

SORL Auto Parts, Inc.

(Nasdaq: SORL)

April 2011





Safe Harbor Statement

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Executive Summary

SORL is a leading automobile brake system manufacturer in China

Leading Market Position

- Established in 1987, the **largest** air brake system manufacturer for commercial vehicles (trucks & buses) in China *

Main Business

- Air brake systems used in a wide range types of commercial vehicles (“CV”) with focus on trucks & buses
- Penetrated into bus and agricultural vehicle markets since 2007
- Tapped into passenger vehicles markets since acquisition in August 2010

Strong Distribution Network

- OEM:** **69** OEM customers, which dominates Chinese CV OEM market
- Aftermarket:** nationwide network with **28** authorized distributors and over **1200** sub-distributors
- Exports:** selling products to **104** countries with 3 international sales centers in UAE, USA and India; working to strengthen global aftermarket network

Facilities

- Total floor area of over 1,050,000 square feet
- Located in Wenzhou, Zhejiang Province (one of China’s largest regions for automotive parts production)
- Enjoy the benefits of logistics, outsourcing and skilled labor force
- World class manufacturing facilities

Key Financials

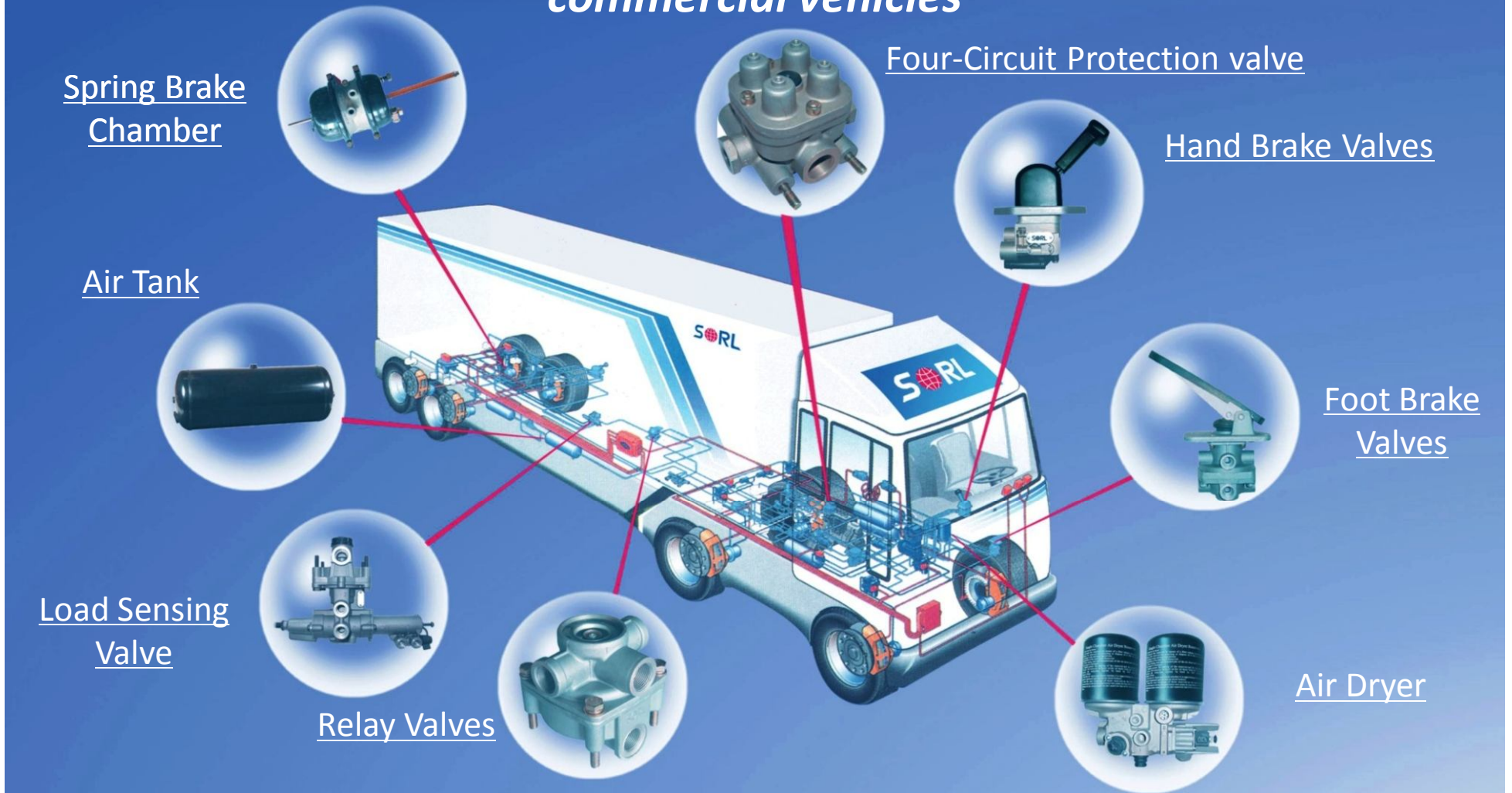
(US\$ M)	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Rev:	\$115.8	\$130.9	\$141.0	\$199.4
NI:	\$10.7	\$12.4	\$14.0	\$20.4

Note: * Trucks hereby refer to medium-duty and heavy-duty trucks weighing over three tons.



