
THIS SUPPLEMENTAL CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this supplemental 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 supplemental circular 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)

SUPPLEMENTAL CIRCULAR TO THE AGM CIRCULAR

**(1) SUPPLEMENTAL AGREEMENTS TO CERTAIN EXISTING
CONTINUING CONNECTED TRANSACTIONS**

AND

(2) RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

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



FIRST SHANGHAI CAPITAL LIMITED

This supplemental circular should be read together with the circular issued by the Company to the Shareholders dated 29 May 2023 (the “**AGM Circular**”). A notice of the annual general meeting of Sinotruk (Hong Kong) Limited to be held at 3:00 p.m. on Wednesday, 28 June 2023 at Level 22, Nexxus Building, 41 Connaught Road Central, Hong Kong, is set out on pages AGM-1 to AGM-5 of the AGM Circular.

A letter from the Board is set out on pages 9 to 55 of this supplemental 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 56 to 57 of this supplemental 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 58 to 78 of this supplemental circular.

Whether or not you are able to attend the meeting in person, please complete the form of proxy enclosed with the AGM Circular 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.

29 May 2023

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DEFINITIONS

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

“2021 Products Purchase Agreement”	the products purchase agreement entered into between the Company (for itself and on behalf of its subsidiaries) as purchaser and CNHTC (for itself and on behalf of the CNHTC Group) as supplier on 26 March 2018, under which the CNHTC Group agreed to sell products including refitted trucks, etc. to the Group for the three years ended 31 December 2021
“2021 Products Sales Agreement”	the products sales agreement entered into between the Company (for itself and on behalf of its subsidiaries) as supplier and CNHTC (for itself and on behalf of the CNHTC Group) as purchaser on 26 March 2018, under which the Group agreed to supply products including trucks, chassis, semi-tractor trucks, etc. to the CNHTC Group for the three years ended 31 December 2021
“2021 Financial Services Agreement”	the financial services agreement entered into between the Company (for itself and on behalf of its subsidiaries and CNHTC (for itself and on behalf of the CNHTC Group) on 26 March 2018, under which the Group agreed to provide a range of financial services to the CNHTC Group for the three years ended 31 December 2021
“2021 Parts Purchase Agreement”	the parts purchase agreement entered into between the Company (for itself and on behalf of its subsidiaries) as purchaser and CNHTC (for itself and on behalf of the CNHTC Group) as supplier on 26 March 2018, under which the CNHTC Group has agreed to supply raw materials, parts, components, semi-finished products, etc. to the Group for the three years ended 31 December 2021
“2021 Parts Sales Agreement”	the parts sales agreement entered into between the Company (for itself and on behalf of its subsidiaries) as supplier and CNHTC (for itself and the CNHTC Group) as purchaser on 26 March 2018, under which the Group agreed to supply raw materials, parts, components, semi-finished products, etc. to the CNHTC Group for the three years ended 31 December 2021
“2023 CNHTC CCT Agreements”	the 2023 CNHTC Products Sales Agreement, the 2023 CNHTC Parts Sales Agreement, the 2023 CNHTC Products Purchase Agreement, the 2024 CNHTC Parts Purchase Agreement, and the 2023 Financial Services Agreement

DEFINITIONS

“2023 CNHTC Parts Sales Agreement”	the parts sales agreement entered into between the Company (for itself and on behalf of its subsidiaries) as supplier and CNHTC (for itself and on behalf of the CNHTC Group) as purchaser on 31 March 2021, under which the Group agreed to supply raw materials, parts, components, semi-finished products, etc. to the CNHTC Group, details of which are set out in the Company’s announcement dated 31 March 2021
“2023 CNHTC Products Purchase Agreement”	the products purchase agreement entered into between CNHTC (for itself and on behalf of the CNHTC Group) as supplier and the Company (for itself and on behalf of its subsidiaries) as purchaser on 31 March 2021, under which the CNHTC Group agreed to sell products including refitted trucks, etc. to the Group, details of which are set out in the Company’s announcement dated 31 March 2021
“2023 CNHTC Products Sales Agreement”	the products sales agreement entered into between the Company (for itself and on behalf of its subsidiaries) as supplier and CNHTC (for itself and on behalf of the CNHTC Group) as purchaser on 31 March 2021, under which the Group agreed to supply products including trucks, chassis, semi-tractor trucks, etc. to the CNHTC Group, details of which are set out in the Company’s announcement dated 31 March 2021
“2023 Existing CCT Agreements”	the 2023 CNHTC Products Sales Agreement, the 2023 CNHTC Products Purchase Agreement and the 2023 Financial Services Agreement, and “2023 Existing CCT Agreement” means any one of them
“2023 Financial Services Agreement”	the financial services agreement entered into between the Company (for itself and on behalf of its subsidiaries) and CNHTC (for itself and on behalf of the CNHTC Group) on 31 March 2021, under which the Group agreed to provide a range of financial services to the CNHTC Group, details of which are set out in the Company’s announcement dated 31 March 2021
“2024 CNHTC Parts Purchase Agreement”	the parts purchase agreement entered into between CNHTC (for itself and on behalf of the CNHTC Group) as supplier and the Company (for itself and on behalf of its subsidiaries) as purchaser on 3 November 2021, under which the CNHTC Group agreed to supply raw materials, parts, components, semi-finished products, etc. to the Group, details of which are set out in the Company’s announcement dated 3 November 2021

DEFINITIONS

“2026 CNHTC Purchase of Goods Agreement”	the agreement dated 31 March 2023 entered into between the Company (for itself and on behalf of its subsidiaries) and CNHTC (for itself and on behalf of the CNHTC Group), details of which are set out in section B.2 in the letter from the Board contained in this supplemental circular
“2026 CNHTC Non-exempt CCT Agreements”	the 2026 CNHTC Sale of Goods Agreement, the 2026 CNHTC Purchase of Goods Agreement and the 2026 Provision of Financial Services Agreement
“2026 CNHTC Sale of Goods Agreement”	the agreement dated 31 March 2023 entered into between the Company (for itself and on behalf of its subsidiaries) and CNHTC (for itself and on behalf of the CNHTC Group), details of which are set out in section B.1 in the letter from the Board contained in this supplemental circular
“2026 Provision of Financial Services Agreement”	the agreement dated 31 March 2023 entered into between the Company (for itself and on behalf of its subsidiaries) and CNHTC (for itself and on behalf of the CNHTC Group), details of which are set out in section B.3 in the letter from the Board contained in this supplemental circular
“AGM”	the annual general meeting of the Company to be held on 28 June 2023 or any adjournment thereof, details of which are set out in the AGM Circular
“AGM Circular”	the circular of the Company dated 29 May 2023
“AGM Notice”	notice convening the AGM dated 29 May 2023, as set out on pages AGM-1 to AGM-5 of the AGM Circular
“Annual CCT Review Reporting”	has the meaning ascribed thereto under the section headed “Non-exempt Continuing Connected Transactions — B.1 2026 CNHTC Sale of Goods Agreement — Internal control procedures” in the letter from the Board contained in this supplemental circular
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Board Office”	has the meaning ascribed thereto under the section headed “Non-exempt Continuing Connected Transactions — B.1 2026 CNHTC Sale of Goods Agreement — Internal control procedures” in the letter from the Board contained in this supplemental circular

DEFINITIONS

“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 Associate”	has the meaning ascribed thereto under the section headed “Non-exempt Continuing Connected Transactions — A.1 2023 CNHTC Products Sales Agreement - Reasons for and benefits of entering into the Non-exempt Supplemental Agreement to the 2023 CNHTC Products Sales Agreement and basis for the Revised Caps” in the letter from the Board contained in this supplemental circular
“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, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Continuing Connected Transaction(s)”	the continuing 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 thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Eligible Member(s)”	has the meaning ascribed thereto under the section headed “Non-exempt Continuing Connected Transaction — A non-exempt Supplemental Agreements — 3. 2023 Financial Services Agreement — Other terms and details” in the letter from the Board contained in this supplemental circular
“Finance Company”	has the meaning ascribed thereto under the section headed “Non-exempt Continuing Connected Transactions — A.3 2023 Financial Services Agreement — Reasons for and benefits of entering into the Non-exempt Supplemental Agreement to the 2023 Financial Services Agreement and basis for the Revised Caps” in the letter from the Board contained in this supplemental circular

DEFINITIONS

“FPFPS”	Ferdinand Porsche Familien-Privatstiftung, an Austrian private foundation (<i>Privatstiftung</i>) (trust), being the beneficial owner of 25% of the entire issued share capital of the Company plus 1 Share
“Goods For Purchase”	has the meaning ascribed thereto under the section headed “Non-exempt Continuing Connected Transactions — B.2 2026 CNHTC Purchase of Goods Agreement — Subject matter” in the letter from the Board contained in this supplemental circular
“Goods For Sale”	has the meaning ascribed thereto under the section headed “Non-exempt Continuing Connected Transactions — B.1 2026 CNHTC Sale of Goods Agreement — Subject matter” in the letter from the Board contained in this supplemental circular
“Group”	the Company and its subsidiaries
“Group Finance Department”	has the meaning ascribed thereto under the section headed “Non-exempt Continuing Connected Transactions — B.1 2026 CNHTC Sale of Goods Agreement — Internal control procedures” in the letter from the Board contained in this supplemental circular
“Group Internal Audit Department”	has the meaning ascribed thereto under the section headed “Non-exempt Continuing Connected Transactions — B.1 2026 CNHTC Sale of Goods Agreement — Internal control procedures” in the letter from the Board contained in this supplemental 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Non-exempt Supplemental Agreements and the 2026 CNHTC non-exempt CCT Agreements

DEFINITIONS

“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 Non-exempt Supplemental Agreements and the 2026 CNHTC Non-exempt CCT Agreements
“Latest Practicable Date”	Monday, 22 May 2023, being the latest practicable date prior to the printing of this supplemental circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Measures”	has the meaning ascribed thereto under the section headed “Non-exempt Continuing Connected Transactions — A.3 2023 Financial Services Agreement — Reasons for and benefits of entering into the Non-exempt Supplemental Agreement to the 2023 Financial Services Agreement and basis for the Revised Caps” in the letter from the Board contained in this supplemental circular
“Monthly CCT Transactions Summary”	has the meaning ascribed thereto under the section headed “Non-exempt Continuing Connected Transactions — B.1 2026 CNHTC Sale of Goods Agreement — Internal control procedures” in the letter from the Board contained in this supplemental circular
“New Cap(s)”	the new annual cap(s) for the Non-exempt Continuing Connected Transactions as set out in section B in the letter from the Board contained in this supplemental circular
“Non-exempt Continuing Connected Transaction(s)”	being the Continuing Connected Transaction(s) as set out in sections A and B in the letter from the Board contained in this supplemental circular, which are subject to reporting, announcement, annual review, and the Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules
“Non-exempt Supplemental Agreements”	the supplemental agreements to (i) the 2023 CNHTC Products Sales Agreement, (ii) the 2023 CNHTC Products Purchase Agreement, and (iii) the 2023 Financial Services Agreement, details of which are set out in sections B.1, B.2 and B.3 in the letter from the Board contained in this supplemental circular, and “Non-exempt Supplemental Agreement” means any one of them

DEFINITIONS

“Parts For Purchase”	has the meaning ascribed thereto under the section headed “Non-exempt Continuing Connected Transactions — B.2 2026 CNHTC Purchase of Goods Agreement — Subject matter” in the letter from the Board contained in this supplemental circular
“Parts For Sale”	has the meaning ascribed thereto under the section headed “Non-exempt Continuing Connected Transactions — A. Non-exempt Supplemental Agreement — 1. 2023 CNHTC Products Sales Agreement” in the letter from the Board contained in this supplemental circular
“Parts Price List”	has the meaning ascribed thereto under the section headed “Non-exempt Continuing Connected Transactions — A. Non-exempt Supplemental Agreement — 1. 2023 CNHTC Products Sales Agreement — Other terms and details — Pricing” in the letter from the Board contained in this supplemental circular
“Performance Appraisal Index”	has the meaning ascribed thereto under the section headed “Non-exempt Continuing Connected Transactions — B.1 2026 CNHTC Purchase of Goods Agreement — Other terms and details — Pricing” in the letter from the Board contained in this supplemental circular
“Products For Purchase”	has the meaning ascribed thereto under the section headed “Non-exempt Continuing Connected Transactions — B.1 2026 CNHTC Purchase of Goods Agreement — Subject matter” in the letter from the Board contained in this supplemental circular
“Products For Sale”	has the meaning ascribed thereto under the section headed “Non-exempt Continuing Connected Transactions — A. Non-exempt Supplemental Agreements — 1. 2023 CNHTC Products Sales Agreement” in the letter from the Board contained in this supplemental circular
“Products Price List”	has the meaning ascribed thereto under the section headed “Non-exempt Continuing Connected Transactions — A. Non-exempt Supplemental Agreements — 1. 2023 CNHTC Products Sales Agreement — Other terms and details — Pricing” in the letter from the Board contained in this supplemental circular
“PRC”	the People’s Republic of China, and for the purpose of this supplemental circular, excluding Hong Kong, Macao Special Administrative Region and Taiwan

DEFINITIONS

“Quarterly Internal Review”	has the meaning ascribed thereto under the section headed “Non-exempt Continuing Connected Transactions — B.1 2026 CNHTC Sale of Goods Agreement — Internal control procedures” in the letter from the Board contained in this supplemental circular
“Refitted Products”	has the meaning ascribed thereto under the section headed “Non-exempt Continuing Connected Transactions — A. Non-exempt Supplemental Agreement — 2. 2023 CNHTC Products Purchase Agreement” in the letter from the Board contained in this supplemental circular
“Regular CCT Meetings”	has the meaning ascribed thereto under the section headed “Non-exempt Continuing Connected Transactions — B.1 2026 CNHTC Sale of Goods Agreement — Internal control procedures” in the letter from the Board contained in this supplemental circular
“Revised Caps”	the respective revised annual caps applicable to the transactions under (i) the 2023 CNHTC Products Sales Agreement, (ii) the 2023 CNHTC Products Purchase Agreement, and (iii) the 2023 Financial Services Agreement, as supplemented by the relevant Non-exempt Supplemental Agreements
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“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 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
“%”	per cent

* 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)

Executive Directors:

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

Non-executive Directors:

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

Independent non-executive Directors:

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

Headquarters:

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

Registered office:

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

29 May 2023

To the Shareholders

Dear Sir/Madam,

**(1) SUPPLEMENTAL AGREEMENTS TO CERTAIN EXISTING
CONTINUING CONNECTED TRANSACTIONS
AND
(2) RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS**

LETTER FROM THE BOARD

INTRODUCTION

Reference is made to the Company's announcement dated 31 March 2023 in respect of, inter alia, the Non-exempt Supplemental Agreements and the 2026 CNHTC Non-exempt CCT Agreements.

The purpose of this supplemental circular is to provide you with further details in relation to the Non-exempt Continuing Connected Transactions contemplated under (1) the Non-exempt Supplemental Agreements and the relevant proposed Revised Caps, and (2) the 2026 CNHTC Non-exempt CCT Agreements and the relevant proposed New Caps, the letter from the Independent Board Committee and the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in relation to the same.

A notice convening the AGM is set out on pages AGM-1 to AGM-5 to the AGM Circular.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

A summary of the (1) the Non-exempt Supplemental Agreements and the relevant proposed Revised Caps, and (2) the 2026 CNHTC Non-exempt CCT Agreements and the relevant proposed New Caps is set out below.

A. Transactions contemplated under the 2023 Existing CCT Agreements as supplemented by the Non-exempt Supplemental Agreements

Nature of the connected transaction with the Group	Name of connected person	Name of Group Company	Connected person's relationship with the Group
1. Sale of products The Group supplying products including trucks, chassis and semi-tractor trucks to the CNHTC Group	CNHTC (for itself and on behalf of the CNHTC Group)	The Company (for itself and on behalf of its subsidiaries)	CNHTC is a substantial shareholder of the Company
2. Purchase of products The CNHTC Group selling products including refitted trucks to the Group	CNHTC (for itself and on behalf of the CNHTC Group)	The Company (for itself and on behalf of its subsidiaries)	CNHTC is a substantial shareholder of the Company
3. Provision of financial services The Group providing a range of financial services to the CNHTC Group	CNHTC (for itself and on behalf of the CNHTC Group)	The Company (for itself and on behalf of its subsidiaries)	CNHTC is a substantial shareholder of the Company

LETTER FROM THE BOARD

Summary of the Revised Caps

A summary of the proposed Revised Caps for the each of the transactions contemplated under the 2023 Existing CCT Agreements as supplemented by the Non-exempt Supplemental Agreements is set out below:

		Proposed Revised Caps
		For the year ending 31 December 2023
		<i>RMB'000</i>
1.	Sale of products	2,491,000
2.	Purchase of products	3,724,000
3.	Provision of financial services ^(Note 1)	
	<i>Bills discounting services:</i>	
	Maximum day-end balance	200,000
	Interest income	6,000
	<i>Loan services:</i>	
	Maximum day-end balance	3,338,000
	Interest income	128,000
	<i>Issue of bills:</i>	
	Maximum day-end balance	800,000
	Fee income	1,000
	Interest expense for surety	4,000

Note:

- For the purposes of ascertaining whether the highest applicable percentage ratio for a Continuing Connected Transaction would exceed 5%, in respect of the transactions under paragraph 3 in the above table, the maximum day-end balances for different types of financial services have been aggregated and the interest income, fee income and interest expenses for different types of financial services have been aggregated. As the highest applicable percentage ratio of the proposed aggregated maximum day-end balance exceeds 5%, the relevant Non-exempt Supplemental Agreement for the transaction under this paragraph 3 is subject to the approval by the Independent Shareholders.

