each production unit to vigorously improve the products quality. The Group implements quality assurance programs, provides employees with new skill sets and training and promotes employees, quality control consciousness, which help to improve the Group's performance efficiency. Following the adoption and execution of quality assurance and enhancement measures, the usage frequency of after-sales services and compensation claims per truck decreased significantly which demonstrates a noticeable increase in product quality in the market.

Significant Investments

During the Period, the Group increased its investment in Sinotruk Ji'nan Power Co., Ltd. through the capitalization of production equipment at the amount of RMB96,969,000, the increase in investment in Sinotruk Ji'nan Commercial Vehicles Co., Ltd. at the amount of RMB73,285,000 by cash and the acquisition of acquired 0.535% interest in Sinotruk Finance from independent shareholders at a cash consideration of approximately RMB6,580,000.

In addition, during the Period, the Group increased its investment in (i) Sinotruk Hangzhou Engines Co., Ltd. through the capitalization of production equipment at the amount of approximately RMB113,133,000 and by cash at the amount of approximately RMB117,751,000 and; (ii) Ji'nan Ganghao Development Co., Ltd. increased its capital by cash at the amount of approximately HKD394,031,000.

Human Resources

As at 31 December 2012, the Group had a total of 23,332 employees. The Group highly values human resources and continuously works to improve its employee promotion mechanisms through a performance assessment system and middle management promotion system. In addition, the Group reformed its compensation system to provide incentives to employees. In support of its expansion, the Group strengthened its training of employees and hired high caliber senior management and technical professionals.

Prospects

For the year of 2013, uncertainties are expected to cloud the recovery of the global economy. The PRC government has adjusted its economic policies adapting them to domestic and international economic circumstances to ensure continued stable growth of the PRC economy. Based on the most recent economic data, the PRC economy has signs of a gradual recovery. The Group anticipates that the PRC economy will gradually improve, particularly as the speed up of progress of urbanization, water conservation construction projects and other policies aimed at lifting living standards of the people and hence the heavy duty truck industry will have better development. The Group will adjust its operational strategy from time to time in order to ensure the sustainable development of the Group by:

1. To optimize product mix. The Group will promote the development of its full series commercial trucks platforms with heavy duty truck as the core product. Capitalizing on technological edges, the Group will continue to focus on driving the technology standards of all products to a higher level, well prepare the marketing activities of its new products and enhance brand awareness and product recognition. These actions will ensure an increased competitiveness of the Groups products.

2. To vigorously promote innovation in marketing strategies and to pay more attention to the quality of the sales network. The Group will also further optimize the sales network to boost integration of sales resources with the aim to realize complementary advantages among the sales divisions and to optimize the sales network.

3. To adhere to the Group's international development strategy. The Group will work towards the raising of its brand awareness and influence to further establish and improve its brand equity. This will aid the Group's expansion into overseas markets, develop overseas assembly projects (KD projects), and construct supply networks for key components and parts. In addition, the Group will improve the quality of overseas after-sales services to keep the Group's dominant position in export.

4. To continue to enhance efficiency and quality with the lean management method. The Group will work to improve and optimize the quality of its management systems to facilitate different series of products. The Group will implement advanced quality control concepts and quality management techniques, establish highly efficient product quality feedback mechanisms and enhance awareness of risk prevention. We believe these measures will help us further improve our profitability at lowering operation costs and maintain a healthy development momentum.

5. To continue to strengthen the cooperation with MAN Group. We believe a closer co-operation with MAN Group will assist the launch of the co-developed products to market and get a better result. We will expand the scope and areas of the cooperation in accordance with the market needs.

