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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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*If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.*

*If you have sold or transferred all your shares in Sinotruk (Hong Kong) Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.*

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.*

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**SINOTRUK (HONG KONG) LIMITED**

**中國重汽(香港)有限公司**

*(incorporated in Hong Kong with limited liability)*

**(Stock Code: 03808)**

**(1) REVISION OF ANNUAL CAP OF  
EXISTING CONTINUING CONNECTED TRANSACTION  
(2) RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTION  
AND  
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser  
to the Independent Board Committee and Independent Shareholders**



**FIRST SHANGHAI CAPITAL LIMITED**

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A notice of an extraordinary general meeting of Sinotruk (Hong Kong) Limited to be held at 2:00 p.m. on Tuesday, 12 December 2023 is set out on pages EGM-1 to EGM-3 of this circular.

A letter from the Board is set out on pages 5 to 18 of this circular and a letter from the independent board committee of the Company, containing its recommendation to the independent shareholders of the Company, is set out on pages 19 to 20 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and Independent Shareholders of the Company is set out on pages 21 to 30 of this circular.

Whether or not you are able to attend the meeting in person, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

27 November 2023

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## DEFINITIONS

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*In this circular, the following expressions shall have the following meanings unless the context indicates otherwise:*

“2021 Weichai Parts Purchase Agreement”	the agreement dated 31 March 2021 entered into between the Company (for itself and on behalf of its subsidiaries) and Weichai Holdings (for itself and on behalf of its associates), under which Weichai Holdings and its associates have agreed to supply raw materials, parts, components, semi-finished products, etc. to the Group
“2022 Weichai Parts Purchase Agreement”	the agreement dated 4 March 2022 entered into between the Company (for itself and on behalf of its subsidiaries) and Weichai Holdings (for itself and on behalf of its associates), under which Weichai Holdings and its associates have agreed to supply raw materials, parts, components, semi-finished products, etc. to the Group
“2023 Weichai Parts Purchase Agreement”	the agreement dated 2 November 2022 entered into between the Company (for itself and on behalf of its subsidiaries) and Weichai Holdings (for itself and on behalf of the Weichai Group), under which Weichai Holdings and its associates have agreed to supply raw materials, parts, components, assemblies, semi-finished products and related services, etc. to the Group
“2024 Weichai Parts Purchase Agreement”	the agreement dated 30 October 2023 entered into between the Company (for itself and on behalf of its subsidiaries) and Weichai Holdings (for itself and on behalf of the Weichai Group), details of which are set out in the section headed “2024 Weichai Parts Purchase Agreement” in the letter from the Board contained in this circular
“Annual CCT Review Reporting”	has the meaning ascribed thereto under the section headed “2024 Weichai Parts Purchase Agreement” in the letter from the Board contained in this circular
“Associate(s)”	has the meaning ascribed to an “associate” under Rule 14A.06(2) of the Listing Rules, and further includes any company that constitutes a connected subsidiary of the Company pursuant to Rule 14A.16 of the Listing Rules due to such associate’s shareholding therein
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors

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## DEFINITIONS

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“Board Office”	has the meaning ascribed thereto under the section headed “2024 Weichai Parts Purchase Agreement” in the letter from the Board contained in this circular
“CAAM”	China Association of Automobile Manufacturers
“Company”	Sinotruk (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Continuing Connected Transaction(s)”	the continuing connected transaction(s) of the Group set out in this circular
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary meeting of the Company to be held on Tuesday, 12 December 2023, the notice of which is forms part of this circular
“FPFPS”	Ferdinand Porsche Familien-Privatstiftung, an Austrian private foundation (Privatstiftung) (trust), being the beneficiary owner of 25% of the entired issued share capital of the Company plus 1 Share
“Gratuitous Transfers”	the transfer of 45% of the equity interest in CNHTC by 濟南市人民政府國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of the Ji’nan Municipal People’s Government*) and the transfer of 20% of the equity interest in CNHTC by 山東省國有資產投資控股有限公司 (Shandong State-owned Assets Investment Holdings Co., Ltd.*), both to SHIG for nil consideration (無償劃轉) as provided in the Company’s announcement dated 28 February 2022, and upon the completion of which on 28 February 2022, Weichai Holdings, being a wholly-owned subsidiary of SHIG, became a connected person of the Company
“Group”	the Company and its subsidiaries
“HDTs”	heavy duty trucks and medium-heavy duty trucks
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

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## DEFINITIONS

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“Independent Board Committee”	the independent board committee of the Company comprising Mr. Lyu Shousheng, Dr. Lin Zhijun, Dr. Wang Dengfeng, Mr. Zhao Hang, Mr. Liang Qing and Mr. Zhang Zhong
“Independent Financial Adviser”	First Shanghai Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Supplemental Agreement and the 2024 Weichai Parts Purchase Agreement
“Independent Shareholders”	Shareholders who are not required to abstain from voting at the general meeting of the Company in respect of the transactions contemplated under the Supplemental Agreement and the 2024 Weichai Parts Purchase Agreement
“Latest Practicable Date”	Wednesday, 22 November 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Monthly CCT Transactions Summary”	has the meaning ascribed thereto under the section headed “2024 Weichai Parts Purchase Agreement” in the letter from the Board contained in this circular
“New Cap”	the new annual cap for the Continuing Connected Transactions
“Non-exempt Continuing Connected Transaction(s)”	being the Continuing Connected Transaction(s) as set out in the sections headed “Supplemental Agreement to the 2023 Weichai Parts Purchase Agreement” and “2024 Weichai Parts Purchase Agreement” in the letter from the Board contained in this circular, which are subject to reporting, announcement, annual review, and the Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules
“Parts For Purchase”	has the meaning ascribed thereto under the section headed “Supplemental Agreement to the 2023 Weichai Parts Purchase Agreement” in the letter from the Board contained in this circular

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## DEFINITIONS

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“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, Macao Special Administrative Region and Taiwan
“Quarterly Internal Review”	has the meaning ascribed thereto under the section headed “2024 Weichai Parts Purchase Agreement” in the letter from the Board contained in this circular
“Regular CCT Meetings”	has the meaning ascribed thereto under the section headed “2024 Weichai Parts Purchase Agreement” in the letter from the Board contained in this circular
“Revised Cap”	the revised annual cap applicable to the transactions contemplated under the 2023 Weichai Parts Purchase Agreement as supplemented by the Supplemental Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the capital of the Company
“Shareholder(s)”	holder(s) of the shares in the Company
“SHIG”	山東重工集團有限公司 (Shandong Heavy Industry Group Co., Ltd.*), a company established in the PRC with limited liability which is a controlling shareholder of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Supplemental Agreement”	the supplemental agreement to the 2023 Weichai Parts Purchase Agreement, details of which are set out in the section headed “Supplemental Agreement to the 2023 Weichai Parts Purchase Agreement” in the letter from the Board contained in this circular
“Weichai Group”	Weichai Holdings and its Associates, but excluding any member of the Group which constitutes an associate of Weichai Holdings solely due to SHIG’s indirect interest in the Shares of the Company
“Weichai Holdings”	濰柴控股集團有限公司 (Weichai Group Holdings Limited*), a company established in the PRC with limited liability which is a wholly-owned subsidiary of SHIG
“Weichai Interested Director”	Mr. Sun Shaojun
“%”	per cent



**SINOTRUK (HONG KONG) LIMITED**

**中國重汽(香港)有限公司**

*(incorporated in Hong Kong with limited liability)*

**(Stock Code: 03808)**

***Executive Directors:***

Mr. Wang Zhijian (*Chairman*)  
Mr. Wang Chen (*President*)  
Mr. Liu Wei  
Mr. Zhang Wei  
Ms. Li Xia  
Ms. Zhao Hong  
Mr. Richard von Braunschweig

***Non-executive Directors:***

Mr. Sun Shaojun  
Mr. Alexander Albertus Gerhardus Vlaskamp  
Mr. Karsten Oellers  
Mr. Mats Lennart Harborn

***Independent non-executive Directors:***

Dr. Lin Zhijun  
Dr. Wang Dengfeng  
Mr. Zhao Hang  
Mr. Liang Qing  
Mr. Lyu Shousheng  
Mr. Zhang Zhong

***Headquarters:***

Sinotruk Tower  
No. 777 Hua'ao Road  
Innovation Zone  
Ji'nan City, Shandong Province  
PRC  
Post code: 250101

***Registered office:***

Units 2102-03  
China Merchants Tower  
Shun Tak Centre  
168-200 Connaught Road Central  
Hong Kong

27 November 2023

*To the Shareholders*

Dear Sir/Madam,

**(1) REVISION OF ANNUAL CAP OF  
EXISTING CONTINUING CONNECTED TRANSACTION  
(2) RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTION  
AND  
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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## LETTER FROM THE BOARD

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### INTRODUCTION

Reference is made to the Company's announcement dated 30 October 2023 in respect of, inter alia, the Supplemental Agreement and the 2024 Weichai Parts Purchase Agreement.

The purpose of this circular is to provide you with further details in relation to the Continuing Connected Transactions contemplated under the Supplemental Agreement and the relevant proposed Revised Cap, as well as the 2024 Weichai Parts Purchase Agreement and the relevant proposed New Cap, the letter from the Independent Board Committee and the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in relation to the same.

A notice convening the EGM is set out on pages EGM-1 to EGM-3 to this circular.

### SUPPLEMENTAL AGREEMENT TO THE 2023 WEICHAI PARTS PURCHASE AGREEMENT

Due to the operational needs of the Group, the Group expects that the existing annual cap for the year ending 31 December 2023 under the 2023 Weichai Parts Purchase Agreement will be insufficient. The Group therefore entered into the Supplemental Agreement with Weichai Holdings on 30 October 2023 to revise the annual cap for the year ending 31 December 2023 under the 2023 Weichai Parts Purchase Agreement to the proposed Revised Cap.

Reference is made to the announcement of the Company dated 2 November 2022 and the circular of the Company dated 2 December 2022 in respect of the 2023 Weichai Parts Purchase Agreement, pursuant to which the Group has been purchasing raw materials, parts and components, assemblies, semi-finished products (including but not limited to engines, gearboxes and axles) and related services, etc. ("**Parts For Purchase**") from Weichai Holdings and its associates for a term of one year from 1 January 2023 to 31 December 2023.