LETTER FROM THE BOARD

B. Transactions contemplated under the 2026 CNHTC Non-exempt CCT Agreements

Nature of the connected transaction with the Group	Name of connected person	Name of Group Company	Connected person's relationship with the Group
<p>1. Sale of goods</p> <p>The Group supplying products (including trucks, chassis and semi-tractor trucks), raw materials, parts and components and semi-finished products and providing related services to the CNHTC Group</p>	<p>CNHTC (for itself and on behalf of the CNHTC Group)</p>	<p>The Company (for itself and on behalf of its subsidiaries)</p>	<p>CNHTC is a substantial shareholder of the Company</p>
<p>2. Purchase of goods</p> <p>The CNHTC Group supplying products (including refitted trucks), raw material, parts and components and semi-finished products and related services to the Group</p>	<p>CNHTC (for itself and on behalf of the CNHTC Group)</p>	<p>The Company (for itself and on behalf of its subsidiaries)</p>	<p>CNHTC is a substantial shareholder of the Company</p>
<p>3. Provision of financial services</p> <p>The Group providing a range of financial services to the CNHTC Group</p>	<p>CNHTC (for itself and on behalf of the CNHTC Group)</p>	<p>The Company (for itself and on behalf of its subsidiaries)</p>	<p>CNHTC is a substantial shareholder of the Company</p>

LETTER FROM THE BOARD

Summary of the proposed New Caps

A summary of the proposed New Caps for each of the transactions contemplated under the 2026 CNHTC Non-exempt CCT Agreements is set out below:

		Proposed New Caps		
		For the year ending 31 December 2024 <i>RMB'000</i>	For the year ending 31 December 2025 <i>RMB'000</i>	For the year ending 31 December 2026 <i>RMB'000</i>
1.	Sale of goods	4,460,000	7,329,000	8,437,000
2.	Purchase of goods	4,569,000	5,197,000	5,447,000
3.	Provision of financial services			
	Maximum day-end balance	4,438,000	4,538,000	4,638,000
	Income	135,200	135,200	135,200
	Expense	5,000	5,000	5,000

A. NON-EXEMPT SUPPLEMENTAL AGREEMENTS

Reference is made to the Company's announcement dated 31 March 2021 and the Company's circular dated 21 May 2021. As disclosed in the aforesaid announcement and circular, the (i) 2023 CNHTC Products Sales Agreement, (ii) the 2023 CNHTC Products Purchase Agreement and (iii) the 2023 Financial Services Agreement are due to expire on 31 December 2023. Due to the operational needs of the Group, the Company expects that the existing annual caps for the year ending 31 December 2023 under such agreements will be insufficient. The Group therefore entered into the Non-exempt Supplemental Agreements with the CNHTC Group to revise the respective annual caps in respect of such agreements for the year ending 31 December 2023.

Set out below are the details of the Non-exempt Supplemental Agreements and the relevant proposed Revised Caps.

1. 2023 CNHTC Products Sales Agreement

Reference is made to the Company's announcement dated 31 March 2021 in respect of the 2023 CNHTC Products Sales Agreement, pursuant to which the Group has been supplying products including trucks, chassis and semi-tractor trucks (the "**Products For Sale**") to the CNHTC Group for a term of two years from 1 January 2022 to 31 December 2023.

Having taken into account the reasons as further elaborated in the sub-section headed "Reasons for and benefits of entering into the Non-exempt Supplemental Agreement to the 2023 CNHTC Products Sales Agreement and basis for the Revised Cap" below, the Group expects that the relevant annual cap in 2023 under the 2023 CNHTC Products Sales Agreement will be insufficient. Hence, the Company and CNHTC entered into a supplemental agreement on 31 March 2023 to revise the annual cap for the year ending 31 December 2023 under the 2023 CNHTC Products Sales Agreement from RMB853,000,000 to RMB2,491,000,000.

LETTER FROM THE BOARD

Save for the said revision of the existing annual cap to the Revised Cap, all other terms of 2023 CNHTC Products Sales Agreement shall remain unchanged. Details of the other principal terms of the 2023 CNHTC Products Sales Agreement, including, but not limited to, the payment terms and the pricing policy of the sale of products by the Group to the CNHTC Group are as follows:

Other terms and details:

Pursuant to the terms of the 2023 CNHTC Product Sales Agreement, separate agreements will be entered into by relevant members of the Group and relevant members of the CNHTC Group which will further provide the details of the products to be sold including the payment terms, product specifications, delivery time and quantity. The payment terms for each batch of products 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 2023 CNHTC Products Sales Agreement, the Group and the CNHTC Group have agreed that, among other things, the price of the Products For Sale to be sold to the CNHTC Group by the Group shall be determined through good faith negotiations by reference to the same price list which is applicable to sales of products to both of the CNHTC Group and independent third parties (the “**Products Price List**”). Generally, such Products Price List is updated by the Group annually at the end of each year, and the prices therein are determined based on the configuration of the specific product and with reference to the prices of competing products on the market. Such prices offered to both the CNHTC Group and independent third parties will also take into consideration the market conditions at the relevant time and the size of orders and when there are sales promotional programs which are applicable to all customers, the promotion prices will be applied to all customers, including both the CNHTC Group and independent third parties. As such, the terms of the sales offered by the Group to the CNHTC Group shall be no more favourable than those made available to the independent third parties with similar terms.

The Non-exempt Supplemental Agreement to the 2023 CNHTC Products Sales Agreement and the relevant proposed Revised Cap are subject to the reporting, announcement, annual review, and the Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

Existing annual caps, historical transaction amounts and the proposed Revised Cap

The following table summarises (i) the existing annual caps of the transactions contemplated under the 2023 CNHTC Products Sales Agreement for the two years ending 31 December 2023 and the annual cap of the relevant transaction contemplated under the 2021 CNHTC Products Sales Agreement for the year ended 31 December 2021, (ii) the actual transaction amount for the two years ended 31 December 2022 and the two months ended 28 February 2023, and (iii) the proposed Revised Cap for the year ending 31 December 2023 as set out in the relevant Non-exempt Supplemental Agreement, respectively:

	Existing annual cap <i>(RMB'000)</i>	Actual transaction amount <i>(RMB'000)</i>	Proposed Revised Cap <i>(RMB'000)</i>
For the year ended 31 December 2021	1,164,000	370,960	Not applicable
For the year ended 31 December 2022	806,000	258,949	Not applicable
For the year ending 31 December 2023	853,000	18,122 <i>(note)</i>	2,491,000

Note: This refers to the actual transaction amount under the 2023 CNHTC Products Sales Agreement for the two months ended 28 February 2023.

As at the Latest Practicable Date, the existing annual cap for the year ending 31 December 2023 for the 2023 CNHTC Products Sales Agreement has not been exceeded.

Reasons for and benefits of entering into the Non-exempt Supplemental Agreement to the 2023 CNHTC Products Sales Agreement and basis for the Revised Cap

Pursuant to the 2023 CNHTC Products Sales Agreement, the existing annual cap for the supplying of products including trucks, chassis and semi-tractor trucks by the Group to the CNHTC Group for the year ending 31 December 2023 is RMB853,000,000.

The sales of the Group's products in 2021 and 2022 have been heavily impacted by the economic slowdown and the disrupted logistics due to the complicated and fluctuating Covid-19 pandemic situations. In 2023, the macroeconomic environment in the PRC continues to be affected by downward pressure. Affected by negative pressures including the high inventory levels, demands for heavy duty trucks and light duty trucks are expected to remain challenging in general. Nonetheless, the restoration of supply worldwide has created a basis for economy recovery. For the heavy duty truck industry, the crystallisation of infrastructure investment and recovery of real estate industry are expected to bring new market opportunities. The demand for new energy heavy duty trucks is also expected to improve due to the implementation of the

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restriction on China IV Emission Standard in certain regions and the overall environmental governance policy. For the light duty truck industry, the implementation of new blue plate regulations and relaxation of road rights would expedite the structural change of the industry and allow the market to recover progressively.

The Group has increased its investment in research and development and accelerated the commercialisation progress of new energy products. Following the Group's introduction of new high-end products into the market in 2023 with a focus on new energy vehicles, the Group has gained a competitive edge with its comprehensive product-mix, which the Group considers has reached maturity and is expected to be highly welcomed by the market. In addition, the Group will improve its brand promotion, and deepen its reform in operational efficiency and digitalisation. With the Group's improved sales network and its advantages in the overseas market, it is expected that there will be a surge of orders for the Group's new generation products under the 2023 CNHTC Products Sales Agreement which will exceed the Group's original projection. In particular, it is expected that one of the associates of the CNHTC Group (which is also an associated company of the Group) (the "CNHTC Associate") will in 2023 seize opportunities in the fast-developing area of the internet of vehicles and purchase fuel vehicles, new energy vehicles and trailers from the Group for the purpose of developing its transportation operations, which in turn, is estimated to involve a purchase of the Group's products in an estimated aggregate transaction amount of RMB1,960 million, based on the estimated purchase amount indicated by the CNHTC Associate. The CNHTC Associate has entered into a secondary framework agreement with the Group to streamline its purchase. As at 28 February 2023, the actual transaction amount generated by the purchase from the CNHTC Associate was approximately RMB2 million.

The proposed Revised Cap for the year ending 31 December 2023 for the 2023 CNHTC Products Sales Agreement was determined with reference to (i) the actual transaction amount for the two months ended 28 February 2023, (ii) the latest estimated demand for the Group's products supplied under the 2023 CNHTC Products Sales Agreement based on the anticipated increase in demand as described above, and (iii) a 5% buffer for any price fluctuations for the year ending 31 December 2023.

The terms of the Non-exempt Supplemental Agreement regarding the revision of the annual cap for the year ending 31 December 2023 for the 2023 CNHTC Products Sales Agreement were made after arm's length negotiations between the Company and CNHTC. The Directors (including the independent non-executive Directors after considering the advice of the Independent Financial Adviser but excluding the CNHTC Interested Directors) are of the view that such terms are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and the aforesaid supplemental agreement has been entered into in the ordinary and usual course of business of the Group.

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2. 2023 CNHTC Products Purchase Agreement

Reference is made to the Company's announcement dated 31 March 2021 and the Company's circular dated 21 May 2021 in respect of the 2023 CNHTC Products Purchase Agreement, pursuant to which the Group has been purchasing products including vehicles, refitted trucks, chassis, and add-on products such as trunk, flatbed, tank, etc. (the "**Refitted Products**") from the CNHTC Group for a term of two years from 1 January 2022 to 31 December 2023.

Having taken into account the reasons as further elaborated in the sub-section headed "Reasons for and benefits of entering into the Non-exempt Supplemental Agreement to the 2023 CNHTC Products Purchase Agreement and basis for the Revised Cap" below, the Group expects that the relevant annual cap in 2023 under the 2023 CNHTC Products Purchase Agreement will be insufficient. Hence, the Company and CNHTC entered into a supplemental agreement on 31 March 2023 to revise the annual cap for the year ending 31 December 2023 under the 2023 CNHTC Products Purchase Agreement from RMB3,281,000,000 to RMB3,724,000,000.

Save for the said revision of the existing annual cap to the Revised Cap, all other terms of 2023 CNHTC Products Purchase Agreement shall remain unchanged. Details of the other principal terms of the 2023 CNHTC Products Purchase Agreement, including, but not limited to, the payment terms and the pricing policy of the purchase of products by the Group from the CNHTC Group are as follows:

Other terms and details:

Pursuant to the 2023 Products Purchase Agreement, separate agreements will be entered into by the Group and the CNHTC Group which will further provide the details of the products to be purchased including the payment terms, product specifications, delivery time and quantity. The payment terms for each batch of products 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.

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Pursuant to the terms of the 2023 Products Purchase Agreement, the CNHTC Group will supply products including chassis and the Refitted Products to the Group for tailor-making the final products for sale to its customers in accordance with their specifications. The prices for the transactions contemplated under the 2023 Products Purchase Agreement will be determined on the following basis:

- (i) for Refitted Products

The trucks produced by the Group for sales are ready for operation and running. Some customers of the Group not only purchase the Group's trucks but also request for Refitted Products. In order to secure the sales of the trucks of the Group, the Group will cooperate with some refitting companies (including the CNHTC Group) to meet the additional specifications and demand from its customers. The Group will prepare an authorised providers list of the Refitted Products.

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Certain customers of the Group may negotiate the prices of the Refitted Products directly with the CNHTC Group and advise such prices to the Group. Based on the instructions from its customers, the Group will purchase the Refitted Products from the CNHTC Group at the prices agreed directly between the customers and the CNHTC Group. The Group will then sell the final products to its customers at a price which covers the price of the trucks produced by the Group and the agreed price of the Refitted Products between the customers of the Group and the CNHTC Group. On the other hand, certain customers of the Group may request the Group to purchase the Refitted Products on their behalf. The Group will select the authorised provider for its customers, which may or may not be the CNHTC Group. If the CNHTC Group is selected as the authorised provider, the Group will purchase the Refitted Products from the CNHTC Group at stipulated prices and sell the final products to the customers at the price which covers the price of the trucks produced by the Group and the stipulated prices of the Refitted Products.

The Group does not enjoy any profit margin from the sale of Refitted Products to its customers given such products' nature as add-on products to trucks that are sold by the Group to such customers. By providing a choice to its customers to request for such add-on products, the Group is able to cater to the specific needs of its customers and supply tailor-made products, which in turn increases the sales volume of the Group's trucks and the profits generated from the sale of trucks. Thus, the Company considers that such an arrangement is fair and reasonable and in the interests of the Company and Shareholders as a whole.

(ii) for chassis, vehicles and refitted trucks that are only available from the CNHTC Group

The Group does not produce certain trucks such as all-wheels driven chassis and trucks and specialty vehicles which the CNHTC Group may produce. If certain customers approach the Group for such types of products, the Group will source the same from the CNHTC Group and sell to the customers. The Group will refer to the product price list compiled by the CNHTC Group which is applicable to all its customers including independent customers and the Group and confirm the price of these products with its customers. Upon confirmation of the orders by the customers, the Group will purchase the relevant products from the CNHTC Group at such prices. The Group will then sell the relevant products to its customers with expected profit margins from 5% to 20% which were determined with reference to (a) the average profit 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2022」(Overall Enterprises Performance Appraisal Index — 2022*) published by the SASAC in 2022 (the “**Performance Appraisal Index**”) and (b) the historical profit margins of similar products sold to independent customers of the Group.

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 2021. 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 2021. The sales profit margins published in the Performance Appraisal Index are neither government-prescribed price nor guidance price.

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The Non-exempt Supplemental Agreement to the 2023 CNHTC Products Purchase Agreement and the relevant proposed Revised Cap are subject to the reporting, announcement, annual review, and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Existing annual caps, historical transaction amounts and the proposed Revised Cap

The following table summarises (i) the existing annual caps of the transactions contemplated under the 2023 CNHTC Products Purchase Agreement for the two years ending 31 December 2023 and the annual cap of the relevant transaction contemplated under the 2021 CNHTC Products Purchase Agreement for the year ended 31 December 2021, (ii) the actual transaction amount for the two years ended 31 December 2022 and the two months ended 28 February 2023, and (iii) the proposed Revised Cap for the year ending 31 December 2023 as set out in the relevant Non-exempt Supplemental Agreement, respectively:

	Existing annual cap <i>(RMB'000)</i>	Actual transaction amount <i>(RMB'000)</i>	Proposed Revised Cap <i>(RMB'000)</i>
For the year ended 31 December 2021	3,647,000	2,181,005	Not applicable
For the year ended 31 December 2022	2,921,000	2,855,810	Not applicable
For the year ending 31 December 2023	3,281,000	516,386 <i>(note)</i>	3,724,000

Note: This refers to the actual transaction amount under the 2023 CNHTC Products Purchase Agreement for the two months ended 28 February 2023.

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

Reasons for and benefits of entering into the Non-exempt Supplemental Agreement to the 2023 CNHTC Products Purchase Agreement and basis for the Revised Cap

Pursuant to the 2023 CNHTC Products Purchase Agreement, the existing annual cap for the purchase of products including vehicles, refitted trucks, chassis, and add-on products such as trunk, flatbed, tank, etc. by the Group from the CNHTC Group for the year ending 31 December 2023 is RMB3,281,000,000.

The Group has been purchasing refitted vehicles and specialty vehicle chassis from the CNHTC Group to mainly satisfy the orders from its customers for a long time. With improvements in the export operations of the Group since 2022 (as reflected by an increase of approximately 84% in terms of the revenue generated from the export of the Group's products by the Group and its dealers for the year 2022 compared to that of 2021) which trend is expected

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to continue in 2023, sales of the Group's products are expected to increase accordingly. Hence, demands for the year ending 31 December 2023 for products (in particular, vehicle chassis) from the CNHTC Group, who has the track record of providing quality products to the Group in an efficient manner, is expected to increase by a further 13.5% from the level as originally expected by the Board in 2021.

The proposed Revised Cap for the year ending 31 December 2023 for the 2023 CNHTC Products Purchase Agreement was determined with reference to (i) the actual transaction amount for the year ended 31 December 2022 and the two months ended 28 February 2023, respectively, (ii) the latest estimated demand for the Group's products supplied under the 2023 CNHTC Products Purchase Agreement based on the anticipated increase in demand as described above, and (iii) a 5% buffer for any price fluctuations for the year ending 31 December 2023.

The terms of the Supplemental Agreement regarding the revision of the annual cap for the year ending 31 December 2023 for the 2023 CNHTC Products Purchase Agreement were made after arm's length negotiations between the Company and CNHTC. The Directors (including the independent non-executive Directors after considering the advice of the Independent Financial Adviser but excluding the CNHTC Interested Directors) are of the view that such terms are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and the aforesaid supplemental agreement has been entered into in the ordinary and usual course of business of the Group.

3. 2023 Financial Services Agreement

Reference is made to the Company's announcement dated 31 March 2021 in respect of the 2023 Financial Services Agreement, pursuant to which the Group has been providing a range of financial services to the CNHTC Group including (i) bills discounting services (including bank bills and commercial notes held by or issued by the CNHTC Group), (ii) unsecured loan services, (iii) issue of bills, (iv) entrustment loan arrangements, and (v) settlement services which are ancillary services to and necessary for the provision of the financing services under the 2023 Financial Services Agreement, for a term of two years from 1 January 2022 to 31 December 2023.

Having taken into account the reasons as further elaborated in the sub-section headed "Reasons for and benefits of entering into the Non-exempt Supplemental Agreement to the 2023 Financial Services Agreement and basis for the Revised Caps" below, the Group expects that the relevant annual caps in 2023 under the 2023 Financial Services Agreement will be insufficient and that the Group also intends to extend the scope of the financial services provided by the Group to the CNHTC Group to include secured loan services (on top of the Group's offer of unsecured loan services to the CNHTC Group pursuant to the 2023 Financial Services Agreement). Hence, the Company and CNHTC entered into a supplemental agreement on 31 March 2023 to revise certain of the annual caps (being the maximum day-end balance, the income amount and/or the expense amount (as the case may be)), for the year ending 31 December 2023 under the 2023 Financial Services Agreement.

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Save for the said revision of the existing annual caps to the Revised Caps and the extension of the loan services offered by the Group to the CNHTC Group to include the grant of secured loans, all other terms of 2023 Financial Services Agreement shall remain unchanged. Details of the other principal terms of the 2023 Financial Services Agreement, including, but not limited to, the payment terms and the pricing policy of the financial services provided by the Group to the CNHTC Group are as follows:

Other terms and details:

Pursuant to the 2023 Financial Services Agreement, separate agreements will be entered into by eligible members of the Group (the “**Eligible Member(s)**”, being members of the Group that are qualified to provide the relevant financial services) and the CNHTC Group which will further specify the services to be provided, including the payment terms and services specifications, general terms of the relevant services are detailed as follows:

- (i) bills discounting services: an Eligible Member shall upon deduction of the interest income in relation to the bills discounting services pay to the CNHTC Group the face value of the bank bills and commercial notes;
- (ii) loan services: the CNHTC Group shall pay interest to an Eligible Member in relation to the loans granted to the CNHTC Group on a monthly basis or such other interval as provided in separate agreements. Principal amounts of the loans shall be repaid with outstanding interests upon maturity of the loans;
- (iii) issue of bills: an Eligible Member shall issue electronic bills to the CNHTC Group through the electronic bills system, and shall collect certain percentage of the principal amount issued as surety and related fees, while the Eligible Member pays the interest on the surety (it is industry practice in the PRC for issuers of bills to pay interest in respect of the surety); and
- (iv) entrustment loan arrangements: a member of the CNHTC Group shall provide fund to an Eligible Member and lend such fund via the Eligible Member to another member of the CNHTC Group. The Eligible Member shall not bear any credit risk of such fund under the entrustment loan arrangements. The CNHTC Group shall pay fees to the Eligible Member in relation to the entrustment loan arrangements upon drawdown of the entrustment loan.