Our Product Offerings

SORL's braking systems are widely used in different types of commercial vehicles



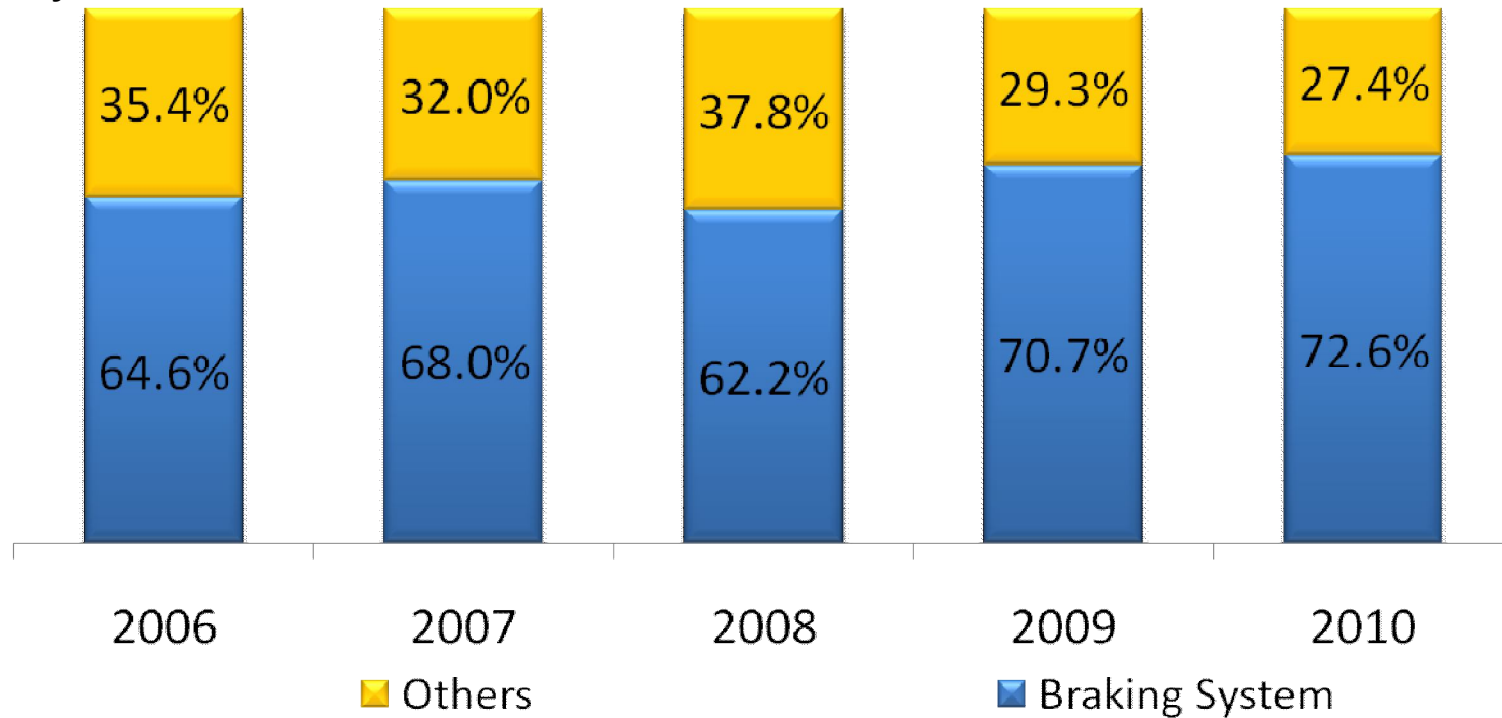


Our Product Offerings

We currently have an extensive range of products covering 65 categories and around 2,000 specifications in brake systems and others