Having taken into account the reasons as further elaborated in the sub-section headed "Reasons for and benefits of entering into the Supplemental Agreement and basis for the Revised Cap" below, the Group expects that the relevant annual cap in 2023 under the 2023 Weichai Parts Purchase Agreement will be insufficient. Hence, the Company and Weichai Holdings entered into the Supplemental Agreement on 30 October 2023 to revise the annual cap for the year ending 31 December 2023 under the 2023 Weichai Parts Purchase Agreement from RMB14,126,000,000 to RMB17,680,000,000.

Save for the said revision of the existing annual cap to the proposed Revised Cap, all other terms of the 2023 Weichai Parts Purchase Agreement shall remain unchanged. Please refer to the section headed "2023 WEICHAI PARTS PURCHASE AGREEMENT" of the circular of the Company dated 2 December 2022 for details of the other principal terms of the 2023 Weichai Parts Purchase Agreement, including, but not limited to, the payment terms of the purchase of Parts For Purchase by the Group from Weichai Holdings and its associates.

The Supplemental Agreement and the proposed Revised Cap are subject to the reporting, announcement, annual review, and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.



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## LETTER FROM THE BOARD

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### *Previous and existing annual caps, historical transaction amounts and the proposed Revised Cap*

The following table summarises (i) the previous caps for the transactions contemplated under the 2021 Weichai Parts Purchase Agreement for the year ended 31 December 2021 and the transactions contemplated under the 2022 Weichai Parts Purchase Agreement for the year ended 31 December 2022, (ii) the existing annual cap for the transactions contemplated under the 2023 Weichai Parts Purchase Agreement for the year ending 31 December 2023, (iii) the actual transaction amount for the two years ended 31 December 2022 and the nine months ended 30 September 2023, and (iv) the proposed Revised Cap for the year ending 31 December 2023 as set out in the Supplemental Agreement, respectively:

	<b>Previous/existing annual cap</b> <i>(RMB'000)</i>	<b>Actual transaction amount</b> <i>(RMB'000)</i>	<b>Proposed Revised Cap</b> <i>(RMB'000)</i>
For the year ended 31 December 2021	16,309,000	9,370,000	Not applicable
For the year ended 31 December 2022	16,236,000	4,712,000 <sup>(note 1)</sup>	Not applicable
For the year ending 31 December 2023	14,126,000	9,975,000 <sup>(note 2)</sup>	17,680,000

*Notes:*

1. This amount comprises (1) the actual transaction amount for the period from 1 March 2022 to 31 December 2022 of approximately RMB3,933,950,000 (as disclosed in the Company's annual report for the year ended 31 December 2022) which represents the actual transaction amount for the year 2022 following Weichai Holdings becoming a connected person of the Company upon the completion of the Gratuitous Transfers; and (2) the actual transaction amount for the period from 1 January 2022 to 28 February 2022 which represents the actual transaction amount for the year 2022 prior to such transactions becoming connected transactions of the Company.
2. This refers to the actual transaction amount under the 2023 Weichai Parts Purchase Agreement for the nine months ended 30 September 2023.

As at the Latest Practicable Date, the existing annual cap for the year ending 31 December 2023 for the 2023 Weichai Parts Purchase Agreement has not been exceeded.

### **Pricing**

The pricing policy of the purchase of Parts For Purchase by the Group from Weichai Holdings and its associates remains unchanged, and is provided below for the Shareholders' information:

Pursuant to the terms of the 2023 Weichai Parts Purchase Agreement, Weichai Holdings and its associates will provide the Group with a selling price list of its parts which is applicable to all of its customers. Based on the aforesaid price list provided by Weichai Holdings and its associates and the

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## LETTER FROM THE BOARD

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price quotation offered by other qualified suppliers, the Group will negotiate with all qualified suppliers including Weichai Holdings and its associates to determine the agreed prices of all the parts, after taking into consideration the market conditions at the relevant time, the size of orders and the technical conditions, and all the purchases of parts from independent suppliers and Weichai Holdings and its associates will be fixed at these agreed selling prices. The Group will prepare a parts purchase price list, which summarises all agreed parts purchase prices with independent parts suppliers and Weichai Holdings and its associates, for all procurement departments of the Group to follow. Accordingly, the prices for the transactions under the 2023 Weichai Parts Purchase Agreement will be determined in accordance with the market price approach to ensure that the prices for the parts supplied by Weichai Holdings and its associates are no less favourable to the Group than those offered by independent third parties.

### *Reasons for and benefits of entering into the Supplemental Agreement and basis for the Revised Cap*

Pursuant to the 2023 Weichai Parts Purchase Agreement, the existing annual cap for the purchase of Parts For Purchase by the Group from Weichai Holdings and its associates for the year ending 31 December 2023 is RMB14,126,000,000.

The Group has been purchasing the Parts For Purchase from Weichai Holdings and its associates to mainly install on its heavy duty and light duty truck products to diversify its product portfolios, satisfy the requirements of segment markets, and promote the sales volume of its products. In light of the improvement in the sales volume of the Group's products benefitted from the growth of domestic economy and increase in demand in overseas markets in the first half of 2023 (in particular that the sales volume of HDTs of the Group for the six months ended 30 June 2023 increased by 45.1% on a year-on-year basis) and the introduction of the Group's new energy products into the market, it is expected that such an increasing trend in the Group's sales volume will continue for the remaining period of 2023, which in turn calls for an increase in purchase of the Parts For Purchase by the Group from Weichai Holdings and its associates. Thus, the Group's purchase of the Parts For Purchase from Weichai Holdings and its associates is expected to increase further by approximately 25% for the year ended 31 December 2023 from the level which has originally been conceived by the Board in 2022.

The proposed Revised Cap for the year ending 31 December 2023 under the 2023 Weichai Parts Purchase Agreement was determined with reference to (i) the actual transaction amount for the nine months ended 30 September 2023, and (ii) the latest estimated demand of the Group for the Parts For Purchase taking into account the anticipated increase resulted from the aforementioned factors.

The terms of the Supplemental Agreement were made after arm's length negotiations between the Company and Weichai Holdings. The Board (including the independent non-executive Directors but excluding the Weichai Interested Director) is of the view that such terms are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and the Supplemental Agreement has been entered into in the ordinary and usual course of business of the Group.

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## LETTER FROM THE BOARD

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### 2024 WEICHAI PARTS PURCHASE AGREEMENT

In order to continue the Continuing Connected Transactions with the Weichai Group following the expiry of the 2023 Weichai Parts Purchase Agreement (and as supplemented by the Supplemental Agreement, where applicable), the Company (for itself and on behalf of its subsidiaries) entered into the 2024 Weichai Parts Purchase Agreement with Weichai Holdings (for itself and on behalf of Weichai Holdings), on terms substantially the same as those of the 2023 Weichai Parts Purchase Agreement.

The principal terms of the 2024 Weichai Parts Purchase Agreement and the transactions contemplated thereunder are as follows:

Date : 30 October 2023

Parties : (1) Weichai Holdings  
(2) The Company

Term : One year from 1 January 2024 to 31 December 2024 (both days inclusive)

***Subject matter:***

Pursuant to the 2024 Weichai Parts Purchase Agreement, the Weichai Group has agreed to sell the Parts For Purchase to the Group.

***Other terms and details:***

The terms of the 2024 Weichai Parts Purchase Agreement are substantially the same as those of the 2023 Weichai Parts Purchase Agreement.

Pursuant to the 2024 Weichai Parts Purchase Agreement, separate agreements will be entered into by relevant members of the Group and relevant members of the Weichai Group which will further provide the details of the parts to be purchased including the payment terms, product specifications, delivery time and quantity. The payment terms for each batch of parts will be based on normal commercial terms or industry practices provided that full payment shall be made by way of cash, cheques, notes, bills or letters of credit within 120 days from the date of purchase.

***Pricing***

Pursuant to the terms of the 2024 Weichai Parts Purchase Agreement, the Weichai Group will provide the Group with a selling price list of its parts which is applicable to all of its customers. Based on the aforesaid price list provided by the Weichai Group and the price quotation offered by other qualified suppliers, the Group will negotiate with all qualified suppliers including the Weichai Group to determine the agreed prices of all the parts, after taking into consideration the market conditions at the relevant time, the size of orders and the technical conditions, and all the purchases of parts from independent suppliers and the Weichai Group will be fixed at these agreed selling prices. The Group will obtain quotations from not less than two independent suppliers for this purpose. The Group will

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## LETTER FROM THE BOARD

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prepare a parts purchase price list, which summarises all agreed parts purchase prices with independent parts suppliers and the Weichai Group, for all procurement departments of the Group to follow. Accordingly, the prices for the transactions under the 2024 Weichai Parts Purchase Agreement will be determined in accordance with the market price approach to ensure that the prices for the parts supplied by the Weichai Group are no less favourable to the Group than those offered by independent third parties.

### *Previous Caps*

The following table summarises the previous caps for the transactions contemplated under the 2021 Weichai Parts Purchase Agreement for the year ended 31 December 2021, the transactions contemplated under the 2022 Weichai Parts Purchase Agreement for the year ended 31 December 2022 and the transactions contemplated under the 2023 Weichai Parts Purchase Agreement as supplemented by the Supplemental Agreement for the year ending 31 December 2023:

	<b>For the year ended 31 December 2021</b>	<b>For the year ended 31 December 2022</b>	<b>For the year ending 31 December 2023</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Previous cap	16,309,000	16,236,000	17,680,000 <sup>(note)</sup>

*Note: The proposed Revised Cap under the 2023 Weichai Parts Purchase Agreement as supplemented by the Supplemental Agreement, which is subject to the Independent Shareholders' approval, is set out herein. Please refer to the section above headed "II. Revision of Annual Cap of Existing Continuing Connected Transaction" for further details.*

### *Historical transaction amounts*

The following table summarises the approximate historical amounts in respect of the purchase of the Parts For Purchase from the Weichai Group for the two years ended 31 December 2022 and for the nine months ended 30 September 2023, respectively:

	<b>For the year ended 31 December 2021</b>	<b>For the year ended 31 December 2022</b>	<b>For the nine months ended 30 September 2023</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Historical transaction amounts	9,370,000	4,712,000 <sup>(note 1)</sup>	9,975,000

*Note:* This amount comprises (1) the actual transaction amount for the period from 1 March 2022 to 31 December 2022 of approximately RMB3,933,950,000 (as disclosed in the Company's annual report for the year ended 31 December 2022) which represents the actual transaction amount for the year 2022 following Weichai Holdings becoming a connected person of the Company upon the completion of the Gratuitous Transfers; and (2) the actual transaction amount for the period from 1 January 2022 to 28 February 2022 which represents the actual transaction amount for the year 2022 prior to such transactions becoming connected transactions of the Company.

