
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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.

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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) CONTINUING CONNECTED TRANSACTIONS AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

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



FIRST SHANGHAI CAPITAL LIMITED

A notice of an extraordinary general meeting of Sinotruk (Hong Kong) Limited to be held at 10:00 a.m. on Friday, 29 April 2022 is set out on pages EGM-1 to EGM-3 of this circular.

A letter from the Board is set out on pages 9 to 26 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 27 to 28 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 29 to 38 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.

PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING

Please see page 1 of this circular for measures to be taken in attempt to prevent and control the spread of the novel coronavirus (COVID-19) pandemic at the EGM, including:

- compulsory temperature checks
- submission of health declarations
- wearing of surgical face masks
- no distribution of corporate gifts, refreshments or drinks

Any person who does not comply with the precautionary measures may be denied entry into the EGM venue, at the absolute discretion of the Company as permitted by law. In light of the continuing risks posed by the COVID-19 pandemic, the Company strongly encourages Shareholders NOT to attend the EGM in person, and advises Shareholders to appoint the chairman of the EGM as their proxy to vote according to their indicated voting instructions as an alternative to attending the EGM in person.

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PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING

In view of the ongoing novel coronavirus (COVID-19) pandemic and recent requirements for prevention and control of its spread, the Company will implement the following preventive measures at the EGM to protect attending Shareholders, staff and other stakeholders from the risk of infection:

- (i) Compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendees at the entrance of the EGM venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the EGM venue or be required to leave the EGM venue.
- (ii) All Shareholders, proxies and other attendees are required to complete and submit at the entrance of the EGM venue a health declaration form. Any person who does not comply with this requirement may be denied entry into the EGM venue or be required to leave the EGM venue. Anyone subject to quarantine, has any flu-like symptoms or has travelled overseas within 14 days immediately before the EGM (“recent travel history”), or has close contact with any person under quarantine or with recent travel history will not be permitted to attend the EGM.
- (iii) All attendees are recommended to wear surgical face masks inside the EGM venue at all times. To ensure compliance with the relevant government policies then in force, the Company may adopt other measures at the EGM as may be necessary to avoid over-crowding.
- (iv) There will be no corporate gifts, and no refreshments or drinks will be served.

To the extent permitted under law, the Company reserves the right to deny entry into the EGM venue or require any person to leave the EGM venue in order to ensure the safety of the attendees at the EGM.

In the interest of all stakeholders’ health and safety and consistent with recent COVID-19 guidelines for prevention and control, the Company reminds all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, Shareholders may appoint the chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM instead of attending the EGM in person.

The proxy form is attached to this circular for Shareholders who opt to receive physical circulars. Alternatively, the proxy form can be downloaded from the “Shareholders’ Meeting” tab under the “Investor Relations” section of the Company’s website at www.sinotruk.com and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. If you are not a registered Shareholder (if your Shares are held via banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited), you should consult directly with your banks or brokers or custodians (as the case may be) to assist you in the appointment of proxy.

Subject to the development of the Covid-19 pandemic and the requirements or guidelines of the government and/or regulatory authorities, the Company may announce further updates on the EGM arrangement on the Company’s website at www.sinotruk.com and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk as and when appropriate.

PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING

If Shareholders choosing not to attend the EGM in person have any questions about the relevant resolutions, or about the Company or any matters for communication with the Board, they are welcome to contact the Company via its investor relations contact as follows:

Public and Investor Relations

Email: sinotruk@wsfg.hk

Tel: 852 2851 1038

If Shareholders have any questions relating to the EGM, please contact Computershare Hong Kong Investor Services Limited, the Company's share registrar, as follows:

Computershare Hong Kong Investor Services Limited

17M Floor, Hopewell Centre

183 Queen's Road East

Wanchai, Hong Kong

E-mail: hkinfo@computershare.com.hk

Tel: 852 2862 8555

Fax: 852 2865 0990

DEFINITIONS

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

“2021 Possible CCT Agreements”	the 2021 Weichai Parts Sales Agreement and the 2021 Weichai Parts Purchase Agreement
“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 but excluding the Group), under which the Weichai Group agreed to supply raw materials, parts, components, semi-finished products, etc. to the Group
“2021 Weichai Parts Sales 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 but excluding the Group), under which the Group agreed to supply raw materials, parts, components, semi-finished products, etc. to the Weichai 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 the Weichai Group), details of which are set out in the section headed “NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS — 2. 2022 Weichai Parts Purchase Agreement” in the letter from the Board contained in this circular
“2024 Weichai Parts Sales 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 the Weichai Group), details of which are set out in the section headed “NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS — 1. 2024 Weichai Parts Sales Agreement —” in the letter from the Board contained in this circular
“2023 CNHTC Parts Sales Agreement”	the agreement dated 31 March 2021 entered into between the Company (for itself and on behalf of its subsidiaries) and CNHTC (for itself and on behalf of its associates but excluding the Group) under which the Group has agreed to supply raw materials, parts, components, semi-finished products, etc. to the CNHTC Group

DEFINITIONS

“2024 CNHTC Parts Purchase Agreement”	the agreement dated 3 November 2021 entered into between the Company (for itself and on behalf of its subsidiaries) and CNHTC (for itself and on behalf of the CNHTC Group), under which the CNHTC Group has agreed to supply raw materials, parts and components, assemblies and semi-finished products, etc. to the Group
“Annual CCT Review Reporting”	has the meaning ascribed thereto under the section headed “NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS — 1. 2024 Weichai Parts Sales Agreement — Internal control procedures” in the letter from the Board contained in this circular
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CNHTC”	中國重型汽車集團有限公司 (China National Heavy Duty Truck Group Company Limited*), a state-owned enterprise organised under the laws of the PRC with limited liability, being the substantial shareholder of the Company
“CNHTC Group”	CNHTC and its associates but excluding any member of the Group which constitutes an associate of CNHTC solely due to CNHTC’s indirect interest in the shares of the Company
“Company”	Sinotruk (Hong Kong) Limited (中國重汽(香港)有限公司), 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 to it under the Listing Rules
“Continuing Connected Transaction(s)”	the continuing transaction(s) between the Group and connected person(s) that constitutes continuing connected transactions pursuant to Chapter 14A of the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary meeting of the Company to be held on Friday, 29 April 2022, the notice of which is forms part of this circular

DEFINITIONS

“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 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)
“Group”	the Company and its subsidiaries
“Group Finance Department”	has the meaning ascribed thereto under the section headed “NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS — 1. 2024 Weichai Parts Sales Agreement — Internal control procedures” in the letter from the Board contained in this circular
“Group Internal Audit Department”	has the meaning ascribed thereto under the section headed “NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS — 1. 2024 Weichai Parts Sales Agreement — Internal control procedures” in the letter from the Board contained in this circular
“Group Securities Department”	has the meaning ascribed thereto under the section headed “NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS — 1. 2024 Weichai Parts Sales Agreement — Internal control procedures” in the letter from the Board contained in this circular
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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” or “First Shanghai”	First Shanghai Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial adviser advising the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Weichai CCT Agreements
“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 Weichai CCT Agreements

DEFINITIONS

“Latest Practicable Date”	Thursday, 7 April 2022, 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 “NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS — 1. 2024 Weichai Parts Sales Agreement — Internal control procedures” in the letter from the Board contained in this circular
“New Cap(s)”	the new annual cap(s) for the Continuing Connected Transactions as set out in the section headed “NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS” in the letter from the Board contained in this circular
“Non-exempt Continuing Connected Transaction(s)”	being the Continuing Connected Transaction(s) as set out in the section headed “NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS” 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 “NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS — 2. 2022 Weichai Parts Purchase Agreement” in the letter from the Board contained in this circular
“Parts For Sale”	has the meaning ascribed thereto under the section headed “NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS — 1. 2024 Weichai Parts Sales Agreement” in the letter from the Board contained in this circular
“Parts Price List”	has the meaning ascribed thereto under the section headed “NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS — 1. 2024 Weichai Parts Sales Agreement — Pricing” in the letter from the Board contained in this circular