Product Mix Trend

Percentage of Sales

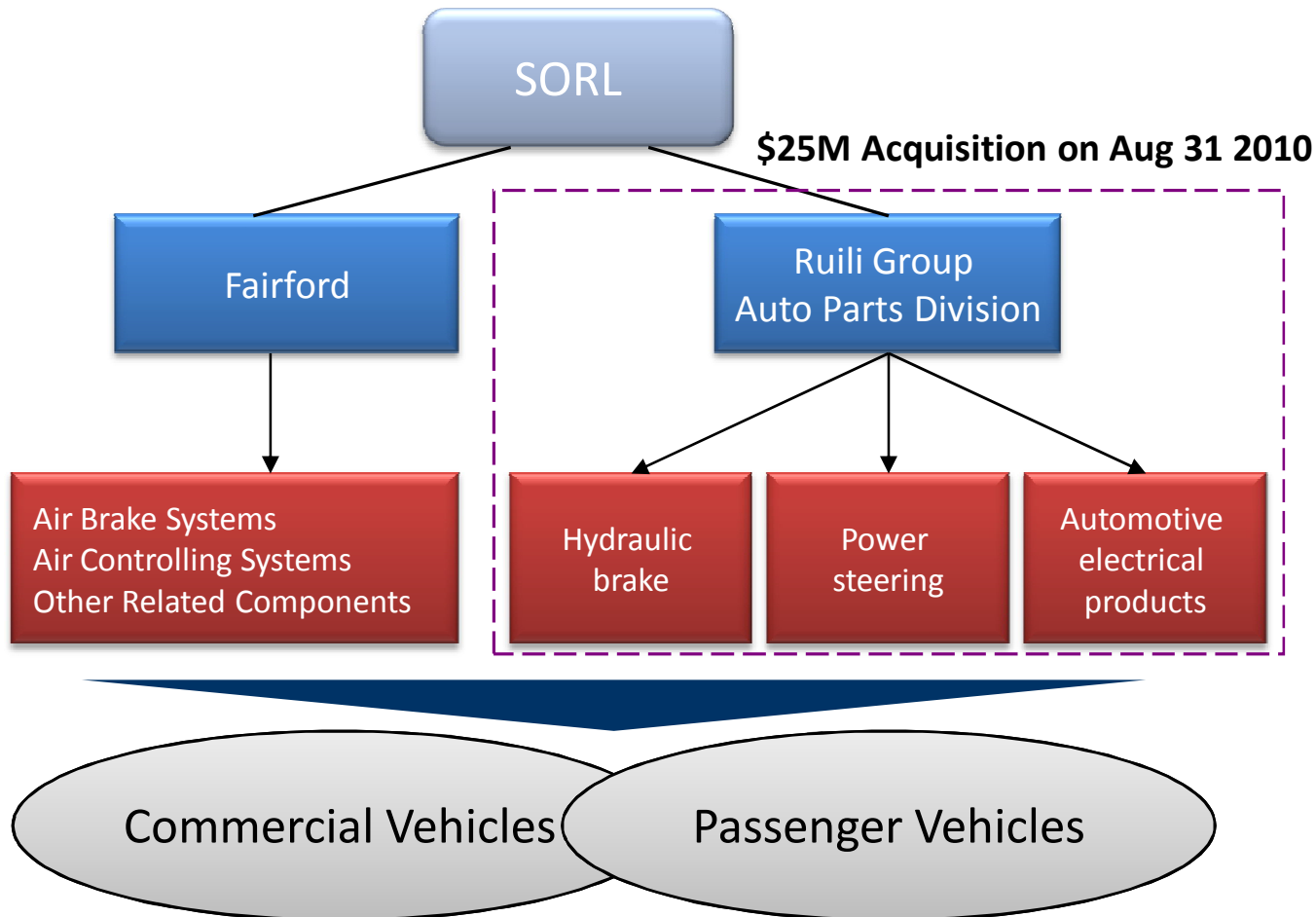


Note: Braking system includes air braking systems and hydraulic brake

Others include air controlling systems, power steering and automotive electrical products etc.



Recent Developments



Benefits of Acquisition

- **Expand product mix**
- **Improve production efficiencies**
- **Enhance Research & Development**
- **Expand sales network**
- **Streamline management organization**
- **Accretive to revenue and earnings**
- **Expected 2010/2011 non-related party revenue and net income**



Investment Highlights



A Leading Manufacturer of Auto Brake Systems



Large and Sustainable Growth Opportunity in China and Global Auto Market



Established Long-Term Relationships with High Quality Customers



Broadening Domestic and International Sales Networks



Robust R&D Capabilities with Excellent Quality Control



Experienced Management Team with Proven Execution Capabilities



Track Record of Strong Financial Position and Profitability



Leading Market Position

SORL is maintaining its fast growth rate and strong profitability as the top auto braking system manufacturer in China



The No.1 Position in Air Brake Niche Market

- The only braking system supplier among the top 100 auto part manufacturers in China