In addition, an Eligible Member will provide settlement services to the CNHTC Group which are ancillary services to and necessary for the provision of the financing services under the 2023 Financial Services Agreement without charging the CNHTC Group extra fees.

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Pricing

The Eligible Members will provide to the CNHTC Group the financial services under the 2023 Financial Services Agreement on terms no more favourable than those available to independent third parties save that with respect to the entrusted loan arrangements in the PRC, such service is allowed to be provided by the Eligible Member to only the CNHTC Group and other members of the Group due to restrictions under the terms of the business license of the Eligible Member.

In general, the pricing for the financial services which are applicable to all customers of all the Eligible Members including independent third parties (if appropriate), the CNHTC Group and the Group will be determined on the following basis, with reference to the prevailing local market conditions:

- (i) bills discounting services: the interest rates for such services are determined with reference to the interest rates for similar services provided by general commercial banks in the PRC;
- (ii) loan services: the interest rates for such services are determined with reference to (a) with respect to loans made in the PRC, the relevant loan prime rate (LPR) quoted by the People's Bank of China and the interest rates for similar services provided by general commercial banks in the PRC from time to time with similar terms of services, or (b) with respect to loans made in locations other than in the PRC, the lending rates published by the relevant domestic monetary authorities/banking association and quoted by the relevant domestic general commercial banks from time to time with similar terms of services;
- (iii) issue of bills: the fees for such services are determined with reference to the fees for similar services charged by general commercial banks in the PRC from time to time with similar terms of service. The Eligible Member shall pay interest over the surety deposited with the Eligible Member at the rate determined with reference to the fixed deposit interest rates for comparable deposits provided by general commercial banks in the PRC; and
- (iv) entrustment loan arrangements: the fees for such arrangements are determined with reference to those fees for similar services charged by general commercial banks in the PRC from time to time with similar terms of the entrustment loan arrangements.

The Non-exempt Supplemental Agreement to the 2023 Financial Services Agreement and the relevant proposed Revised Caps are subject to the reporting, announcement, annual review, and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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Existing annual caps, historical transaction amounts and the Revised Caps

The following table summarises (i) the existing annual caps, being the maximum day-end balance, the income amount and/or the expense amount of the transactions contemplated under the 2023 Financial Services Agreement for the two years ending 31 December 2023, and the annual cap of the relevant transaction contemplated under the 2021 Financial Services Agreement for the year ended 31 December 2021, (ii) the actual transaction amount for the two years ended 31 December 2022 and the two months ended 28 February 2023, and (iii) the proposed Revised Caps for the year ending 31 December 2023 as set out in the relevant Non-exempt Supplemental Agreement, respectively:

	Existing annual cap (RMB'000)	Actual transaction amount (RMB'000)	Proposed Revised Caps (RMB'000)
<i>For the year ended</i>			
<i>31 December 2021</i>			
<i>Bills discounting services:</i>			
Maximum day-end balance	200,000	Nil <i>(note 1)</i>	Not applicable
Interest income	13,600	Nil <i>(note 1)</i>	Not applicable
<i>Unsecured loan services:</i>			
Maximum day-end balance	1,500,000	1,480,000	Not applicable
Interest income	97,200	42,936	Not applicable
<i>Issue of bills:</i>			
Maximum day-end balance	800,000	Nil <i>(note 1)</i>	Not applicable
Fee income	800	Nil <i>(note 1)</i>	Not applicable
Interest expense for surety	10,320	Nil <i>(note 1)</i>	Not applicable
<i>Entrustment loan arrangements (fee income)</i>	2,000	16	Not applicable
<i>For the year ended</i>			
<i>31 December 2022</i>			
<i>Bills discounting services:</i>			
Maximum day-end balance	110,000	Nil <i>(note 1)</i>	Not applicable
Interest income	4,400	Nil <i>(note 1)</i>	Not applicable
<i>Unsecured loan services:</i>			
Maximum day-end balance	1,600,000	1,510,000	Not applicable
Interest income	80,000	46,020	Not applicable
<i>Issue of bills:</i>			
Maximum day-end balance	200,000	143,017	Not applicable
Fee income	200	0	Not applicable
Interest expense for surety	2,500	48	Not applicable
<i>Entrustment loan arrangements (fee income)</i>	200	0	Not applicable

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	Existing annual cap (RMB'000)	Actual transaction amount (RMB'000)	Proposed Revised Caps (RMB'000)
<i>For the year ending</i>			
<i>31 December 2023</i> <i>(note 2)</i>			
<i>Bills discounting services:</i>			
Maximum day-end balance	110,000	Nil <i>(note 1)</i>	200,000
Interest income	4,400	Nil <i>(note 1)</i>	6,000
<i>Unsecured loan services</i> <i>(note 4):</i>			
Maximum day-end balance	1,600,000	1,417,800	3,338,000
Interest income	80,000	7,370	128,000
<i>Issue of bills:</i>			
Maximum day-end balance	200,000	142,150	800,000
Fee income	200	0	1,000
Interest expense for surety	2,500	90	4,000
<i>Entrustment loan arrangements (fee income)</i>	200	0	200 <i>(note 3)</i>

Notes:

1. The Group has not received the request of the issue of bills and/or the bills discounting services by the CNHTC Group (as the case may be) for the above periods under the 2021 Financial Services Agreement and the 2023 Financial Services Agreement.
2. The actual transaction amounts for the year ending 31 December 2023 as set out in this table refer to the maximum day-end balance / actual transaction amounts (as the case may be) under the 2023 Financial Services Agreement for the two months ended 28 February 2023.
3. The annual cap of the entrustment loan arrangements (fee income) for the year ending 31 December 2023 has not been revised per the Non-exempt Supplemental Agreement to the 2023 Financial Services Agreement.
4. The loan services provided by the Group has been revised to include unsecured and secured loan services per the Non-exempt Supplemental Agreement to the 2023 Financial Services Agreement. Thus, the Revised Caps are the revised annual caps for the maximum day-end balance and interest income for loan services (inclusive of the offer of both secured and unsecured loans) provided by the Group to the CNHTC Group for the year ending 31 December 2023.

As at the Latest Practicable Date, none of the existing annual caps for the year ending 31 December 2023 for the 2023 Financial Services Agreement has been exceeded.

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Reasons for and benefits of entering into the Non-exempt Supplemental Agreement to the 2023 Financial Services Agreement and basis for the Revised Caps

Pursuant to the 2023 Financial Services Agreement, the existing annual caps for the year ending 31 December 2023, for, *inter alia*, the provision of bills discounting services, unsecured loan services and issue of bills, have been set as per the table in the sub-section headed “Existing annual caps, historical transaction amounts and the Revised Cap” above.

Following the amendments to the Measures for the Administration of Finance Companies of Enterprise Groups 《企業集團財務公司管理辦法》 (the “**Measures**”) promulgated by the China Banking Regulatory Commission becoming effective in November 2022, a group of corporation could only have one finance company established. Sinotruk Finance Co., Ltd. (中國重汽財務有限公司) (the “**Finance Company**”), being a subsidiary of the Company, has been designated as the only financial company entity that shall provide the relevant financial services to the Group and the CNHTC Group pursuant to the said Measures going forward. For the avoidance of doubt, other than the Finance Company, neither the Group nor the CNHTC Group has held or holds any other financial company that is qualified to provide financial services regulated by the Measures. Considering that the CNHTC Group has stepped up its investments in recent years which will, in turn, increase the number of and size of the members within the CNHTC Group, it is expected that there will be a significant increase in and diversification of demand from the CNHTC Group for the Group’s financial services, in particular, those provided by the Finance Company, to optimise the cash flow management and capital efficiency of the CNHTC Group.

Although the Group has not received the request of the bills discounting services by the CNHTC Group in the year ended 31 December 2022 and the two months ended 28 February 2023, it is expected that the CNHTC Group will in 2023 have increased need to engage such financial services from the Group in view of the promulgation of the amendments to the Measures for the Administration of Finance Companies of Enterprise Groups as mentioned above. Accordingly, considering the extent of financial services currently obtained by the CNHTC Group from other financial institutions which is expected to be provided by the Group going forward, the Revised Caps (being the maximum day-end balance, the income amount and/or the expense amount (as the case may be)) have been fixed based on the following so as to provide the Group with the flexibility to provide such services when the opportunity arises:

- (i) in respect the bill discounting services, the maximum day-end balance for the year ending 31 December 2023 is expected to increase by RMB90 million from the existing annual cap of RMB110 million, and the annual interest income has been adjusted upwards accordingly;
- (ii) in respect of the provision of loan, the maximum day-end balance for the year ending 31 December 2023 is expected to increase by RMB1,738 million from the existing annual cap of RMB1,600 million, and the annual interest income has been adjusted upwards accordingly. This has, in particular, taken into account the business demands of the CNHTC Group in coping with its ongoing business development, which, insofar as the Group is aware based on discussions between the Group and the CNHTC Group, involves (x) the estimated new demands of up to approximately RMB700

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million from entities that have recently become subsidiaries of the CNHTC Group and thus would require the services from the Finance Company under the Measures for the Administration of Finance Companies of Enterprise Group as elaborate above, and (y) the increased demands of certain existing members of the CNHTC Group for funds of up to approximately RMB1,050 million, in order to finance their prospective investments and sales plan; and

- (iii) in respect of the issue of bills, the maximum day-end balance for the year ending 31 December 2023 is expected to increase by RMB600 million from the existing annual cap of RMB200 million, and the annual interest income and expenses has been adjusted upwards accordingly.

The proposed Revised Caps for the year ending 31 December 2023 for the 2023 Financial Services Agreement was determined with reference to (i) the actual transaction amount for the two months ended 28 February 2023, (ii) the latest estimated demand for the Group's service under the 2023 Financial Services Agreement based on the anticipated increase in the CNHTC Group's demand as described above, and (iii) a 5% buffer for any price fluctuations for the year ending 31 December 2023.

Pursuant to the credit risk assessment mechanism maintained by the Finance Company, it will first review the application of the potential borrower and conduct pre-loan checks against the potential borrower and its guarantor, which involves (a) reviewing their financial report and statements; and (b) performing an assessment on the financial condition of the potential borrower and its equity holders, such as the type and value of the assets owned by such potential borrower. The credit risk assessment is conducted on a case by case basis taking into account various factors including but not limited to the potential borrower's repayment history, results of public credit search, the value and location of the assets owned by the potential borrower.

Then, the Finance Company will prepare business approval forms to include details not limited to the amounts, repayment terms and applicable interest rates, and the senior management of the Finance Company will give final approval on the relevant application and, pursuant to which, the Finance Company will execute the relevant drawdown or payment procedures. During the drawdown process, the Finance Company will re-confirm that the total outstanding balances, after taking into consideration the amount in the aforesaid application, do not exceed the pre-approved caps and approve the release of the funds if the annual cap has not been exceeded.

Insofar as the Company is aware, based on the latest available credit rating report issued by China Lianhe Credit Rating Co., Ltd (being a company experienced in performing credit rating for companies listed in the PRC) regarding the issuance of corporate bonds by CNHTC, CNHTC was accredited with a credit rating of "AAA", being the best rating available out of the nine categories (with "C" being the worst), which demonstrates that CNHTC has a very low default risk and a very strong capacity for repayments.

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Despite the good credit rating of CNHTC, based on the credit risk assessment performed by the Finance Company, there are times that the Finance Company considers it necessary to request collateral from certain borrowers (such as associates of the CNHTC which CNHTC may have less control cover) to provide additional protection against potential default. Thus, by expansion of the loan services offered by the Group to the CNHTC Group to include the grant of secured loans (from the original arrangement involving the grant of unsecured loans only), the Board is of the view that such arrangement would enable the Group to reduce risks as a lender, and enjoy additional flexibility in the offer of loan services by the Group to the CNHTC Group, such that where appropriate, collaterals could be obtained by the Group over the relevant loan.

The terms of the Non-exempt Supplemental Agreement regarding the revision of the annual caps for the year ending 31 December 2023 and the expansion of the scope of services offered by the Group to the CNHTC Group for the 2023 Financial Services Agreement were made after arm's length negotiations between the Company and CNHTC. The Directors (including the independent non-executive Directors after considering the advice of the Independent Financial Adviser but excluding the CNHTC Interested Directors) are of the view that such terms are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and the aforesaid supplemental agreement has been entered into in the ordinary and usual course of business of the Group.

B. 2026 CNHTC NON-EXEMPT CCT AGREEMENTS

Reference is made to the Company's announcements dated 31 March 2021 and 31 March 2022 and the Company's circular dated 21 May 2021. As disclosed in the aforesaid announcements and circular, the 2023 CNHTC CCT Agreements are due to expire on 31 December 2023, and the Group intends to continue to carry out the continuing connected transactions following expiry of such agreements.

The 2023 CNHTC CCT Agreements which governs certain continuing connected transactions between the Group and the CNHTC Group shall expire by the end of 31 December 2023, and the Company intends to continue to carry out such continuing connected transactions following expiry of the 2023 CNHTC CCT Agreements.

Following a recent review by the Company of the relevant transactions governed under the 2023 CNHTC CCT Agreements, whilst the Group intends to continue the existing Continuing Connected Transactions with the CNHTC Group following the expiry of the 2023 CNHTC CCT Agreements, the Board considers it appropriate to streamline such transactions by combining certain CNHTC Continuing Connected Transactions of similar natures into one framework agreement, such that the Shareholders could be presented with a clearer picture of the relevant CNHTC Continuing Connected Transactions entered into between the Group and the CNHTC Group and, in turn, enable the Shareholders to better appreciate the extent of and more easily understand the transactions between the Group and the CNHTC Group on an aggregated basis.

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Accordingly, on 31 March 2023, the Company (for itself and on behalf of its subsidiaries) and CNHTC (for itself and on behalf of the CNHTC Group) entered into each of the 2026 CNHTC CCT Agreements on terms substantially the same as those of the 2023 CNHTC CCT Agreements (on a combined basis, as the case may be). Each of the 2026 CNHTC CCT Agreements has a term of three years commencing on 1 January 2024 and ending on 31 December 2026.

Set out below are the details of the 2026 CNHTC Non-exempt CCT Agreements.

1. 2026 CNHTC Sale of Goods Agreement

Considering that the 2023 CNHTC Products Sales Agreement and 2023 CNHTC Parts Sales Agreement both relate to the sale of goods by the Group to the CNHTC Group, the Board has resolved that, going forward, the transactions regulated under the said two separate framework agreements shall be combined into one framework agreement, so as to present the Shareholders with a more streamlined view of the continuing connected transaction involving the Group's sale of goods to the CNHTC Group and, in turn, enable the Shareholders to better appreciate the extent of the Group's sale of goods to the CNHTC Group on an aggregated basis.

The terms of the 2026 CNHTC Sale of Goods Agreement are substantially the same as those of the 2023 CNHTC Products Sales Agreement and the 2023 CNHTC Parts Sales Agreement on a combined basis.

The principal terms of the 2026 CNHTC Sale of Goods Agreement and the transactions contemplated thereunder are as follows:

Date : 31 March 2023

Parties : (i) CNHTC
(ii) The Company

Term : Three years from 1 January 2024 to 31 December 2026 (both days inclusive)

Subject matter:

Pursuant to the 2026 CNHTC Sale of Goods Agreement, the Group has agreed to supply the Products For Sale, being products including trucks, chassis and semi-tractor trucks, as well as raw materials, parts, components, semi-finished products etc. (collectively, the “**Parts For Sale**”) to the CNHTC Group. The Products For Sale and the Parts For Sales are further collectively referred to as the “**Goods For Sale**”.

Other terms and details:

Pursuant to the terms of the 2026 CNHTC Sale of Goods Agreement, separate agreements will be entered into by relevant members of the Group and relevant members of the CNHTC Group which will further provide the details of the products and/or parts to be sold including the payment terms, product specifications, delivery time and quantity, as well as details of the

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related services required to be provided. The payment terms for each batch of products and/or parts, along with the related services, 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 2026 CNHTC Sale of Goods Agreement, the Group and the CNHTC Group have agreed that, among other things, the price of the Goods For Sale to be sold to the CNHTC Group by the Group shall be determined based on the following:

(a) Price list products

The price of the Goods For Sale to be sold to the CNHTC Group by the Group shall be determined through good faith negotiations by reference to the same price lists which are applicable to sales of Goods For Sale to both of the CNHTC Group and independent third parties. Such prices offered to both the CNHTC Group and independent third parties will also take into consideration the market conditions at the relevant time and the size of orders. The Group has maintained a standard price list in respect of Products For Sale being the Products Price List and a parts price list for off-the-shelf parts of Parts For Sale (the “**Parts Price List**”) for a long period of time. Generally, such Products Price List and Parts Price List are updated by the Group annually at the end of each year, and the prices therein are determined based on the configuration of the specific product and with reference to the prices of competing products or parts on the market.

(b) For unique and proprietary parts

Since there is no prevailing market price for such Parts For Sale, a cost plus profit margin approach is adopted for determining the prices for such parts. The profit margins of the Parts For Sales to be supplied by the Group under the 2026 CNHTC Sale of Goods Agreement will be between 5% to 20% which were determined with reference to (1) the average profit 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2022」 (Overall Enterprises Performance Appraisal Index — 2022*) published by the SASAC in 2022 (the “**Performance Appraisal Index**”), and (2) the historical profit margins of similar parts sold by the Group to independent third parties.

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 2021. 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

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national economy in the PRC in 2021. 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 2026 CNHTC Sale of Goods Agreement remain in the range of 5% to 20%.

In respect of goods sold by the Group, when there are sales promotional programs which are applicable to all customers, the promotion prices will be applied to all customers, including both the CNHTC Group and independent third parties.

In light of the above, the terms of the sales offered by the Group to the CNHTC Group under the 2026 CNHTC Sale of Goods Agreement shall be no more favourable than those made available by the Group to the independent third parties with similar terms.

Existing annual caps

The following table summarises (i) the existing annual caps for the transactions contemplated under the 2023 CNHTC Products Sales Agreement and 2023 CNHTC Parts Sales Agreement for the two years ending 31 December 2023, respectively, and (ii) the annual cap of the relevant transaction contemplated under the 2021 Products Sales Agreement and 2021 Parts Sales Agreement for the year ended 31 December 2021.