Financial Review

Turnover, gross profit and gross profit margin

For the year ended 31 December 2012, the Group's turnover recorded RMB27,888 million, compared with that of year 2011 at RMB36,604 million, representing a decrease of RMB8,716 million or 23.8%. The decrease in the turnover primarily resulted from the reduction in truck sales volume

Gross profit for the year ended 31 December 2012 was RMB4,151 million, representing a decrease of RMB1,555 million or 27.3% compared to that of 2011 at RMB5,706 million. Gross profit margin decreased by 0.7 percentage points from 15.6 % to 14.9% for 2012. Gross profit and gross profit margin decreased mainly due to the reduction in sales volume which led to an increase in fixed cost such as depreciation and amortization expenses per truck.

Distribution costs

Distribution costs decreased from RMB2,210 million for 2011 to RMB1,947 million for 2012, reduced by RMB263 million or 11.9 %. The decrease was mainly due to the reduction in truck sales volume, leading to a decrease in warranty expenses and freight.

Administrative expenses

Administrative expenses increased from RMB1,819 million for year 2011 to RMB1,998 million for year 2012, increased by RMB179 million or 9.8%. The increase was mainly due to the impact of the reversal of provisions for bad debts in year 2011 and the increase in non-income tax expenses and research and development spending in year 2012.

Other gains – net

There was a growth in net other gains of RMB366 million for 2011 to RMB632 million for 2012, the growth by RMB266 million or 72.7%. The growth was mainly attributable to the increase of the government grants.

Financial costs – net

Net finance costs decreased from RMB577 million for 2011 to RMB517 million for 2012, representing a decrease of RMB60 million or 10.4%. The decrease in net finance cost was due to the reduction of borrowings and optimization of average interest.

Income tax expense

The income tax expense for year 2012 was RMB149 million, a decrease of RMB149 million or 50.0% from that of year 2011 at RMB298 million. The decrease was due to the reduction in profit before income tax.

The effective tax rate for the Period was increased by 26.2 percentage points from 20.3% to 46.5%. The significant increase in effective tax rate was mainly due to not recognize tax losses as deferred tax assets by certain subsidiaries. In view of tax losses available to offset future taxable income in certain subsidiaries may be lapsed before such losses fully utilized, the Group did not recognise such tax losses as deferred tax assets.

Profit for the year and earnings per share

Profit for the year ended 31 December 2012 decreased by 85.4% to RMB171 million from RMB1,168 million in year 2011. The basic earnings per share attributable to the equity holders of the Company decreased from RMB0.36 in year 2011 to RMB0.04 in year 2012.

Trade receivables

As at 31 December 2012, the trade receivables were reduced from RMB13,057 million to RMB11,696 million, representing a 10.4% decrease. The trade receivable turnover increased from 119.5 days to 162.0 days during the Period but was still within the Group's credit policies which are three to six months to the customers. As at 31 December 2012, the trade receivables aged not more than six months was RMB10,998 million or 94.0% to net trade receivables while it was 95.9% for the net trade receivables as at 31 December 2011. As at 31 December 2012, more than half of net trade receivables aged over than one year was secured by certain letters of credit issued by banks. The Group reviews repayment progress of large customers or customers with higher risk of default in repayment on monthly basis and assess impairment loss by reference to their business, actual repayment information, etc.

Cash flow

During the year ended 31 December 2012, net cash inflow from operating activities was about RMB793 million. Compared with the net cash outflow in year 2011 at RMB1,426 million, the increase in net cash inflow from operating activities was at RMB2,219 million. It was mainly due to the cut in inventories level and the trade receivables.

Net cash outflow from investing activities in the year 2012 was RMB528 million, a decrease of cash outflow of RMB1,077 million compared with cash outflow at RMB1,605 million in the year 2011. The decrease in cash outflow was resulted by the significant reduction of capital expenditure paid and increase in sales proceeds from disposal of investment properties.

The cash outflow from financing activities in the year 2012 was RMB4,868 million, compared with the cash inflow in the year 2011 at RMB1,096 million representing a decrease of cash inflow RMB5,964 million. The significant cash outflow from financing activities was mainly due to the cut of borrowings.