DEFINITIONS

“Performance Appraisal Index”	has the meaning ascribed thereto under the section headed “NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS — 1. 2024 Weichai Parts Sales Agreement — Pricing” in the letter from the Board contained in this circular
“PRC”	the People’s Republic of China, for the purpose in this circular, excluding Hong Kong, Macao Special Administrative Region and Taiwan
“Previous Cap(s)”	the previous cap(s) for the Continuing Connected Transactions (before they became continuing connected transactions of the Company) set out in the section headed “NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS” in the letter from the Board contained in this circular
“Quarterly Internal Review”	has the meaning ascribed thereto under the section headed “NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS — 1. 2024 Weichai Parts Sales Agreement — Internal control procedures” in the letter from the Board contained in this circular
“Regular CCT Meetings”	has the meaning ascribed thereto under the section headed “NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS — 1. 2024 Weichai Parts Sales Agreement — Internal control procedures” in the letter from the Board contained in this circular
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“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 the holding company of CNHTC and a controlling shareholder of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Weichai CCT Agreements”	the 2024 Weichai Parts Sales Agreement and the 2022 Weichai Parts Purchase Agreement
“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”	潍柴控股集团有限公司 (Weichai Group Holdings Limited*), a company established in the PRC with limited liability which is a wholly-owned subsidiary of SHIG
“Weichai Interested Directors”	Mr. Cai Dong, Mr. Dai Lixin, Mr. Jiang Kui and Mr. Sun Shaojun (since his appointment as a Director)
“%”	per cent

* *For identification purpose 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)

Executive Directors:

Mr. Cai Dong (*Chairman*)
Mr. Liu Zhengtao (*President*)
Mr. Liu Wei
Mr. Dai Lixin
Mr. Richard von Braunschweig
Ms. Li Xia
Mr. Sun Shaojun

Non-executive Directors:

Mr. Jiang Kui
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

Headquarter:

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

12 April 2022

To the Shareholders

Dear Sir/Madam,

**(1) CONTINUING CONNECTED TRANSACTIONS
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

LETTER FROM THE BOARD

INTRODUCTION

Reference is made to the Company's announcement dated 4 March 2022 in respect of, inter alia, the Weichai CCT Agreements.

The purpose of this circular is to provide you with further details in relation to the Non-exempt Continuing Connected Transactions contemplated under the Weichai CCT Agreements and the relevant proposed New Caps, a letter from the Independent Board Committee and a 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.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Reference is made to the Company's announcement dated 31 March 2021 and the Company's circular dated 21 May 2021 in respect of, among other things, certain possible continuing connected transactions detailed therein. As disclosed in the aforesaid announcement and circular, each of the 2021 Possible CCT Agreements had expired on 31 December 2021.

Reference is also made to the Company's announcement dated 28 February 2022 about the completion of the Gratuitous Transfers. Upon the completion of the Gratuitous Transfers, members of the Weichai Group became connected persons of the Company. Since the Group intends to continue conducting the relevant transactions contemplated under the 2021 Possible CCT Agreements with the Weichai Group after the Weichai Group became a connected person of the Company, on 4 March 2022, the Company (for itself and on behalf of its subsidiaries) entered into the Weichai CCT Agreements with Weichai Holdings, on terms substantially the same as those of the relevant 2021 Possible CCT Agreements.

Set out below are the details of the Weichai CCT Agreements.

1. 2024 Weichai Part Sales Agreement

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

Date	:	4 March 2022
Parties	:	(i) Weichai Holdings (ii) The Company
Term	:	Three years from 1 January 2022 to 31 December 2024 (both days inclusive)

LETTER FROM THE BOARD

Subject matter:

Pursuant to the 2024 Weichai Parts Sales Agreement, the Group has agreed to supply raw materials, assemblies, parts and components, semi-finished products, etc. (the “**Parts For Sale**”) to the Weichai Group. The Parts For Sale under the 2024 Weichai Parts Sales Agreement include but are not limited to axle assemblies, high-pressure oil pump and oil seal, engines, and gear boxes.

Other terms and details:

The terms of the 2024 Weichai Parts Sales Agreement are substantially the same as those of the 2021 Weichai Parts Sales Agreement.

Pursuant to the terms of the 2024 Weichai Parts Sales 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 sold 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 90 days from the date of sale.

Pricing

Pursuant to the 2024 Weichai Parts Sales Agreement, the Group and the Weichai Group have agreed that, among other things, the price of the Parts For Sale to be sold to the Weichai Group by the Group shall be determined based on:

- (i) for off-the-shelf parts

The prices of such Parts For Sale will be determined in accordance with a parts price list compiled by the Group for the relevant Parts For Sale offered to all its customers including independent customers and the Weichai Group (the “**Parts Price List**”). The Parts Price List is made in accordance with the market price approach.

- (ii) for unique and proprietary parts

Since there is no prevailing market price for such parts, a cost plus profit margin approach is adopted for determining the prices for such parts. The profit margins of the Parts For Sale to be supplied by the Group under the 2024 Weichai Parts Sales Agreement will be between 5% to 20% which were determined with reference to (1) the average margin of vehicles and the related manufacturing industry as published by the SASAC which were summarised in the 企業績效評價標準值 2021 (Overall Enterprises Performance Appraisal Index — 2021*) published by the SASAC in 2021 (the “**Performance Appraisal Index**”), and (2) the historical profit margins of similar parts sold by the Group to independent third parties.

LETTER FROM THE BOARD

國務院國資委考核分配局 (Bureau of Performance Evaluation and Remuneration of SASAC*) prepared the Performance Appraisal Index in accordance with the relevant national regulations of the PRC and compiled the performance indicators including the profit margins of different industries including the automobile industry in 2020. These performance indicators were determined by mathematical statistics methods with reference to the financial statements of the state-owned enterprises of the relevant industries, the statistics data provided by the relevant statistics authorities of the PRC, the performance information of the relevant industrial associations and the objective analysis of the operation status of the various industries of national economy in the PRC in 2020. The average sales profit margin of the vehicle parts and components industry in the PRC as published in the Performance Appraisal Index is 4.9%. The sales profit margins published in the Performance Appraisal Index are neither government-prescribed price nor guidance price. For the past three years, sales profit margins of the relevant parts subject to the 2024 Weichai Parts Sales Agreement remained in the range of 5% to 20%, higher than the industrial average sales profit margin in the Performance Appraisal Index.

As such, the terms of the sales offered by the Group to the Weichai Group shall be no more favourable than those made available to the independent third parties with similar terms.

Previous Cap

The following table summarises the previous cap for the transactions contemplated under the 2021 Weichai Parts Sales Agreement for the year ended 31 December 2021:

	For the year ended 31 December 2021
	<i>RMB'000</i>
Previous cap	2,123,000

Historical transaction amounts

The following table summarises the approximate historical amounts in respect of the sales of the Parts For Sale to the Weichai Group (which only became a connected person of the Company following completion of the Gratuitous Transfers as referred to in the Company's announcement dated 28 February 2022) for the three years ended 31 December 2021, respectively:

	For the year ended 31 December 2019	For the year ended 31 December 2020	For the year ended 31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Historical transaction amounts	2,000	12,000	27,040

LETTER FROM THE BOARD

The utilisation rate of the Previous Cap remained low during the term of the 2021 Weichai Part Sales Agreement, which the Board considers was primarily due to the fact that there has been a higher than expected decline in the industry, resulting in Weichai Group basically being able to meet with the relevant demands based on its own capacity, without the need to fully utilise unused production capacity of the Company's wholly-owned subsidiary, Sinotruk Hangzhou Engines Co., Ltd.* (中國重汽集團杭州發動機有限公司) (the “**Hangzhou Subsidiary**”) as planned. Pursuant to the Group's original plan as disclosed in the announcement of the Company dated 31 March 2021, the Hangzhou Subsidiary was expected to take up certain engine production work for the Weichai Group in respect of approximately 50,000 engine units per annum, which, in turn, was estimated to generate sales of the Parts For Sale (including specific models of engines requested by the Weichai Group and the corresponding powertrains) of approximately RMB2,000 million per annum from 2021 onwards. Hence, the non-implementation of the said plan has resulted in a far lower than expected sales of the Parts For Sale to the Weichai Group during the year ended 31 December 2021 as compared with the original Previous Cap.

