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SINOTRUK (HONG KONG) LIMITED

中國重汽(香港)有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 03808)

CONNECTED TRANSACTION

CAPITAL CONTRIBUTION AGREEMENT IN RESPECT OF THE TARGET COMPANY

THE CAPITAL CONTRIBUTION AGREEMENT

On 20 September 2023, Ji'nan Power entered into the Capital Contribution Agreement with Weichai Power, Weichai Lovol, Shantui Investment, Zhongtong Bus (all being the existing equity holders of the Target Company) and the Target Company, pursuant to which Ji'nan Power has agreed to make Capital Contribution in the amount of RMB400,000,000 (equivalent to approximately HK\$436,133,675) to the Target Company. Upon completion of the Capital Contribution, Ji'nan Power will be interested in 72.362% of the total equity interest in the Target Company and the Target Company will become an indirect non-wholly owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, SHIG is indirectly interested in 51% of the equity interest in the Company, hence a controlling shareholder of the Company and, accordingly, a connected person of the Company. Since the Target Company is a subsidiary of SHIG, the Target Company is also a connected person of the Company.

Accordingly, the Capital Contribution to be made by Ji'nan Power to the Target Company contemplated under the Capital Contribution Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

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

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

I. INTRODUCTION

On 20 September 2023, Ji'nan Power entered into the Capital Contribution Agreement with Weichai Power, Weichai Lovol, Shantui Investment, Zhongtong Bus (all being the existing equity holders of the Target Company) and the Target Company, pursuant to which Ji'nan Power has agreed to make Capital Contribution in the amount of RMB400,000,000 (equivalent to approximately HK\$436,133,675) to the Target Company. Upon completion of the Capital Contribution, Ji'nan Power will be interested in 72.362% of the total equity interest in the Target Company and the Target Company will become an indirect non-wholly owned subsidiary of the Company.

II. PRINCIPAL TERMS OF THE CAPITAL CONTRIBUTION AGREEMENT

The principal terms of the Capital Contribution Agreement are summarised as follows:

- Date:** 20 September 2023
- Parties:**
- (1) Ji'nan Power
 - (2) Weichai Power
 - (3) Weichai Lovol
 - (4) Shantui Investment
 - (5) Zhongtong Bus
 - (6) The Target Company

Subject matter

Pursuant to the Capital Contribution Agreement, Ji'nan Power has agreed to make Capital Contribution to the Target Company as follows, and each of Weichai Power, Weichai Lovol, Shantui Investment and Zhongtong Bus has agreed to such Capital Contribution to be made by Ji'nan Power:

Party	Capital contribution to be made (RMB)	Contribution to registered capital (RMB)	Contribution to capital reserve (RMB)
Ji'nan Power	400,000,000	383,180,000	16,820,000

The following table sets out the equity interest of each of the equity holders in the Target Company immediately before and after the Capital Contribution:

Equity holders of the Target Company	Percentage of equity interest in the Target Company immediately before the Capital Contribution	Percentage of equity interest in the Target Company immediately after the Capital Contribution
Ji'nan Power	30%	72.362%
Weichai Power	40%	15.793%
Weichai Lovol	19%	7.502%
Shantui Investment	6%	2.369%
Zhongtong Bus	5%	1.974%
Total	100%	100%

After the Capital Contribution to be made by Ji'nan Power in accordance with the Capital Contribution Agreement, the registered capital of the Target Company will be increased from RMB250,000,000 to RMB633,180,000.

Conditions precedent

The completion of the Capital Contribution is subject to all necessary internal approvals (including but not limited to the approval of the board of directors) of Ji'nan Power, Weichai Power, Weichai Lovol, Shantui Investment and Zhongtong Bus and all approvals or filings (including but not limited to the filing for state-owned assets assessment) related to the Capital Contribution having been obtained or registered with the relevant regulatory authorities and not having been revoked.

Payment term

The Capital Contribution shall be paid in cash by Ji'nan Power to the Target Company on or before 31 December 2023.