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## LETTER FROM THE BOARD

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### *Proposed New Cap and basis*

The proposed New Cap for the year ending 31 December 2024 for the transactions contemplated under the 2024 Weichai Parts Purchase Agreement is RMB29,200 million.

The proposed New Cap for the year ending 31 December 2024 for the transactions contemplated under the 2024 Weichai Parts Purchase Agreement was determined after considering the following factors:

- (i) the actual transaction amount of purchase from the Weichai Group for the nine months ended 30 September 2023, which amounts to approximately 106% of the historical transaction amount for the year ended 31 December 2021 and approximately 212% of the historical transaction amount for the year ended 31 December 2022;
- (ii) the decrease in the historical transaction amount for the year ended 31 December 2022 as compared to that of 2021 was due to the decrease in demand of the Group's products and thus the Parts For Purchase installed on such products under the influence of the overall decrease in the domestic demand of heavy duty trucks and light duty trucks in 2022 as compared to 2021 and such decreasing trend has discontinued in 2023 as illustrated by the volume of HDTs sold by the Group in the PRC for the six months ended 30 June 2023 representing a year-on-year increase of 23.6%;
- (iii) in terms of governmental policy, in 2023, the relevant authorities issued policies in abolishing aged vehicles, supporting infrastructure development and strengthening vehicle consumption financial services, in order to stimulate demand in commercial vehicles. Relevant policies include (x) the notice 《關於促進汽車消費的若干措施》 (Various Measures for the Promotion of Vehicle Consumption) jointly published on 20 July 2023 by various PRC government authorities including 國家發展和改革委員會 (National Development and Reform Commission), and (y) the 《汽車行業穩增長工作方案(2023-2024年)》 (Work Plan for the Stable Growth of the Vehicle Industry (2023-2024)) jointly published on 25 August 2023 by various PRC government authorities including 工業和信息化部 (Ministry of Industry and Information Technology) and 交通運輸部 (Ministry of Transport);
- (iv) it is expected that the overall demand in the heavy duty truck industry will increase further for the year 2024 in light of the increasing momentum for steady economic growth and increasing demand for vehicle replacement in the domestic market, and the increasing scale of exports under the implementation of Belt and Road Initiative and the internationalisation of RMB. As provided in a statement published by the International Monetary Fund staff teams on 7 November 2023 the Chinese economy is projected to grow at 5.4% in 2023 and at 4.6% in 2024. The statistics from CAAM shows that the volume of heavy duty trucks sold by PRC heavy duty truck manufacturers for the nine months ended 30 September 2023 entails a year-on-year increase of 35%, and the forecast provided by certain industry analysts shows an expected increase of approximately 30% to 50% in the total volume of sales of the heavy duty truck industry for the year 2024. In view of such an increase of demand in the market, it is expected that the sales volume of the Group's heavy duty trucks will also increase given that the Group has and will continue to consolidate and enhance

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## LETTER FROM THE BOARD

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the competitiveness and advantages of its products especially in respect of its high-end, high-horsepower, and AMT trending products. Further, the Group has been implementing the standardisation of its distribution and service network, which enhanced its capabilities in operations, marketing, and risk resistance. In 2023, the new generation products and new energy products developed by the Group has been introduced into the market on a large scale, which substantially increased the Group's market share, and it is expected that the sales of these products will continue to increase in 2024 as the market recognition of these products gradually grows;

- (v) the overall market demand in the light duty truck industry is also expected to increase further in 2024 by approximately 10% to 20% considering the transformation of light duty truck products towards more regulatory-compliant, high-end, electronic, intelligent, internet of vehicles featured, and specialised. Driven by the increase in demand, it is expected that the sales volume of the Group's light duty trucks will increase as well;
- (vi) as the Group purchases the Parts For Purchase from the Weichai Group to equip its heavy duty trucks and light duty trucks, a strong demand in the Group's products will also result in an increase in the Group's demand of the Parts For Purchase from the Weichai Group; and
- (vii) a 5% buffer for any price fluctuations during the term of the 2024 Weichai Parts Purchase Agreement.

For the aforementioned reasons, it is expected that the Group's sales volume of heavy duty trucks and light duty trucks will increase and accordingly the Group's purchase of the Parts For Purchase from the Weichai Group for the year ending 31 December 2024 will increase as well along with the trend of increase as demonstrated by the historical transaction amount for the year ending 31 December 2023. In light of the above expected recovery of the market conditions and the expected increase in the sales volume of heavy duty trucks and light duty trucks of the Group, the Board proposed that the New Cap for the year ending 31 December 2024 under the 2024 Weichai Parts Purchase Agreement be set at RMB29,200 million, representing an increase of approximately 65% compared to the proposed Revised Cap. The Board noticed that such an increase rate happens to be comparable to the annual growth rate of approximately 65% as shown in the historical transaction amount for the year ended 31 December 2021 as compared with the historical transaction amount for the year ended 31 December 2020 of approximately RMB5,671 million, which growth rate was then mainly attributable to the demand of Parts For Purchase equipped products in the year. Despite differences in the current market conditions and those in 2021, the Board considers that the historical growth rate of 65% for the year ended 31 December 2021 still serves as a general reference point for a reasonable growth rate that had been achieved by the Group in the past despite the substantive increase of the actual transaction amount of purchase from the Weichai Group for the nine months ended 30 September 2023 against the historical transaction amount for each of the years ended 31 December 2021 and 31 December 2022 as disclosed in sub-paragraph (i) above.

The 2024 Weichai Parts Purchase Agreement and the relevant proposed New Cap are subject to the reporting, announcement, annual review, and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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## LETTER FROM THE BOARD

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### *Internal control procedures*

In order to ensure that the prices of each of the transactions are determined in accordance with the pricing policy applicable to the 2024 Weichai Parts Purchase Agreement, and the prices are no less favourable than those provided to the Group by independent third parties, the Group will ask for quotations from the independent third party suppliers and the Weichai Group. Based on these quotations, it will cross check the prices of the parts offered by the independent third party suppliers and the Weichai Group. If the Group also produces such parts, it will also compare the intragroup selling prices of the Group against those offered by the Weichai Group. The Group will then negotiate with the independent third party suppliers and the Weichai Group to finalise the prices of the parts and compile the parts price list for the relevant parts to be purchased, after taking into consideration the market conditions at the relevant time and the technical conditions. By conducting the aforesaid comparisons of the prices of the parts offered by the Weichai Group, the Group ensures that the prices of the parts offered by the Weichai Group are fair and reasonable.

In addition, the procurement department of subsidiaries of the Group may use the open tender for procurement by inviting at least two to three independent suppliers and the Weichai Group. The quotation review committee of the Group comprising experts from the procurement department, the technical department and the finance department will review and assess the quotations from technical, commercial and financial perspectives and make recommendations to the responsible management or executive Directors. The designated personnel of the relevant business unit will oversee the quotation review process to ensure that the prices of the parts to be purchased from the Weichai Group are competitive and comparable to those offered by independent third parties.

Further, the Group has established procedures for monitoring the Continuing Connected Transactions in which various departments of the Group will be responsible for the implementation, monitoring and review of such procedures. The Company's board office ("**Board Office**") carries out regular meetings on the management and control of continuing connected transactions (the "**Regular CCT Meetings**") to monitor and ensure all the relevant Continuing Connected Transactions are in compliance with the relevant rules and regulations. The Group's finance department (the "**Group Finance Department**") prepares, on a monthly basis, the maximum day-end balance and/or the accumulated annual transaction amount (as the case may be) of each Continuing Connected Transaction (the "**Monthly CCT Transactions Summary**") and checks the maximum day-end balance and/or the accumulated annual transaction amount (as the case may be) of each Continuing Connected Transaction against the respective pre-approved cap. If any maximum day-end balance and/or the accumulated annual transaction amount (as the case may be) exceeds 70% of the pre-approved annual cap, the relevant Continuing Connected Transaction will be reported to the Board Office for monitoring, follow-up and, if necessary, revision of the annual cap in accordance with the requirements of the Listing Rules. The Group's internal audit department (the "**Group Internal Audit Department**") will conduct quarterly reviews to check whether these transactions are conducted in accordance with the established procedures and internal controls (the "**Quarterly Internal Review**") and assess the effectiveness of the internal controls. In addition, the Company will engage the external auditors of the Company to conduct an annual review of the relevant Continuing Connected Transactions of the Group to report to the Board on whether there are any unapproved Continuing Connected Transactions or any non-compliance, in all material respects, of the pricing policies and terms of the Continuing Connected Transactions, including any exceeding of the pre-approved annual caps (the "**Annual CCT Review Reporting**").

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## LETTER FROM THE BOARD

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### *Reasons and benefits of entering into the 2024 Weichai Parts Purchase Agreement*

Weichai Holdings and its associates have been supplying the Parts For Purchase to the Group. The 2023 Weichai Parts Purchase Agreement (as supplemented by the Supplemental Agreement, where applicable), which governed such transactions, will expire at the end of 2023 and the Group intends to continue the relevant transactions with the Weichai Group after the expiry of the 2023 Weichai Parts Purchase Agreement.

The Weichai Group, as a full series engine supplier, produces certain engine types that are able to make up for the Group's shortfall in certain power range. By purchasing the Parts For Purchase from the Weichai Group, the Group is able to diversify its product portfolios, make up for its deficiency in segment markets and regional markets, and increase the market share of various model series of its products. The cooperation with the Weichai Group in the recent years shows that the Group's products equipped with the Parts For Purchase from the Weichai Group has met positive market responses, in particular, as demonstrated by the expansion of the Group's market share in the segment markets of economical trucks, high-horsepower trucks, gas engines and vehicles, coal transportation, and long haul trucks. For example, the Weichai Group's gas engines WP13NG and WP15NG increased their market shares significantly in the domestic market in 2023, and the Group launched new high-horsepower products equipping the WP14T and WP15T engines in 2023 and met a positive response in the market. In view of such demand and recognition of the Group's vehicle products equipped with the Parts For Purchase, the Board considers it will be in the interest of the Group to continue such business operations. The Group intends to continue launching and promoting the sales of vehicle models installed with the Parts For Purchase throughout the term of the 2024 Weichai Parts Purchase Agreement. Given the expected further increase in demand in the Group's products in the year 2024, the Group would increase its procurement of the Parts For Purchase from the Weichai Group, and the expected increase in sales of the Group's products equipped with the Parts For Purchase is expected to increase the overall sale volumes of the products of the Group and, in turn, the revenue of the Group.