Liquidity and financial resources

As at 31 December 2012, the Group's cash and cash equivalents amounted to RMB4,975 million and bank acceptance notes was RMB6,226 million. Cash and cash equivalents decreased by RMB4,602 million and bank acceptance notes decreased by RMB2,327 million as compared with those at the year 2011. The Group's total borrowings (including long-term and short-term borrowings) were about RMB11,007 million as at 31 December 2012. Its gearing ratio (total borrowings divided by total assets) was 25.2% (at 31 December 2011: 30.0%). As at 31 December 2012, all borrowings were made in RMB (31 December 2011: 100.0% in RMB). Most of the borrowings are charged with reference to bank's preferential floating rates and were due within one year. The current ratio (total current assets divided by total current liabilities) as at 31 December 2012 was 1.6 (31 December 2011: 1.3).

As at 31 December 2012, total available credit facilities of the Group amounted to RMB43,506 million, of which RMB6,478 million had been utilised. An aggregate amount of RMB420 million of the Group's deposits and bank deposits was pledged to secure credit facilities. In addition, Sinotruk Finance has made mandatory deposits of RMB474 million to The Peoples' Bank of China 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 for 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 2012, the Group's assets and liabilities were denominated in RMB, except for bank deposits which in total are equivalent to approximately RMB211 million, accounts receivables and other receivables of approximately RMB1,387 million and accounts payable of approximately RMB246 million, all of which were denominated in currencies other than RMB.

Capital Structure

As at 31 December 2012, owner's equity was RMB20,455 million, representing a decrease of RMB114 million or 0.6% when compared with RMB20,569 million at the end of the year 2011. As at 31 December 2012, the Company's market capitalisation was RMB13,253 million (calculated by issued share capital of the Company: 2,760,993,339 shares of the Company, closing price: HKD5.92 per Share and at the exchange rate of 1:0.81085 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, 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 RMB36 million. There was no provision for legal claims as at 31 December 2012.

Purchase, Sale and Redemption of Securities

On 1 August 2012, the Company had issued RMB1,800,000,000 bonds at 4.50 per cent. per annum due August 2014 (the "**Bonds**"). The Bonds (stock code: 85900.hk) are listed on the Stock Exchange.

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

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 Stock Exchange has revised and renamed the Code on Corporate Governance Practices (the "**Former Code**") set out in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") to Corporate Governance Code and Corporate Governance Report (the "**New Code**") effective from 1 April 2012. The Company has adopted the Former Code and the New Code as its own code of corporate governance for the relevant periods. Throughout the Period, the Company has complied with the respective code provisions (the "**Code Provisions**") of the Former Code and the New Code for the relevant periods in which they are in force, except for the following deviation:

The Company did not establish a nomination committee. According to article 81 of the articles of association of the Company, the Board is entitled, from time to time and at any time, to appoint any person to be a Director for filling any vacant directorship or for increasing the number of Directors. In assessing the nominations of new Directors, the Board will consider their qualifications and biographical information, experience and potential contributions that may be brought to the Company. The Board takes up all functions of nomination committee as required under the Listing Rules.

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 Period.

Review of Financial Statements

The Group's consolidated financial statements for the year ended 31 December 2012 have been reviewed by the audit committee of the Company. 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 2012. 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

Ji'nan, PRC, 26 March 2013

As at the date of this announcement, the Board consists of the eight executive Directors including Mr. Ma Chunji, Mr. Cai Dong, Mr. Wei Zhihai, Mr. Wang Haotao, Mr. Tong Jingen, Mr. Wang Shanpo, Mr. Gao Dinggui and Mr. Kong Xiangquan; three non-executive Directors including Dr. Georg Pachta-Reyhofen, Mr. Anders Olof Nielsen and Mr. Jörg Astalosch and six independent non-executive Directors, Dr. Shao Qihui, Dr. Lin Zhijun, Dr. Ouyang Minggao, Dr. Hu Zhenghuan, Mr. Chen Zheng and Mr. Li Xianyun.