	For the year ended 31 December 2021	For the year ended 31 December 2022	For the year ending 31 December 2023
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Existing annual caps:			
the Products For Sale	1,164,000	806,000	2,491,000 ^(note)
the Parts For Sale	1,330,000	1,608,000	1,684,000
On an aggregated basis	2,494,000	2,414,000	4,175,000

Note: The proposed Revised Cap under the 2023 CNHTC Products Sales Agreement as supplemented by the relevant Non-exempt Supplemental Agreement, which is subject to the Independent Shareholders' approval, is set out herein. Please refer to the section headed "A. Non-exempt Supplemental Agreements — 1. 2023 CNHTC Products Sales Agreement" in the letter from the Board contained in this supplemental circular for further details.

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Historical transaction amounts

The following table summarises the approximate historical transaction amounts (i) under the 2021 CNHTC Products Sales Agreement and 2021 CNHTC Parts Sales Agreement for the year ended 31 December 2021, respectively, and (ii) under the 2023 CNHTC Products Sales Agreement and 2023 CNHTC Parts Sales Agreement for the year ended 31 December 2022 and the two months ended 28 February 2023, respectively:

	For the year ended 31 December 2021	For the year ended 31 December 2022	For the two months ended 28 February 2023
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Historical transaction amounts:			
the Products For Sale	370,960	258,949	18,122
the Parts For Sale	705,473	907,891	97,970
On an aggregated basis	1,076,433	1,166,840	116,092

Proposed New Caps and basis

The following table shows the proposed New Caps (and a breakdown of such New Caps) for the three years ending 31 December 2026 for the transactions contemplated under the 2026 CNHTC Sale of Goods Agreement:

	For the year ending 31 December 2024	For the year ending 31 December 2025	For the year ending 31 December 2026
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Proposed New Caps	4,460,000	7,329,000	8,437,000
• Estimated cap of the sales of the Products For Sale	3,234,000	5,920,000	6,976,000
• Estimated cap of the sales of Parts For Sale	1,226,000	1,409,000	1,461,000

The proposed New Caps for the three years ending 31 December 2026 for the transactions contemplated under the 2026 CNHTC Sale of Goods Agreement were determined after considering the following factors:

- (i) the historical transaction amounts under the 2021 Products Sales Agreement and 2021 Parts Sales Agreement for the year ended 31 December 2021, and under the 2023 CNHTC Products Sales Agreement and 2023 CNHTC Parts Sales Agreement for the year ended 31 December 2022 and the two months ended 28 February 2023;

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- (ii) the existing annual caps for Products For Sale and Parts For Sale for the year ending 31 December 2023, including the proposed Revised Cap under the 2023 CNHTC Products Sales Agreement as supplemented by the relevant Non-exempt Supplemental Agreement;
- (iii) the sales of the Group's products in 2021 and 2022 having been heavily impacted by the economic slowdown and the disrupted logistics due to the complicated and fluctuating Covid-19 pandemic situations;
- (iv) it is expected that the social economy of the PRC gradually returns to normal, the implementation of various national economic policies, the recovery of consumer confidence and the accelerated growth of fixed asset investment will drive stable economic growth. At the same time, the natural renewal needs brought by the huge vehicle ownership, the increase in demand arising from the stable growth of the macro economy, the rebound in demand after the market oversold, and increased proportion of China VI Emission Standard vehicles and new energy vehicle ownership in terms of policies, etc. will bring new increments to industry demand. The industry is expected to experience resilient growth and gradually get out of the trough. With the Group's introduction of new high-end products into the market in 2023 with a focus in new energy vehicles, the Group has gained a competitive edge with its comprehensive product-mix, which the Group considers has reached maturity and is expected to be highly welcomed by the market. Hence, the CNHTC Group, through its sales network and channel, may also increase its sales which, in turn, increases the purchase of Products For Sale from the Group resulting in the sale of Products For Sale reaching approximately RMB3,234 million, RMB5,920 million and RMB6,976 million for each of the three years ending 31 December 2026, respectively. Such increase has, in particular, been estimated based on the demand indicated by the CNHTC Associate and the secondary framework agreement entered into between the CNHTC Associate and the Group, and the expectation that such CNHTC Associate will continue to seize opportunities in the fast-developing area of the internet of vehicles in the coming years and purchase Goods For Sale from the Group amounting to approximately RMB2,500 million, RMB5,000 million and RMB6,000 million for each of the three years ending 31 December 2026, respectively.
- (v) a downward adjustment of the expected sales of Parts For Sale in 2024 to RMB1,226 million from the existing cap for the year ending 31 December 2023 of RMB1,684 million in view of the relatively low utilisation of the annual caps for the two years ended 31 December 2022, which was resulted from the economic slowdown and the disrupted logistics situations. Further, in view of the business plan of the CNHTC Group relating to the sales of Parts For Sale having taken into account the customers' demands and the market conditions, it is expected that there will be a steady increase in the purchase of the Parts For Sale from the Group by the CNHTC Group in the sale of Parts For Sale reaching approximately RMB1,409 million and RMB1,461 million for the each of the two years ending 31 December 2026, respectively.

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Taking into account and on the basis of the aforesaid factors, the New Cap for the year ending 31 December 2024 has been set at RMB4,460 million which represents a mild increase of approximately 6.8% from that of the year ending 31 December 2023, and it is estimated that the relevant transaction amount will increase by approximately 64.3% to RMB7,329 million for the year ending 31 December 2025 and further by approximately 15.1% to RMB8,437 million for the year ending 31 December 2026.

The 2026 CNHTC Sale of Goods 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 IV.A.1 are determined in accordance with the pricing policy applicable to the 2026 CNHTC Sale of Goods Agreement and that the prices are no more favourable to the CNHTC Group than those offered to independent third parties, the prices of the transactions will be determined by the same Products Price List and/or Parts Price List (as the case may be) available to all customers of the Group including independent customers and the CNHTC Group, which is approved by the responsible management or executive Directors. The Products Price List and/or Parts Price List (as the case may be) is reviewed on an annual basis. Hence, as the same Products Price List and/or Parts Price List (as the case may be) is applicable to all of the Group's customers, the prices offered to the CNHTC 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 Products Price List and/or Parts Price List (as the case may be), the overall market circumstances, 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. The senior management of the Group first approves the sales promotional programs which are applicable to all customers including independent third parties. The business department will update the promotion prices to the sales and operating systems and the internal audit departments of the subsidiaries or the Group will carry out periodic sample-testing over such promotion prices.

Further, the Company has established procedures for monitoring the Continuing Connected Transactions under this sub-section B.1 in which various departments of the Group will be responsible for the implementation, monitoring and review of such procedures. The Company's board office ("**Board Office**") carries out regular meetings on the management and control of connected transactions ("**Regular CCT Meetings**") to monitor and ensure that 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 Transaction ("**Monthly CCT Transactions Summary**") and checks the maximum day-end balance and/or the accumulated annual transaction amount (as the case may be) of each Continuing Connected Transaction against the respective pre-approved cap. If any maximum day-end balance and/or the accumulated annual transaction amount (as the case may be) exceeds 70% of the pre-approved annual cap, the relevant Continuing Connected Transaction will be reported to the Board Office for monitoring, follow-up and, if necessary,

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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 the Board 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 2026 CNHTC Sale of Goods Agreement

The CNHTC Group has been purchasing chassis from the Group and refitting the trucks purchased from the Group into other types of vehicles to satisfy its orders for a long time. The 2023 CNHTC Products Sales Agreement, which governs such transactions, will expire by the end of 2023 and the Group intends to continue the relevant transactions with the CNHTC Group.

The CNHTC Group has its own sales channel for its heavy duty trucks and medium-heavy duty trucks. The Board (including the independent non-executive Directors after considering the advice of the Independent Financial Adviser but excluding the CNHTC Interested Directors) believes that it is in the best interest of the Group to continue supplying the Products For Sale to the CNHTC Group because the CNHTC Group will have a stable demand of the products manufactured by the Group. The long-term business relationship between the Group and the CNHTC Group will enable the Group to respond and cater for the products specifications and requirements of the CNHTC Group quickly in a cost efficient manner and in turn generate additional business and revenue stream to the Group.

Further, the CNHTC Group has been purchasing parts such as axles and engines, components, semi-finished products, etc. from the Group for a long time. The 2023 CNHTC Parts Sales Agreement, which governs such transactions, will expire by the end of 2023 and the Group intends to continue the relevant transactions with the CNHTC Group.

As a result of the long-term business relationship between the Group and the CNHTC Group, the Board is of the view that the Group will be able to respond and cater for the parts specifications and requirements of the CNHTC Group quickly and in a cost efficient manner and this will, in turn, result in generation of a stable revenue stream to the Group. As such, the Board (including the independent non-executive Directors after considering the advice of the Independent Financial Adviser but excluding the CNHTC Interested Directors) believes that it is in the best interest of the Group to continue supplying the Parts For Sale to the CNHTC Group.

The terms of the 2026 CNHTC Sale of Goods Agreement were made after arm's length negotiations between the Company and CNHTC. By combining the transactions regulated under the 2023 CNHTC Products Sales Agreement and the 2023 CNHTC Parts Sales Agreement, being two separate framework agreements of a comparable nature (namely, relating to the sale of goods by the Group to the CNHTC Group), into one framework agreement, the Group could continue its sale of Products For Sale and Parts For Sale to the CNHTC Group in the same manner as

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stipulated under the 2023 CNHTC Products Sales Agreement and the 2023 CNHTC Parts Sales Agreement, whilst at the same time streamline the continuing connected transaction involving the Group's sale of goods to the CNHTC Group and therefore provide a clearer and more consolidated picture for the Shareholders' consideration.

The Board (including the independent non-executive Directors after considering the advice of the Independent Financial Adviser but excluding the CNHTC Interested Directors) is of the view that the transactions contemplated under the 2026 CNHTC Sale of Goods Agreement are on normal commercial terms, or on terms which are no more favourable than those the Group offers to independent third parties under prevailing local market conditions, 2026 CNHTC Sale of Goods Agreement was entered into in the ordinary and usual course of business of the Group, and the terms of the transactions under the 2026 CNHTC Sale of Goods Agreement (including the proposed New Caps) are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

2. 2026 CNHTC Purchase of Goods Agreement

Considering that the 2023 CNHTC Products Purchase Agreement and 2024 CNHTC Parts Purchase Agreement both relate to the purchase of goods by the Group from the CNHTC Group, the Board has resolved that, going forward, the transactions regulated under the said two separate framework agreements shall be combined into one framework agreement, so as to present the Shareholders with a more streamlined view of the continuing connected transaction involving the Group's purchase of goods from the CNHTC Group and, in turn, enable the Shareholders to better appreciate the extent of the Group's purchase of goods to the CNHTC Group on an aggregated basis. The term of the 2024 CNHTC Parts Purchase Agreement, all other terms of 2024 CNHTC Parts Purchase Agreement shall remain unchanged. Please refer to the Company's announcement dated 3 November 2021 for details of the other principal terms of the 2024 CNHTC Parts Purchase Agreement.

The terms of the 2026 CNHTC Purchase of Goods Agreement are substantially the same as those of the 2023 CNHTC Products Purchase Agreement and the 2024 CNHTC Parts Purchase Agreement on a combined basis.

The principal terms of the 2026 CNHTC Purchase of Goods Agreement and the transactions contemplated thereunder are as follows:

Date	:	31 March 2023
Parties	:	(i) CNHTC (ii) The Company
Term	:	Three years from 1 January 2024 to 31 December 2026 (both days inclusive)

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Subject matter:

Pursuant to the 2026 CNHTC Purchase of Goods Agreement, the CNHTC Group has agreed to sell vehicles, refitted trucks, chassis, add-on products such as trunks, flatbeds, tanks, etc. and semi-trailer truck (collectively, the “**Products For Purchase**”) as well as raw materials, parts and components, assemblies, semi-finished products (including but not limited to support assemblies and pedals), etc. (collectively, the “**Parts For Purchase**”) to the Group. The Products For Purchase and the Parts For Purchase are further collectively referred to as the “**Goods For Purchase**”.

Other terms and details:

Pursuant to the 2026 CNHTC Purchase of Goods Agreement, separate agreements will be entered into by relevant members of the Group and relevant members of the CNHTC Group which will further provide the details of the products and/or parts to be purchased including the payment terms, product specifications, delivery time and quantity, as well as details of the related services required to be provided. The payment terms for each batch of products and/or parts, along with the related services, 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 2026 CNHTC Purchase of Goods Agreement, the Group and the CNHTC Group have agreed that, among other things, the price of the Goods For Purchase to be sold by the CNHTC Group to the Group shall be determined based on the following:

(a) Price list products

The CNHTC 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 CNHTC Group and the price quotation offered by other qualified suppliers, the Group will negotiate with all qualified suppliers including the CNHTC 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 CNHTC 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 CNHTC Group, for all procurement departments of the Group to follow.

(b) Add-on products

The trucks produced by the Group for sales are ready for operation and running. Some customers of the Group not only purchase the Group’s trucks but also request for the Refitted Products being add-on products such as trunks, flatbeds, tanks, etc.. In order to secure the sales of the trucks of the Group, the Group will cooperate with some refitting companies (including the CNHTC Group) to meet the additional specifications and demand from its customers. The

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CNHTC Group is one of the suppliers who supplies products including chassis and Refitted Products to vehicle manufacturers for tailor-making the final products for sale to its customers in accordance with the requested specifications. The Group will prepare an authorised providers list of the Refitted Products.

Certain customers of the Group may negotiate the prices of the Refitted Products directly with the CNHTC Group and advise such prices to the Group. Based on the instructions from its customers, the Group will purchase the Refitted Products from the CNHTC Group at the prices agreed directly between the customers and the CNHTC Group. The Group will then sell the final products to its customers at a price which covers the price of the trucks produced by the Group and the agreed price of the Refitted Products between the customers of the Group and the CNHTC Group. On the other hand, certain customers of the Group may request the Group to purchase the Refitted Products on their behalf. The Group will select the authorised provider for its customers, which may or may not be the CNHTC Group. If the CNHTC Group is selected as the authorised provider, the Group will purchase the Refitted Products from the CNHTC Group at stipulated prices and sell the final products to the customers at the price which covers the price of the trucks produced by the Group and the stipulated prices of the Refitted Products.

The Group does not enjoy any profit margin from the sale of Refitted Products to its customers given such products' nature as add-on products to trucks that are sold by the Group to such customers. By providing a choice to its customers to request for such add-on products, the Group is able to cater to the specific needs of its customers and supply tailor-made products, which in turn increases the sales volume of the Group's trucks and the profits generated from the sale of trucks. Thus, the Company considers that such an arrangement is fair and reasonable and in the interests of the Company and Shareholders as a whole.

(c) The CNHTC Group's products

The Group does not produce certain trucks such as all-wheels driven chassis and trucks and specialty vehicles which the CNHTC Group may produce. If certain customers approach the Group for such types of products, the Group will source the same from the CNHTC Group and sell to the customers. The Group will refer to the product price list compiled by the CNHTC Group which is applicable to all its customers including independent customers and the Group and confirm the price of these products with its customers. Upon confirmation of the orders by the customers, the Group will purchase the relevant products from the CNHTC Group at such prices. The Group will then sell the relevant products to its customers with expected profit margins from 5% to 20% which were determined with reference to (a) the average profit margin of vehicles and the related manufacturing industry as published by the SASAC which were summarised in the Performance Appraisal Index and (b) the historical profit margins of similar products sold to independent customers of the Group.

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 complied the performance indicators including the profit margins of different industries including the automobile industry in 2021. 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

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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 2021. The sales profit margins published in the Performance Appraisal Index are neither government-prescribed price nor guidance price.

In light of the above, the terms of the supplies offered by the CNHTC Group to the Group under the 2026 CNHTC Purchase of Goods Agreement shall be no less favourable to the Group than those offered by independent third parties.

Existing annual caps

The following table summarises (i) the existing annual caps for the transactions contemplated under the 2024 CNHTC Parts Purchase Agreement for the three years ending 31 December 2024, (ii) the existing annual caps for the transactions contemplated under the 2023 CNHTC Products Purchase Agreement for the two years ending 31 December 2023, and (iii) the annual cap of the relevant transaction contemplated under the 2021 Products Purchase Agreement and 2021 Parts Purchase Agreement for the year ended 31 December 2021.

	For the year ended 31 December 2021 (RMB'000)	For the year ended 31 December 2022 (RMB'000)	For the year ending 31 December 2023 (RMB'000)	For the year ending 31 December 2024 (RMB'000)
Existing annual caps:				
the Products For Purchase	3,647,000	2,921,000	3,724,000 ^(note)	Not applicable
the Parts For Purchase	2,145,000	604,000	874,000	1,152,000
On an aggregated basis	5,792,000	3,525,000	4,598,000	1,152,000

Note: The proposed Revised Cap under the 2023 CNHTC Products Purchase Agreement, which is subject to the Independent Shareholders' approval, as supplemented by the relevant Non-exempt Supplemental Agreement is set out herein. Please refer to the section headed "II. Non-exempt Supplemental Agreements — 2. 2023 CNHTC Products Purchase Agreement" in the letter from the Board contained in this supplemental circular for further details.

