

**SINOTRUK (HONGKONG) LTD:
THIS IS ALMOST GUARANTEED
TO BE A WINNER, COME WHAT MAY**

When a company is the biggest manufacturer of heavy lorries in the most-populous country of the world, a country, destined to become the world's second-largest economy in the next decade or so, and when the government of that country is the Controlling Shareholder of the company, it is difficult to believe that such a company would not be an outright winner in the foreseeable future.

Some of the biggest names in the financial firmament of the world feel that way and, obviously, that was the reason that they agreed to be the cornerstone investors in the lorry manufacturer.

(More about these cornerstone investors, later on in this analysis.)

The company, to which **TARGET** () is referring, is Sinotruk (Hongkong) Ltd ([]y) (Code: 3808, Main Board, The Stock Exchange of Hongkong Ltd).

Sinotruk (Hongkong) Ltd published its Global Offering Prospectus on November 15, 2007, when it Offered a total of 702 million, 10-cent Shares at the price between \$HK10 per Share and \$HK12.88 per Share.

Dealing in the shares is scheduled to commence next Wednesday if all goes well.

The Company, as its name implies, is a producer of trucks (the American term for lorries) in the People's Republic of China (PRC).

In fact, according to Page 83 of the Prospectus, Sinotruk (Hongkong) Ltd is '*the largest heavy truck manufacturer in China as measured by sales volume ...*'.

The following is copied from that page of the Prospectus and tells the story of this giant Company:

'We, together with our Parent Company, are the largest heavy truck manufacturer in China as measured by sales volume for the nine months ended September 30, 2007. According to the China Automotive Industry Association, Sinotruk Group increased its market share in terms of the aggregate sales volume of heavy trucks in China from approximately 8.2% in 2003 to 20.8% for the nine months ended September 30, 2007. We contributed approximately 95.4%, 85.3%, 90.5% and 90.1% of Sinotruk Group's total sales volume of heavy trucks for 2004, 2005 and 2006 and the nine months ended September 30, 2007, respectively.

'We enjoy widespread brand recognition in the PRC automotive industry and a growing reputation overseas. A predecessor to our Parent Company [China National Heavy Duty Truck Group Company Ltd ()] was the first domestic manufacturer of heavy trucks and built China's first heavy truck in 1960. We utilize heavy truck technologies that originated in Europe. Through years of research and innovation, we have developed various proprietary technologies and processes that have enabled our products to meet the needs of our customers in target markets. We market our products under the brand name " " (China Heavy Truck) in Chinese and "SINOTRUK" in English, which evokes our status as a dedicated manufacturer of heavy trucks in China. In October 2006, our brand was awarded as one of the top 10 PRC brands by the World Confederation of Productivity Science.

'We specialize in the research, development and manufacturing of heavy trucks and related key parts and components, including cabins, engines and axles. Our principal products,

under the current PRC industry standard, include cargo trucks and truck chassis with GVW over 14 tonnes as well as semi-tractor trucks with trailing capacity over 12 tonnes. Our major product series include HOWO, Sitaier King, Sitaier and Huanghe, each of which is further divided into various subseries to target different sectors of our product market. Over the years, we have registered with the PRC government more than 2,000 models, as classified under the PRC automotive industry regulations. Through our diverse product portfolio, we service a wide range of customers from all major industries that utilize heavy trucks, including infrastructure, construction, container transportation, logistics, mining, steel and chemical industries.

‘We are one of the few heavy truck manufacturers in China that also have the ability to produce heavy truck engines. We currently produce substantially all the engines used in our truck production. We also sell industrial and construction machinery engines to independent third parties. We plan to increase our external sale of engines in the future depending on market conditions and our production capacity. In addition, we produce other key heavy truck parts and components, such as cabins and axles, mostly for internal use.’

Sinotruk (Hongkong) Ltd wants ... [CLICK TO ORDER FULL ARTICLE](#)

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