Proposed New Caps and basis

The following table shows the proposed New Caps for the three years ending 31 December 2024 for the transactions contemplated under the 2024 Weichai Parts Sales Agreement:

	For the year ending 31 December 2022	For the year ending 31 December 2023	For the year ending 31 December 2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Proposed New Caps	331,000	497,000	679,000

The proposed New Caps for the three years ending 31 December 2024 for the transactions contemplated under the 2024 Weichai Parts Sales Agreement were determined after considering the following factors:

- (i) the historical transaction amount of sales of the Parts For Sale to the Weichai Group for the three years ended 31 December 2021;
- (ii) an expected closer cooperation between the Group and the Weichai Group during the term of the 2024 Weichai Parts Sales Agreement, which will enable the Group to respond to and cater for the parts specifications and requirements of the Weichai Group quickly and in a cost efficient manner, which will in turn result in generation of additional business and revenue stream to the Group. Among which, the Group is expected to enhance cooperation with Shaanxi Heavy Duty Authomotive Co., Ltd.* (陝西重型汽車有限公司) (“**Shaanxi Zhongqi**”), a member of the Weichai Group and the largest manufacturer of heavy duty in the north western area of the PRC. With Shaanxi Zhongqi's successful development of vehicle models for export purposes in 2021, substantial increase of the demand for Shaanxi Zhongqi's vehicle models for export purposes is expected. It is expected that the increase in demand will be most

LETTER FROM THE BOARD

significant in 2022 with the gradual release of such new models of Shaanxi Zhongqi into the export market and the launch of the comprehensive marketing campaigns for such models according to the sales plan of the Weichai Group, which in turn is expected to result in a substantial increase in the sales of the Parts For Sales from the Group to Shaanxi Zhongqi to approximately RMB209 million in 2022. A further increase of sales of the Parts For Sales from the Group to Shaanxi Zhongqi is expected to increase by approximately 54% and 37% for the two years ending 31 December 2024, respectively, due to the expected stable growth of the demand for Shaanxi Zhongqi's vehicle models for export purposes after the significant increase in demand in 2022. Moreover, the Group plans to develop and/or expand cooperation with other members of the Weichai Group under the 2024 Weichai Parts Sales Agreement and the amount of such expected sales to the Weichai Group in 2022 is approximately RMB106 million;

- (iii) with an increased focus on railway and sea transportation exerting pressure on the domestic demand of heavy duty trucks, the heavy duty truck market in 2022 is expected to remain stable; and
- (iv) a 5% buffer for any price fluctuations during the term of the 2024 Weichai Parts Sales Agreement.

Taking into account the relatively low utilisation rate of the relevant Previous Cap 2021 as well as the expected prospect as set out above, the Board proposed that New Cap for the year ending 31 December 2022 be adjusted downward to RMB331 million from the Previous Cap of RMB2,123 million for the year ended 31 December 2021. Further, taking into account and on the basis of the aforesaid factors, in particular the increase in demand from the Weichai Group of such Parts For Sale during the term of the 2024 Weichai Parts Sales Agreement, it is estimated that the relevant transaction amount will increase by approximately 50.2% and 36.6% for each of the two years ending 31 December 2024, respectively.

For the purposes of ascertaining whether the highest applicable percentage ratio of the proposed New Caps for the relevant Continuing Connected Transaction set out in this sub-section 1 would exceed 5%, the proposed New Caps for the transactions under this sub-section have been aggregated with the annual caps for the same period in respect of the 2023 CNHTC Parts Sales Agreement (details of which are disclosed in the section headed "II. Continuing Connected Transactions — A. CNHTC Continuing Connected Transactions and Weichai Continuing Connected Transactions — 7. 2021/2023 Parts Sales Agreements — (a) 2023 CNHTC Parts Sales Agreement" of the announcement of the Company dated 31 March 2021) as set out below:

	For the year ending 31 December 2022	For the year ending 31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
Annual caps under the 2023 CNHTC Parts Sales Agreement	1,608,000	1,684,000

LETTER FROM THE BOARD

As the highest percentage ratio calculated in accordance with the Listing Rules for this Continuing Connected Transaction for the three years ending 31 December 2024 (when aggregated with the annual caps for the same period in respect of the transactions under the 2023 CNHTC Parts Sales Agreement) exceeds 5%, this Continuing Connected Transaction constitutes a Non-exempt Continuing Connected Transaction of the Company.

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

Internal control procedures

In order to ensure that the prices of each of the transactions made under this sub-section 1 are determined in accordance with the pricing policy applicable to the 2024 Weichai Parts Sales Agreement and that the prices are no more favourable to the Weichai Group than those offered to independent third parties, the prices of the transactions will be determined by the same Parts Price List available to all customers of the Group including independent customers and the Weichai Group, which is approved by the responsible management or executive Directors. The Parts Price List is reviewed on an annual basis. Hence, as the same Parts Price List is applicable to all of the Group's customers, the prices offered to the Weichai Group will be no more favourable than those offered to independent customers. The final price is determined by the contracting parties' business teams with reference to the Parts Price List, the overall market circumstances, the size of the order and payment methods which is based on the principles of fairness and reasonableness, and such price will be ultimately approved by the senior management of the Company or its relevant subsidiaries. With respect to the unique and proprietary parts under the 2024 Weichai Parts Sales Agreement, the value engineering department of the Company will calculate the cost for production for such parts, and then determine the appropriate profit margin (which will be between 5% to 20%) upon negotiation with the contracting parties with reference to factors including the overall market circumstances, the size of the order and payment methods. The final price will be determined by the cost plus the profit margin for such unique and proprietary parts and be approved by the senior management of the Company or its relevant subsidiaries. The internal audit departments of the subsidiaries of the Company or that of the Group will carry out periodic sample-testing over such sale prices.

Further, the Company has established procedures for monitoring the Continuing Connected Transactions under this sub-section 1 in which various departments of the Group will be responsible for the implementation, monitoring and review of such procedures. The Group's investment management and securities department ("**Group Securities Department**") carries out regular meetings on the management and control of continuing connected transactions ("**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 ("**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 Transactions ("**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

LETTER FROM THE BOARD

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 Group Securities Department 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 ("**Group Internal Audit Department**") will conduct quarterly reviews to check whether these transactions are conducted in accordance with the established procedures and internal controls ("**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 ("**Annual CCT Review Reporting**").

Reasons for and benefits of entering into the 2024 Weichai Parts Sales Agreement

The Weichai Group has been purchasing parts such as axles and engines, components, semi-finished products, etc. from the Group. The 2021 Weichai Parts Sales Agreement, which governed such transactions, expired at the end of 2021 and the Group intends to continue the relevant transactions with the Weichai Group after the completion of the Gratuitous Transfers.

Leveraging the existing business relationship between the Group and the Weichai Group, the Board expects that a closer cooperation between the Group and the Weichai Group will take place in the future. Such further cooperation is expected to bring synergy effect to both the Group and the Weichai Group and, in turn, result in the generation of additional business and revenue stream to the Group. Hence, the Board (including the independent non-executive Directors after considering the advice of the Independent Financial Adviser but excluding the Weichai Interested Directors) believed that it was in the best interest of the Group to further develop the supply of the Parts For Sale to the Weichai Group.