Completion

Each of the parties to the Capital Contribution Agreement shall assist the Target Company to complete the changes of the relevant industrial and commercial registration in respect of the Capital Contribution to the Target Company within 15 working days after the date of the Capital Contribution Agreement.

III. TRANSFER RESTRICTION

According to the articles of association of the Target Company, any proposed transfer of equity interest in the Target Company to any person other than an existing equity holder of the Target Company shall be consented to by more than half of the existing equity holders of the Target Company (if no such consent is obtained, then the non-consenting equity holders should purchase the equity interest proposed to be transferred) and is subject to the right of first offer of the existing equity holders of the Company.

IV. BASIS FOR DETERMINATION OF THE AMOUNT OF THE CAPITAL CONTRIBUTION

The amount of the Capital Contribution was determined after arm's length negotiation among the parties to the Capital Contribution Agreement with reference to the appraised value of the entire equity interest of the Target Company of RMB260,975,000 as at the Valuation Date using the discounted cash flow method of the income approach as appraised by the Valuer, the funding needs of the Target Group for its future business development and the percentage of equity interest (being a controlling interest) in the Target Company to be held by the Group.

Based on the above and having taken into account the reasons as set out in the section headed "Reasons and benefits of entering into the Capital Contribution Agreement" in this announcement, the Board considers that the amount of the Capital Contribution is fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Capital Contribution to be made by Ji'nan Power is expected to be funded by the Group's internal financial resources.

V. INFORMATION OF THE TARGET COMPANY

The Target Company was established on 27 November 2018 as a limited liability company in the PRC. It is currently a subsidiary of SHIG with a registered capital of RMB250 million, and held as to 30%, 40%, 19%, 6% and 5% by Ji'nan Power, Weichai Power, Weichai Lovol, Shantui Investment and Zhongtong Bus, respectively. The Target Company and its subsidiaries are principally engaged in the design, development, consulting, transfer and promotion of intelligent driving assistance and self-driving systems and related technologies, and focuses on the planning, construction and operation of internet of vehicles (車聯網) business and intelligent logistics business system.

Based on the audited consolidated financial statements of the Target Company prepared in accordance with the generally accepted accounting principles of the PRC, set out below is certain consolidated financial information of the Target Company for the two years ended 31 December 2022 and for the five months ended 31 May 2023 (i.e the Valuation Date):

	For the five months ended 31 May 2023	For the year ended 31 December 2022	For the year ended 31 December 2021
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Revenue	360,542,215.02	148,004,362.19	9,344,103.50
Net profits (loss)			
before taxation	(34,634,607.82)	(113,144,959.99)	(46,590,066.98)
Net profits (loss) after taxation	(34,722,289.02)	(113,178,131.94)	(46,566,345.40)

Based on the financial information extracted from the audited consolidated financial statements of the Target Company prepared adopting the generally accepted accounting principles of the PRC, as of 31 May 2023, the audited total consolidated asset value and net consolidated asset value of the Target Company were approximately RMB595.93 million and RMB71.27 million, respectively; as of 31 December 2022, the audited consolidated total asset value and consolidated net asset value of the Target Company were approximately RMB210.79 million and RMB105.51 million.

VI. VALUATION OF THE TARGET COMPANY

According to the Valuation Report, the appraised value of the entire equity interest of the Target Company as at the Valuation Date using the discounted cash flow method of the income approach was approximately RMB260,975,000.

Selection of valuation methods

The Valuer adopted both income approach and asset-based approach in conducting the valuation of the entire equity interest of the Target Company as at the Valuation Date.

The income approach is a valuation method that capitalises or discounts expected earnings to determine the value of the appraised entity. The discounted cash flow method of the income approach estimates the appraised value of an entity by estimating the projected net cash flows that the appraised entity is expected to generate and discounting them to the present value using an appropriate discount rate. Based on such approach, the appraised value of the entire equity interest of the Target Company as at the Valuation Date was RMB260,975,000.