In light of the above, the Board (including the independent non-executive Directors but excluding the Weichai Interested Director) believed that it was in the best interest of the Group to continue purchasing the Parts For Purchase from the Weichai Group. The Board (including the independent non-executive Directors but excluding the Weichai Interested Director) also considers that the risk of reliance against the Weichai Group is low, taking into account that (i) the Group has been purchasing Parts For Purchase from the Weichai Group prior to Weichai Holdings becoming a connected person of the Company in February 2022 upon the completion of the Gratuitous Transfers, and the transactions contemplated under the 2024 Weichai Parts Purchase Agreement are of substantially the same terms as the purchases conducted prior to such transactions becoming connected transactions of the Group where Weichai Holdings was treated as an independent third party and the terms were made after arm's length negotiations between the Group and the Weichai Group; (ii) the Group produces most of the engines and parts and components used in its truck products itself, and has the capability of independently developing and producing the Parts For Purchase which are specifically used in certain power range and segment markets. It has evaluated the time and costs required for the full cycle of research and development to mass production against the quality of available suppliers in the market, and selected multiple suppliers including the Weichai Group which occupies the most market share; and (iii) after becoming connected transactions of the Group, such



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## LETTER FROM THE BOARD

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transactions are subject to additional internal control procedures of the Group in particular the Quarterly Internal Review by the Group Internal Audit Department with further details disclosed in the section headed “2024 Weichai Parts Purchase Agreement — Internal control procedures” in this circular.

The terms of the 2024 Weichai Parts Purchase Agreement were made after arm’s length negotiations between the Company and Weichai Holdings. The Board (including the independent non-executive Directors but excluding the Weichai Interested Director) was of the view that the transactions contemplated under the 2024 Weichai Parts Purchase Agreement were on normal commercial terms, no less favourable than those available from independent third parties under prevailing local market conditions; the 2024 Weichai Parts Purchase Agreement was entered into in the ordinary and usual course of business of the Group; and the terms of the transactions under the 2024 Weichai Parts Purchase Agreement (including the proposed New Cap) were fair and reasonable, and were in the interests of the Company and the Shareholders as a whole.

### **INFORMATION ON THE PARTIES TO THE SUPPLEMENTAL AGREEMENT AND THE 2024 WEICHAH PARTS PURCHASE AGREEMENT**

#### *The Company*

The Company is principally engaged in investment holding. The Group primarily specialises in the research, development and manufacturing of heavy duty trucks, medium-heavy duty trucks, light duty trucks, etc. and related key assemblies, parts and components including engines, cabins, axles, steel frames and gearboxes as well as the provision of financial services. The Company is ultimately governed and controlled by 山東省人民政府 (Shandong Provincial People’s Government\*).

#### *Weichai Holdings*

Weichai Holdings, being a wholly-owned subsidiary of SHIG, is a company established in the PRC with limited liability. According to the public information available, the Weichai Group is principally engaged in the manufacturing and sale of engines, heavy duty trucks, gear boxes, parts and components of heavy duty trucks and hydraulics controlling parts.

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, Weichai Holdings is wholly-owned by SHIG which is, in turn, one of the leading automobile and equipment groups in the PRC. SHIG was owned as to 70% by 山東省人民政府國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of the Shandong Government\*), 20% by 山東國惠投資控股集團有限公司 (Shandong Guohui Investment Holding Group Co., Ltd.\*) and 10% by 山東省財欣資產運營有限公司 (Shandong Caixin Asset Management Co., Ltd\*). To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, 山東國惠投資控股集團有限公司 (Shandong Guohui Investment Holding Group Co., Ltd.\*) and 山東省財欣資產運營有限公司 (Shandong Caixin Asset Management Co., Ltd\*) are both PRC state-owned entities.

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## LETTER FROM THE BOARD

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### IMPLICATION UNDER THE LISTING RULES

SHIG is a substantial shareholder of the Company indirectly interested in 51% of the Shares and a connected person of the Company. Weichai Holdings is a wholly-owned subsidiary of SHIG and, hence, Weichai Holdings is an associate of SHIG and is also a connected person of the Company. Accordingly, the transactions between the Group and the Weichai Group as contemplated under the (i) the 2023 Weichai Parts Purchase Agreement as supplemented by the Supplemental Agreement, and (ii) the 2024 Weichai Parts Purchase Agreement constitute continuing connected transactions of the Company.

Pursuant to Rule 14A.54, if the Company proposes to revise the annual caps for continuing connected transactions, the Company will have to re-comply with the relevant provisions under Chapter 14A of the Listing Rules in relation to the relevant continuing connected transactions.

As the highest percentage ratio calculated pursuant to the Listing Rules in respect of the proposed Revised Cap (on an annual basis) exceeds 5%, the proposed Revised Cap and the Supplemental Agreement are subject to the reporting and announcement requirements, the annual review requirements, and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest percentage ratio calculated pursuant to the Listing Rules in respect of the transactions contemplated under the 2024 Weichai Parts Purchase Agreement (on an annual basis) exceeds 5%, such transactions are subject to the reporting and announcement requirements, the annual review requirements, and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

At the Board meeting held on 30 October 2023 approving, *inter alia*, the Supplemental Agreement and the 2024 Weichai Parts Purchase Agreement, in view of his position in the relevant connected persons, the Weichai Interested Director, namely Mr. Sun Shaojun, has abstained from voting on the resolutions approving the Supplemental Agreement and the 2024 Weichai Parts Purchase Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has a material interest in the Continuing Connected Transactions.

### APPROVAL BY INDEPENDENT SHAREHOLDERS

According to Chapter 14A of the Listing Rules, the Company will seek approval from the Independent Shareholders for the Supplemental Agreement (including the relevant proposed Revised Cap) and the 2024 Weichai Parts Purchase Agreement (including the relevant proposed New Cap), and the transactions contemplated thereunder at the general meeting of the Company. SHIG and its associates will abstain from voting in relation to the relevant resolution. As at the Latest Practicable Date, SHIG was interested in 1,408,106,603 Shares, representing approximately 51% of the total issued share capital of the Company.

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## LETTER FROM THE BOARD

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An Independent Board Committee has been formed to advise the Independent Shareholders with respect to the Continuing Connected Transactions (namely, the Supplemental Agreement and the relevant proposed Revised Cap, and the 2024 Weichai Parts Purchase Agreement and the relevant proposed New Cap). The Independent Financial Adviser has been appointed as the independent financial adviser to make recommendations to the Independent Board Committee and the Independent Shareholders regarding the same.

### EXTRAORDINARY GENERAL MEETING

A notice of the EGM to be held at 2:00 p.m. on Tuesday, 12 December 2023 at the meeting centre at No. 688 Shunhua South Road, Licheng District, Ji'nan City, Shandong Province, PRC (as the principal meeting venue) and Level 22, Nexxus Building, 41 Connaught Road Central, Hong Kong (as the additional meeting venue) is set out on pages EGM-1 to EGM-3 of this circular.

A form of proxy for the EGM is enclosed herewith. Whether or not you intend to be present at the EGM, you are requested to complete the form of proxy and return it to the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as practicable but in any event no later than 48 hours before the time appointed for holding the EGM. The completion of the form of proxy will not preclude you from attending and voting at the EGM in person should you so wish.

The EGM of the Company will be held on Tuesday, 12 December 2023. The record date for determining the entitlement of the Shareholders to attend and vote at the EGM is Tuesday, 12 December 2023 and the register of members of the Company will be closed from Thursday, 7 December 2023 to Tuesday, 12 December 2023 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify to attend and vote in the EGM, holders of 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 Wednesday, 6 December 2023.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. At the EGM, the chairman of the EGM will therefore demand a poll for every resolution put to vote of the EGM pursuant to article 61 of the Articles.

Save as disclosed, no Shareholder is required to abstain from voting in respect of the resolutions to be proposed at the EGM.

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## LETTER FROM THE BOARD

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### RECOMMENDATIONS

The Board considers that (i) the terms of the Supplemental Agreement and the 2024 Weichai Parts Purchase Agreement are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group, and (ii) the entering into the Supplemental Agreement and the 2024 Weichai Parts Purchase Agreement (including the relevant proposed Revised Cap and proposed New Cap) and the relevant transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole and, accordingly, recommends the Shareholders to vote in favour of the relevant resolutions in relation to the foregoing at the forthcoming EGM.

Your attention is also drawn to the letter from the Independent Board Committee which is set out on pages 19 to 20 of this circular. The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the terms of the Supplemental Agreement (including the relevant proposed Revised Cap) and the 2024 Weichai Parts Purchase Agreement (including the relevant proposed New Cap) are fair and reasonable as far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolutions to approve the Supplemental Agreement (including the relevant proposed Revised Cap) and the 2024 Weichai Parts Purchase Agreement (including the relevant proposed New Cap) and the transactions thereunder to be proposed at the EGM.

Yours faithfully  
By order of the Board  
**Sinotruk (Hong Kong) Limited**  
**Wang Zhijian**  
*Chairman of the Board*

\* *For identification purposes only*



**SINOTRUK (HONG KONG) LIMITED**

**中國重汽(香港)有限公司**

*(incorporated in Hong Kong with limited liability)*

**(Stock Code: 03808)**

27 November 2023

*To the Independent Shareholders*

Dear Sir/Madam,

We refer to the circular (the “**Circular**”) of the Company dated 27 November 2023 of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the Supplemental Agreement (including the relevant proposed Revised Cap) and the 2024 Weichai Parts Purchase Agreement (including the relevant proposed New Cap), and to advise the Independent Shareholders on whether the same are fair and reasonable so far as the Independent Shareholders are concerned and are in interests of the Company and the Shareholders as a whole. First Shanghai Capital Limited has been appointed as the independent finance adviser to give recommendations to the Independent Board Committee and the Independent Shareholders in respect of the above matters.

We wish to draw your attention to the letter from the Board set out on pages 5 to 18 of the Circular and the letter from the Independent Finance Adviser set out on pages 21 to 30 of the Circular.