Leading Distribution Network and Relationships with OEMs

- Having long term relationship with **69** major OEMs in China
- Established national aftermarket sales network in China: **28** distributors and over **1200** sub-distributors
- Continued expansion in export market: Selling products to **104** countries or regions

Economies of Scale Provide a Cost-Effective Advantage

- As the largest manufacturer of air braking systems in China, we have the economies of scale to lower costs and increase margins, compared to our local and international competitors

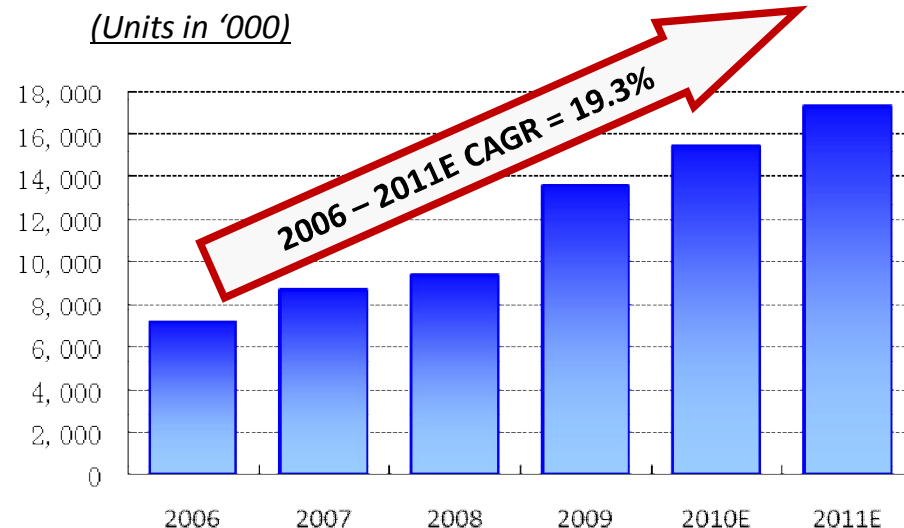


Large and Fast Growing Chinese Auto Market

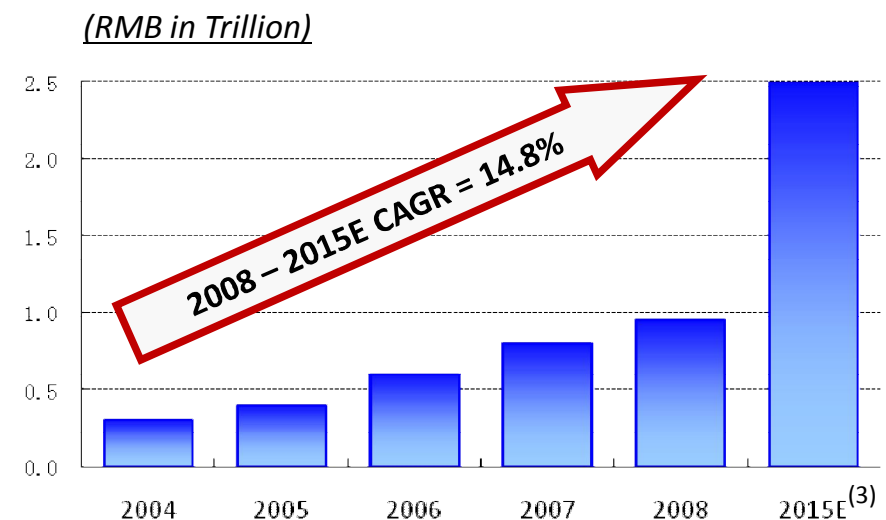
Large and Fast Growing Chinese Auto Market

- China is the largest vehicle market in the world
- Both annual vehicle sales and output in China reached 18 million units in 2010, 32% growth over 2009 ⁽¹⁾
- The automobile market in China is expected to grow 9% annually until 2020 ⁽²⁾
- China auto parts output value is forecasted to reach RMB2.5 trillion by 2015, or CAGR of 14.8% from 2008

China Automobile Demand ⁽³⁾



China Auto Parts Output Value ⁽⁴⁾



⁽¹⁾ Source: China Association of Automobile Manufacturers (CAAM)