The asset-based approach adopted in the Valuation Report involves estimating the investment required to recreate a separate and independent entity with the same assets and liabilities as the appraised entity. To determine the value of the appraised entity, various elements of assets and liabilities within the entity are assessed using appropriate specific valuation methods. The assessed values of the different elements of assets and liabilities are then aggregated to determine the overall value of the appraised entity. It focuses on the underlying assets and liabilities of the appraised entity to determine its value. Based on such approach, the appraised value of the entire equity interest of the Target Company as at the Valuation Date was RMB213,689,900.

The discrepancy between the asset-based approach and the income approach in evaluating the value of Target Group reflects the different perspectives and considerations taken into account by these two methods. The asset-based approach focuses on the means of reacquiring assets and reflects the replacement value of the existing assets and liabilities of the Target Group. On the other hand, the income approach considers the future earning potential of the Target Group and reflects the comprehensive profit-generating capability of its various assets.

The Target Group is a high-tech enterprise with strong research and development capabilities and technological accumulation. It is a relatively typical asset-light company with relatively low investment in fixed assets, which accounts for a

small proportion of its book value. The asset-based approach only evaluates the value of individual tangible assets and some quantifiable intangible assets but does not fully capture the contribution of intangible resources such as favourable policies, business qualifications, research and development capabilities, technological accumulation and the expertise of the management team. This approach may undervalue the Target Group's overall worth by not considering the full range of intangible assets that contribute to its success. On the other hand, the income approach is better suited to capturing and quantifying the value of these intangible assets and reflecting the true worth of the Target Group.

Considering the advantages and limitations of both approaches, the Valuer was of the view that the income approach could better reflect the value of the Target Group and hence, the income approach valuation result has been adopted in reaching the final valuation conclusion under the Valuation Report.

Profit forecast in relation to the valuation

As the discounted cash flow method of the income approach was applied in the valuation, the valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules and accordingly, the requirements under Rule 14A.68(7) and Rule 14.62 of the Listing Rules are applicable.

Pursuant to Rule 14.62 of the Listing Rules, details of the bases and assumptions (including the commercial assumptions) upon which the profit forecast is based are as follows:

General assumptions

1. Transaction assumption: It is assumed that all assets under appraisal are already in the process of being traded. The Valuer estimates their value in a simulated market according to the transaction conditions of the appraised assets.
2. Open market assumption: It is assumed that for assets traded in the market or intended to be traded in the market, both parties involved in the asset transaction are equal in status. They have equal opportunities and time to obtain sufficient market information in order to make rational judgments about the function, purpose and transaction price of the assets.
3. Going concern assumption: It is assumed that the Target Group will continue its operations beyond the Valuation Date.

4. Assumption of continuous use of asset: It is assumed that the appraised assets will continue to be used legally and effectively according to the planned purpose, manner, scale, frequency and environmental conditions, and that no significant changes will occur within the foreseeable period of use.

Special assumptions

1. It is assumed that there are no significant changes in the current laws, regulations, policies, and macroeconomic conditions of the PRC, as well as no significant changes in the political, economic and social environment of the regions where the parties involved in this transaction are located.
2. It is assumed that there will be no significant changes in the interest rates, exchange rates, tax basis and tax rates, policy-based levies, or other factors relevant to the Target Group after the Valuation Date.
3. It is assumed that the industry in which the Target Group operates will maintain a stable development trend, with no significant changes in industry policies, regulatory system or related regulations.
4. It is assumed that there will be no force majeure events or unforeseeable factors after the Valuation Reference Date that will result in major adverse impact on the Target Group.
5. It is assumed that the accounting policies adopted by the Target Company after the Valuation Date will, in material aspects, remain consistent with the accounting policies adopted in preparing the Valuation Report.
6. It is assumed that the Target Group will maintain its existing management approach and standard, and that the scope of business and business operation are in line with its current direction.
7. It is assumed that the business operators of the Target Group are responsible, and the management of the Target Group is capable of fulfilling their duties.
8. It is assumed that the acquisition, procurement, and construction processes related to the assets of the Target Group comply with relevant laws and regulations of the PRC.
9. It is assumed that the cash inflows and cash outflows of the Target Group after the Valuation Date will occur evenly.