Having considered the information set out in the letter from the Board, the terms of the Supplemental Agreement and the 2024 Weichai Parts Purchase Agreement and the advice of the Independent Financial Adviser in relation thereto, we are of the view that the Supplemental Agreement and the 2024 Weichai Parts Purchase Agreement are on normal commercial terms, in the ordinary and usual course of business of the Group; the terms of the Supplemental Agreement (including the relevant proposed Revised Cap) and the 2024 Weichai Parts Purchase Agreement (including the relevant proposed New Cap) are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Supplemental Agreement (including the relevant proposed Revised Cap) and the 2024 Weichai Parts Purchase Agreement (including the relevant proposed New Cap).

Yours faithfully

For and on behalf of the Independent Board Committee

**Lyu Shousheng**

*Independent non-executive Director*

**Lin Zhijun**

*Independent non-executive Director*

**Wang Dengfeng**

*Independent non-executive Director*

**Zhao Hang**

*Independent non-executive Director*

**Liang Qing**

*Independent non-executive Director*

**Zhang Zhong**

*Independent non-executive Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of a letter received from the Independent Financial Adviser setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the Non-exempt Continuing Connected Transactions (including the Supplemental Agreement, the 2024 Weichai Parts Purchase Agreement and the relevant proposed Revised Cap and New Cap) for inclusion in this circular.*



### FIRST SHANGHAI CAPITAL LIMITED

19th Floor, Wing On House  
71 Des Voeux Road Central  
Hong Kong

27 November 2023

*To the Independent Board Committee and  
the Independent Shareholders*

Sinotruk (Hong Kong) Limited  
Units 2102-03  
China Merchants Tower  
Shun Tak Centre  
168-200 Connaught Road Central  
Hong Kong

Dear Sir or Madam,

**(1) REVISION OF ANNUAL CAP OF EXISTING CONTINUING  
CONNECTED TRANSACTION  
AND  
(2) RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTION**

#### INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Non-exempt Continuing Connected Transactions (including the Supplemental Agreement, the 2024 Weichai Parts Purchase Agreement and the relevant proposed Revised Cap and New Cap), details of which are set out in the circular of the Company to the Shareholders dated 27 November 2023 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Circular.

The Group has been conducting and is expected to continue to conduct the continuing connected transactions with the Weichai Group pursuant to the 2023 Weichai Parts Purchase Agreement from time to time. Given the Company expects the existing annual cap for the year ending 31 December 2023 under the 2023 Weichai Parts Purchase Agreement will be insufficient, the Group entered into

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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the Supplemental Agreement with Weichai Holdings on 30 October 2023 to revise the annual cap for the year ending 31 December 2023 under the 2023 Weichai Parts Purchase Agreement to the Revised Cap. Furthermore, given (i) the 2023 Weichai Parts Purchase Agreement will soon expire on 31 December 2023; and (ii) the anticipated continuation of the continuing connected transaction in the coming years, the Company and Weichai Holdings entered into the 2024 Weichai Parts Purchase Agreement on 30 October 2023, on substantially the same terms as the 2023 Weichai Parts Purchase Agreement (other than the extension of payment term from 90 days to 120 days), to renew for the period up to 31 December 2024.

Weichai Holdings is a wholly-owned subsidiary of SHIG, which is a controlling shareholder of the Company, therefore Weichai Holdings is a connected person of the Company. Accordingly, the transactions contemplated under the 2023 Weichai Parts Purchase Agreement (as supplemented by the Supplemental Agreement) and the 2024 Weichai Parts Purchase Agreement constitute continuing connected transactions of the Company. As stated in the letter from the Board in the Circular (the “**Board Letter**”), the Non-exempt Continuing Connected Transactions (including the Supplemental Agreement, the 2024 Weichai Parts Purchase Agreement and the relevant proposed Revised Cap and New Cap) are subject to, among other things, approval by the Independent Shareholders at the EGM.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Lyu Shousheng, Dr. Lin Zhijun, Dr. Wang Dengfeng, Mr. Zhao Hang, Mr. Liang Qing and Mr. Zhang Zhong, has been established to advise the Independent Shareholders in respect of the Non-exempt Continuing Connected Transactions (including the Supplemental Agreement, the 2024 Weichai Parts Purchase Agreement and the relevant proposed Revised Cap and New Cap). We, First Shanghai Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

### OUR INDEPENDENCE

The Independent Shareholders should note that, within the past two years, we were previously engaged as independent financial adviser by the Company for three occasions regarding (i) certain continuing connected transactions (including the 2022 Weichai Parts Purchase Agreement) as disclosed in the circular of the Company dated 12 April 2022; (ii) the 2023 Weichai Parts Purchase Agreement as disclosed in the circular of the Company dated 2 December 2022; and (iii) certain continuing connected transactions with the CNHTC Group as disclosed in the circular of the Company dated 29 May 2023 (collectively, the “**Previous Engagements**”). Apart from normal professional fees paid or payable to us in connection with the Previous Engagements, we did not have any other relationships or interests with the Company within the past two years from the Latest Practicable Date. Given (i) our independent role in the Previous Engagements; (ii) none of the members of our parent group is a direct party to the Supplemental Agreement and the 2024 Weichai Parts Purchase Agreement; (iii) apart from normal professional fees paid or payable to us in connection with the Previous Engagements and this engagement, no arrangement exists whereby we have received or will receive any fees or benefits from the Company; and (iv) our fee for the current engagement with the Company, in addition to those for the Previous Engagements, represents an insignificant percentage of our revenue, we consider that the Previous Engagements would not affect our independence, and we consider ourselves independent to form our opinion in respect of the Non-exempt Continuing Connected Transactions (including the Supplemental Agreement, the 2024 Weichai Parts Purchase Agreement and the relevant proposed Revised Cap and New Cap).



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### **BASIS OF OUR OPINION**

In putting forth our opinion and recommendation, we have relied on the accuracy of the information and representations included in the Circular and provided to us by the management of the Group (the “**Management**”), and have assumed that all such information and representations made or referred to in the Circular and provided to us by the Management were true at the time they were made and continued to be true up to the Latest Practicable Date. We have also assumed that all statements of belief, opinion and intention made in the Circular were reasonably made after due enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Management and have been advised that no material facts have been withheld or omitted from the information provided and referred to in the Circular. We consider that we have reviewed sufficient information to reach an informed view and to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Management nor have we conducted any form of investigation into the business, affairs or future prospects of the Group and the Weichai Group. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with note 1 to Rule 13.80 of the Listing Rules.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating our opinion on the Non-exempt Continuing Connected Transactions (including the Supplemental Agreement, the 2024 Weichai Parts Purchase Agreement and the relevant proposed Revised Cap and New Cap), we have taken into account the following principal factors and reasons:-

#### **1. Background to and reasons for the Non-exempt Continuing Connected Transactions**

The Group primarily specialises in the research, development and manufacturing of heavy duty trucks, medium-heavy duty trucks, light duty trucks, etc. and related key assemblies, parts and components including engines, cabins, axles, steel frames and gearboxes as well as the provision of financial services. The Company is ultimately governed and controlled by 山東省人民政府 (Shandong Provincial People’s Government). We have reviewed the annual report of the Company for the year ended 31 December 2022 (the “**2022 Annual Report**”) and the interim report of the Company for the six months ended 30 June 2023 (the “**2023 Interim Report**”) and we note that the sales of (i) heavy duty trucks; (ii) light duty trucks and others; and (iii) engines collectively accounted for over 97% of the total revenue of the Group for the year ended 31 December 2022 and for the six months ended 30 June 2023, while the remaining revenue was primarily from the provision of financial services.

The Weichai Group is principally engaged in the manufacturing and sale of engines, heavy duty trucks, gear boxes, parts and components of heavy duty trucks and hydraulics controlling parts. Weichai Holdings is a wholly-owned subsidiary of SHIG, which is a controlling shareholder of the Company and is a state-owned enterprise ultimately governed and controlled by 山東省人民政府 (Shandong Provincial People’s Government).

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Group has been conducting and is expected to continue to conduct the continuing connected transactions, being the purchase of raw materials, parts and components, assemblies, semi-finished products (including but not limited to engines, gearboxes and axles) and related services, etc., from the Weichai Group pursuant to the 2023 Weichai Parts Purchase Agreement. We have discussed with the Management and we understand that the purchase transactions under the 2023 Weichai Parts Purchase Agreement are primarily for the manufacturing needs in the ordinary and usual course of business of the Group.

Given the Company expects the existing annual cap for the year ending 31 December 2023 under the 2023 Weichai Parts Purchase Agreement will be insufficient, the Group entered into the Supplemental Agreement with Weichai Holdings on 30 October 2023 to revise the annual cap for the year ending 31 December 2023 under the 2023 Weichai Parts Purchase Agreement to the Revised Cap, with all other terms remain unchanged. Furthermore, given (i) the 2023 Weichai Parts Purchase Agreement will soon expire on 31 December 2023; and (ii) the anticipated continuation of the continuing connected transaction in the coming years, the Company and Weichai Holdings entered into the 2024 Weichai Parts Purchase Agreement on 30 October 2023, on substantially the same terms as the 2023 Weichai Parts Purchase Agreement (other than the extension of payment term from 90 days to 120 days), to renew for the period up to 31 December 2024.

Having considered, in particular, (i) the purchase transactions under the 2023 Weichai Parts Purchase Agreement and the 2024 Weichai Parts Purchase Agreement are primarily for the purchasing of parts for the manufacturing needs of the Group; (ii) the Supplemental Agreement is for the revision of the annual cap for the year ending 31 December 2023, which is expected to be insufficient; (iii) the 2024 Weichai Parts Purchase Agreement is for the continuation of the 2023 Weichai Parts Purchase Agreement, which will soon expire on 31 December 2023; and (iv) the terms of the Non-exempt Continuing Connected Transactions (including but not limited to the proposed Revised Cap and New Cap) are fair and reasonable as discussed below, we are of the view that the entering into of the Non-exempt Continuing Connected Transactions is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

### **2. Principal terms of the Non-exempt Continuing Connected Transactions**

The 2024 Weichai Parts Purchase Agreement was entered into on 30 October 2023, on substantially the same terms as the 2023 Weichai Parts Purchase Agreement (other than the extension of payment term from 90 days to 120 days), for the period up to 31 December 2024. In respect of the principal terms of the 2024 Weichai Parts Purchase Agreement, (i) the prices will be determined in accordance with the market price approach to ensure that the prices for the parts supplied by the Weichai Group are no less favourable to the Group than those offers by independent third parties; and (ii) full payment shall be made within 120 days from the date of purchase. The Supplemental Agreement was entered into on 30 October 2023 for the revision of the annual cap for the year ending 31 December 2023 under the 2023 Weichai Parts Purchase Agreement to the Revised Cap, which is discussed in the section headed “The Revised Cap and the New Cap” below. Further details of the terms of the Non-exempt Continuing Connected Transactions are set out in the Board Letter.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In respect of the internal control measures for the Non-exempt Continuing Connected Transactions, we note that, among other things, (i) the Group will ask for quotations and cross check the prices from the independent third party suppliers and the Weichai Group, so as to ensure the procurement prices from the Weichai Group are no less favourable to the Group than those from independent third parties; (ii) the internal audit department of the Group will conduct review and assess the effectiveness of the internal control measures; and (iii) the external auditors of the Company and the independent non-executive Directors have reviewed and will continue to review the continuing connected transactions of the Group in accordance with the Listing Rules.