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Historical transaction amounts

The following table summarises the approximate historical transaction amounts (i) under the 2021 Products Purchase Agreement and 2021 Parts Purchase Agreement for the year ended 31 December 2021, respectively, and (ii) under the 2023 CNHTC Products Purchase Agreement and 2024 CNHTC Parts Purchase Agreement for the year ended 31 December 2022 and the two months ended 28 February 2023, respectively:

	For the year ended 31 December 2021 <i>(RMB'000)</i>	For the year ended 31 December 2022 <i>(RMB'000)</i>	For the two months ended 28 February 2023 <i>(RMB'000)</i>
Historical transaction amounts:			
the Products For Purchase	2,181,005	2,855,810	516,386
the Parts For Purchase	15,181	44,247	7,044
On an aggregated basis	2,196,186	2,900,057	523,430

Proposed New Caps and basis

The following table shows the proposed New Caps (and a breakdown of such New Caps) for the three years ending 31 December 2026 for the transactions contemplated under the 2026 CNHTC Purchase of Goods Agreement:

	For the year ending 31 December 2024 <i>(RMB'000)</i>	For the year ending 31 December 2025 <i>(RMB'000)</i>	For the year ending 31 December 2026 <i>(RMB'000)</i>
Proposed New Caps	4,569,000	5,197,000	5,447,000
• Estimated cap of the purchase of the Products For Purchase	3,899,000	4,097,000	4,247,000
• Estimated cap of the purchase of Parts For Purchase	670,000	1,100,000	1,200,000

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The proposed New Caps for the three years ending 31 December 2026 for the transactions contemplated under the 2026 CNHTC Purchase of Goods Agreement were determined after considering the following factors:

- (i) the historical transaction amounts under the 2021 Products Purchase Agreement and 2021 Parts Purchase Agreement for the year ended 31 December 2021, and under the 2023 CNHTC Products Purchase Agreement and 2024 CNHTC Parts Purchase Agreement for the year ended 31 December 2022 and the two months ended 28 February 2023;
- (ii) the existing annual caps for Products For Purchase and Parts For Purchase for the year ending 31 December 2023, including the proposed Revised Cap under the 2023 CNHTC Products Purchase Agreement as supplemented by the relevant Non-exempt Supplemental Agreement;
- (iii) certain members of the CNHTC Group, being located in the proximity of the Group's production facilities, had been providing Refitted Products to the Group of reliable quality. Against such track record, it is expected that more refitting service jobs will be assigned to the CNHTC Group directly by the customers and by the Group during the term of the 2026 CNHTC Purchase of Goods Agreement. In 2022, the Group's export has a number one market occupancy rate in the domestic heavy duty truck industry by consolidation of its advantages in Africa and Southeast Asia markets where the Group enjoys a traditional advantageous position, the progressive promotion of structural product upgrade, and the exploration and expansion of Middle East and America markets. The Group has established sales network, service centres, accessories centres, and cooperative factories in more than 90 countries and regions around the world. With the Group's improved sales network and its advantages in the overseas market since 2022, which trend is expected to continue in the coming years, sales of the Group's products are expected to increase accordingly. Hence, demands for products (in particular, specialty vehicle chassis) from the CNHTC Group, who has the track record of providing quality products to the Group in an efficient manner, is expected to increase mildly by approximately 4% to 5% for each of the three years ending 31 December 2026, resulting in the purchase of Products For Purchase reaching approximately RMB3,899 million, RMB4,097 million and RMB4,247 million for the each of the three years ending 31 December 2026, respectively; and
- (iv) a downward adjustment of the expected purchase of Parts For Purchase in 2024 to RMB670 million from the existing cap for the year ending 31 December 2023 of RMB1,152 million in view of the relatively low utilisation of the annual caps for the two years ended 31 December 2022, which was resulted from the Group not having purchased the Parts For Purchase from an entity of up to RMB500 million as originally planned (in view of its becoming a subsidiary of CNHTC), for the adjustment of business operations of CNHTC Group as a whole. In view of the business plan of the CNHTC Group relating to the purchase of Parts for Purchase having taking into account the expected recovery of customers' demands and market conditions, it is expected that there will be an increase in the purchase of the Products For Purchase by the Group from the CNHTC Group, in particular, digital cockpit,

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dashboard camera, 8AT gearboxes, etc. which are parts that the Group does not manufacture, resulting in the purchase of Parts For Purchase reaching approximately RMB1,100 million and RMB1,200 million for the each of the two years ending 31 December 2026, respectively.

Taking into account and on the basis of the aforesaid factors, the New Cap for the year ending 31 December 2024 has been set at RMB4,569 million which is at the same level as the annual cap for the annual cap of RMB4,598 million for the year ending 31 December 2023, and it is estimated that the relevant transaction amount will increase by approximately 13.7% to RMB5,197 million and further by approximately 4.8% to RMB5,447 million for the year ending 31 December 2026.

The 2026 CNHTC Purchase of Goods 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 are determined in accordance with the pricing policy applicable to the 2026 CNHTC Purchase of Goods 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 two or more independent third party suppliers and the CNHTC Group. Based on these quotations, it will cross check the prices of the parts offered by the independent third party suppliers and the CNHTC Group. If the Group also produces such parts, it will also compare the intragroup selling prices of the Group against those offered by the CNHTC Group. The Group will then negotiate with the independent third party suppliers and the CNHTC 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 CNHTC Group, the Group ensures that the prices of the parts offered by the CNHTC Group are fair and reasonable.

In addition, when it involves newly developed products or annual purchases of products in bulk, 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 CNHTC 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 CNHTC Group are competitive and comparable to those offered by independent third parties.

LETTER FROM THE BOARD

Further, the Company has established procedures for monitoring the Continuing Connected Transactions under this sub-section B.2 in which various departments of the Group will be responsible for the implementation, monitoring and review of such procedures. The Board Office 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 Board Office for monitoring, follow-up and, if necessary, revision of the annual cap in accordance with the requirements of the Listing Rules. The Group 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.

Reasons for and benefits of entering into the 2026 CNHTC Purchase of Goods Agreement

The Group has been purchasing refitted vehicles and specialty vehicle chassis from the CNHTC Group to mainly satisfy the orders from its customers for a long time. The 2023 CNHTC Products Purchase Agreement, which governs such transactions, will expire by the end of 2023 and the Group intends to continue the relevant transactions with the CNHTC Group.

As a result of the long-term business relationship between the Group and the CNHTC Group, the Board (including the independent non-executive Directors after considering the advice of the Independent Financial Adviser but excluding the CNHTC Interested Directors) believes that the CNHTC Group is familiar with the Group's products and will continue to be able to respond quickly and in a cost efficient manner to any new requirements that the Group may have. In addition, over the years, the CNHTC Group has been providing products which meet the quality requirements and standards of the Group. As such, the Board (including the independent non-executive Directors after considering the advice of the Independent Financial Adviser but excluding the CNHTC Interested Directors) believes that it is in the best interest of the Group to continue purchasing products including the Refitted Products, vehicles, refitted trucks and chassis from the CNHTC Group.

Further, the CNHTC Group has been supplying raw materials, parts and components, assemblies, semi-finished products, etc. to the Group. The 2024 CNHTC Parts Purchase Agreement (as amended pursuant to a supplemental agreement entered into between the Company and CNHTC on 31 March 2023, details of which are set out in sub-section "IV.A.2" and the paragraph headed "Supplemental agreement to the 2024 CNHTC Parts Purchase Agreement" in the Company's announcement dated 31 March 2023), which governs such transactions, will expire by the end of 2023 and the Group intends to continue the relevant transactions with the CNHTC Group.

LETTER FROM THE BOARD

The long-term business relationship between the Group and the CNHTC Group enables the CNHTC Group to respond and cater for the parts specifications and requirements of the Group quickly and in a cost efficient manner, and this will enable the Group to respond to the changes of the demand of the Group's products quickly and effectively and result in generating additional business and revenue stream of the Group.

The terms of the 2026 CNHTC Purchase of Goods Agreement were made after arm's length negotiations between the Company and CNHTC. By combining the transactions regulated under the 2023 CNHTC Products Purchase Agreement and the 2024 CNHTC Parts Purchase Agreement, being two separate framework agreements of a similar nature (namely, relating to the purchase of goods by the Group from the CNHTC Group), into one framework agreement, the Group could continue its purchase of Goods For Purchase from the CNHTC Group in the same manner as stipulated under the 2023 CNHTC Products Purchase Agreement and the 2024 CNHTC Parts Purchase Agreement, whilst at the same time streamline the continuing connected transaction involving the Group's purchase of goods from the CNHTC Group and therefore provide a clearer and more consolidated picture as a whole for the Shareholders' consideration.

The Board (including the independent non-executive Directors after considering the advice of the Independent Financial Adviser but excluding the CNHTC Interested Directors) is of the view that the transactions contemplated under the 2026 CNHTC Purchase of Goods Agreement are on normal commercial terms, or on terms which are no less favourable than those the CNHTC Group offers to independent third parties under prevailing local market conditions, the 2026 CNHTC Purchase of Goods Agreement was entered into in the ordinary and usual course of business of the Group, and the terms of the transactions under the 2026 CNHTC Purchase of Goods Agreement (including the proposed New Caps) are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

3. 2026 Provision of Financial Services Agreement

The terms of the 2026 Provision of Financial Services Agreement and the transactions contemplated thereunder are as follows:

Date	:	31 March 2023
Parties	:	(i) CNHTC (ii) The Company
Term	:	Three years from 1 January 2024 to 31 December 2026 (both days inclusive)

Subject matter:

Pursuant to the 2026 Provision of Financial Services Agreement, the Group has agreed to provide a range of financial services to the CNHTC Group for a term of three years from 1 January 2024 to 31 December 2026:

LETTER FROM THE BOARD

Through eligible members of the Group (the “**Eligible Member(s)**”, being members of the Group that are qualified to provide the relevant financial services), the Group shall provide a range of financial services to the CNHTC Group including (i) bills discounting services (including bank bills and commercial notes held by or issued by the CNHTC Group), (ii) loan services, (iii) issue of bills, (iv) entrustment loan arrangements, and (v) settlement services which are ancillary services to and necessary for the provision of the financing services under the 2026 Provision of Financial Services Agreement.

Other terms and details:

The terms of the 2026 Provision of Financial Services Agreement are substantially the same as those of the 2023 Financial Services Agreement (as supplemented by the Non-exempt Supplemental Agreement dated 31 March 2023) (the “**Supplemented 2023 Financial Services Agreement**”).

Pursuant to the 2026 Provision of Financial Services Agreement, in respect of the provision of financial services by the Group’s Eligible Member(s) to the CNHTC Group, separate agreements will be entered into by the Group’s Eligible Member(s) and the relevant members CNHTC Group which will further specify the services to be provided, including the payment terms and services specifications, general terms of the relevant services are detailed as follows:

- (i) bills discounting services: an Eligible Member shall upon deduction of the interest income in relation to the bills discounting services pay to the CNHTC Group the face value of the bank bills and commercial notes;
- (ii) loan services: the CNHTC Group shall pay interest to an Eligible Member in relation to the loans granted to the CNHTC Group on a monthly basis or such other interval as provided in separate agreements. Principal amounts of the loans shall be repaid with outstanding interests upon maturity of the loans;
- (iii) issue of bills: an Eligible Member shall issue electronic bills to the CNHTC Group through the electronic bills system under which the Eligible Member endorse the repayment of these bills, and shall collect certain percentage of the principal amount issued as surety and related fees, while the Eligible Member pays the interest on the surety (it is industry practice in the PRC for issuers of bills to pay interest in respect of the surety); and
- (iv) entrustment loan arrangements: a member of the CNHTC Group shall provide fund to an Eligible Member and lend such fund via the Eligible Member to another member of the CNHTC Group. The Eligible Member shall not bear any credit risk of such fund under the entrustment loan arrangements. The CNHTC Group shall pay fees to the Eligible Member in relation to the entrustment loan arrangements upon drawdown of the entrustment loan.

In addition, an Eligible Member will provide settlement services to the CNHTC Group which are ancillary services to and necessary for the provision of the financing services under the 2026 Provision of Financial Services Agreement without charging the CNHTC Group extra fees.

LETTER FROM THE BOARD

Pricing

The Eligible Members will provide to the CNHTC Group the financial services under the 2026 Provision of Financial Services Agreement on terms no more favourable than those available to independent third parties save that with respect to the entrusted loan arrangements in the PRC, such service is allowed to be provided by the Eligible Member to only the CNHTC Group and other members of the Group due to restrictions under the terms of the business license of the Eligible Member. In general, the pricing for the financial services which are applicable to all customers of all the Eligible Members including independent third parties (if appropriate), the CNHTC Group and the Group will be determined on the following basis, with reference to the prevailing local market conditions:

- (i) bills discounting services: the interest rates for such services are determined with reference to the interest rates for similar services provided by general commercial banks in the PRC;
- (ii) loan services: the interest rates for such services are determined with reference to (a) with respect to loans made in the PRC, the relevant loan prime rate (LPR) quoted by the People's Bank of China and the interest rates for similar services provided by general commercial banks in the PRC from time to time with similar terms of services, or (b) with respect to loans made in locations other than in the PRC, the lending rates published by the relevant domestic monetary authorities/banking association and quoted by the relevant domestic general commercial banks from time to time with similar terms of services;
- (iii) issue of bills: the fees for such services are determined with reference to the fees for similar services charged by general commercial banks in the PRC from time to time with similar terms of service. The Eligible Member shall pay interest over the surety deposited with the Eligible Member at the rate determined with reference to the fixed deposit interest rates for comparable deposits provided by general commercial banks in the PRC; and
- (iv) entrustment loan arrangements: the fees for such arrangements are determined with reference to those fees for similar services charged by general commercial banks in the PRC from time to time with similar terms of the entrustment loan arrangements.

LETTER FROM THE BOARD

Existing annual caps

The following table summarises the existing annual caps, being the maximum day-end balance, income amount, and expense amount, under the Supplemented 2023 Financial Services Agreement, and the annual cap of the relevant financial assistance contemplated under the 2021 Financial Services Agreement:

	For the year ended 31 December 2021	For the year ended 31 December 2022	For the year ending 31 December 2023
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
<i>Bills discounting services (maximum day-end balance)</i>	200,000	110,000	200,000 <i>(note 1)</i>
<i>Unsecured loan services (maximum day-end balance)</i> <i>(note 2)</i>	1,500,000	1,600,000	3,338,000 <i>(note 1)</i>
<i>Issue of bills (maximum day-end balance)</i>	800,000	200,000	800,000 <i>(note 1)</i>
On an aggregated basis	2,500,000	1,910,000	4,338,000
<i>Bills discounting services (interest income)</i>	13,600	4,400	6,000 <i>(note 1)</i>
<i>Unsecured loan services (interest income)</i> <i>(note 2)</i>	97,200	80,000	128,000 <i>(note 1)</i>
<i>Issue of bills (fee income)</i>	800	200	1,000 <i>(note 1)</i>
<i>Entrustment loan arrangements (fee income)</i>	2,000	200	200
On an aggregated basis	113,600	84,800	135,200
<i>Issue of bills (interest expense for surety)</i>	10,320	2,500	4,000 <i>(note 1)</i>

Note:

- The proposed Revised Cap under the 2023 Financial Services Agreement, which is subject to the Independent Shareholders' approval, as supplemental by the relevant Non-exempt Supplemental Agreement is set out herein. Please refer to the section headed "II. Non-exempt Supplemental Agreements — 3. 2023 Financial Services Agreement" in the letter from the Board contained in this supplemental circular for further details.
- The loan services provided by the Group has been revised to include unsecured and secured loan services per the Non-exempt Supplemental Agreement to the 2023 Financial Services Agreement. Thus, the Revised Caps are the revised annual caps for the maximum day-end balance and interest income for loan services (inclusive of the offer of both secured and unsecured loans) provided by the Group to the CNHTC Group for the year ending 31 December 2023.

LETTER FROM THE BOARD

Historical transaction amounts

The following table summarises the approximate historical amounts, being the maximum day-end balance income amount, and expense amount under the 2021 Financial Services Agreement for the year ended 31 December 2021, and under the 2023 Financial Services Agreement for the two years ending 31 December 2023, the year ended 31 December 2022 and the two months ended 28 February 2023, respectively:

	For the year ended 31 December 2021 (RMB'000)	For the year ended 31 December 2022 (RMB'000)	For the two months ended 28 February 2023 (RMB'000)
<i>Bills discounting services (maximum day-end balance)</i>	Nil <i>(note)</i>	Nil <i>(note)</i>	Nil <i>(note)</i>
<i>Unsecured loan services (maximum day-end balance)</i>	1,480,000	1,510,000	1,417,800
<i>Issue of bills (maximum day-end balance)</i>	Nil <i>(note)</i>	143,017	142,150
On an aggregated basis	1,480,000	1,653,017	1,559,950
<i>Bills discounting services (interest income)</i>	Nil <i>(note)</i>	Nil <i>(note)</i>	Nil <i>(note)</i>
<i>Unsecured loan services (interest income)</i>	42,936	46,020	7,370
<i>Issue of bills (fee income)</i>	Nil <i>(note)</i>	0	0
<i>Entrustment loan arrangements (fee income)</i>	16	0	0
On an aggregated basis	42,952	46,020	7,370
<i>Issue of bills (interest expense for surety)</i>	Nil <i>(note)</i>	48	90

Note: The Group has not received the request of the issue of bills and/or the bills discounting services by the CNHTC Group (as the case may be) for the above periods under the 2021 Financial Services Agreement and the 2023 Financial Services Agreement.

LETTER FROM THE BOARD

Proposed New Caps and basis

The following table shows the proposed New Caps, being the aggregate maximum day-end balance, the aggregate income and the aggregate expenses, for the three years ending 31 December 2026 for the transactions contemplated under the 2026 Provision of Financial Services Agreement, and the breakdown of the Proposed New Caps (being the aggregate maximum day-end balances) by types of services:

Proposed New Caps	For the year ending 31 December 2024	For the year ending 31 December 2025	For the year ending 31 December 2026
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Aggregate maximum day-end balance	4,438,000	4,538,000	4,638,000
• Bills discounting services (Estimated maximum day-end balances)	200,000	200,000	200,000
• Loan services (Estimated maximum day-end balances)	3,338,000	3,338,000	3,338,000
• Issue of bills (Estimated maximum day-end balances)	900,000	1,000,000	1,100,000
Aggregate income	135,200	135,200	135,200
Aggregate expense	5,000	5,000	5,000

The proposed New Caps, being the aggregate maximum day-end balance, the aggregate income and the aggregate expenses for the three years ending 31 December 2026 for the transactions contemplated under the 2026 Provision of Financial Services Agreement were determined after considering the following factors:

- (i) the historical transaction amounts under the 2021 Financial Services Agreement for the year ended 31 December 2021 and under the 2023 Financial Services Agreement for the two years ended 31 December 2022 and the two months ended 28 February 2023, respectively;
- (ii) the proposed Revised Caps under the the 2023 Financial Services Agreement as supplemented by the relevant Supplemental Agreement; and

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- (iii) the expectation that the level of financial resources of the Eligible Members and the CNHTC Group's demand as a whole for the relevant services for the three years ending 31 December 2026 will remain at the similar level as that for the year ending 31 December 2023, having considered the following:
- a. bills discounting services: the maximum day-end balance is determined based on the estimated demand of the bill discounting services from the operation and future expansion of business of the CNHTC Group, which is expected to remain stable for the three years ending 31 December 2026; and
 - b. loan services: the maximum day-end balance is determined based on the estimated amount of the available cash after the satisfaction of the funding needs of the Group members, auto financing services and supply chain financing services, together with the consideration of the cash flow requirement of the CNHTC Group in 2023, the projected cash flow requirement of the CNHTC Group and the funding requirements of its general trade transactions during the term of the 2026 Financial Services Agreement; and
 - c. Issue of bills: the maximum day-end balance is determined based on the estimated funding requirements of the CNHTC Group for it to pay acceptance bills to its suppliers and the expected year-on-year increase in the use of acceptance bills as the payment method, and hence, it is expected that there will be a mild increase in demand for the issue of bills for the three years ending 31 December 2026.

Taking into account and on the basis of the aforesaid factors, the proposed New Cap for the aggregate maximum day-end balance for the year ending 31 December 2024 has been set at RMB4,438 million which is slightly adjusted upwards from the annual cap of RMB4,338 million for the year ending 31 December 2023, and it is estimated that the relevant transaction amount will increase mildly to RMB4,538 million and RMB4,638 million for each of the two years ending 31 December 2026. The aggregate income and expense amounts under the New Caps are determined accordingly with reference to the aggregate maximum day-end balance.

The 2026 Provision of Financial Services 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.