The terms of the 2024 Weichai Parts Sales Agreement were made after arm's length negotiations between the Company and Weichai Holdings. The Board (including the independent non-executive Directors after considering the advice of the Independent Financial Adviser but excluding the Weichai Interested Directors) was of the view that the transactions contemplated under the 2024 Weichai Parts Sales Agreement were on normal commercial terms, or on terms which were no more favourable than those the Group offers to independent third parties under prevailing local market conditions; the 2024 Weichai Parts Sales 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 Sales Agreement (including the relevant proposed New Caps) were fair and reasonable, and were in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

2. 2022 Weichai Parts Purchase Agreement

The principal terms of the 2022 Weichai Parts Purchase Agreement and the transactions contemplated thereunder are as follows:

Date	:	4 March 2022
Parties	:	(i) Weichai Holdings (ii) The Company
Term	:	One year from 1 January 2022 to 31 December 2022 (both days inclusive)

Subject matter:

Pursuant to the 2022 Weichai Parts Purchase Agreement, the Weichai Group has agreed to sell raw materials, parts and components, assemblies, semi-finished products (including but not limited to engines, gearboxes and axles), etc. (the “**Parts For Purchase**”) to the Group. As the models and specifications of engines that the Group requires for its manufacturing of vehicles (and thus the corresponding powertrains and other parts and components) are different from those that the Weichai Group acquires from the Group, the Parts For Purchase under the 2022 Weichai Parts Purchase Agreement to be purchased by the Group from the Weichai Group are, in general, different in types and specifications from the Parts For Sale under the 2024 Weichai Parts Sales Agreement to be supplied by the Group to the Weichai Group. To the best knowledge of the Company after making all reasonable enquiries, the Company was not aware of any actual sale and purchase of the same parts between the Group and the Weichai Group in the past. Although there might be some overlap in the type of the parts purchased or sold under the 2022 Weichai Parts Purchase Agreement and the 2024 Weichai Parts Sales Agreement (as the case may be) due to the size of the Group and Weichai Group and the varying business needs of the respective group companies, the Company expects that any actual sale and purchase of the same parts between the Group and the Weichai Group due to such overlap will only occur in very limited circumstances and the amount of such overlap during the term of the 2022 Weichai Parts Purchase Agreement, if any, is expected to be nominal and in any event below 0.02% of the proposed New Cap for the 2022 Weichai Parts Purchase Agreement.

LETTER FROM THE BOARD

Other terms and details:

The terms of the 2022 Weichai Parts Purchase Agreement are substantially the same as those of the 2021 Weichai Parts Purchase Agreement.

Pursuant to the 2022 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 90 days from the date of purchase.

Pricing

Pursuant to the terms of the 2022 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 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 2022 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 Cap

The following table summarises the previous cap for the transactions contemplated under the 2021 Weichai Parts Purchase Agreement for the year ended 31 December 2021:

	For the year ended 31 December 2021 <i>RMB'000</i>
Previous cap	16,309,000

LETTER FROM THE BOARD

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 (which only became a connected person of the Company following completion of the Gratuitous Transfers as referred to in the Company's announcement dated 28 February 2022) for the three years ended 31 December 2021, respectively:

	For the year ended 31 December 2019	For the year ended 31 December 2020	For the year ended 31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Historical transaction amounts	317,000	5,671,000	9,370,000

Proposed New Cap and basis

The following table shows the proposed New Cap for the year ending 31 December 2022 for the transactions contemplated under the 2022 Weichai Parts Purchase Agreement:

	For the year ending 31 December 2022
	<i>RMB'000</i>
Proposed New Cap	16,236,000

The proposed New Cap for the year ending 31 December 2022 for the transactions contemplated under the 2022 Weichai Parts Purchase Agreement was determined after considering the following factors:

- (i) the historical transaction amount of purchase from the Weichai Group, in particular, the relevant purchase amount for the two years ended 31 December 2021, demonstrating a trend of increase in the demand in the Parts For Purchase supplied by the Weichai Group;
- (ii) the expected continual increase in the Group's purchase of engines from the Weichai Group as well as parts and components (being auxiliary to the engines supplied by the Weichai Group) from the Weichai Group during the term of the 2022 Weichai Parts Purchase Agreement.

LETTER FROM THE BOARD

As the Group's sales volume is expected to keep growing and its existing production capacity of heavy duty truck engines has been fully utilised, the purchase of heavy duty truck engines from the Weichai Group can cover the shortage of production capacity and/or models of the Group's self-produced engines and meet production needs. In terms of light duty truck engines, the Group does not manufacture small-displacement engines, making procurement of such engines from third parties necessary. As the market for light duty truck engines is highly competitive and has a high level of transparency of information, the customers (with stronger bargaining position) usually have clear preference for engines and other powertrains for the vehicles they order. The light duty truck engines of the Weichai Group are reasonably priced, stable in supply, high in technological level and quality, abundant in the variety of products and well regarded for services, and are thus well recognised and well received by the customers of the Group. The proportion of the Group's orders for light truck engines with engines produced by the Weichai Group has significantly increased in recent years. On the other hand, the light duty truck engines of the Weichai Group have a broad range of models and specifications, and are well suited for the Group's market expansion plans in various segment markets in which the Group does not currently have presence and are expected to contribute to the increase in market share in the light duty truck markets of the Group. As the Weichai Group's engines have a greater market advantage, the Group will fully cooperate with the Weichai Group in terms of light duty truck engines. At the same time, some customers of the Group have requested to purchase commercial vehicles equipped with the Weichai Group's engines, and the purchase of relevant engines from the Weichai Group can meet the needs of the Group's customers. In general, the purchase of engines from the Weichai Group has greatly promoted the Group's sales volume. Since 2019, the Group has been acquiring the Parts For Purchase (including engines) from the Weichai Group. During the year ended 31 December 2021, the Group had purchased the Parts For Purchase amounting to RMB9,370 million from the Weichai Group. With continual growth of the commercial vehicle market and the Group's vehicles installed with the Weichai Group's engines being well received by the market, the sales of the Group's vehicles has been performing well. In order to capture such growth potential, new products installed with the Weichai Group's engines have been gradually launched, and a closer cooperation between the Group and the Weichai Group is expected. For the year ending 31 December 2022, the Group intends to purchase approximately 99,000 units of heavy duty truck engines and 130,000 units of light duty truck engines of specific models requested by the Group from the Weichai Group which is estimated to result in an increase in the purchase amount by approximately RMB4,692 million compared with that for the year ended 31 December 2021. Further, the Group's demands for other parts, components and assemblies of the Weichai Group such as auxiliary products for engine and gearbox assemblies (being auxiliary to the engines supplied by the Weichai Group) are also expected to increase accordingly by approximately RMB2,174 million during the year ending 31 December 2022 compared with that for the year ended 31 December 2021;

LETTER FROM THE BOARD

- (iii) based on (ii) above, with the expected continual growth of the commercial vehicle market and an enhanced market recognition of the Group's vehicles installed with the Weichai Group's engines, the Group intends to continue launching vehicle models installed with the Weichai Group's engines throughout the term of the 2022 Weichai Parts Purchase Agreement in order to capture the business expansion opportunity. Hence, a high level of cooperation between the Group and the Weichai Group during the year ending 31 December 2022 is anticipated, which in turn, is expected to result in a further growth in the Group's procurement of the Parts For Purchase from the Weichai Group;
- (iv) with an increased focus on railway and sea transportation exerting pressure on the domestic demand of heavy duty trucks, the heavy duty truck market in 2022 is expected to remain stable; whilst the light duty truck market is expected to increase in a stable manner by 5 to 10% in view of the latest governmental policies on tightened emission regulations which is expected to trigger a wave of replacement of existing light duty trucks in 2022; and
- (v) a 5% buffer for any price fluctuations during the term of the 2022 Weichai Parts Purchase Agreement.

Taking into account and on the basis of the aforesaid factors, the Board proposed that New Cap for the year ending 31 December 2022 be set at RMB16,236 million for the year ending 31 December 2022, which is comparable to the Previous Cap for the year ending December 2021.

For the purposes of ascertaining whether the highest applicable percentage ratio of the proposed New Cap for the relevant Continuing Connected Transaction set out in this sub-section 2 would exceed 5%, the proposed New Cap for the transactions under this sub-section has been aggregated with the annual cap for the same period in respect of the 2024 CNHTC Parts Purchase Agreement (details of which are disclosed in the section headed "II. 2024 CNHTC Parts Purchase Agreement" of the announcement of the Company dated 3 November 2021) as set out below:

	For the year ending 31 December 2022
	<i>RMB'000</i>
Annual cap under the 2024 CNHTC Parts Purchase Agreement	604,000

As the highest percentage ratio calculated in accordance with the Listing Rules for this Continuing Connected Transaction for the year ending 31 December 2022 (when aggregated with the annual cap for the same period in respect of the transactions under the 2024 CNHTC Parts Purchase Agreement) exceeds 5%, this Continuing Connected Transaction constitutes a Non-exempt Continuing Connected Transaction of the Company.

