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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)**

**CONNECTED TRANSACTION**

**DISPOSAL OF  
THE ENTIRE EQUITY INTEREST IN  
THE TARGET**

**THE DISPOSAL**

On 29 April 2022, Ji'nan Commercial Truck, a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with CNHTC, pursuant to which Ji'nan Commercial Truck has agreed to sell, and CNHTC has agreed to acquire, the entire equity interest in the Target at the Initial Consideration of RMB194,175,700 (equivalent to approximately HK\$230,235,125) (subject to adjustments). Upon completion of the Disposal, the Group will cease to have any equity interest in the Target and the Target will no longer be a subsidiary of the Company.

**LISTING RULES IMPLICATIONS**

As CNHTC is a controlling shareholder of the Company and thus a connected person of the Company, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio calculated pursuant to the Listing Rules for the Disposal is more than 0.1% but all of such ratios are less than 5%, the Disposal is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempt from the independent Shareholders' approval requirement.

**Shareholders and potential investors should note that the Disposal, which is subject to a number of conditions precedent, may or may not be completed. Shareholders and potential investors are reminded to exercise caution when dealing in the shares of the Company.**

## **I. INTRODUCTION**

The Board is pleased to announce that on 29 April 2022, Ji'nan Commercial Truck, a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with CNHTC, pursuant to which Ji'nan Commercial Truck has agreed to sell, and CNHTC has agreed to acquire, the entire equity interest in the Target at the Initial Consideration of RMB194,175,700 (equivalent to approximately HK\$230,235,125) (subject to adjustments). Upon completion of the Disposal, the Group will cease to have any equity interest in the Target and the Target will no longer be a subsidiary of the Company.

## **II. PRINCIPAL TERMS OF THE EQUITY TRANSFER AGREEMENT**

**Date:** 29 April 2022

**Parties:** (1) Ji'nan Commercial Truck, as the vendor  
(2) CNHTC, as the purchaser

### **Subject matter**

Ji'nan Commercial Truck has agreed to sell, and CNHTC has agreed to acquire, the entire equity interest in the Target, a wholly-owned subsidiary of Ji'nan Commercial Truck, in accordance with the terms of the Equity Transfer Agreement.

## **Consideration and payment terms**

Pursuant to the Equity Transfer Agreement, the initial consideration (the “**Initial Consideration**”) payable by CNHTC for the Disposal is the appraised value of the Target of RMB194,175,700 (equivalent to approximately HK\$230,235,125) as appraised by the Valuer (adopting the asset-based approach) as at the Valuation Reference Date.

The Initial Consideration shall be paid by CNHTC to Ji’nan Commercial Truck in cash within 15 working days after the satisfaction (or waiver, as applicable) of all conditions precedent set out in the section below.

The Initial Consideration is subject to customary adjustment based on the profit/loss of the Target for the period from the Valuation Reference Date to the date of the Completion which will be borne by Ji’nan Commercial Truck. The parties will agree on such adjustment within 20 working days after the date of the Completion. The Board does not expect such adjustment to the Initial Consideration will be so significant as to result in a change in the classification of the Disposal under Chapter 14 or Chapter 14A of the Listing Rules.

The Consideration was determined after arm’s length negotiation between CNHTC and Ji’nan Commercial Truck based on the appraised value and the financial positions of the Target.

## **Conditions precedent**

The payment of the Initial Consideration by CNHTC is conditional upon the fulfilment or (if permitted by relevant laws and regulations) waiver by CNHTC in writing of the following conditions precedent:

- (i) Ji’nan Commercial Truck having obtained all necessary external and internal approvals, authorisations and consents for the Disposal including but not limited to by the internal decision-making institutions, regulatory/supervisory institutions (including the state-owned assets supervisory and administration authorities, if needed) as well as creditors (banks or other financial institutions, if needed), and such approvals, authorisations and consents remaining valid as at the date of the payment of the Initial Consideration by CNHTC;

- (ii) there being no adverse material changes in the circumstances of the Target or circumstances having material adverse impact on the Target (other than those already disclosed); and
- (iii) there being no restriction on or prohibition of the Disposal by any laws, regulations and government orders.

### **Completion**

CNHTC shall complete the relevant industrial and commercial registration in respect of the Disposal within 15 working days after its payment of the Initial Consideration.

## **III. INFORMATION ON THE TARGET**

The Target was established on 23 April 2015 as a limited liability company in the PRC and has a registered capital of RMB642,991,515.79. It is principally engaged in the development, manufacture, sales and servicing of vehicles (including light trucks, mini-trucks, special-purpose vehicles and new energy vehicles) and vehicle parts and components.

Set out below is the audited financial information of the Target for the two financial years ended 31 December 2020 and 31 December 2021, respectively, prepared based on the generally accepted accounting principles of the PRC:

	<b>For the year ended 31 December 2021</b>	<b>For the year ended 31 December 2020</b>
	<i>RMB thousands</i>	<i>RMB thousands</i>
	<i>(audited)</i>	<i>(audited)</i>
Net consolidated loss before taxation	(58,163)	(221,537)
Net consolidated loss after taxation	(58,163)	(221,537)

Based on the audited financial information of the Target prepared based on the generally accepted accounting principles of the PRC, as of 31 January 2022, the audited total consolidated asset value and net consolidated asset value of the Target were approximately RMB454.41 million and RMB73.48 million, respectively.