LETTER FROM THE BOARD

Internal control procedures

In order to ensure that the prices of each of the relevant transactions made under this sub-section IV.A.5 are set in accordance with the pricing policies of each type of the services under the 2026 Provision of Financial Services Agreement, the following internal control mechanisms have been adopted by the Group:

(i) Bill discounting and loan services

The credit assessment committee of the Eligible Member will review and approve credit facility to be granted to each customer on an annual basis. Before commencement of business, such credit facility of the relevant customer must be first approved. The business unit of the Eligible Member will first review the application for the bill discounting service, conduct pre-loan checks on the applicants for loans and prepare the relevant business approval forms including but not limited to details of the amounts, repayment terms and the applicable interest rates (after checking the prevailing interest rates offered by around or more than two general commercial banks in the PRC or in locations other than in the PRC) and confirm that the total outstanding balances, after taking into consideration the amount in the aforesaid application, does not exceed the pre-approved caps. The senior management of the Eligible Member will give final approval and then the business unit will execute the drawdown procedures. During the drawdown process, the finance department of the Eligible Member (“**Eligible Member Finance Department**”) will re-confirm that the total outstanding balances, after taking into consideration the amount in the aforesaid application, does not exceed the pre-approved caps and approve the release of the funds if the annual cap has not been exceeded.

(ii) Issue of bills

The credit assessment committee of the Eligible Member will review and approve the bill issue facility to be granted to the CNHTC Group members on an annual basis. Thereafter, the CNHTC Group members can request the bill issue service. The business unit of the Eligible Member will first review the application of the bill issue services and prepare the bill issue approval form (including but not limited to the details of the amount, duration of the bill, fee income amount and surety margin ratio) and confirm that the total outstanding balances, after taking into consideration the amount in the aforesaid application, does not exceed the pre-approved cap. The business unit managing the deposit will determine interest rates for surety (deposits) with reference to the prevailing interest rates for comparable fixed deposits by general commercial banks in the PRC. The senior management of the Eligible Member will give final approval and issue the acceptance bill. After receipts of the surety and fee income, the business unit will issue the bill.

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(iii) Entrustment loan arrangements

The Eligible Member Finance Department will consider and determine the fee rate after taking into account the fees charged by general commercial banks in the PRC that offer such entrustment loan arrangements, which will be provided to the senior management of the Eligible Member for final approval. The business unit will adopt such fee rate for the entrustment loan arrangements. The Eligible Member Finance Department will check accumulated balances of all relevant continuing connected transactions against their approved caps on transaction basis in order to ensure that no caps are exceeded.

Further, the Company has established procedures for monitoring the Continuing Connected Transactions under this sub-section B.3 in which various departments of the Group will be responsible for the implementation, monitoring and review of such procedures. The Board Office 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 Board Office for monitoring, follow-up and, if necessary, revision of the annual cap in accordance with the requirements of the Listing Rules. The Group 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.

Reasons for and benefits of entering into 2026 Provision of Financial Services Agreement

The Group has been providing all-rounded financial services to the CNHTC Group pursuant to the Supplemented 2023 Financial Services Agreement, which has optimised the cash flow management and capital efficiency of the Group and also of the CNHTC Group. At the same time, the Group has received interest and/or fee income from the CNHTC Group, which are on terms no more favourable than those available to independent third parties (save that with respect to the entrusted loan arrangements in the PRC, such service is allowed to be provided by the Eligible Member to only the CNHTC Group and other members of the Group due to restrictions under the terms of the business license of the Eligible Member). The continual provision of the relevant financial services to the CNHTC Group pursuant to the 2026 Provision of Financial Services Agreement, following the expiry of the 2023 Financial Services Agreement, will enable the Group to continue generate additional revenue and hence improve the cashflow and strengthen the financial position of the Group.

The terms of the 2026 Provision of Financial Services Agreement were made after arm's length negotiations between the Company and CNHTC.

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The Board (including the independent non-executive Directors after considering the advice of the Independent Financial Adviser but excluding the CNHTC Interested Directors) is of the view that the transactions contemplated under the 2026 Provision of Financial Services Agreement are on normal commercial terms, or on terms which are no more favourable than those the Group offers to independent third parties under prevailing local market conditions, the 2026 Provision of Financial Services Agreement was entered into in the ordinary and usual course of business of the Group, and the terms of the transactions under 2026 Provision of Financial Services Agreement (including the proposed New Caps) are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES TO THE NON-EXEMPT SUPPLEMENTAL AGREEMENTS AND THE 2026 CNHTC NON-EXEMPT 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*).

CNHTC

As at the Latest Practicable Date, CNHTC holds the entire issued share capital of Sinotruk (BVI) Limited, which in turn is the holder of 51% of the Shares. CNHTC is therefore a connected person of the Company for the purpose of the Listing Rules. 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 held as to approximately 65% by SHIG which is in turn ultimately governed and controlled by 山東省人民政府 (Shandong Provincial People's Government*).

LISTING RULES IMPLICATIONS

CNHTC is a substantial shareholder of the Company and a connected person of the Company. Accordingly, the transactions between the Group and the CNHTC Group as contemplated under (i) the 2023 Existing CCT Agreements as supplemented by the Supplemental Agreements as set out in sections A.1 to A.3 in the letter from the Board contained in this supplemental circular, and (ii) the 2026 CNHTC Non-exempt CCT Agreements as set out in sections B.1 to B.3 in the letter from the Board contained in this supplemental circular, constitute continuing connected transactions of the Company.

Supplemental Agreements to the 2023 Existing CCT Agreements

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

LETTER FROM THE BOARD

In respect of each of the Revised Caps, as the highest applicable percentage ratio (on an annual basis) exceeds 5%, the proposed Revised Caps and the relevant Non-exempt Supplemental Agreements are subject to the reporting, announcement, annual review, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Renewal of Non-exempt Continuing Connected Transactions

As the highest percentage ratio calculated pursuant to the Listing Rules in respect of the transactions contemplated under the 2026 CNHTC Non-exempt CCT Agreements (on an annual basis) exceeds 5%, such transactions constitute Non-exempt Continuing Connected Transactions of the Company and accordingly the 2026 CNHTC Non-exempt CCT Agreements and their proposed New Caps will be subject to the reporting and announcement requirements, the annual review requirements, and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

At the Board meeting held on 30 March 2023 approving, inter alia, the Non-exempt Supplement Agreements and the 2026 CNHTC Non-exempt CCT Agreements, in view of their respective positions in the relevant connected persons, the CNHTC Interested Directors, namely Mr. Wang Zhijian, Mr. Wang Chen, Mr. Liu Wei, Mr. Zhang Wei, Ms. Li Xia, Ms. Zhao Hong, and Mr. Sun Shaojun have abstained from voting on the resolutions approving the Non-exempt Supplemental Agreements and the 2026 CNHTC Non-exempt CCT Agreements. 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 Non-exempt Supplemental Agreements and the 2026 CNHTC Non-exempt CCT Agreements (including the relevant proposed Revised Caps and 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 resolution. As at the Latest Practicable Date, CNHTC 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 the Non-exempt Supplemental Agreements and the 2026 CNHTC Non-exempt CCT Agreements and the relevant proposed Revised Caps and 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.

LETTER FROM THE BOARD

ANNUAL GENERAL MEETING

A notice of the AGM to be held at 3:00 p.m. on Wednesday, 28 June 2023 at Level 22, Nexus Building, 41 Connaught Road Central, Hong Kong, is set out on pages AGM-1 to AGM-5 of the AGM Circular.

A form of proxy for the AGM is enclosed with the AGM Circular. Whether or not you intend to be present at the AGM, 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 AGM. The completion of the form of proxy will not preclude you from attending and voting at the AGM in person should you so wish.

The AGM of the Company will be held on Wednesday, 28 June 2023. The record date for determining the entitlement of the Shareholders to attend and vote at the AGM is Wednesday, 28 June 2023 and the register of members of the Company will be closed from Friday, 23 June 2023 to Wednesday, 28 June 2023 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify to attend and vote in the AGM, holders of Shares must lodge their Share certificates together with the relevant Share transfer documents with Computershare Hong Kong Investor Services Limited, the Share registrar of the Company, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Wednesday, 21 June 2023.

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

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

RECOMMENDATIONS

The Board considers that (i) the terms of the Non-exempt Supplemental Agreements and the 2026 CNHTC Non-exempt 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 Non-exempt Supplemental Agreements and the 2026 CNHTC Non-exempt CCT Agreements (including the relevant proposed Revised Caps and 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 AGM.

LETTER FROM THE BOARD

Your attention is also drawn to the letter from the Independent Board Committee which is set out on pages 56 to 57 of this supplemental circular. The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the terms of the Non-exempt Supplemental Agreements and the 2026 CNHTC Non-exempt CCT Agreements (including the relevant proposed Revised Caps and 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 Non-exempt Supplemental Agreements and the 2026 CNHTC Non-exempt CCT Agreements (including the relevant proposed Revised Caps and New Caps) and the transactions thereunder to be proposed at the AGM.

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

* *For identification purposes only*



SINOTRUK (HONG KONG) LIMITED

中國重汽(香港)有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 03808)

29 May 2023

To the Independent Shareholders

Dear Sir/Madam,

We refer to the supplemental circular (the “**Supplemental Circular**”) of the Company dated 29 May 2023 of which this letter forms part. Terms defined in the Supplemental 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 Non-exempt Supplemental Agreements and the 2026 CNHTC Non-exempt CCT Agreements (including the relevant proposed Revised Caps and 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 55 of the Supplemental Circular and the letter from the Independent Finance Adviser set out on pages 58 to 78 of the Supplemental Circular.

Having considered the information set out in the letter from the Board, the terms of the Non-exempt Supplemental Agreements and the 2026 CNHTC Non-exempt CCT Agreements and the advice of the Independent Financial Adviser in relation thereto, we are of the view that the Non-exempt Supplemental Agreements and the 2026 CNHTC Non-exempt CCT Agreements are on normal commercial terms, in the ordinary and usual course of business of the Group; the terms of the Non-exempt Supplemental Agreements and the 2026 CNHTC Non-exempt CCT Agreements (including the relevant proposed Revised Caps and 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 AGM to approve the Non-exempt Supplemental Agreements and the 2026 CNHTC Non-exempt CCT Agreements (including the relevant proposed Revised Caps and 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 Non-exempt Supplemental Agreements and the 2026 CNHTC Non-exempt CCT Agreements and the relevant proposed Revised Caps and New Caps) for inclusion in this supplemental circular.



FIRST SHANGHAI CAPITAL LIMITED

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

29 May 2023

*To the Independent Board Committee and
the Independent Shareholders*

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

Dear Sir or Madam,

**(1) SUPPLEMENTAL AGREEMENTS TO CERTAIN EXISTING
CONTINUING CONNECTED TRANSACTIONS
AND
(2) RENEWAL OF EXISTING 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 Non-exempt Supplemental Agreements and the 2026 CNHTC Non-exempt CCT Agreements and the relevant proposed Revised Caps and New Caps), details of which are set out in the supplemental circular of the Company to the Shareholders dated 29 May 2023 (the “**Supplemental 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 Supplemental Circular.

LETTER FROM FIRST SHANGHAI

Due to the operational needs of the Group, the Company expects that the existing annual caps under (i) the 2023 CNHTC Products Sales Agreement; (ii) the 2023 CNHTC Products Purchase Agreement; and (iii) the 2023 Financial Services Agreement, will be insufficient for the year ending 31 December 2023. Therefore, the Company entered into the Non-exempt Supplemental Agreements on 31 March 2023 with CNHTC to revise the respective annual caps to the Revised Caps for the year ending 31 December 2023.

Moreover, the Group has been conducting and is expected to continue to conduct the continuing connected transactions under, among other agreements, the 2023 CNHTC Products Sales Agreement, the 2023 CNHTC Parts Sales Agreement, the 2023 CNHTC Products Purchase Agreement, 2024 CNHTC Parts Purchase Agreement and the 2023 Financial Services Agreement with the CNHTC Group from time to time. In view of, among other things, (i) the aforementioned agreements will soon expire; (ii) the anticipated continuation of the continuing connected transaction in the coming years; and (iii) the combination of similar agreements to streamline the number of framework agreements, the Company and CNHTC entered into the 2026 CNHTC Non-exempt CCT Agreements (including the 2026 CNHTC Sale of Goods Agreement, the 2026 CNHTC Purchase of Goods Agreement and the 2026 Provision of Financial Services Agreement) on 31 March 2023 to renew the relevant continuing connected transactions for the term of three years from 1 January 2024 to 31 December 2026.

CNHTC is a substantial shareholder of the Company, therefore CNHTC is a connected person of the Company. Accordingly, the transactions contemplated under the Non-exempt Supplemental Agreements and the 2026 CNHTC Non-exempt CCT Agreements constitute continuing connected transactions of the Company. As stated in the letter from the Board in the Supplemental Circular (the “**Board Letter**”), the Non-exempt Continuing Connected Transactions (including the Non-exempt Supplemental Agreements and the 2026 CNHTC Non-exempt CCT Agreements and the relevant proposed Revised Caps and New Caps) are subject to, among other things, approval by the Independent Shareholders at the AGM.

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 Non-exempt Supplemental Agreements and the 2026 CNHTC Non-exempt CCT Agreements and the relevant proposed Revised Caps and 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

The Independent Shareholders should note that we were previously engaged as independent financial adviser by the Company for two occasions regarding (i) certain continuing connected transactions as disclosed in the circular of the Company dated 12 April 2022; and (ii) certain continuing connected transactions as disclosed in the circular of the Company dated 2 December 2022 (collectively, the “**Previous Engagements**”). Apart from normal professional fees paid or payable to us in connection with the Previous Engagements, we did not have any other relationships or interests with the Company within the past two years from the Latest Practicable Date. Given (i) our independent role in the Previous Engagements; (ii) none of the members of our parent group is a direct party to the Non-exempt Continuing Connected Transactions; and (iii) our fee for the current

LETTER FROM FIRST SHANGHAI

engagement with the Company, in addition to those for the Previous Engagements, represented an insignificant percentage of revenue of our parent group, we consider that the Previous Engagements would not affect our independence, and we consider ourselves independent to form our opinion in respect of the Non-exempt Continuing Connected Transactions.

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 Supplemental 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 Supplemental 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 Supplemental 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 Supplemental Circular. We consider that we have reviewed sufficient information to reach an informed view and to justify reliance on the accuracy of the information contained in the Supplemental Circular and to provide a reasonable basis for our advice. We have not, however, conducted any independent verification of the information included in the Supplemental 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 CNHTC 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 Non-exempt Supplemental Agreements and the 2026 CNHTC Non-exempt CCT Agreements and the relevant proposed Revised Caps and 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, 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). We have reviewed the annual results of the Company for the year ended 31 December 2022 and we note that the sales of (i) heavy duty trucks; (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 2022, while the remaining was primarily from the provision of financing services.

LETTER FROM FIRST SHANGHAI

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

Due to the operational needs of the Group, the Company expects that the existing annual caps under (i) the 2023 CNHTC Products Sales Agreement relating to the Group supplying products including trucks, chassis and semi-tractor trucks to the CNHTC Group; (ii) the 2023 CNHTC Products Purchase Agreement relating to the Group purchasing products including vehicles, refitted trucks, chassis, and add-on products such as trunk, flatbed, tank, etc. from the CNHTC Group; and (iii) the 2023 Financial Services Agreement relating to the Group providing a range of financial services to the CNHTC Group, will be insufficient for the year ending 31 December 2023. Therefore, the Company entered into the Non-exempt Supplemental Agreements on 31 March 2023 with CNHTC to revise the respective annual caps to the Revised Caps for the year ending 31 December 2023. Further details of the revision are set out in the section headed "The Revised Caps and the New Caps" below.

Moreover, the Group has been conducting and is expected to continue to conduct the continuing connected transactions under, among other agreements, the 2023 CNHTC Products Sales Agreement, the 2023 CNHTC Parts Sales Agreement, the 2023 CNHTC Products Purchase Agreement, 2024 CNHTC Parts Purchase Agreement and the 2023 Financial Services Agreement with the CNHTC Group from time to time. In view of, among other things, (i) the aforementioned agreements will soon expire; (ii) the anticipated continuation of the continuing connected transaction in the coming years; and (iii) the combination of similar agreements to streamline the number of framework agreements, the Company and CNHTC entered into the 2026 CNHTC Non-exempt CCT Agreements on 31 March 2023 to renew the relevant continuing connected transactions for the term of three years from 1 January 2024 to 31 December 2026. The 2026 CNHTC Non-exempt CCT Agreements include the following:

Agreement	Nature
2026 CNHTC Sale of Goods Agreement	<ul style="list-style-type: none">• The Group supplying products (including trucks, chassis and semi-tractor trucks), as well as raw materials, parts and components and semi-finished products to the CNHTC Group• Combination of the transactions regulated under the 2023 CNHTC Products Sales Agreement and the 2023 CNHTC Parts Sales Agreement
2026 CNHTC Purchase of Goods Agreement	<ul style="list-style-type: none">• The CNHTC Group supplying products (including vehicles, refitted trucks, chassis, add-on products such as trunks, flatbeds, tanks, etc. and semi-trailer truck), as well as raw materials, parts and components, assemblies, semi-finished products (including but not limited to support assemblies and pedals) to the Group

LETTER FROM FIRST SHANGHAI

Agreement	Nature
	<ul style="list-style-type: none">• Combination of the transactions regulated under the 2023 CNHTC Products Purchase Agreement and the 2024 CNHTC Parts Purchase Agreement
2026 Provision of Financial Services Agreement	<ul style="list-style-type: none">• The Group providing a range of financial services (including bills discounting, loan, issue of bills and other services) to the CNHTC Group• Substantially the same as those of the 2023 Financial Services Agreement (as supplemented by the Non-exempt Supplemental Agreement dated 31 March 2023)

We have discussed with and have been advised by the Management that:

- (i) in respect of the 2026 CNHTC Sale of Goods Agreement, the Group has been, as part of its core business, selling vehicle products and parts to the CNHTC Group for a long time and such sales are revenue in nature to the Group;
- (ii) in respect of the 2026 CNHTC Purchase of Goods Agreement, the Group has been procuring vehicle products and parts from the CNHTC Group for a long time to meet the production needs of the core business of the Group; and
- (iii) in respect of the 2026 Provision of Financial Services Agreement, the Group (including 中國重汽財務有限公司 (Sinotruk Finance Co., Ltd.), being a subsidiary of the Company that is principally engaged in the provision of financial services (“**Sinotruk Finance**”)) has been providing financial services, including but not limited to loan services and issue of bills, to the CNHTC Group, where these transactions are revenue in nature to the Group.

Having considered, in particular, (i) the Group has been conducting the relevant continuing connected transactions with the CNHTC Group to leverage on the strengths of CNHTC (a state-owned enterprise) to develop the businesses of the Group; (ii) the Non-exempt Supplemental Agreements were entered into for the revision of the existing annual caps which are expected to be insufficient for the year ending 31 December 2023; (iii) the sales of vehicle products and parts under the 2026 CNHTC Sale of Goods Agreement and the provision of financial services under the 2026 Provision of Financial Services Agreement are revenue in nature to the Group; (iv) the procurement of vehicle products and parts under the 2026 CNHTC Purchase of Goods Agreement are for the satisfaction of the production needs of the Group; and (v) the terms of the Non-exempt Continuing Connected Transactions are fair and reasonable as discussed below, we are of the view that the entering into of the Non-exempt Continuing Connected Transactions is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

LETTER FROM FIRST SHANGHAI

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

The following table summarises the relevant principal terms of the Non-exempt Continuing Connected Transactions. For further details of the terms, please refer to the announcement of the Company dated 31 March 2021 and the Board Letter.