10. It is assumed that the contracts, agreements, and acceptance letter of tender provided by the Target Group, whether in progress or yet to be fulfilled, are valid and can be completed within the planned timeframe.
11. It is assumed that the Target Group will, in the future, continue to enjoy the corresponding tax incentives for high-tech enterprises within the specified period under the relevant policy.
12. For assets leased by the Target Group, it is assumed that they can be renewed normally and continue to be used after expiry of the relevant lease term.
13. It is assumed that the licenses, permits, consent letters, or other legal and administrative authorisation documents of the Target Group which are issued by national or local governmental agencies or organizations are used legally and properly, and that they are valid on the Valuation Date and can be renewed or reissued after their expiration.

The Board has reviewed the principal assumptions upon which the profit forecast was based and are of the view that the profit forecast was made after due care and enquiry. KPMG, the reporting accountants of the Company, has also reported on the calculations of the discounted future estimated cash flows of the Target Group upon which the Valuation Report prepared by the Valuer was based on. A letter from the Board and a report from KPMG are included in the appendices to this announcement for the purpose of Rule 14A.68(7) and Rule 14.62(2) of the Listing Rules, respectively.

Experts and consents

The following are the qualifications of the experts who have given their opinion and advice included in this announcement:

Name	Qualification
Beijing Zhuoxindahua Appraisal Co., Ltd.* (北京卓信大華資產評估 有限公司)	Valuer
KPMG	Certified Public Accountants

Each of the above experts has given and has not withdrawn its written consent to the issue of this announcement with the inclusion herein of its report and/or the reference to its name or opinion in the form and context in which they respectively appear as at the date of this announcement. The report from KPMG contained in this announcement was issued on the date of this announcement and was made by it for incorporation in this announcement.

As at the date of this announcement, each of the above experts did not have any shareholding in any member of the Group, nor did the expert have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the date of this announcement, each of the above experts did not have any direct or indirect interest in any assets which had been acquired, disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, any member of the Group since 31 December 2022 (being the date to which the latest published audited financial statements of the Company were made up).

VII. REASONS FOR AND BENEFITS OF ENTERING INTO THE CAPITAL CONTRIBUTION AGREEMENT

The Board considers that the Capital Contribution in the Target Company will enable the Group to further enhance the digitization and intelligence level of commercial vehicles, accelerate the application of advanced driver assistance technologies in commercial vehicles, and strengthen the competitive advantage of the Group's products and achieve greater synergy. With the additional funding and liquidity provided by the Capital Contribution, the Target Group will be able to accelerate the research and development of intelligent logistics, intelligent driving system and internet of vehicles, and to leverage on market opportunities available in a fast growing market in the digitization of commercial vehicles and internet of vehicles, thereby maximising the interest of the shareholders of the Company.

Despite that the Target Group recorded a net loss for the two years ended 31 December 2022 and for the five months ended 31 May 2023 (please refer to the section headed "Information of the Target Company" in this announcement for further details), the Board has, apart from the reasons disclosed above, taken into account the following factors in considering the Capital Contribution Agreement and the transactions contemplated thereunder:

1. The Target Group's current operating and financial performance and future profitability

In light of the rapid development in the digitalisation and intelligenisation of commercial vehicles and the internet of vehicles, it is believed that the

Target Group will realize a rapid growth of its business with great potential for future development, taking into account the various technologies in internet of vehicles, intelligent logistics and intelligent driving systems that the Target Group possess and the expected growing market demands and trends in application of such technologies in commercial vehicles.

To illustrate the growth potential of the Target Group, the audited consolidated operating revenue of the Target Company for the two years ended 31 December 2022 was approximately RMB9,344,100 and RMB148,004,400, respectively, representing a significant year-on-year increase of approximately 1,483.93%. The audited consolidated operating revenue of the Target Company for the five months ended 31 May 2023 also amounted to approximately RMB360,542,200.