⁽²⁾ Source: China's State Information Center

⁽³⁾ Source: CAM, Nomura Research

⁽⁴⁾ Source: Sinomind; Roland Berger Analysis

⁽⁵⁾ Including original equipment supply and aftermarket



Key Drivers for China Commercial Vehicle Market

Key Industry Drivers

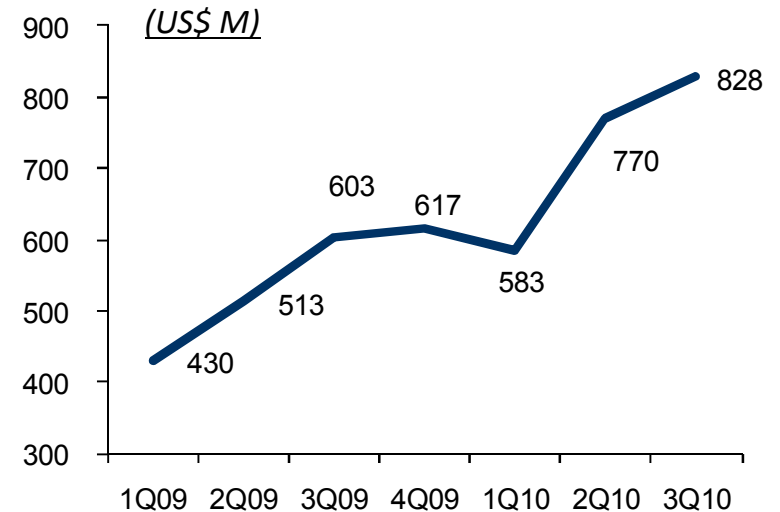
- **Global relocation trend toward China**
 - Foreign OEMs and aftermarket customers are looking for parts suppliers in China like SORL that can supply high quality products at lower price
 - China's export market has kept its growth momentum post-financial crisis, e.g. auto braking system exports have seen a steady recovery since trough in Q1 2009
- **China's rapid economic development**
 - Fast growth in infrastructure build-out propels continuous truck demand
 - Urban expansion fuels higher demand for buses
 - Intensive need for cargo transportation, etc.

(1) Source: CAAM

(2) Source: Ministry of Commerce

(3) gasoline vehicles below Euro I and diesel vehicle below Euro III

China Auto Braking System Export ⁽¹⁾



China CV Scrapping Incentive Scheme Change ⁽²⁾

(RMB)	New	Old	% Change
Normal Old Vehicle			
Medium Duty Truck	13,000	6,000	117%
Light Duty Truck	9,000	5,000	80%
Medium Bus	11,000	5,000	120%
Yellow label' vehicles ⁽³⁾			
Heavy Duty Truck	18,000	6,000	200%
Large Bus	18,000	6,000	200%
Light Bus	7,000	4,000	75%



Strong Relationships with Major OEMs

SORL is the Leading Supplier to China's Major Truck and Bus Manufacturers

- **69** OEM customers in China, including all major truck and bus manufacturers
- SORL has maintained and continuously increased its market share from major customers
- SORL has been able to meet Chinese OEMs' stringent requirements on quality, delivery, inventory and aftermarket technical support



Ranking	Top 3 Commercial Vehicle Manufacturers in China	Market Share in 2010 ⁽¹⁾	% of Braking Products Supplied by SORL ⁽²⁾
1	Beiqi Foton	15.62%	75%-85%
2	Dongfeng	15.04%	23%-100%
3	FAW	9.11%	20%-100%

(1) Source: China Association of Automobile Manufacturers (CAAM)); market share data is defined as % of total units of commercial vehicles sold in China

(2) Source: Company's statistics



Nationwide Aftermarket Sales Network

Leading Aftermarket Network Difficult To Duplicate

- **Nationwide Aftermarket Network - 28** distributors and over **1200** sub-distributors, covering **7** regions nationwide
- **Aftermarket/OEM Synergy:** OEM business feeds aftermarket business as owners generally prefer to replace original parts with the same brands
- **SORL has an unparalleled sales network compared to other competitors**
- **High barrier to Entry:** Nationwide aftermarket sales network as a barrier to entry and as a platform to sell our auto parts

We are one of the few companies who have established both a nationwide aftermarket sales network and close relationships with leading OEM manufacturers





International Aftermarket Sales Network

Continually Expanding International Aftermarket Sales Network

- Selling products to **104** countries or regions
- Export revenues grew at a YoY growth of 41.4% from \$34.3M in 2009 to \$48.5M in 2010.
- Export sales accounted for 24.3% of total revenue in 2010.