LETTER FROM THE BOARD

Hence, the 2022 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.

Internal control procedures

In order to ensure that the prices of each of the transactions made under this sub-section 2 are determined in accordance with the pricing policy applicable to the 2022 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 or 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 legal department 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 Company has established procedures for monitoring the Continuing Connected Transactions under this sub-section 2 in which various departments of the Group will be responsible for the implementation, monitoring and review of such procedures. The Group Securities Department carries out Regular CCT Meetings to monitor and ensure all the relevant Continuing Connected Transactions are in compliance with the relevant rules and regulations. The Group Finance Department prepares 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 Group Securities Department for monitoring, follow-up and, if necessary, revision of the annual cap in accordance with the requirements of the Listing Rules. The Group Internal Audit Department will conduct 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 Annual CCT Review Reporting.

LETTER FROM THE BOARD

Reasons for and benefits of entering into the 2022 Weichai Parts Purchase Agreement

The Weichai Group has been supplying raw materials, assemblies, parts and components, semi-finished products, etc. to the Group. The 2021 Weichai Parts Purchase Agreement, which governed such transactions, expired at the end of 2021 and the Group intends to continue the relevant transactions with the Weichai Group after the completion of the Gratuitous Transfers.

Following cooperation with the Weichai Group in recent years, the use of engines produced by the Weichai Group has been met with a positive response within the market and customers of the Group often have requested for engines from the Weichai Group to be installed on their commercial vehicles. In view of such demand and recognition of the Group's vehicles installed with the Weichai Group's engines, the Board considers it an optimum opportunity for the Group to further expand its business operations. Accordingly, the Group intends to continue launching and promoting the sales of vehicle models installed with the Weichai Group's engines throughout the term of the 2022 Weichai Parts Purchase Agreement. Whilst this would result in a further increase in the Group's procurement of the Parts For Purchase from the Weichai Group, the expected increased sales of the Group's vehicles installed with the Weichai Group's engines is expected to increase the overall sale volumes of the products of the Group and, in turn, the revenue of the Group. In addition, a further expansion of the procurement by the Group from the Weichai Group will enable the Group to better adjust to the transition in emission standards and tightening of environmental regulations and broaden the Group's understanding of the segment markets.

In light of the above, the Board (including the independent non-executive Directors after considering the advice of the Independent Financial Adviser but excluding the Weichai Interested Directors) believed that it was in the best interest of the Group to continue purchasing the Parts For Purchase from the Weichai Group.

The terms of the 2022 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 after considering the advice of the Independent Financial Adviser but excluding the Weichai Interested Directors) was of the view that the transactions contemplated under the 2022 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 2022 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 2022 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.

LETTER FROM THE BOARD

GENERAL INFORMATION RELATING TO THE PARTIES TO THE WEICHAI CCT AGREEMENTS

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, buses, 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 is a company established in the PRC with limited liability. According to the public information available, the Weichai Group (including Weichai Power Co., Ltd. and its subsidiaries) 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. SHIG is 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 山東國惠投資有限公司 (Shandong Guohui Investment Co., Ltd.*) and 10% by 山東省社會保障基金理事會 (Shandong Provincial Council for Social Security Fund*). To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, 山東國惠投資有限公司 (Shandong Guohui Investment Co., Ltd.*) and 山東省社會保障基金理事會 (Shandong Provincial Council for Social Security Fund*) are both PRC state-owned entities.

LISTING RULES IMPLICATIONS

As disclosed in the Company's announcement dated 28 February 2022, upon the completion of the Gratuitous Transfers, SHIG became entitled to exercise 65% voting rights in the general meetings of CNHTC and therefore became the holding company of CNHTC. CNHTC is a substantial shareholder of the Company indirectly interested in 51% of the Shares and is a connected person of the Company. Weichai Holdings, being a wholly-owned subsidiary of SHIG, is a fellow subsidiary of CNHTC and is also a connected person. Accordingly, the transactions between the Group and the Weichai Group as contemplated under the 2024 Weichai Parts Sales Agreement and the 2022 Weichai Parts Purchase Agreement constitute continuing connected transactions of the Company.

As the highest percentage ratio calculated pursuant to the Listing Rules in respect of the transactions contemplated under each of the Weichai CCT Agreements (on an annual and aggregated basis) exceeds 5%, such transactions constitute Non-exempt Continuing Connected Transactions of the Company and accordingly, the Weichai CCT Agreements and their proposed New Caps 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.

LETTER FROM THE BOARD

At the Board meeting held on 4 March 2022 approving, inter alia, the Weichai CCT Agreements, in view of their respective positions in the relevant connected persons, namely, (i) Mr. Cai Dong's position as a director of Weichai Holdings, (ii) Mr. Dai Lixin's position as the board secretary of SHIG, and (iii) Mr. Jiang Kui's position as the general manager of SHIG, Mr. Cai Dong, Mr. Dai Lixin and Mr. Jiang Kui abstained from voting on the resolutions approving the relevant Continuing Connected Transactions. 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 Weichai CCT Agreements (including the relevant proposed New Caps), 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 resolutions. 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.

An Independent Board Committee has been formed to advise the Independent Shareholders with respect to the Non-exempt Continuing Connected Transactions (namely, the Weichai CCT Agreements and the relevant proposed New Caps). 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 10:00 a.m. on Friday, 29 April 2022 at Units 2102-03, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong 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 Friday, 29 April 2022. The record date for determining the entitlement of the Shareholders to attend and vote at the EGM is Friday, 29 April 2022 and the register of members of the Company will be closed from Tuesday, 26 April 2022 to Friday, 29 April 2022 (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 Monday, 25 April 2022.

LETTER FROM THE BOARD

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 any of the resolutions to be proposed at the EGM.

RECOMMENDATIONS

The Board considers that (i) the terms of each of the Weichai CCT Agreements 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 Weichai CCT Agreements (including the relevant proposed New Caps) 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 27 to 28 of this circular. The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the terms of the Weichai CCT Agreements (including the relevant proposed New Caps) 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 Weichai CCT Agreements (including the relevant proposed New Caps) and the transactions thereunder to be proposed at the EGM.

Yours faithfully
By order of the Board
Sinotruk (Hong Kong) Limited
Cai Dong
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)

12 April 2022

To the Independent Shareholders

Dear Sir/Madam,

We refer to the circular (the “**Circular**”) of the Company dated 12 April 2022 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 Weichai CCT Agreements (including the relevant proposed New Caps), 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 9 to 26 of the Circular and the letter from the Independent Finance Adviser set out on pages 29 to 38 of the Circular.

Having considered the information set out in the letter from the Board, the terms of the Weichai CCT Agreements and the advice of the Independent Financial Adviser in relation thereto, we are of the view that the Weichai CCT Agreements are on normal commercial terms, in the ordinary and usual course of business of the Group; the terms of the Weichai CCT Agreements (including the relevant proposed New Caps) 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.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Weichai CCT Agreements (including the relevant proposed New Caps).

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

LETTER FROM FIRST SHANGHAI

The following is the text of a letter received from First Shanghai setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the Non-exempt Continuing Connected Transactions (including the Weichai CCT Agreements and the relevant proposed New Caps) for inclusion in this circular.



FIRST SHANGHAI CAPITAL LIMITED

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

12 April 2022

*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,

CONTINUING CONNECTED TRANSACTIONS

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 Weichai CCT Agreements and the relevant proposed New Caps), details of which are set out in the circular of the Company to the Shareholders dated 12 April 2022 (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.