Agreement	Principal terms
2023 CNHTC Products Sales Agreement	<ul style="list-style-type: none">the price shall be determined by reference to the same price list which is applicable to sales of products to both of the CNHTC Group and independent third partiesfull payment shall be made within 90 days from the date of sale
2023 CNHTC Products Purchase Agreement	<ul style="list-style-type: none">for add-on products such as trunk, flatbed, tank, etc (“Refitted Products”): certain customers of the Group may negotiate the prices of the Refitted Products directly with the CNHTC Group and advise such prices to the Group. Based on the instructions from its customers, the Group will purchase the Refitted Products from the CNHTC Group at the prices agreed directly between the customers and the CNHTC Group. The Group will then sell the final products to its customers at a price which covers the price of the trucks produced by the Group and the agreed price of the Refitted Products between the customers of the Group and the CNHTC Group. On the other hand, certain customers of the Group may request the Group to purchase the Refitted Products on their behalf. The Group will select the authorised provider for its customers, which may or may not be the CNHTC Group. If the CNHTC Group is selected as the authorised provider, the Group will purchase the Refitted Products from the CNHTC Group at stipulated prices and sell the final products to the customers at the price which covers the price of the trucks produced by the Group and the stipulated prices of the Refitted Products

LETTER FROM FIRST SHANGHAI

Agreement

Principal terms

- for products that are only available from the CNHTC Group: the Group does not produce certain trucks such as all-wheels driven chassis and trucks and specialty vehicles which the CNHTC Group may produce. If certain customers approach the Group for such types of products, the Group will source the same from the CNHTC Group and sell to the customers. The Group will refer to the product price list compiled by the CNHTC Group which is applicable to all its customers including independent customers and the Group and confirm the price of these products with its customers. Upon confirmation of the orders by the customers, the Group will purchase the relevant products from the CNHTC Group at such prices. The Group will then sell the relevant products to its customers with expected profit margins from 5% to 20% which were determined with reference to (a) the average profit 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」 (Overall Enterprises Performance Appraisal Index) recently published by the SASAC (the “**Performance Appraisal Index**”) and (b) the historical profit margins of similar products sold to independent customers of the Group
- full payment shall be made within 90 days from the date of purchase
- the services shall be on terms no more favourable to the CNHTC Group than those available to independent third parties
- for bills discounting services: the interest rates for such services are determined with reference to the interest rates for similar services provided by general commercial banks in the PRC

2023 Financial Services Agreement

LETTER FROM FIRST SHANGHAI

Agreement

Principal terms

- for loan services: the interest rates for such services are determined with reference to (a) with respect to loans made in the PRC, the relevant loan prime rate quoted by the People's Bank of China and the interest rates for similar services provided by general commercial banks in the PRC from time to time with similar terms of services, or (b) with respect to loans made in locations other than in the PRC, the lending rates published by the relevant domestic monetary authorities/banking association and quoted by the relevant domestic general commercial banks from time to time with similar terms of services
- for issue of bills: the fees for such services are determined with reference to the fees for similar services charged by general commercial banks in the PRC from time to time with similar terms of service. The Eligible Member shall pay interest over the surety deposited with the Eligible Member at the rate determined with reference to the fixed deposit interest rates for comparable deposits provided by general commercial banks in the PRC
- for entrustment loan arrangements: the fees for such arrangements are determined with reference to those fees for similar services charged by general commercial banks in the PRC from time to time with similar terms of the entrustment loan arrangements
- for goods with price list, the prices of the goods to be sold to the CNHTC Group shall be determined by reference to the same price lists which are applicable to the CNHTC Group and independent third parties
- 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 will be between 5% to 20% which were determined with reference to (1) the average profit margin of vehicles and the related manufacturing industry as published by the SASAC to independent third parties which were summarised in the Performance Appraisal Index, and (2) the historical profit margins of similar parts sold by the Group to independent third parties. For the past three years, sales profit margins of the relevant parts remain in the range of 5% to 20%

2026 CNHTC Sale of Goods Agreement (*covers both products and parts*)

LETTER FROM FIRST SHANGHAI

Agreement

Principal terms

- full payment shall be made within 90 days from the date of sale
 - for products for purchase, please refer to the 2023 CNHTC Products Purchase Agreement above
 - for parts for purchase, the CNHTC 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 CNHTC Group and the price quotation offered by other qualified suppliers, the Group will negotiate with all qualified suppliers including the CNHTC 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 CNHTC 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 CNHTC Group, for all procurement departments of the Group to follow
 - please refer to the 2023 Financial Services Agreement above
- 2026 CNHTC Purchase of Goods Agreement (*covers both products and parts*)
- 2026 Provision of Financial Services Agreement

In respect of internal control measures, we note from the Board Letter that:

- (i) in order to ensure that the prices under the 2026 CNHTC Sale of Goods Agreement are no more favourable to the CNHTC Group than those offered to independent third parties, the prices of the transactions will be determined by the same price list available to all customers of the Group including independent customers and the CNHTC Group, which is approved by the responsible management or executive Directors. The products price list and/or parts price list (as the case maybe) is reviewed on an annual basis. Hence, as the same products price list and/or parts price list (as the case maybe) is applicable to all of the Group's customers, the prices offered to the CNHTC Group will be no more favourable than those offered to independent customers;
- (ii) in order to ensure that the prices of each of the transactions are determined in accordance with the pricing policy applicable to the 2026 CNHTC Purchase of Goods 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 CNHTC Group. Based on these quotations, it will cross check the prices of the parts offered by the independent third party suppliers and the CNHTC Group. If the Group also produces such parts, it will also compare the intragroup selling prices of the Group against those offered by the CNHTC Group. The Group will then negotiate with the independent third party suppliers and the CNHTC Group to finalise the prices of the parts and compile

LETTER FROM FIRST SHANGHAI

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 CNHTC Group, the Group ensures that the prices of the parts offered by the CNHTC Group are fair and reasonable;

- (iii) for bill discounting and loan services under the 2026 Provision of Financial Services Agreement, the business unit of the Eligible Member will first review the application for the bill discounting service, conduct pre-loan checks on the applicants for unsecured loans and prepare the relevant business approval forms including but not limited to details of the amounts, repayment terms and the applicable interest rates (after checking the prevailing interest rates offered by general commercial banks in the PRC or in locations other than in the PRC) and confirm that the total outstanding balances, after taking into consideration the amount in the aforesaid application, does not exceed the pre-approved caps. Regarding credit risk assessment mechanism, Sinotruk Finance will first review the application of the potential borrower and conduct pre-loan checks against the potential borrower and its guarantor, which involves (a) reviewing their financial report and statements; and (b) performing an assessment on the financial condition of the potential borrower and its equity holders, such as the type and value of the assets owned by such potential borrower;
- (iv) for issue of bills under the 2026 Provision of Financial Services Agreement, the business unit of the Eligible Member will first review the application of the bill issue services and prepare the bill issue approval form (including but not limited to the details of the amount, duration of the bill, fee income amount and surety margin ratio) and confirm that the total outstanding balances, after taking into consideration the amount in the aforesaid application, does not exceed the pre-approved cap;
- (v) for entrustment loan arrangements under the 2026 Provision of Financial Services Agreement, the Eligible Member will consider and determine the fee rate after taking into account the fees charged by general commercial banks in the PRC that offer such entrustment loan arrangements, which will be provided to the senior management of the Eligible Member for final approval; and
- (vi) the finance department of the Group prepares a monthly continuing connected transactions summary and checks the maximum day-end balance and/or the accumulated annual transaction amount (as the case may be) of each continuing connected transaction against the respective pre-approved cap. If any maximum day-end balance and/or the accumulated annual transaction amount (as the case may be) exceeds 70% of the pre-approved annual cap, the relevant continuing connected transaction will be reported to the board office of the Company for monitoring, follow-up and, if necessary, revision of the annual cap in accordance with the requirements of the Listing Rules.

Based on the above, we note that the pricing of the Non-exempt Continuing Connected Transactions shall be on terms no less favourable to the Group than those with independent third parties. In particular, (i) selling prices shall be based on the same price list which is applicable to both of the CNHTC Group and independent third parties; (ii) purchase prices shall be compared with those of the independent third party suppliers; (iii) for the purchase of Refitted Products, the purchase prices shall be based on those agreed directly between the CNHTC Group and the independent customers of the Group; and (iv) for unique goods where the aforesaid are not applicable, the cost plus profit margin shall make reference to the Performance Appraisal Index and the historical profit margins of similar products sold to independent customers of the Group.

LETTER FROM FIRST SHANGHAI

We note from the annual reports of the Company for each of the two years ended 31 December 2022 that, in accordance with the Listing Rules, (i) the Company had engaged independent auditors to report on the continuing connected transactions of the Group for each of the two years ended 31 December 2022 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 2022 and confirmed that such transactions were, among other things, on normal commercial terms or better and on terms that were fair and reasonable.

In addition, we have (i) reviewed four, four and three sets of sample transaction documents with connected parties in connection with each of the 2026 CNHTC Sale of Goods Agreement, the 2026 CNHTC Purchase of Goods Agreement and the 2026 Provision of Financial Services Agreement, respectively (i.e. a total of 11 sets); and (ii) reviewed the relevant terms with independent third parties for each set of the aforementioned 11 samples. Our samples covered (i) price list products and unique and proprietary parts under the 2026 CNHTC Sale of Goods Agreement; (ii) price list products, add-on products and CNHTC Group's products under the 2026 CNHTC Purchase of Goods Agreement; and (iii) loan services and issue of bills under the 2026 Provision of Financial Services Agreement (other than bill discounting and entrustment loan services which had no historical transaction in the past year as advised by the Management and their annual caps are not high). We understand that the terms of these reviewed transactions with connected parties had adhered to the aforementioned principal terms of the Non-exempt Continuing Connected Transactions. For instance, (i) for price list products under the 2026 CNHTC Sale of Goods Agreement and the 2026 CNHTC Purchase of Goods Agreement, we noted that the unit prices were no less favourable to the Group than those with independent third parties; (ii) for unique and proprietary parts under the 2026 CNHTC Sale of Goods Agreement, we noted the sales profit margin was in the range of 5% to 20% and in line with the historical profit margins of similar parts sold by the Group to independent third parties; (iii) for add-on products under the 2026 CNHTC Purchase of Goods Agreement, we noted the price sold to the customer of the Group was at the price procured from the CNHTC Group; (iv) for CNHTC Group's products under the 2026 CNHTC Purchase of Goods Agreement, we noted the price sold to the customer of the Group was at a profit margin in the range of 5% to 20% and in line with the historical profit margins of similar products sold by the Group to independent third parties; and (v) the terms of the financial services, such as the interest rates, under the 2026 Provision of Financial Services Agreement were no less favourable to the Group than those offered by independent financial institutions. Furthermore, we have reviewed the latest published annual results of the Company and we understand (i) the majority of the trade and bills payables as at 31 December 2021 and 2022 were aged less than three months based on invoice date; and (ii) 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 for the sale and purchase of goods under the Non-exempt Continuing Connected Transactions falls within such general range.

Having considered, in particular, (i) our review of the pricing terms of the Non-exempt Continuing Connected Transactions, being no less favourable than those with independent third parties; (ii) the internal control measures of the Group, particularly the review and comparison of the terms with independent third parties; and (iii) the track record of compliance where the independent auditors of the Company and the independent non-executive Directors had reviewed and will continue to review the Non-exempt Continuing Connected Transactions, 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 are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM FIRST SHANGHAI

3. The Revised Caps and the New Caps

The following table sets out the historical actual transaction amounts of the Non-exempt Continuing Connected Transactions for each of the two years ended 31 December 2022 and the two months ended 28 February 2023 as advised by the Management, as well as the Revised Caps for the year ending 31 December 2023 and the New Caps for the each of the three years ending 31 December 2026.

	Historical actual transaction amounts			Revised Caps ⁽⁶⁾	New Caps ⁽⁶⁾		
	For the year ended 31 December		For the two months ended 28 February	For the year ending 31 December	For the year ending 31 December		
	2021	2022	2023	2023	2024	2025	2026
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
2023 CNHTC Products Sales Agreement ⁽¹⁾	371	259	18	2,491	3,234 ⁽⁴⁾	5,920 ⁽⁴⁾	6,976 ⁽⁴⁾
2023 CNHTC Parts Sales Agreement	705	908	98	N/A	1,226 ⁽⁴⁾	1,409 ⁽⁴⁾	1,461 ⁽⁴⁾
2026 CNHTC Sale of Goods Agreement ⁽²⁾	1,076	1,167	116	N/A	4,460	7,329	8,437
2023 CNHTC Products Purchase Agreement ⁽¹⁾	2,181	2,856	516	3,724	3,899 ⁽⁴⁾	4,097 ⁽⁴⁾	4,247 ⁽⁴⁾
2024 CNHTC Parts Purchase Agreement	15	44	7	N/A	670 ⁽⁴⁾	1,100 ⁽⁴⁾	1,200 ⁽⁴⁾
2026 CNHTC Purchase of Goods Agreement ⁽²⁾	2,196	2,900	523	N/A	4,569	5,197	5,447
Maximum day-end balance under the 2023 Financial Services Agreement							
— Bills discounting services	Nil	Nil	Nil	200	200 ⁽⁴⁾	200 ⁽⁴⁾	200 ⁽⁴⁾
— Unsecured loan services	1,480	1,510	1,418	3,338	3,338 ⁽⁴⁾	3,338 ⁽⁴⁾	3,338 ⁽⁴⁾
— Issue of bills	Nil	143	142	800	900 ⁽⁴⁾	1,000 ⁽⁴⁾	1,100 ⁽⁴⁾
Maximum day-end balance under the 2026 Provision of Financial Services Agreement ⁽³⁾	1,480	1,653	1,560	4,338 ⁽⁵⁾	4,438	4,538	4,638
Income under the 2023 Financial Services Agreement							
— Bills discounting services	Nil	Nil	Nil	6	N/A	N/A	N/A
— Unsecured loan services	43	46	7	128	N/A	N/A	N/A
— Issue of bills	Nil	0	0	1	N/A	N/A	N/A
— Entrustment loan	0.02	0	0	0.20	N/A	N/A	N/A
Income under the 2026 Provision of Financial Services Agreement ⁽³⁾	43	46	7	135.2 ⁽⁵⁾	135.2	135.2	135.2

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	Historical actual transaction amounts			Revised Caps ⁽⁶⁾	New Caps ⁽⁶⁾		
	For the two			For the year ending 31 December	For the year ending 31 December		
	For the year ended 31 December		months ended 28 February				
	2021	2022	2023	2023	2024	2025	2026
<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	
Expense under the 2023 Financial Services Agreement							
— Issue of bills	Nil	0.05	0.09	4	N/A	N/A	N/A
Expense under the 2026 Provision of Financial Services Agreement ⁽³⁾	Nil	0.05	0.09	4⁽⁵⁾	5	5	5

Notes:

1. Covers transactions of products only
2. Covers transactions of both products and parts
3. Covers the mentioned services under the 2023 Financial Services Agreement
4. For the purpose of illustrating the breakdown of the New Caps
5. Sum of the Revised Caps for the relevant services under the 2023 Financial Services Agreement for illustration purpose
6. The figures of the Revised Caps and the New Caps in the table are in bold

2023 CNHTC Products Sales Agreement and 2026 CNHTC Sale of Goods Agreement

In respect of the 2023 CNHTC Products Sales Agreement, we note that the historical actual transaction amount lowered from approximately RMB371 million for the year ended 31 December 2021 to approximately RMB259 million for the year ended 31 December 2022, whereas the Revised Cap is RMB2,491 million for the year ending 31 December 2023.

In respect of the 2026 CNHTC Sale of Goods Agreement, we note that the historical actual transaction amount maintained at approximately RMB1,076 million and RMB1,167 million for each the two years ended 31 December 2022, respectively, whereas the New Caps are RMB4,460 million, RMB7,329 million and RMB8,437 million for each of the three years ending 31 December 2026.

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With reference to the Board Letter, we note that:

- sales in 2021 and 2022 were heavily impacted by the economic slowdown and the disrupted logistics due to the complicated and fluctuating COVID-19 pandemic situations. We are further advised by the Management that such industry condition continued into early 2023, resulting a low transaction amount for the two months ended 28 February 2023; and
- following the Group's introduction of new high-end products into the market in 2023 with a focus in new energy vehicles, the Group has gained a competitive edge with its comprehensive product-mix, which the Group considers has reached maturity and is expected to be highly welcomed by the market. With the Group's improved sales network and its advantages in the overseas market, it is expected that there will be a surge of orders for the Group's new generation products which will exceed the Group's original projection. In particular, it is expected that one of the associates of the CNHTC Group (the "**CNHTC Associate**") will seize opportunities in the fast-developing area of the internet of vehicles and purchase fuel vehicles, new energy vehicles and trailers from the Group for the purpose of developing its transportation operations, which in turn, is estimated to involve a purchase of the Group's products in an estimated aggregate transaction amount of RMB1,960 million, RMB2,500 million, RMB5,000 million and RMB6,000 million for each of the years ending 31 December 2023, 2024, 2025 and 2026, respectively (the "**New Sales**"). In respect of the New Sales, we have independently reviewed the website of the CNHTC Associate and we understand that (i) it is a company under SHIG (being the parent company of CNHTC and a state-owned enterprise); and (ii) it focuses on commercial vehicles with new technologies. In addition, we have discussed with and have been advised by the Management that the New Sales primarily comprise new energy commercial vehicles and the amounts of New Sales were arrived at after the discussion between the CNHTC Associate and the Group.