We note from the annual reports of the Company for each of the two years ended 31 December 2022 that, in accordance with the Listing Rules, (i) the Company had engaged external auditors, being Ernst & Young, to report on the continuing connected transactions of the Group for each of the two years ended 31 December 2022 and the external auditors of the Company had issued unqualified letters in respect of such transactions; and (ii) the independent non-executive Directors had also reviewed the continuing connected transactions of the Group for each of the two years ended 31 December 2022 and confirmed that such transactions were, among other things, on normal commercial terms or better and on terms that were fair and reasonable.

In addition, we have reviewed three sets of sample transaction documents with the Weichai Group regarding the type of purchases under the 2023 Weichai Parts Purchase Agreement, where we have also reviewed the relevant price list and the relevant terms with independent third parties in relation to each set of the aforementioned sample. We consider the selected sample connected transaction documents to be representative and sufficient because, in respect of selection criteria, (i) they were all transactions under the 2023 Weichai Parts Purchase Agreement which were randomly selected and involved relevant purchases by the Group from the Weichai Group; (ii) they were transactions that took place recently within the past year that can reflect the latest practice of the Group; and (iii) as we did not identify issues when we reviewed such samples therefore we did not require further samples and this sample size is in line with our usual practice. We understand that the terms of these reviewed transactions with the Weichai Group had adhered to the aforementioned principles, where the pricing terms with the Weichai Group were no less favourable than those with independent third parties. Furthermore, we have also (i) compared the credit period for the transactions under the 2023 Weichai Parts Purchase Agreement with the credit periods provided by independent third party suppliers, where we note that the credit period with the Weichai Group was no less favourable than those with the independent third party suppliers; and (ii) reviewed the latest published financial report of the Company and we understand that over 70% of the trade and bills payables as at 30 June 2023 were aged less than three months based on invoice date, where we note that the credit period of 90 days under the 2023 Weichai Parts Purchase Agreement and the credit period of 120 days under the 2024 Weichai Parts Purchase Agreement are in general no less favourable to the Group.

Having considered, in particular, (i) our review of the pricing terms of the 2023 Weichai Parts Purchase Agreement and the 2024 Weichai Parts Purchase Agreement, being no less favourable than those with independent third parties; (ii) the internal control measures of the Group, particularly the review and comparison of the terms with independent third parties; and (iii) the track record of compliance where the independent auditors of the Company and the independent non-executive Directors had reviewed and will continue to review the transactions contemplated under the 2023 Weichai Parts Purchase Agreement and the 2024 Weichai Parts Purchase Agreement, we are of the

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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view that (i) the Group has sufficient internal control measures for governing the Non-exempt Continuing Connected Transactions from time to time; and (ii) the terms of the Non-exempt Continuing Connected Transactions are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

### 3. The Revised Cap and the New Cap

The following table sets out the historical actual transaction amounts of the type of transactions contemplated under the 2023 Weichai Parts Purchase Agreement for the three most recent financial years and up to the nine months ended 30 September 2023, as well as the Revised Cap for the year ending 31 December 2023 and the New Cap for the year ending 31 December 2024.

	Historical actual transaction amounts				Revised Cap	New Cap
	For the year ended 31 December			For the nine months ended 30 September	For the year ending 31 December	For the year ending 31 December
	2020	2021	2022	2023	2023	2024
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Transaction amount	5,671	9,370	4,712 <sup>#</sup>	9,975	17,680	29,200
Year on year change	+1,689%	+65%	-50%	+188%	n/a	+65%

<sup>#</sup> Note: On 28 February 2022, the Company announced the completion of the gratuitous transfers and, thereafter, members of the Weichai Group become connected persons of the Company. The transaction amount from March 2022 to December 2022 was approximately RMB3,934 million.

We have reviewed the relevant historical actual transaction amounts, the Revised Cap and the New Cap and we note that:

- the historical actual transaction amount for the nine months ended 30 September 2023 was approximately RMB9,975 million, representing a year on year growth of approximately 188% (as compared with the historical actual transaction amount for the nine months ended 30 September 2022 of approximately RMB3,459 million) and an annualised amount of approximately RMB13,300 million (the “**2023 Annualised Transaction Amount**”), where the 2023 Annualised Transaction Amount represents (i) approximately 94% of the existing annual cap for the year ending 31 December 2023 of RMB14,126 million and approximately 75% of the Revised Cap of RMB17,680 million; and (ii) approximately 46% of the New Cap of RMB29,200 million;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- the historical actual transaction amount for the year ended 31 December 2022 was exceptionally low mainly because of industry downturn during the year, but the situation is rebounding as advised by the Management. Such rebound is evidenced in the fluctuation in the performance of the total revenue of the Group, which recorded (i) an annual decline of approximately 36% for the year ended 31 December 2022 as compared with the year ended 31 December 2021; and (ii) a year on year growth of approximately 43% for the six months ended 30 June 2023 as compared with the six months ended 30 June 2022 with reference to the latest published financial reports of the Company, being the annual report for year 2022 and the interim report for the first half of year 2023. For illustration purpose, the Revised Cap represents a compound annual growth rate of approximately 37% as compared with the historical actual transaction amount for the year ended 31 December 2021 (being the year before the exceptional downturn in 2022), where such growth rate is (i) no higher than the achieved annual growth rate of the historical actual transaction amount for the year ended 31 December 2021 of approximately 65%; and (ii) no higher than the aforementioned recently recorded year on year growth of the total revenue of the Group for the six months ended 30 June 2023 of approximately 43%. We have compared the compound annual growth rate with these growth rates given (i) year 2021 was the latest financial year before the exceptional industry downturn and the years before 2021 were not comparable because the growth rates were extraordinarily high in the growth stage; and (ii) the latest published financial results of the Group on its overall business performance was for the six months ended 30 June 2023; and
- the New Cap for the year ending 31 December 2024 of RMB29,200 million represents an annual increase of approximately 65% (as compared with the Revised Cap), which is (i) no higher than the recently achieved year on year growth of the historical actual transaction amount for the nine months ended 30 September 2023 of approximately 188%; and (ii) approximately the same as the achieved annual growth rate of the historical actual transaction amount for the year ended 31 December 2021 of approximately 65%. For illustration purpose, the New Cap represents a compound annual growth rate of approximately 46% as compared with the historical actual transaction amount for the year ended 31 December 2021 (being the year before the exceptional downturn in 2022), where such growth rate is (i) no higher than the achieved annual growth rate of the historical actual transaction amount for the year ended 31 December 2021 of approximately 65%; and (ii) around the level of the recently recorded year on year growth of the total revenue of the Group for the six months ended 30 June 2023 of approximately 43%. We have compared the compound annual growth rate with these growth rates given (i) year 2021 was the latest financial year before the exceptional industry downturn and the years before 2021 were not comparable because the growth rates were extraordinarily high in the growth stage; and (ii) the latest published financial results of the Group on its overall business performance was for the six months ended 30 June 2023. Despite the historical actual transaction amounts for year 2020 and year 2022 were lower, we have made reference to the growth rates for the relevant periods in year 2021 and year 2023 as aforementioned mainly because (i) recently achieved historical performance is in general a reference for estimation; and (ii) these comparisons were only part of the factors we considered to form our view, where other factors including annual cap utilisation and ongoing industry recovery were also considered and covered in this letter.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We understand from the Board Letter that the sales volume of the Group's heavy duty trucks is expected to increase given, among other things, (i) the Group has and will continue to consolidate and enhance the competitiveness and advantages of its products especially in respect of its high-end, high-horsepower, and AMT trending products; (ii) the Group has been implementing the standardisation of its distribution and service network, which enhanced its capabilities in operations, marketing, and risk resistance; and (iii) the new generation products and new energy products developed by the Group has been introduced into the market on a large scale in 2023, which substantially increased the Group's market share, and it is expected that the sales of these products will continue to increase in 2024 as the market recognition of these products gradually grows. We also understand from the Board Letter that the overall market demand in the light duty truck industry is also expected to increase further in 2024 considering the transformation of light duty truck products towards more regulatory-compliant, high-end, electronic, intelligent, internet of vehicles featured, and specialised.