LETTER FROM FIRST SHANGHAI

The Group has been conducting and is expected to continue to conduct the continuing connected transactions under the 2021 Possible CCT Agreements with the Weichai Group from time to time. In view of, among other things, (i) the 2021 Possible CCT Agreements had expired on 31 December 2021; (ii) members of the Weichai Group 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; and (iii) the anticipated continuation of the continuing connected transaction in the coming years, the Company and Weichai Holdings entered into the Weichai CCT Agreements (being (i) the 2024 Weichai Parts Sales Agreement; and (ii) the 2022 Weichai Parts Purchase Agreement on substantially the same terms as the 2021 Possible CCT Agreements) on 4 March 2022 to govern the principal terms of the Non-exempt Continuing Connected Transactions.

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 Weichai CCT Agreements 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 Weichai CCT Agreements and the relevant proposed New Caps) 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 Weichai CCT Agreements and the relevant proposed New Caps). We, First Shanghai Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

Apart from the existing engagement in respect of the Non-exempt Continuing Connected Transactions (including the Weichai CCT Agreements and the relevant proposed New Caps), we did not have any business relationship with the Company within the past two years from the Latest Practicable Date. We consider ourselves independent to form our opinion in respect of the Non-exempt Continuing Connected Transactions (including the Weichai CCT Agreements and the relevant proposed New Caps).

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

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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 Weichai CCT Agreements and the relevant proposed New Caps), 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 results announcement of the Company for the year ended 31 December 2021 (the "2021 Annual Results") and we note that the sales of (i) heavy duty truck; (ii) light duty trucks and others; and (iii) engines collectively accounted for approximately 98% of the total revenue of the Group for the year ended 31 December 2021, while the remaining was primarily from the provision of financing services.

The Weichai Group (including Weichai Power Co., Ltd. and its subsidiaries) 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).

The Group has been conducting and is expected to continue to conduct the continuing connected transactions under the 2021 Possible CCT Agreements (being the 2021 Weichai Parts Sales Agreement and the 2021 Weichai Parts Purchase Agreement) with the Weichai Group from time to time. In view of, among other things, (i) the 2021 Possible CCT Agreements had expired on 31 December 2021; (ii) members of the Weichai Group became connected persons of the Company upon the completion of the Gratuitous Transfers; and (iii) the anticipated continuation of the continuing connected transaction in the coming years, the Company and Weichai Holdings entered into the Weichai CCT Agreements (being (i) the 2024 Weichai Parts Sales Agreement; and (ii) the 2022 Weichai Parts Purchase Agreement, on substantially the same terms as the 2021 Possible CCT Agreements) on 4 March 2022 to govern the principal terms of the Non-exempt Continuing Connected Transactions, the details of which are set out in the Board Letter and are summarised as follows:

- (i) the 2024 Weichai Parts Sales Agreement, pursuant to which the Group has agreed to supply raw materials, assemblies, parts and components and semi-finished products, etc. to the Weichai Group; and

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- (ii) the 2022 Weichai Parts Purchase Agreement, pursuant to which the Weichai Group has agreed to supply raw materials, parts and components, assemblies and semi-finished products, etc. to the Group.

We have discussed with the Management on the background to and reasons for the Weichai CCT Agreements and we understand that:

- (i) the sales transactions under the 2024 Weichai Parts Sales Agreement are part of the ordinary and usual course of business of the Group that can generate revenue to the Group;
- (ii) the purchase transactions under the 2022 Weichai Parts Purchase Agreement are primarily for the manufacturing needs in the ordinary and usual course of business of the Group; and
- (iii) transacting with the Weichai Group has the merits as further detailed in the Board Letter. For instance, the use of engines produced by the Weichai Group has been met with positive responses within the market and customers of the Group often have requested for engines from the Weichai Group to be installed on their commercial vehicles.

In respect of the mutual sales between the Group and the Weichai Group, we have further discussed with the Management and we are advised by the Management that the mutual sales is primarily because (i) in view of the high variety of types and specifications of automobile parts, the manufacturing facilities of the Group are specialised in the manufacture of certain specific automobile parts which the Weichai Group is not specialised in, or vice versa; and (ii) the Group has the need to procure parts from the Weichai Group at times when production capacity is insufficient, or vice versa. In respect of the mutual sales of the same item between the Group and the Weichai Group, we have further discussed with the Management and we are advised by the Management that (i) the Company is not aware of any actual sale and purchase of the same parts between the Group and the Weichai Group in the past in view of the different specifications of parts required by the two groups; (ii) in case such business needs arise during the term of the 2022 Weichai Parts Purchase Agreement in view of the size of the two groups and the varying business needs, the Company expects the amount of such mutual sales of the same parts would be nominal and below 0.02% of the proposed New Cap for the 2022 Weichai Parts Purchase Agreement; and (iii) the Group would adhere to its internal control measures on the pricing policies of the Weichai CCT Agreements.

Having considered, in particular, (i) the sales transactions are revenue in nature to the Group, whereas the purchase transactions are for the manufacturing needs of the Group; (ii) the mutual sales of parts is attributable to production specialisation and capacity limitation; (iii) the Weichai CCT Agreements are for the continuation of the 2021 Possible CCT Agreements, which had expired on 31 December 2021; and (iv) the terms of the Non-exempt Continuing Connected Transactions (including the Weichai CCT Agreements and the relevant proposed New Caps) are fair and reasonable as discussed below, we are of the view that the entering into of the Non-exempt Continuing Connected Transactions (including the Weichai CCT Agreements and the relevant proposed New Caps) are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

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2. Principal terms of the Non-exempt Continuing Connected Transactions contemplated under the Weichai CCT Agreements

The principal terms of the Non-exempt Continuing Connected Transactions contemplated under the Weichai CCT Agreements, which are set out in more details in the Board Letter, are summarised in the following table.

The 2024 Weichai Parts Sales Agreement

The terms of the sales offered by the Group to the Weichai Group shall be no more favourable than those made available to the independent third parties with similar terms.

For off-the-shelf parts, the prices of such Parts For Sale will be determined in accordance with a parts price list compiled by the Group, which is made in accordance with the market price approach for the relevant Parts For Sale offered to all its customers including independent customers and the Weichai Group.

For unique and proprietary parts, since there is no prevailing market price for such parts, a cost plus profit margin approach is adopted for determining the prices for such parts. The profit margins of the Parts For Sale to be supplied by the Group will be between 5% to 20% (the “**Profit Margin**”), which were determined with reference to (i) the average margin of vehicles and the related manufacturing industry as published by the SASAC to independent third parties which were summarised in the 企業績效評價標準值2021 (Overall Enterprises Performance Appraisal Index — 2021) published by the SASAC in 2021 (the “**SASAC Performance Appraisal Index**”); and (ii) the historical profit margins of similar parts sold by the Group to independent third parties.

The full payment shall be made within 90 days from the date of sale.

The 2022 Weichai Parts Purchase Agreement

The Group will prepare a parts purchase price list, which summarises all agreed parts purchase prices with independent parts suppliers and the connected parts suppliers (i.e. the Weichai Group), for all procurement departments of the Group to follow. Accordingly, the prices will be determined in accordance with the market price approach to ensure that the prices for the parts supplied by connected parts suppliers are no less favourable to the Group than those offers by independent third parties.

The full payment shall be made within 90 days from the date of purchase.

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Regarding the pricing terms of the Non-exempt Continuing Connected Transactions contemplated under the Weichai CCT Agreements, we understand that (i) other than the sales of unique and proprietary parts under the 2024 Weichai Parts Sales Agreement where no prevailing market price is available, the prices with connected parties under the Weichai CCT Agreements shall make reference to and shall be no less favourable than those with independent third parties obtained in the market; and (ii) the Profit Margin for the sales of unique and proprietary parts under the 2024 Weichai Parts Sales Agreement shall be determined with reference to the SASAC Performance Appraisal Index and the historical profit margins of similar parts sold by the Group to independent third parties.

In respect of the internal control measures for the Non-exempt Continuing Connected Transactions contemplated under the Weichai CCT Agreements, we note that, among other things, (i) the procurement department of the Group will ask for quotations and cross check the prices from the independent third party suppliers and the connected parties (being the Weichai Group), so as to ensure the procurement prices from the connected parties are no less favourable to the Group than those from the independent third parties; (ii) the internal audit department of the Group will conduct quarterly internal review and assess the effectiveness of the internal control measures; and (iii) the independent 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. Further details of the internal control measures are set out in the Board Letter.