Regarding the above, we have also independently reviewed (i) relevant industry information published by 中國汽車工業協會 (China Association of Automobile Manufacturers) ("**CAAM**") and government authorities; and (ii) information published or provided by the Group and we note that:

- in respect of commercial vehicles (including trucks, being a business focus of the Group), according to December 2022, February 2023 and March 2023 editions of 汽車工業經濟運行情況 (Operation Status of Automotive Industry) published by CAAM (the "**CAAM Statistics**"), adverse factors including the limitations in production and living conditions under the influence of the COVID-19 epidemic situation had lowered the demand of commercial vehicles in year 2022, where the sales of commercial vehicles in the PRC recorded an annual decline of approximately 31% for the year ended 31 December 2022. Nonetheless, for year 2023, with the continuous recovery of the economy of the PRC, the construction of infrastructure projects has begun one after another, the commercial vehicle market has shown signs of recovery, where the decline in sales of commercial vehicles in the PRC notably narrowed to (i) a year on year decrease of approximately 15% for the two months ended 28 February 2023; and (ii) a year on year decrease of approximately 3% for the three months ended 31 March 2023. We also note that, according to the article titled 中國汽車工業協會2022年12月信息發佈會在北京召開 (the Information Session of CAAM in

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December 2022 held in Beijing) dated 9 December 2022 (the “**CAAM Article**”), CAAM expects the sales of commercial vehicles to achieve an annual growth of approximately 15% for the year ending 31 December 2023 (the “**Expected Growth of Commercial Vehicles**”);

- in respect of new energy vehicles, according to the 新能源汽車產業發展規劃 (2021-2035年) (New Energy Automobile Industry Development Plan (2021-2035)) published by 國務院辦公廳 (General Office of the State Council) of the PRC in October 2020, the PRC aims to have a strong international foothold on new energy vehicle technologies and, domestically, the government wants to have all public transportation fully electrified and have electric vehicles contributing the majority of new vehicle sales by 2035. According to the CAAM Statistics, new energy vehicles grew explosively in year 2022, where sales of new energy vehicles in the PRC recorded an annual growth of approximately 93%, and represented approximately 26% of total vehicles sold in the PRC, for the year ended 31 December 2022. We also note that, according to the CAAM Article, CAAM expects the sales of new energy vehicles to achieve an annual growth of approximately 35% for the year ending 31 December 2023 (the “**Expected Growth of New Energy Vehicles**”);
- according to the economic projections in the World Economic Outlook published by the International Monetary Fund in April 2023, the gross domestic product of the PRC is expected to grow annually at around 4% to 5% in the upcoming few years (the “**Expected Growth of PRC Economy**”);
- the Revised Cap for the 2023 CNHTC Products Sales Agreement for the year ending 31 December 2023 and the sales of products under the 2026 CNHTC Sale of Goods Agreement for each of the years ending 31 December 2024, 2025 and 2026 amount to approximately RMB2,491 million, RMB3,234 million, RMB5,920 million and RMB6,976 million, respectively. We note that these amounts are mainly related to the CNHTC Associate aforementioned, where we understand that the CNHTC Associate proposes to procure RMB1,960 million, RMB2,500 million, RMB5,000 million RMB6,000 million of products from the Group for each of the years ending 31 December 2023, 2024, 2025 and 2026, respectively, (being the amounts of the New Sales) which primarily comprises new energy vehicles. Moreover, we enquired the Group on the latest transaction amounts and we were advised by the Management that the sales to the CNHTC Associate amounted to approximately RMB2 million for the two months ended February 2023 and soared to approximately RMB121 million for the two months ended 30 April 2023 (i.e. March and April 2023), which was about 60 times the amount in the first two months. Hence we understand the sales amount to the CNHTC Associate has high growth potential. Apart from those related to the CNHTC Associate, the remaining amount for each of the years ending 31 December 2023, 2024, 2025 and 2026 is approximately RMB531 million, RMB734 million, RMB920 million and RMB976 million, respectively. Having primarily taken into account (i) the Group achieved actual sales of products of approximately RMB371 million for the year ended 31 December 2021; (ii) the recent recovery of the industry, the Expected Growth of Commercial Vehicles and the Expected Growth of New Energy Vehicles discussed above; (iii) the high growth in actual sales to the CNHTC Associate achieved recently; (iv) the proportion of the annual caps to the actual total revenue of the Group as

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discussed below; and (v) the annual caps provide flexibility to the Group to conduct sales to enhance its revenue, we consider these amounts related to the sales to the CNHTC Associate and also the remaining amounts to be acceptable for the purpose of determining the Revised Cap and the New Caps;

- for the sales of parts under the 2026 CNHTC Sale of Goods Agreement, we note that (i) the historical actual transaction amount for the year ended 31 December 2022 of approximately RMB908 million represents an annual growth rate of approximately 29% (the “**2022 Actual Parts Sales Growth**”); (ii) the amount for the year ending 31 December 2024 of approximately RMB1,226 million represents the 2022 Actual Parts Sales Growth and an additional minor buffer of approximately 5% as compared with the historical actual transaction amount for the year ended 31 December 2022; and (iii) the amounts for each of the years ending 31 December 2025 and 2026 of approximately RMB1,409 million and RMB1,461 million represents annual growth rates of approximately 15% and 4%, respectively. We understand these growth rates are in line with the Expected Growth of Commercial Vehicles and the Expected Growth of PRC Economy; and
- the highest annual cap of the 2026 CNHTC Sale of Goods Agreement, being the New Cap for the year ending 31 December 2026 of approximately RMB8,437 million, represents approximately 14% of the actual total revenue of the Group of approximately RMB59,291 million for the year ended 31 December 2022.

Taking into account, in particular, (i) the transactions under the 2023 CNHTC Products Sales Agreement and the 2026 CNHTC Sale of Goods Agreement are revenue in nature to the Group; (ii) the Revised Cap of approximately RMB2,491 million for the year ending 31 December 2023 is mainly attributable to the New Sales of close to RMB2,000 million, where we also note that the actual transaction amount before the inclusion of New Sales was on average around RMB300 million for the past two financial years; (iii) the New Caps of approximately RMB4,460 million, RMB7,329 million and RMB8,437 million for each of the three years ending 31 December 2026 are mainly attributable to the New Sales of approximately RMB2,500 million, RMB5,000 million RMB6,000 million for each of the years ending 31 December 2024, 2025 and 2026, respectively, where we also note that the actual transaction amount before the inclusion of New Sales was on average around RMB1,100 million for the past two financial years; (iv) the lower actual transaction amounts for the year ended 31 December 2022 and the two months ended 28 February 2023 were due to the downturn of the commercial vehicle industry and the industry is expected to recover in the upcoming years; and (v) the highest annual cap of the 2026 CNHTC Sale of Goods Agreement of approximately RMB8,437 million for the year ending 31 December 2026 represents approximately 14% of the total revenue of the Group of approximately RMB59,291 million for the year ended 31 December 2022, we consider the Revised Cap for the 2023 CNHTC Products Sales Agreement and the New Caps for the 2026 CNHTC Sale of Goods Agreement (comprising both sales of products and sales of parts) to be fair and reasonable so far as the Independent Shareholders are concerned.

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2023 CNHTC Products Purchase Agreement and 2026 CNHTC Purchase of Goods Agreement

In respect of the 2023 CNHTC Products Purchase Agreement, we note that the historical actual transaction amount increased from approximately RMB2,181 million for the year ended 31 December 2021 to approximately RMB2,856 million for the year ended 31 December 2022, representing a growth rate of approximately 31% (the “**2022 Actual Annual Growth Rate**”), whereas the Revised Cap is RMB3,724 million for the year ending 31 December 2023.

In respect of the 2026 CNHTC Purchase of Goods Agreement, we note that the historical actual transaction amount, similar to those of the 2023 CNHTC Products Purchase Agreement, increased from approximately RMB2,196 million for the year ended 31 December 2021 to approximately RMB2,900 million for the year ended 31 December 2022, representing a growth rate of approximately 32%, whereas the New Caps are RMB4,569 million, RMB5,197 million and RMB5,447 million for each of the three years ending 31 December 2026, respectively.

For our assessment of the annual caps, we note that:

- the Revised Cap of RMB3,724 million for the year ending 31 December 2023 represents an annual growth of approximately 30% as compared with the historical actual amount of approximately RMB2,856 million for the year ended 31 December 2022, where such growth rate is comparable with the 2022 Actual Annual Growth Rate;
- regarding the New Caps, (i) the New Cap for the year ending 31 December 2024 represents a growth rate of approximately 23% as compared with the Revised Cap for the year ending 31 December 2023, which is no higher than the 2022 Actual Annual Growth Rate; and (ii) the New Caps for each of the years ending 31 December 2025 and 2026 represents growth rates of approximately 14% and 5% as compared with the New Cap for the preceding year. In respect of the composition of the New Caps, we note that (i) the amounts for purchase of products for each of the years ending 31 December 2024, 2025 and 2026 represents annual growth of around 4% to 5%, which are in line with the Expected Growth of PRC Economy and also the expected mild increase in demand of approximately 4% to 5% as mentioned in the Board Letter; and (ii) the amounts for purchase of parts for each of the years ending 31 December 2024, 2025 and 2026 are primarily attributable to the purchases from the CNHTC Associate. We have further reviewed the internal document of the Group in relation to the expected procurements from the CNHTC Associate and we understand the expected purchase of parts from the CNHTC Associate include digital cockpit (數字座艙) and traveling data recorder (行駛記錄儀);
- according to the CAAM Article, CAAM expects the sales of commercial vehicles to achieve an annual growth of approximately 15% for the year ending 31 December 2023; and
- the highest annual cap of the 2026 CNHTC Purchase of Goods Agreement, being the New Cap for the year ending 31 December 2026 of approximately RMB5,447 million, represents approximately 15% of the actual amount of total purchases of products and parts of the Group for the year ended 31 December 2022 as advised by the Management.

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Taking into account, in particular, (i) the 2023 CNHTC Products Purchase Agreement and 2026 CNHTC Purchase of Goods Agreement provides flexibility for the Group to make procurements from the CNHTC Group that are necessary for manufacturing and sales of trucks by the Group; (ii) the annual growth rate represented by the Revised Cap for the year ending 31 December 2023 as compared with the historical actual amount for the year ended 31 December 2022 is comparable with the 2022 Actual Annual Growth Rate; (iii) the annual growth rates of the New Caps for each of the three years ending 31 December 2026 gradually lowers from the 2022 Actual Annual Growth Rate to the level of the general economic growth rate of the PRC; and (iv) the highest annual cap of the 2026 CNHTC Purchase of Goods Agreement represents approximately 15% of the actual amount of total purchases of products and parts of the Group for the year ended 31 December 2022, we consider the Revised Cap for the 2023 CNHTC Products Purchase Agreement and the New Caps for the 2026 CNHTC Purchase of Goods Agreement (comprising purchase of products and purchase of parts) to be fair and reasonable so far as the Independent Shareholders are concerned.

2023 Financial Services Agreement and 2026 Provision of Financial Services Agreement

In respect of the maximum day-end balance of the bills discounting services under the 2023 Financial Services Agreement, we note that there was no historical actual transaction amount, whereas the Revised Cap is RMB200 million for the year ending 31 December 2023.

In respect of the maximum day-end balance of the unsecured loan services under the 2023 Financial Services Agreement, we note that the historical actual transaction amount was around RMB1,500 million for the year ended 31 December 2022, whereas the Revised Cap is RMB3,338 million for the year ending 31 December 2023.

In respect of the maximum day-end balance of the issue of bills under the 2023 Financial Services Agreement, we note that the historical actual transaction amount was around RMB140 million for the year ended 31 December 2022, whereas the Revised Cap is RMB800 million for the year ending 31 December 2023.

In respect of the maximum day-end balance of the 2026 Provision of Financial Services Agreement, we note that the sum of the Revised Caps for the relevant services under the 2023 Financial Services Agreement amounted to approximately RMB4,338 million for the year ending 31 December 2023 (the “**2023 Amount**”), whereas the New Caps are RMB4,438 million, RMB4,538 million and RMB4,638 million for each of the three years ending 31 December 2026, respectively.

For our assessment of the annual caps, we note that:

- following the amendments to the Measures for the Administration of Finance Companies of Enterprise Groups 《企業集團財務公司管理辦法》 promulgated by the China Banking Regulatory Commission becoming effective in November 2022, a group of corporation could only have one finance company established (the “**Finance Company Administration Measures**”). We have reviewed the aforesaid measure and we note from the Board Letter that Sinotruk Finance Co., Ltd. (中國重汽財務有限公司) (being a subsidiary of the

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Company) (“**Sinotruk Finance**”) has been designated as the financial company entity that shall provide the relevant financial services to the Group and the CNHTC Group going forward. Accordingly, the Group expects that there will be a significant increase in demand from the CNHTC Group for the Group’s financial services;

- regarding the maximum day-end balances, the CNHTC Group has liaised with the Group and expected that bills discounting services of up to approximately RMB200 million, unsecured loan services of up to approximately RMB3,338 million and issue of bills of up to approximately RMB800 million may be required by the CNHTC Group for the year ending 31 December 2023 to cope with its ongoing business development as advised by the Management;
- regarding the growth rates of the New Caps in relation to the maximum day-end balances, (i) the New Cap of RMB4,438 million for the year ending 31 December 2024 represents a slight growth of approximately 2% as compared with the 2023 Amount of approximately RMB4,338 million; and (ii) the New Caps of RMB4,538 million and RMB4,638 million for each of the years ending 31 December 2025 and 2026 also represent a slight growth of approximately 2% as compared with the New Cap for the preceding year. In respect of the composition of such New Caps, we understand (i) the amounts for bills discounting services and loan services for each of the three years ending 31 December 2024, 2025 and 2026 are the same as the Revised Caps for the year ending 31 December 2023 as discussed above; and (ii) the amounts of issue of bills for each of the three years ending 31 December 2024, 2025 and 2026 are expected to grow at RMB100 million per year, which only represented a slight growth to the New Caps as aforementioned;
- based on our review of the financial statements of Sinotruk Finance provided by the Group, we note that the highest New Cap for maximum day-end balance of approximately RMB4,638 million for the year ending 31 December 2026 (the “**Highest Financial New Cap**”) represents approximately 11% of the total assets of Sinotruk Finance as at 31 December 2022;
- CNHTC (being a state-owned enterprise ultimately controlled by 山東省人民政府 (Shandong Provincial People’s Government)) was accredited with a credit rating of “AAA” based on our independent review of the latest available credit rating report of CNHTC dated 26 July 2022, which was published by China Lianhe Credit Rating Co., Ltd (being a company experienced in performing credit rating for companies listed in the PRC) on its website regarding the issuance of corporate bonds by CNHTC (the “**CNHTC Credit Report**”). According to the CNHTC Credit Report, the credit rating of “AAA” is the best rating available out of the nine categories (with “C” being the worst), meaning CNHTC has a very low default risk with very strong capacity for repayments. In respect of the scale of CNHTC, we also note from the CNHTC Credit Report that the consolidated total assets of CNHTC was approximately RMB126,771 million and the consolidated total liabilities of CNHTC was approximately RMB78,805 million as at 31 March 2022. We understand the Highest Financial New Cap represents approximately 4% of the consolidated total assets of CNHTC as at 31 March 2022;

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- as advised by the Management, the Finance Company Administration Measures became effective in November 2022 and several associates of CNHTC are expected to require financial services from the Group under the 2026 Provision of Financial Services Agreement. We have reviewed the latest financial information of one of those associates and we understand that the total liabilities of that associate as at 31 December 2022 was higher than the Highest Financial New Cap;
- regarding the interest income of loan services, (i) the historical actual interest income of unsecured loan services represented approximately 3% of the historical actual maximum day-end balance of unsecured loan services for each of the years ended 31 December 2021 and 2022; (ii) the Revised Cap for the interest income of unsecured loan services of RMB128 million represents approximately 4% of the Revised Cap for the maximum day-end balance of unsecured loan services for the year ending 31 December 2023, which is similar to the aforementioned historical actual percentage of approximately 3%; and (iii) the New Cap for interest income for each of the years ending 31 December 2024, 2025 and 2026 of approximately RMB135 million is only approximately 5% more than the aforementioned Revised Cap for the interest income of unsecured loan services for the year ending 31 December 2023; and
- regarding the other income and expenses apart from the aforementioned interest income of loan services, the historical amounts and also the annual caps are minimal, where the setting of such caps are expected to facilitate the Group to carry out the related financial services.

Taking into account, in particular, (i) the 2023 Financial Services Agreement and the 2026 Provision of Financial Services Agreement provide flexibility for the Group (including Sinotruk Finance) to provide financial services to the CNHTC Group and enhance the revenue stream of the Group; (ii) the CNHTC Group has liaised with the Group and expected the amount of financial services which the CNHTC Group may require for the year ending 31 December 2023; (iii) the annual growth rates of the New Caps for each of the three years ending 31 December 2026 maintains at a slight growth of 2%, which is close to the level of the general economic growth rate of the PRC; (iv) the scale of Sinotruk Finance, where the Highest Financial New Cap represents approximately 11% of the total assets of Sinotruk Finance as at 31 December 2022; (v) the scale of the CNHTC Group, where the Highest Financial New Cap represents approximately 4% of the consolidated total assets of CNHTC as at 31 March 2022; and (vi) the background and credit assessment of CNHTC, where CNHTC is a state-owned enterprise and has the best credit rating of “AAA”, we consider the Revised Caps for the 2023 Financial Services Agreement and the New Caps for the 2026 Provision of Financial Services Agreement (covering the bills discounting services, loan services, issue of bills and entrustment loan services) 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 of the Non-exempt Continuing Connected Transactions (including the Non-exempt Supplemental Agreements and the 2026 CNHTC Non-exempt CCT Agreements and the relevant proposed Revised Caps and New Caps) is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole. We are also of the view that the terms of the Non-exempt Continuing Connected Transactions are on normal commercial terms and, together with the relevant proposed Revised Caps and 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 at the AGM.

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

Kenneth Yam
Director
Corporate Finance

Roger Tang
Vice President

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

1. RESPONSIBILITY STATEMENT

This supplemental 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 supplemental 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 supplemental 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. Wang Zhijian	Beneficial owner	600,000	0.01%
Mr. Sun Shaojun	Beneficial owner	13,684,324	0.20%

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

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

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

(a) The Company

Long position

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

Notes:

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

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

(b) Members of the Group

Long position

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%
Yongan Fudi Investment Co., Ltd.	Beneficial owner	Sinotruk Fujian Haixi Vehicles Co., Ltd.	20%
Chengdu Qingbaijiang District State-owned Asset Investment and Management Co., Ltd.	Beneficial owner	Sinotruk Chengdu Wangpai Commercial Vehicles Co., Ltd.	20%
Suizhou Huawei Investment Holdings Co., Ltd.	Beneficial owner	Sinotruk Hubei Huawei Special Vehicles Co., Ltd.	40%
Kodiak America LLC.	Beneficial owner	Sinotruk Liuzhou Yunli Kodiak Machinery Co., Ltd.	49%
Shandong International Trust Co., Ltd.	Beneficial owner	Sinotruk Auto Finance Co., Ltd.	6.52%

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

4. CLAIMS AND LITIGATIONS

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

5. SERVICE CONTRACTS

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

6. COMPETING INTERESTS

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

7. DIRECTORS' INTERESTS

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

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

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

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

8. MATERIAL ADVERSE CHANGE

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

9. QUALIFICATION OF EXPERTS AND CONSENTS

The following is the qualification of the expert who has given opinion or advice which is contained in this supplemental 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 2022, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group.

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this supplemental 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 29 May 2023 and was made by the Independent Financial Adviser for incorporation in this supplemental circular.

10. MISCELLANEOUS

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

11. DOCUMENTS ON DISPLAY

Copies of the Non-exempt Supplemental Agreements, the 2023 CNHTC CCT Agreements and the 2026 CNHTC Non-exempt 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 supplemental circular up to 11 June 2023.