Despite that the Target Group recorded a net loss for the two years ended 31 December 2022, to the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the loss was mainly due to the research and development expenditure in intelligent driving, internet of vehicles and intelligent logistics increased significantly in 2022 and continued to be incurred in 2023, which is in line with the development strategy of the Target Group and the purpose of the capital contribution to be made by the Group, and also common among high-tech enterprises like the Target Group.

2. Synergy effect with existing business of the Group

The Capital Contribution is a step to further promote and realise the synergy between the technological strength of the Target Group and the Group's business. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Target Group will apply the proceeds from the Capital Contribution mainly to the development of intelligent logistics business, the construction of the new energy commercial vehicle asset management platform and other internet of vehicles-related businesses. It is believed that the technologies, research and development capabilities of the Target Group could further enhance the Group's technological competitiveness, and refine the ecosystem of the Group's businesses by expanding into the logistics operations.

In light of the above, the Board (including the independent non-executive Directors) considers that the Capital Contribution Agreement was entered into on normal commercial terms after arm's length negotiations and that the terms of the Capital Contribution Agreement and the transactions contemplated thereunder are fair and reasonable and in the interest of the Company and the Shareholders as a whole. Although the entering into of the Capital Contribution

Agreement shall be regarded as an investing activity and therefore is not conducted in the ordinary and usual course of business of the Group, the Board (including the independent non-executive Directors) is of the view that the Capital Contribution Agreement and the transactions contemplated thereunder are beneficial to the long-term business strategy of the Group.

Upon completion of the Capital Contribution pursuant to the Capital Contribution Agreement, the Target Company will be held as to 72.362% by the Group and will become an indirect non-wholly owned subsidiary of the Company. Merger accounting treatment on the Target Group would be applicable to the Group in the preparation of its financial statements.

VIII. INFORMATION ON THE PARTIES TO THE CAPITAL CONTRIBUTION AGREEMENT

Ji'nan Power

Ji'nan Power is a wholly-owned subsidiary of the Company and is principally engaged in the development, production and sales of engines and components and the research and development and testing of vehicles and components.

Weichai Power

Weichai Power is a joint stock company limited by shares established in the PRC whose shares are listed on the Main Board of the Stock Exchange (stock code: 02338) and on the Shenzhen Stock Exchange (stock code: 000338). Weichai Power is principally engaged in the research and development, manufacture and sale of high-speed heavy-duty diesel engines and engine parts.

Weichai Lovol

Weichai Lovol is a joint stock company limited by shares established in the PRC. Weichai Lovol and its subsidiaries are principally engaged in the design, development, manufacture and sale of intelligent agriculture machinery and the supply of intelligent agriculture solutions, with the main products being tractors and different types of harvest machinery and equipment.

Weichai Lovol is held as to (i) approximately 61.10% by Weichai Power, (ii) approximately 27.26% by Weichai Group Holdings Limited (濰柴控股集團有限公司), (iii) approximately 1.45% by the relevant employees under an employee share incentive scheme (iv) approximately 0.69% by CITIC Machinery Manufacturing Inc. (中信機電製造公司); and (v) approximately 9.50% by six other strategic investors.

Shantui Investment

Shantui Investment is a company established in the PRC with limited liability and is a wholly-owned subsidiary of Shantui Engineering Machinery Co., Ltd. (山推工程機械股份有限公司) whose shares are listed on the Shenzhen Stock Exchange (stock code: 000680). Shantui Investment is principally engaged in investment.

Zhongtong Bus

Zhongtong Bus is a joint stock company limited by shares established in the PRC whose shares are listed on the Shenzhen Stock Exchange (stock code: 000957). It is principally engaged in the development, manufacturing and sale of buses and bus parts and components.

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, (i) each of the Target Company, Weichai Power, Weichai Lovol, Shantui Investment and Zhongtong Bus is a subsidiary of SHIG, which is, in turn, a substantial shareholder of the Company and (ii) SHIG is ultimately governed and controlled by 山東省人民政府 (Shandong Provincial People's Government*).