We note from the annual reports of the Company for each of the two years ended 31 December 2020 that, in accordance with the Listing Rules, (i) the Company had engaged independent auditors to report on the continuing connected transactions of the Group for each of the two years ended 31 December 2020 and the independent auditors of the Company issued their 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 2020 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 in connection with each of the Weichai CCT Agreements. We understand that the terms of these reviewed transactions had adhered to the aforementioned principles, for instance, the pricing terms with connected parties were no less favourable than those with independent third parties. Moreover, we have reviewed the SASAC Performance Appraisal Index and we are advised by the Management that the average profit margin of automobile parts manufacturing industry is approximately 4.9% according to the SASAC Performance Appraisal Index, where the Profit Margin for sales to connected parties under the 2024 Weichai Parts Sales Agreement of between 5% to 20% is higher. Furthermore, we have reviewed the latest published annual report of the Company and we understand the Group in general grants a credit period of three to 12 months to its customers, where we note that the credit period of 90 days under the Weichai CCT Agreements falls within such range.

Having considered, in particular, (i) our review of the pricing terms of the Non-exempt Continuing Connected Transactions, which shall be 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

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will continue to review the Non-exempt Continuing Connected Transactions of the Group, we are of the 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 contemplated under the Weichai CCT Agreements are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

3. The New Caps

The following table sets out the historical actual transaction amounts of the Non-exempt Continuing Connected Transactions for each of the three years ended 31 December 2021 as well as the New Caps for each of the three years ending 31 December 2024 (where applicable) as extracted from the Board Letter.

	Historical actual transaction amounts			New Caps		
	For the year ended 31 December			For the year ending 31 December		
	2019	2020	2021	2022	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>
The 2024 Weichai Parts Sales Agreement	2	12	27	331	497	679
The 2022 Weichai Parts Purchase Agreement	317	5,671	9,370	16,236	—	—

(i) The New Caps for the 2024 Weichai Parts Sales Agreement

We have discussed with the Management regarding the New Caps for the 2024 Weichai Parts Sales Agreement and we are advised by the Management that:

- the low historical actual transaction amounts were attributable to, among other things, (i) the weaker than expected industry environment attributable to, among other factors, the impact of the COVID-19 pandemic, where the Weichai Group was able to meet its own demand with its own production capacity, without the need to procure from the Group as much as expected; and (ii) the Weichai Group recently became a connected person of the Company following completion of the Gratuitous Transfers and the bond and cooperation between the Group and the Weichai Group was not yet strong before such completion; and
- the determination of the respective New Caps of RMB331 million, RMB497 million and RMB679 million for each of the years ending 31 December 2022, 2023 and 2024 has taken into account, among other things, (i) the expected gradual strengthening of bond and cooperation between the Group and the Weichai Group following the completion of the Gratuitous Transfers; and (ii) the domestic market in the PRC is expected to remain stable. In particular, the increases in the New Caps are mainly attributable to the cooperation with a member of the Weichai Group known as 陝西重型汽車有限公司 (Shaanxi Heavy Duty Automotive Co., Ltd.) (“**Shaanxi Heavy Auto**”), which is the largest manufacturer of heavy duty automobiles in the northwestern area of the PRC and successfully developed vehicle models for export purposes in 2021, as detailed in the Board Letter. The sales to Shaanxi Heavy Auto are expected to include automobile parts that can serve the recently developed vehicle models for export purposes.

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We have reviewed the financial performance of the Group for the recent financial periods, where we note that (i) the total revenue of the Group amounted to approximately RMB98,198 million, representing an annual growth of approximately 57%, for the year ended 31 December 2020; (ii) the total revenue of the Group amounted to approximately RMB65,169 million, representing a year on year growth of approximately 52%, for the six months ended 30 June 2021; (iii) the total revenue of the Group amounted to approximately RMB93,357 million, representing a compound annual growth rate for the past three years of approximately 22%, for the year ended 31 December 2021; (iv) the highest New Cap for the 2024 Weichai Parts Sales Agreement (being RMB679 million for the year ending 31 December 2024) represents merely approximately 0.7% of the actual achieved total revenue of the Group of the year ended 31 December 2021; and (v) the annual growth rates of the New Caps for the 2024 Weichai Parts Sales Agreement of approximately 50% for the year ending 31 December 2023 and approximately 37% for the year ending 31 December 2024 are around or not higher than the aforementioned actual achieved growth of the total revenue of the Group.

In respect of the scale of the Weichai Group, we have reviewed relevant information and noted that Weichai Holdings is a sizeable PRC state-owned corporation and, as at 31 December 2020, Weichai Holdings was either a substantial or a controlling shareholder of several listed corporations, including (i) Weichai Power Co., Ltd (listed on the Hong Kong Stock Exchange with stock code 2338 and on the Shenzhen Stock Exchange with stock code 000338), which was principally engaged in the manufacturing and sale of automobiles and automobile components and recorded revenue of approximately RMB203,548 million for the year ended 31 December 2021; (ii) Weichai Heavy Machinery Co., Ltd. (listed on the Shenzhen Stock Exchange with stock code 000880), which was principally engaged in the manufacturing and sale of diesel engines and power generating units and recorded revenue of approximately RMB3,411 million for the year ended 31 December 2021; and (iii) Yangzhou Yaxing Motor Coach Co., Ltd. (listed on the Shanghai Stock Exchange with stock code 600213), which was principally engaged in the manufacturing and sale of buses and recorded revenue of approximately RMB1,879 million for the year ended 31 December 2020. Despite Shaanxi Heavy Auto is not a listed corporation, we have reviewed the annual report of Shaanxi Heavy Auto for the year ended 31 December 2020 published on the website of Shanghai Clearing House (上海清算所), where Shaanxi Heavy Auto had issued short-term financing securities, and we noted that Shaanxi Heavy Auto recorded revenue of approximately RMB65,843 million for the year ended 31 December 2020, representing an annual growth of approximately 21%, and cost of sales of approximately RMB61,648 million for the year ended 31 December 2020, representing an annual growth of approximately 23%.

In addition, in respect of our review of the domestic market of the PRC in view of the outbreak of the COVID-19 pandemic, we have reviewed of the World Economic Outlook dated January 2022, which was published by the International Monetary Fund (the “**IMF Report**”). According to the IMF Report, for each of the years ending 31 December 2022 and 2023, the annual growth rate of the real gross domestic product of the PRC is expected to be approximately 4.8% and 5.2%, respectively. Hence, we understand the outlook of the macroenvironment of the PRC is stable and favourable.

Taking into account, in particular, (i) the transactions are revenue in nature to the Group; (ii) the expected strengthening of bond and cooperation between the Group and the Weichai Group following completion of the Gratuitous Transfers; (iii) the highest New Cap represents merely approximately 0.7% of the actual achieved total revenue of the Group of the year ended 31 December 2021; and (iv) Weichai Holdings is a sizeable PRC state-owned corporation, we consider the New Caps for the 2024 Weichai Parts Sales Agreement to be fair and reasonable so far as the Independent Shareholders are concerned.

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(ii) The New Cap for the 2022 Weichai Parts Purchase Agreement

We have reviewed the relevant historical actual transaction amounts and the New Cap for the 2022 Weichai Parts Purchase Agreement and we note that:

- as detailed in the Board Letter, the sales volume of the Group is expected to keep growing and purchasing from the Weichai Group can cover the production capacity of the Group to meet production needs;
- the historical actual transaction amount for the year ended 31 December 2020 was approximately RMB5,671 million, representing an annual growth of approximately 1,689%, and the historical actual transaction amount for the year ended 31 December 2021 (the “**2021 Actual Amount**”) was approximately RMB9,370 million, representing an annual growth of approximately 65% (the “**2021 Actual Growth Rate**”); and
- the New Cap for the year ending 31 December 2022 of RMB16,236 million is approximately the 2021 Actual Amount increased by the 2021 Actual Growth Rate with a slight buffer of approximately 5%.