New Joint Venture Established with Leading Sales Team

- Partnered with world-class sales experts from leading international firms to establish a new joint venture in Hong Kong, which aims to expand SORL's international sales network
- Based in Hong Kong, the JV will establish new channels of distribution in international markets

SORL 's Goal Is to Become a Global Leader in our Industry



Manufacturing Process – Efficiency and Quality Control



Highly Efficient Manufacturing Process

- Reorganized production lines from traditional straight-line layout to U-shape track
- Shorten total cycle time and enable quick adjustments to production
- Output per person has increased **40%** over the last 4 years – based on revenue per employee



Stringent Certifications & Quality Audit

- ISO/TS16949 Quality Management System, OHSAS18001 System, and ISO14001 Environmental Management System
- **Never failed a quality audit as a supplier**, which is crucial in developing OEM business



Strong R&D Capabilities

Dedicated R&D Center

- Technical staff of 193 people, including 75 engineers or senior engineers

Collaboration with Leading Universities

- Cooperate with leading universities in China



Tsinghua University



Tongji University



Zhejiang University



Harbin Institute of Technology

R&D Projects Outsourced by OEM Customers

- 11 R&D projects outsourced by large-scale OEM customers in 2010






















- Currently owns 64 patents , with 29 pending patents applications and one application for Patent Cooperation Treaty
- Proactive R&D initiatives to ensure future growth
 - Focus on upgrading traditional air brake products and developing electronic control products
 - Closing the gap with foreign suppliers by constantly improving products
 - OEM partnership in developing new product innovation & specifications to deliver customized products to OEMs

SORL has a strong R&D platform that helps to increase margins, generate future growth and bring a flow of major new products to market



Competitive Advantages in China

		International Competitors	Chinese Competitors
Relationship with Big Local OEMs			
Nationwide Sales Network			
Cost Competitiveness			
Brand Recognition			
R&D Capability			
Delivery and Aftermarket Services			

Advantages over International Competitors in China

- Nationwide sales network and close relationship with big OEMs
- Lower cost structure with competitive product performance
- China-based R&D efforts, closer to end market
- Timely delivery and superior customer service

Advantages over Chinese Competitors

- Nationwide sales network and close relationship with big OEMs
- Higher product quality with competitive cost structure
- Well-known brands with 10+ years experience
- Strong R&D capabilities
- Timely delivery and superior customer service



Growth Strategy

Continuously focus on R&D efforts and accelerate new product innovations to keep the leading position in the market

Strengthen international sales network to increase exports

Vertical expansion into railway transportation and other vehicle markets

Vertical expansion into passenger vehicle market with considerable mass demand

Vertical expansion into light-duty trucks and agriculture vehicle markets with focus in the medium- & heavy-duty trucks and bus markets

Capacity expansion to meet the growing demand in the Chinese market

SORL Aims to Become a Leading Global Supplier of Auto Brake Systems and Related Products



Experienced Management Team

Mr. Xiaoping Zhang

Chairman and CEO

- Founder, CEO & Chairman of the Board since Company's inception in 1987
- Over 20 years of experience in the auto parts industry
- Vice President of China Federation of Industry and Commerce Auto & Motorbike Parts, which is the biggest industry association of auto parts in China
- President of the Zhejiang Auto Parts Association

Mr. Baojian Tao

COO

- COO since January 2010
- Corporate Secretary and Senior VP from 2004 to January 2010
- Over 20 years of experience in the auto parts industry
- Standing Committee Member of the International Trade Coordinating Committee of China Association of Automobile Manufacturers, Vice President of SAE-Zhejiang province

Ms. Zongyun Zhou

CFO

- CFO of the Company since 2004
- 2002-2004 worked as Financial Controller of Shanghai Huhao Auto Parts Manufacturing Company Limited
- 1996-2002 worked for the Auditing Department of Anhui Province, China, in charge of auditing state-owned companies in Anhui Province