The original cost of investment incurred by the Group in respect of the entire equity interest of the Target amounted to approximately RMB253 million.

#### **IV. INFORMATION ON CNHTC**

CNHTC is a commercial vehicles manufacturer and a controlling shareholder of the Company. It is a state-owned enterprise organised under the laws of the PRC with limited liability and is ultimately governed and controlled by Shandong Provincial People's Government\* (山東省人民政府).

#### **V. INFORMATION ON JI'NAN COMMERCIAL TRUCK**

Ji'nan Commercial Truck is a wholly-owned subsidiary of the Group and principally engaged in the manufacture and sales of trucks and spare parts in the PRC.

#### **VI. REASONS FOR AND BENEFITS OF THE DISPOSAL**

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 provision of financial services to those parties related to the production and sales of the Group's products and to the CNHTC Group.

Upon completion of the Disposal, the Group will cease to have any equity interest in the Target, the Target will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the consolidated financial statements of the Company.

The Board considers that the Disposal is in line with the recent adjustments in the Company's business strategy to divest of its mini-truck business. Meanwhile, as the Target contributes only a small portion to the revenue of the Company, the Board is of the view that the Disposal will not have any material impact on the operation of the Group. It is also expected that, upon the completion of the Disposal, the Group will be able to focus better on its principal business and improve the Group's competitiveness and operational results as a whole.

The Company expects to accrue a gain in the amount of approximately RMB17,380,000 as a result of the Disposal, on the basis of the consolidated financial statements of the Target.

The net proceeds from the Disposal will be utilised as general working capital of the Group.

In light of the above, the Directors (including the independent non-executive Directors) consider that the Disposal was entered into on normal commercial terms after arm's length negotiations (after having taking into consideration the appraised value and the financial positions of the Target) and that the terms of the Equity Transfer Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole. Although the Disposal shall be regarded as a divesting activity and therefore is not conducted in the ordinary and usual course of business of the Group, the Directors (including the independent non-executive Directors) are of the view that such Disposal is beneficial to the operational efficiency, profitability and long-term business strategy of the Group.

## **VII.THE LISTING RULES IMPLICATIONS**

As at the date of this announcement, CNHTC holds the entire issued share capital of Sinotruk (BVI) Limited, which in turn holds approximately 51% of the issued share capital of the Company. As CNHTC is a controlling shareholder of the Company and thus a connected person of the Company, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio calculated pursuant to the Listing Rules for the Disposal is more than 0.1% but all of such ratios are less than 5%, the Disposal is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempt from the independent Shareholders' approval requirement.

At the Board meeting approving the Disposal, Mr. Cai Dong, Mr. Liu Zhengtao, Mr. Liu Wei and Ms. Li Xia have abstained from voting in respect of the resolution approving the Disposal in view of their respective positions in CNHTC. Save as disclosed above, none of the Directors has a material interest in the Disposal.

**Shareholders and potential investors should note that the Disposal, which is subject to a number of conditions precedent, may or may not be completed. Shareholders and potential investors are reminded to exercise caution when dealing in the shares of the Company.**

## VIII.DEFINITIONS

In this announcement, the following expressions shall have the following meanings, unless the context requires otherwise:

“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
“Company”	Sinotruk (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability
“Completion”	the completion of the relevant industrial and commercial registration in respect of the Disposal pursuant to the Equity Transfer Agreement
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the total consideration payable by CNHTC to Ji’nan Commercial Truck for the Disposal, after adjustment
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the entire equity interest in the Target by Ji’nan Commercial Truck to CNHTC
“Equity Transfer Agreement”	an equity transfer agreement entered into between CNHTC and Ji’nan Commercial Truck on 29 April 2022 in respect of the Disposal
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Initial Consideration”	has the meaning ascribed thereto under the section headed “II. Principal terms of the Equity Transfer Agreement — Consideration and payment terms” of this announcement
“Ji’nan Commercial Truck”	中國重汽集團濟南商用車有限公司 (Sinotruk Ji’nan Commercial Truck Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macao Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the shares in the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	重汽(威海)商用車有限公司 (Sinotruk (Weihai) Commercial Vehicle Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Valuation Reference Date”	31 January 2022, being the reference date adopted by the Valuer in the valuation of the Target
“Valuer”	山東中評恒信資產評估有限公司 (Shandong Zhongping Hengxin Asset Valuation Co., Ltd.*), an independent professional valuer in the PRC
“%”	per cent

*For illustration purpose, amounts in RMB in this announcement have been translated to HK\$ at RMB0.84338 = HK\$1.00.*

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

Ji’nan, PRC, 29 April 2022



*As at the date of this announcement, 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.*

*\* For identification purposes only*