In addition, we have further discussed with the Management and we are also advised by the Management that the New Cap for the year ending 31 December 2022 represents approximately 24% of 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 year ended 31 December 2021.

Taking into account, in particular, (i) the 2022 Weichai Parts Purchase Agreement provides flexibility for the Group to make procurements from the Weichai Group that are necessary for manufacturing trucks by the Group, where the New Cap for the year ending 31 December 2022 represents less than one-fourth of the total purchase amount of vehicle parts by the Group for the year ended 31 December 2021; (ii) Weichai Holdings is a sizeable PRC state-owned corporation as discussed previously; (iii) the New Cap for the year ending 31 December 2022 is approximately the 2021 Actual Amount increasing by the 2021 Actual Growth Rate, both of which are derived from historical actual transaction amounts, with a slight buffer of approximately 5%; (iv) the scale of the New Cap as compared with the total purchase amount of vehicle parts by the Group; and (v) the ongoing business development of the Group as discussed previously and as detailed in the Board Letter, we consider the New Cap for the 2022 Weichai Parts Purchase Agreement to be fair and reasonable so far as the Independent Shareholders are concerned.

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RECOMMENDATION

Having considered the above principal factors and reasons, we are of the opinion that the entering into each of the Weichai CCT Agreements and the Non-exempt Continuing Connected Transactions contemplated thereunder is conducted in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole. We are also of the opinion that the terms of the Non-exempt Continuing Connected Transactions contemplated under the Weichai CCT Agreements are on normal commercial terms and, together with the relevant proposed New Caps, 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 (including the Weichai CCT Agreements and the relevant proposed New Caps) at the EGM.

Yours faithfully,

For and on behalf of

First Shanghai Capital Limited

Nicholas Cheng

Director

Roger Tang

Vice President

Note: Mr. Nicholas Cheng 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

Name of Director	Nature of interest	Number of ordinary shares held	Approximate percentage of shareholding in the class
Mr. Dai Lixin	Beneficial owner	4,790,000	0.07%
Mr. Sun Shaojun	Beneficial owner	13,684,324	0.20%

Ordinary shares in Shantui Construction Machinery Co., Ltd. — a fellow subsidiary of the Company

Long positions

Name of Director	Nature of interest	Number of ordinary shares held	Approximate percentage of shareholding in the class
Mr. Jiang Kui	Beneficial owner	42,697	0.00%

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)	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), (l)	690,248,336	25%
Porsche Automobil Holding SE	Interest in controlled corporation	(g), (m)	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%
MAN SE	Interest in controlled corporation	(k), (n)	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 94.68% voting interest in MAN SE. TRATON SE is deemed to have interest in all the Shares held (or deemed to be held) by MAN SE under the SFO.
- (k) MAN SE holds 100% voting interest in MAN Finance and Holding S.A. MAN SE 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, 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.
- (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, Porsche Automobil Holding SE held a 31.42% interest in the capital of Volkswagen AG and had a voting interest of 53.35% in this entity.
- (n) For information purposes, the Company has been informed that, on 31 August 2021, MAN SE merged into TRATON SE via a merger-squeeze-out and ceased to exist. TRATON SE is the legal successor of MAN SE.

(b) Members of the Group*Long position*

Name of equity holder	Nature of interests	Name of the member of the Group	Approximate percentage of equity interest held
Liuzhou Yunli Investment Co., Ltd.	Beneficial owner	Sinotruk Liuzhou Yunli Special Vehicles Co., Ltd.	40%
Weihai Weineng Commercial Machinery Co., Ltd.	Beneficial owner	Shandong Yousai New Energy Technology Co., Ltd.	40%
Yongan Fudi Investment Co., Ltd.	Beneficial owner	Sinotruk Fujian Haixi Vehicles Co., Ltd.	20%
Chengdu Dachenggong Mechanics 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.	6.5%

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. Cai Dong was the general manager of CNHTC and a director of Weichai Holdings; Mr. Liu Zhengtao was the deputy general manager of CNHTC; Mr. Liu Wei was deputy general manager of CNHTC; Mr. Dai Lixin was the board secretary of SHIG; Ms. Li Xia was the financial controller of CNHTC; Mr. Sun Shaojun was an executive director, a member of the strategic development and investment committee and the director of several subsidiaries/associates of Weichai Power Co., Ltd., a director of Weichai Holdings and a deputy chief manager of SHIG; Mr. Jiang Kui was the general manager of SHIG and a non-executive director of Weichai Power Co., Ltd.; 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 2021, 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 prior continuing connected transactions entered into (i) between the Group and the CNHTC Group in which Mr. Cai Dong, Mr. Liu Zhengtao, Mr. Liu Wei, Mr. Dai Lixin, Ms. Li Xia and Mr. Jiang Kui were required to (or would have been required to) abstain from voting, (ii) between the Group and Weichai Group in which Mr. Cai Dong, Mr. Dai Lixin, Mr. Jiang Kui and Mr. Sun Shaojun were required to (or would have been required to) abstain from voting, and (iii) between the Group and MAN SE and its associates, in which Mr. Richard von Braunschweig, Mr. Alexander Albertus Gerhardus Vlaskamp, Mr. Karsten Oellers and Mr. Mats Lennart Harborn were required to (or 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; and
 - (vi) the 2024 CNHTC Parts Purchase Agreement and the 2022 Weichai Parts Purchase Agreement.
- (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:

Name of Director	Positions held
Mr. Cai Dong	General manager of CNHTC
Mr. Liu Zhengtao	Deputy general manager of CNHTC
Mr. Liu Wei	Deputy general manager of CNHTC
Mr. Dai Lixin	Board secretary of SHIG
Ms. Li Xia	Financial controller of CNHTC
Mr. Sun Shaojun	Deputy chief manager of SHIG
Mr. Jiang Kui	General 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 confirm that there has been no material adverse change in the financial or trading position of the Group since 31 December 2021, 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:

Name	Qualification
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 2021, 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 12 April 2022 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 each of the Weichai CCT Agreements 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.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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 10:00 a.m. on Friday, 29 April 2022 at Units 2102-03, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong 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 2024 Weichai Parts Sales Agreement (as defined in the circular of the Company dated 12 April 2022 (the “Circular”)) be and is hereby ratified, confirmed and approved;
 - B. all transactions contemplated under the 2024 Weichai Parts Sales Agreement and the proposed annual caps therefor for the three years 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 Sales Agreement, the transactions contemplated thereunder and the proposed annual caps for the three years ending 31 December 2024.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

2. “**THAT:**

- A. the execution of the 2022 Weichai Parts Purchase Agreement (as defined in the Circular) be and is hereby ratified, confirmed and approved;
- B. all transactions contemplated under the 2022 Weichai Parts Purchase Agreement and the proposed annual cap therefor for the year ending 31 December 2022 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 2022 Weichai Parts Purchase Agreement, the transactions contemplated thereunder and the proposed annual cap for the year ending 31 December 2022.”

By order of the Board
Sinotruk (Hong Kong) Limited
Cai Dong
Chairman of the Board

Ji’nan, the PRC, 12 April 2022

As at the date of this notice, the board of the Company consists of seven executive directors of the Company including Mr. Cai Dong, Mr. Liu Zhengtao, Mr. Liu Wei, Mr. Dai Lixin, Mr. Richard von Braunschweig, Ms. Li Xia and Mr. Sun Shaojun; four non-executive directors of the Company including, Mr. Jiang Kui, 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.

NOTICE OF EXTRAORDINARY GENERAL MEETING

3. The EGM of the Company will be held on Friday, 29 April 2022 and the register of members of the Company will be closed from Tuesday, 26 April 2022 to Friday, 29 April 2022 (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 Monday, 25 April 2022.
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.
7. Subject to the development of the Covid-19 pandemic and the requirements or guidelines of the government and/or regulatory authorities, the Company may announce further updates on the EGM arrangement on the Company's website at www.sinotruk.com and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk as and when appropriate.