Mr. Jinrui Yu

Production & Export VP

- Production & Export VP
- Bachelor Degree in English from Fudan University

Mr. Ben (Zili) Chen

*Corporate Secretary
& IR Director*

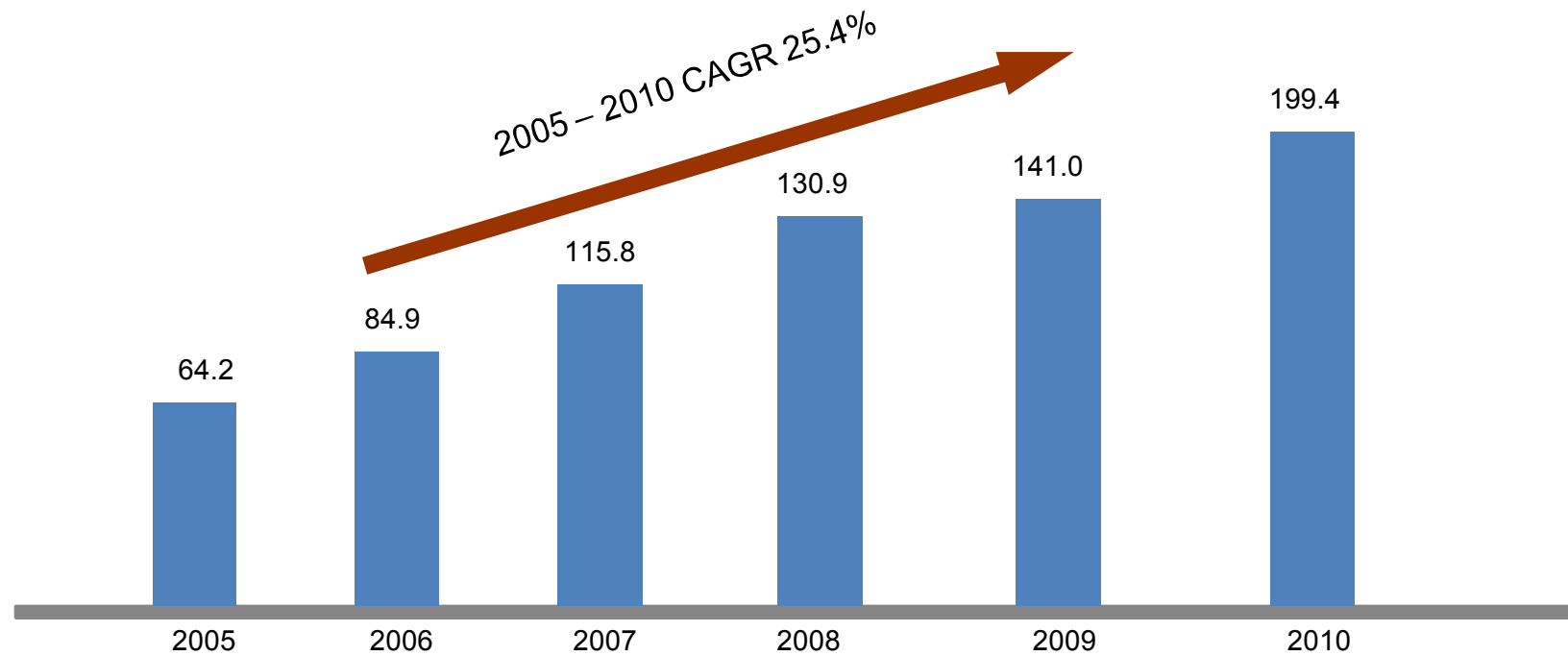
- Corporate Secretary and IR Director
- Former GM of Eastern Stone Import & Export Co.
- M.A. Management from Durham University (UK)



Proven Revenue Growth

Revenue (FY05-FY10)

(US\$ in million)



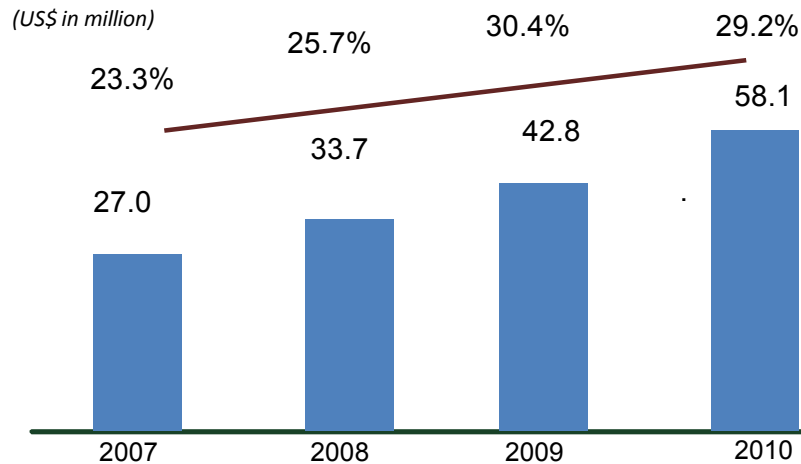
We have a proven track record of historical revenue growth, with a CAGR of 25.4% from 2005 - 2010

Note: (1) SORL's consolidated annual financial statements for 2010 and 2009 include the acquired segments of the Ruili Group's business as if the acquisition had taken place on January 1, 2009.