In respect of the industry downturn in 2022 and its ongoing rebound, we have reviewed the June 2022 and June 2023 editions of the article titled 汽車工業經濟運行情況 (Operation Status of the Automotive Industry) and the related statistics published by 中國汽車工業協會 (China Association of Automobile Manufacturers) (the "CAAM Articles"). With reference to the CAAM Articles, we understand (i) the sales of commercial vehicles (including buses and trucks) in the PRC recorded a year on year decline of approximately 41% for the first half of 2022 due to, among other factors, the slowed down infrastructure projects and tourism travel because of the pandemic; (ii) the sales of commercial vehicles in the PRC recorded a year on year decline of approximately 16% for the second half of 2022, which was significantly narrowed as compared with that for the first half of 2022, and turned around and recorded a year on year increase of approximately 16% for the first half of 2023; (iii) the overseas market performed brilliantly, where the export of commercial vehicles recorded an annual growth of approximately 45% in year 2022 and a year on year growth of approximately 32% for the first half of 2023; and (iv) along with the introduction of government policies and the recovery of the general economy, the commercial vehicle industry is expected to continue to recover. We note that the recent relevant government policies include (i) the notice 《關於促進汽車消費的若干措施》 (Various Measures for the Promotion of Vehicle Consumption) jointly published on 20 July 2023 by various PRC government authorities including 國家發展和改革委員會 (National Development and Reform Commission); and (ii) 《汽車行業穩增長工作方案 (2023—2024年)》 (Work Plan for the Stable Growth of the Vehicle Industry (2023-2024)) jointly published on 25 August 2023 by various PRC government authorities including 工業和信息化部 (Ministry of Industry and Information Technology) and 交通運輸部 (Ministry of Transport), where we understand these government policies would stimulate the demand of commercial vehicles through, among other things, the abolishment of aged commercial vehicles, the support of infrastructure development and the strengthening of vehicle consumption financial services. We have further reviewed an article titled "IMF Staff Completes 2023 Article IV Mission to the People's Republic of China" dated 7 November 2023 and published by the International Monetary Fund, where we understand the real gross domestic product of the PRC is projected to have annual growth of approximately 5.4% for year 2023 and 4.6% for year 2024. Based on the aforesaid, we understand (i) the overall recovery of the industry (including the growth in export) as evidenced in our reviewed statistics; and (ii) the favourable measures (including the abolishment of aged commercial vehicles and other measures to boost market demand) in our aforementioned reviewed government policies are all supportive factors for the expected growth represented by the Revised Cap and the New Cap.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In addition, we have further discussed with the Management and we were advised by the Management that the total purchase amount of vehicle parts by the Group (including procurements of vehicle parts from both connected parties and independent third parties) for the nine months ended 30 September 2023 was approximately RMB41,336 million, representing an annualised amount of approximately RMB55,115 million (the “**2023 Annualised Purchase Amount**”). We note that the 2023 Annualised Transaction Amount represents approximately 24% of the 2023 Annualised Purchase Amount. We also note that the Revised Cap represents approximately 32% and the New Cap represents approximately 53% of the 2023 Annualised Purchase Amount (assuming no annual growth in the annual purchase amount in 2024). We understand the transaction amount with the Weichai Group has potential for substantial increase if the Group shifts its procurement from independent third parties to the Weichai Group, which offers terms that are no less favourable than those with independent third parties. In particular, members of the Weichai Group recently became connected persons of the Company upon the completion of the gratuitous transfers as disclosed in the announcement of the Company dated 28 February 2022, where cooperation between the Group and the Weichai Group is expected to become closer in the coming years.

Taking into account, in particular, (i) in respect of annual cap utilisation, the 2023 Annualised Transaction Amount already represents approximately 94% of the existing annual cap for the year ending 31 December 2023 and would represent approximately 75% of the Revised Cap and approximately 46% of the New Cap; (ii) the Revised Cap and the New Cap provide flexibility for the Group to make procurements from the Weichai Group that are necessary for manufacturing trucks by the Group, where the New Cap represents around half of the 2023 Annualised Purchase Amount; (iii) the overall recovery of the industry (including the growth in export) as evidenced in our reviewed statistics and the recently recorded high growth in historical actual transaction amount, where the lower actual transaction amount for the year ended 31 December 2022 was exceptional due to the downturn of the industry; (iv) the annual growth of the New Cap Increase is no higher than the recently achieved year on year growth of the historical actual transaction amount for the nine months ended 30 September 2023 and is approximately the same as the achieved annual growth rate of the historical actual transaction amount for the year ended 31 December 2022; (v) the favourable government measures, including the abolishment of aged commercial vehicles and measures to boost market demand; and (vi) the ongoing business development of the Group as mentioned previously and as detailed in the Board Letter, we consider the Revised Cap and the New Cap to be fair and reasonable so far as the Independent Shareholders are concerned.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### RECOMMENDATION

Having considered the above principal factors and reasons, we are of the opinion that the entering into of the Non-exempt Continuing Connected Transactions is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole. We are also of the view that the terms of the Non-exempt Continuing Connected Transactions are on normal commercial terms and, together with the relevant proposed Revised Cap and New Cap, are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves advise, the Independent Shareholders to vote in favour of the ordinary resolutions to approve the Non-exempt Continuing Connected Transactions at the EGM.

Yours faithfully,  
For and on behalf of  
**First Shanghai Capital Limited**

**Kenneth Yam**  
*Director — Corporate Finance*

**Roger Tang**  
*Senior Vice President*

*Note: Mr. Kenneth Yam has been a Responsible Officer and Mr. Roger Tang has been a Representative of Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Both of them have extensive experience in the corporate finance industry and have participated in the provision of independent financial advisory services for numerous connected transactions involving listed companies in Hong Kong.*



**1. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, include particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

**2. INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SECURITIES OF THE COMPANY**

As at the Latest Practicable Date, the directors and chief executives of the Company and their associates (as defined in the Listing Rules) had the following interests in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers:

**ASSOCIATED CORPORATION**

Ordinary A shares in Weichai Power Co., Ltd. — a fellow subsidiary of the Company

**Long positions**

<b>Name of Director</b>	<b>Nature of interest</b>	<b>Number of ordinary shares held</b>	<b>Approximate percentage of shareholding in the class</b>
Mr. Wang Zhijian	Beneficial owner	600,000	0.01%
Mr. Sun Shaojun	Beneficial owner	13,684,324	0.20%

Save as disclosed above, as at the Latest Practicable Date, as far as the Directors are aware, none of the Directors and chief executive of the Company had any interest and short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register required to be kept by the Company, or were required, pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules adopted by the Company, to be notified to the Company and the Stock Exchange.

### 3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, so far as was known to the Directors or the chief executive of the Company based on the register maintained by the Company pursuant to Part XV of the SFO, the following person (other than a Director or the chief executive of the Company) had, or were deemed or taken to have interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, were directly or indirectly, interested in 5% or more of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

#### (a) The Company

##### *Long position*

Name of Shareholder	Capacity in which interests are held	Note	Number of Shares held	Approximate percentage of shareholding
SHIG	Interest in controlled corporation	(a)	1,408,106,603	51%
CNHTC	Interest in controlled corporation	(b)	1,408,106,603	51%
Sinotruk (BVI) Limited	Beneficial owner		1,408,106,603	51%
FPFPS	Interest in controlled corporation	(c)	690,248,336	25%
Ferdinand Porsche Familien-Holding GmbH	Interest in controlled corporation	(d), (l)	690,248,336	25%
Ferdinand Alexander Porsche GmbH	Interest in controlled corporation	(e)	690,248,336	25%
Familie Porsche Beteiligung GmbH	Interest in controlled corporation	(f), (m)	690,248,336	25%
Porsche Automobil Holding SE	Interest in controlled corporation	(g), (n)	690,248,336	25%
Volkswagen AG	Interest in controlled corporation	(h)	690,248,336	25%
Volkswagen Finance Luxemburg S.A.	Interest in controlled corporation	(i)	690,248,336	25%
TRATON SE	Interest in controlled corporation	(j)	690,248,336	25%
TRATON International S.A.	Interest in controlled corporation	(k)	690,248,336	25%
MAN Finance and Holding S.A.	Beneficial owner		690,248,336	25%

*Notes:*

- (a) SHIG holds 65% interest in CNHTC. SHIG is deemed to have interest in all the Shares held (or deemed to be held) by CNHTC under the SFO.
- (b) CNHTC holds the entire issued share capital of Sinotruk (BVI) Limited. CNHTC is deemed to have interest in all the Shares held (or deemed to be held) by Sinotruk (BVI) Limited under the SFO.
- (c) FPFPS holds 90% interest in Ferdinand Porsche Familien-Holding GmbH. FPFPS is deemed to have interest in all the Shares held (or deemed to be held) by Ferdinand Porsche Familien-Holding GmbH under the SFO.
- (d) Ferdinand Porsche Familien-Holding GmbH holds 73.85% interest in Ferdinand Alexander Porsche GmbH. Ferdinand Porsche Familien-Holding GmbH is deemed to have interest in all the Shares held (or deemed to be held) by Ferdinand Alexander Porsche GmbH under the SFO.
- (e) Ferdinand Alexander Porsche GmbH holds 100% interest in Familie Porsche Beteiligung GmbH. Ferdinand Alexander Porsche GmbH is deemed to have interest in all the Shares held (or deemed to be held) by Familie Porsche Beteiligung GmbH under the SFO.
- (f) Familie Porsche Beteiligung GmbH holds 51.69% interests in Porsche Automobil Holding SE. Familie Porsche Beteiligung GmbH is deemed to have interest in all the Shares held (or deemed to be held) by Porsche Automobil Holding SE under the SFO.
- (g) Porsche Automobil Holding SE holds 50.73% interest in Volkswagen AG. Porsche Automobil Holding SE is deemed to have interest in all the Shares held (or deemed to be held) by Volkswagen AG under the SFO.
- (h) Volkswagen AG holds 100% interest in Volkswagen Finance Luxemburg S.A. Volkswagen AG is deemed to have interest in all the Shares held (or deemed to be held) by Volkswagen Finance Luxemburg S.A. under the SFO.
- (i) Volkswagen Finance Luxemburg S.A. holds 89.72% voting interest in TRATON SE. Volkswagen Finance Luxemburg S.A. is deemed to have interest in all the Shares held (or deemed to be held) by TRATON SE under the SFO.
- (j) TRATON SE holds 100% voting interest in TRATON International S.A. TRATON SE is deemed to have interest in all the Shares held (or deemed to be held) by TRATON International S.A. under the SFO.
- (k) TRATON International S.A. holds 100% voting interest in MAN Finance and Holding S.A. TRATON International S.A. is deemed to have interest in all the Shares held (or deemed to be held) by MAN Finance and Holding S.A. under the SFO.
- (l) Notwithstanding the information recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO, the Company has been informed that, as at the Latest Practicable Date, Ferdinand Porsche Familien-Holding GmbH holds 100% interest in Ferdinand Alexander Porsche GmbH.

- (m) Notwithstanding the information recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO, the Company has been informed that, as at the Latest Practicable Date, Familie Porsche Beteiligung GmbH held a 27.73% interest in the capital of Porsche Automobil Holding SE and had a voting interest of 55.46% in this entity.
- (n) Notwithstanding the information recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO, the Company has been informed that, as at the Latest Practicable Date, Porsche Automobil Holding SE held a 31.40% interest in the capital of Volkswagen AG and had a voting interest of 53.30% in this entity.

**(b) Members of the Group**

*Long position*

<b>Name of equity holder</b>	<b>Nature of interests</b>	<b>Name of the member of the Group</b>	<b>Approximate percentage of equity interest held</b>
Liuzhou Yunli Investment Co., Ltd.	Beneficial owner	Sinotruk Liuzhou Yunli Special Vehicles Co., Ltd.	40%
Yongan Fudi Investment Co., Ltd.	Beneficial owner	Sinotruk Fujian Haixi Vehicles Co., Ltd.	20%
Chengdu Qingbaijiang District State-owned Asset Investment and Management Co., Ltd.	Beneficial owner	Sinotruk Chengdu Wangpai Commercial Vehicles Co., Ltd.	20%
Suizhou Huawei Investment Holdings Co., Ltd.	Beneficial owner	Sinotruk Hubei Huawei Special Vehicles Co., Ltd.	40%
Kodiak America LLC.	Beneficial owner	Sinotruk Liuzhou Yunli Kodiak Machinery Co., Ltd.	49%
Shandong International Trust Co., Ltd.	Beneficial owner	Sinotruk Auto Finance Co., Ltd.	6.52%
SHIG Investment Co., Ltd	Beneficial owner	Sinotruk (Ji'nan) Business Co., Ltd.	40%

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, no other persons (not being a Director or chief executive of the Company) had any interests or short positions in the Shares or underlying Shares which are required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, nor were there any persons, directly or indirectly, interested in 5% or more of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

#### 4. CLAIMS AND LITIGATIONS

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

#### 5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any member of the Group other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

#### 6. COMPETING INTERESTS

As at the Latest Practicable Date, Mr. Wang Zhijian was the secretary of the party committee and general manager of CNHTC; Mr. Wang Chen was the deputy secretary of the party committee and the executive deputy general manager of CNHTC, etc.; Mr. Liu Wei was deputy general manager of CNHTC; Mr. Zhang Wei was the deputy general manager of CNHTC; Ms. Li Xia was the deputy general manager and financial controller of CNHTC; Mr. Sun Shaojun was a deputy chief manager of SHIG and an executive director of Weichai Power Co., Ltd.; Ms. Zhao Hong was the deputy general manager of CNHTC; Mr. Richard von Braunschweig was the head of corporate development of MAN Truck & Bus SE; Mr. Alexander Albertus Gerhardus Vlaskamp was the chairman of the executive board of MAN Truck & Bus SE and a member of the executive board of TRATON SE; Mr. Karsten Oellers was the head of group finance at TRATON SE; and Mr. Mats Lennart Harborn was the president of Scania China Group. Save as disclosed above, as at the Latest Practicable Date, none of the Directors and their respective close associates had any interests in a business, apart from the interest in the Group's business, which competes or may compete with the business of the Group.

#### 7. DIRECTORS' INTERESTS

- (a) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been, since 31 December 2022, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group.

- (b) As at the Latest Practicable Date, save for the following agreements and the respective subsisting continuing connected transactions entered into (i) between the Group and the CNHTC Group in which Mr. Sun Shaojun, Mr. Wang Zhijian, Mr. Wang Chen, Mr. Liu Wei, Mr. Zhang Wei, Ms. Li Xia, and Ms. Zhao Hong would have been required to abstain from voting, (ii) between the Group and the Weichai Group in which Mr. Sun Shaojun would have been required to abstain from voting, and (iii) between the Group and TRATON SE (and its associates), in which Mr. Richard von Braunschweig, Mr. Alexander Albertus Gerhardus Vlaskamp, Mr. Karsten Oellers and Mr. Mats Lennart Harborn would have been required to abstain from voting, none of the Directors were materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group:
- (i) the 2023 CNHTC Products Sales Agreement (as defined in the announcement of the Company dated 31 March 2021);
  - (ii) the 2023 CNHTC Parts Sales Agreements (as defined in the announcement of the Company dated 31 March 2021);
  - (iii) the 2023 Financial Services Agreement (as defined in the announcement of the Company dated 31 March 2021);
  - (iv) the 2023 Products Purchase Agreement (as defined in the announcement of the Company dated 31 March 2021);
  - (v) the 2024 Weichai Parts Sales Agreement (as defined in the announcement of the Company dated 4 March 2022);
  - (vi) the 2024 CNHTC Parts Purchase Agreement (as defined in the announcement of the Company dated 3 November 2021); and
  - (vii) the 2023 Weichai Parts Purchase Agreement (as defined in the announcement of the Company dated 2 November 2022).

- (c) As at the Latest Practicable Date, so far as is known to the Directors, the following Directors held offices in the substantial Shareholders set out in section 3 of this appendix above:

<b>Name of Director</b>	<b>Positions held</b>
Mr. Wang Zhijian	Secretary of the party committee and general manager of CNHTC
Mr. Wang Chen	Deputy secretary of the party committee and the executive deputy general manager of CNHTC
Mr. Liu Wei	Deputy general manager of CNHTC
Mr. Zhang Wei	Deputy general manager of CNHTC
Ms. Li Xia	Deputy general manager and financial controller of CNHTC
Ms. Zhao Hong	Deputy general manager of CNHTC
Mr. Sun Shaojun	Deputy chief manager of SHIG
Mr. Alexander Albertus Gerhardus Vlaskamp	Member of the executive board of TRATON SE
Mr. Karsten Oellers	Head of Group Finance at TRATON SE

## 8. MATERIAL ADVERSE CHANGE

The Directors do not consider there is any material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited financial statements of the Company were made up.

## 9. QUALIFICATION OF EXPERTS AND CONSENTS

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

<b>Name</b>	<b>Qualification</b>
First Shanghai Capital Limited	A license corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, the Independent Financial Adviser had no shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

As at the Latest Practicable Date, the Independent Financial Adviser had no direct or indirect interest in any asset which had been, since 31 December 2022, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group.

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein a copy of its advice and references to its name, in the form and context in which they respectively appear. The letter of the Independent Financial Adviser contained herein was issued on 27 November 2023 and was made by the Independent Financial Adviser for incorporation in this circular.

#### **10. MISCELLANEOUS**

This circular has been prepared in both English and Chinese. In the case of any discrepancy, the English text shall prevail.

#### **11. DOCUMENTS ON DISPLAY**

Copies of the Supplemental Agreement, 2023 Weichai Parts Purchase Agreement and 2024 Weichai Parts Purchase Agreement will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.sinotruk.com>) from the date of this circular up to and including the date of the EGM.



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### SINOTRUK (HONG KONG) LIMITED

中國重汽(香港)有限公司

*(incorporated in Hong Kong with limited liability)*

(Stock Code: 03808)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “EGM”) of Sinotruk (Hong Kong) Limited (the “Company”) will be held at 2:00 p.m. on Tuesday, 12 December 2023 at the meeting centre at No. 688 Shunhua South Road, Licheng District, Ji’nan City, Shandong Province, PRC (as the principal meeting venue) and Level 22, Nexxus Building, 41 Connaught Road Central, Hong Kong (as the additional meeting venue) for the purposes of passing the following resolutions, with or without amendments, as ordinary resolutions of the Company:

### ORDINARY RESOLUTIONS

To consider and, if thought fit, pass (with or without modification) the following resolutions as ordinary resolutions of the Company:

1. **“THAT:**

- A. the execution of the Supplemental Agreement to the 2023 Weichai Parts Purchase Agreement (as defined in the circular of the Company dated 27 November 2023 (the “Circular”) be and hereby ratified, confirmed and approved;
- B. all transactions contemplated under Supplemental Agreement to the 2023 Weichai Parts Purchase Agreement and the proposed revised annual cap therefor for the year ending 31 December 2023 as set out in the Circular be and are hereby approved; and
- C. any Director be and is hereby authorised to do all acts and execute and deliver (whether under seal) all such documents for and on behalf of the Company as he/she considers necessary or desirable in connection with the Supplemental Agreement to the 2023 Weichai Parts Purchase Agreement, the transactions contemplated thereunder and the proposed annual cap for the year ending 31 December 2023.”

2. **“THAT:**

- A. the execution of the 2024 Weichai Parts Purchase Agreement (as defined in the Circular) be and is hereby ratified, confirmed and approved;

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- B. all transactions contemplated under the 2024 Weichai Parts Purchase Agreement and the proposed annual cap therefor for the year ending 31 December 2024 as set out in the Circular be and are hereby approved; and
- C. any Director be and is hereby authorised to do all acts and execute and deliver (whether under seal) all such documents for and on behalf of the Company as he/she considers necessary or desirable in connection with the 2024 Weichai Parts Purchase Agreement, the transactions contemplated thereunder and the proposed annual cap for the year ending 31 December 2024.”

By order of the Board  
**Sinotruk (Hong Kong) Limited**  
**Wang Zhijian**  
*Chairman of the Board*

Ji'nan, the PRC, 27 November 2023

*As at the date of this notice, the board of the Company consists of seven executive directors of the Company including Mr. Wang Zhijian, Mr. Wang Chen, Mr. Liu Wei, Mr. Zhang Wei, Ms. Li Xia, Ms. Zhao Hong and Mr. Richard von Braunschweig; four non-executive directors of the Company including Mr. Sun Shaojun, Mr. Alexander Albertus Gerhardus Vlaskamp, Mr. Karsten Oellers and Mr. Mats Lennart Harborn; and six independent non-executive directors of the Company including Dr. Lin Zhijun, Dr. Wang Dengfeng, Mr. Zhao Hang, Mr. Liang Qing, Mr. Lyu Shousheng and Mr. Zhang Zhong.*

*Notes:*

1. A member entitled to attend and vote at the meeting of the Company is entitled to appoint one or more proxies to attend and on a poll vote on his behalf. A proxy need not be a member of the Company.
2. In order to be valid, a proxy form and the power of attorney or other authorisation (if any) under which it is signed, or a notarially certified copy of such power of attorney or authorisation, must be deposited at the share registrar of the Company, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude any member from attending and voting in person at the meeting or any adjourned meeting should he/she so wishes.
3. The EGM of the Company will be held on Tuesday, 12 December 2023 and the register of members of the Company will be closed from Thursday, 7 December 2023 to Tuesday, 12 December 2023 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify to attend and vote in the EGM, 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 Wednesday, 6 December 2023.

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4. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she/it were solely entitled thereto, but if more than one of such joint holders are present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
5. The proxy form for use at the EGM is enclosed with the Circular.
6. No corporate gifts, refreshments or drinks will be distributed.