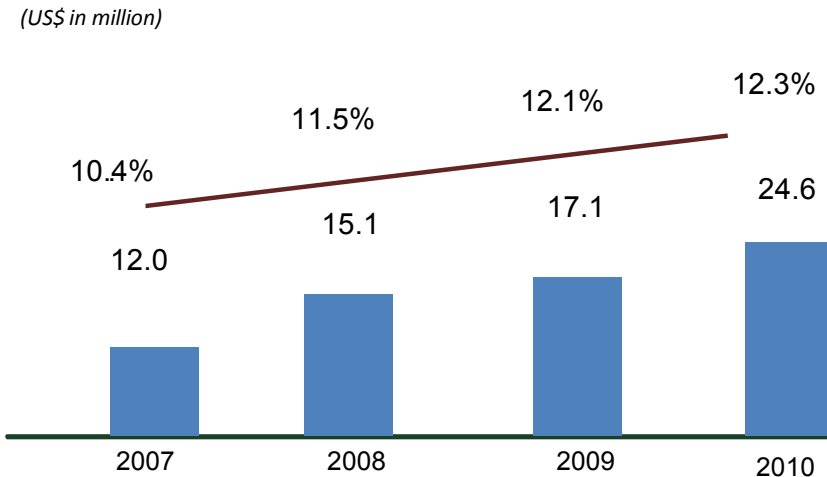


Strong Profitability

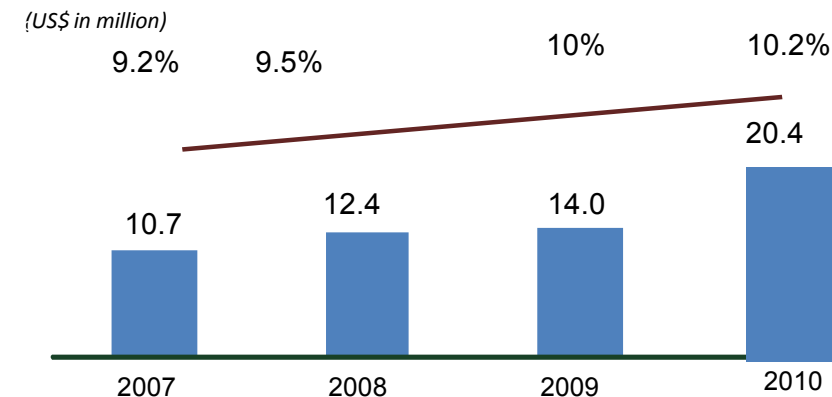
Gross Profit / Margin



Operating Profit / Margin



Net Profit / Margin



- Low cost facilities in China provide a significant cost advantage over international competition
- Continued margin expansion despite challenging economic conditions in 2009

Note: (1) SORL's consolidated annual financial statements for 2010 and 2009 include the acquired segments of the Ruili Group's business as if the acquisition had taken place on January 1, 2009.



Healthy Balance Sheet

Selected Balance Sheet Items

Highlights

<i>(\$ in millions)</i>	Dec 31, 2009	Dec 31, 201
Assets		
Cash & Cash Equivalents	\$10.3	\$6.7
Accounts Receivable, Net of Provision	47.8	54.2
Inventories	24.0	32.0
Total Current Assets	107.8	131.3
Property, plant and equipment, Net	31.7	44.9
Land Use Rights, Net	14.2	14.3
Total Assets	\$154.6	\$191.4
Liabilities & Shareholders' Equity		
Accounts Payable	\$9.7	\$10.7
Deposit Received from Customers	3.7	7.5
Total Current Liabilities	18.7	43.4
Total Liabilities	18.9	43.6
Total Equity	135.7	147.8
Total Liabilities and Shareholders' Equity	\$154.6	\$191.4

- Maintained financial flexibility to capitalize on attractive market opportunities
- Well-planned sustainable capital expansion during economic crisis to avoid significant investments risks
- Sufficient cash flow ensures daily operations and corporate development



Investment Highlights



A Leading Manufacturer of Auto Brake System in China and the World



Large and Sustainable Growth Opportunity in China and Global Auto Market



Well-Built Relationship with High Quality Customers



Broadening Domestic and International Sales Networks



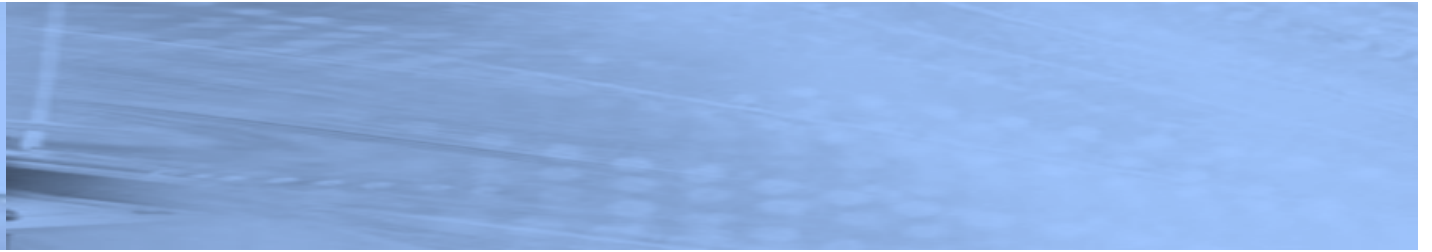
Strong R&D Capability with Excellent Quality Control System



Experienced Management Team with Proven Execution Capabilities



Track Record of Financial Position and Profitability



THANK YOU!



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