IX. INFORMATION ON THE COMPANY AND THE GROUP

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*).

X. LISTING RULES IMPLICATIONS

As at the date of this announcement, SHIG is indirectly interested in 51% of the equity interest in the Company, hence a controlling shareholder of the Company and, accordingly, a connected person of the Company. As disclosed in the section headed "VIII. Information on the parties to the Capital Contribution Agreement" of this announcement, each of Weichai Power, Weichai Lovol, Shantui Investment and Zhongtong Bus is a subsidiary of SHIG and hence a connected person of the Company. Since the Target Company is a subsidiary of SHIG, the Target Company is also a connected person of the Company.

Accordingly, the Capital Contribution to be made by Ji'nan Power to the Target Company contemplated under the Capital Contribution Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

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

Upon completion of the Capital Contribution pursuant to the Capital Contribution Agreement, the Target Company will become an indirect non-wholly owned subsidiary of the Company. As SHIG (being a controlling shareholder of the Company) will be indirectly interested in more than 10% of the total equity interest in the Target Company after completion of the Capital Contribution, the Target Company will become a connected subsidiary of the Company pursuant to Rule 14A.16 of the Listing Rules, and therefore, the Company will comply with the applicable requirements under Chapter 14A of the Listing Rules in respect of the transactions between the Group and the Target Group as well as between the Target Group and the connected person(s) of the Company.

At the Board meeting approving the Capital Contribution Agreement and the transactions contemplated thereunder, Mr. Wang Chen and Mr. Zhang Wei have abstained from voting in respect of the resolution in view of their respective position(s) in the relevant connected person(s). Mr. Sun Shaojun, despite also being a Director interested in the relevant transaction given his position in the relevant connected person, did not attend the relevant Board meeting and did not vote in respect of the relevant resolution. Save as disclosed above, none of the Directors has a material interest in the Capital Contribution Agreement and the transactions contemplated thereunder.

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

XI. DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Capital Contribution”	the capital contribution in the amount of RMB400,000,000 to be made by Ji’nan Power to the Target Company pursuant to the Capital Contribution Agreement
“Capital Contribution Agreement”	the capital contribution agreement dated 20 September 2023 entered into between Ji’nan Power, Weichai Power, Weichai Lovol, Shantui Investment, Zhongtong Bus, and the Target Company with its principal terms set out under the section headed “II. Principal terms of the Capital Contribution Agreement” in this announcement
“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
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Ji’nan Power”	中國重汽集團濟南動力有限公司 (Sinotruk Ji’nan Power Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macao Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shantui Investment”	山推投資有限公司 (Shantui Investment Co., Ltd.*), a company established in the PRC with limited liability
“Shareholder(s)”	holder(s) of the shares in the Company
“SHIG”	山東重工集團有限公司 (Shandong Heavy Industry Group Co., Ltd.), a company established in the PRC with limited liability and a controlling shareholder of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	濰柴智能科技有限公司 (Weichai Intelligent Technology Co., Ltd.*), a company established in the PRC with limited liability
“Target Group”	the Target Company and its subsidiaries
“Valuation Date”	31 May 2023
“Valuation Report”	the valuation report prepared by the Valuer in respect of the Target Company for the purpose of the Capital Contribution dated 25 July 2023
“Valuer”	Beijing Zhuoxindahua Appraisal Co., Ltd.* (北京卓信大華資產評估有限公司), an independent valuer
“Weichai Lovol”	濰柴雷沃智慧農業科技股份有限公司 (Weichai Lovol Intelligent Agricultural Technology Co., Ltd.*), a joint stock company limited by shares established in the PRC and a non-wholly owned subsidiary of Weichai Power

“Weichai Power”	濰柴動力股份有限公司 (Weichai Power Co., Ltd.), a joint stock company limited by shares established in the PRC whose shares are listed on the Main Board of the Stock Exchange (stock code: 02338) and on the Shenzhen Stock Exchange (stock code: 000338)
“Zhongtong Bus”	中通客車股份有限公司 (Zhongtong Bus Holding Co., Ltd.), a joint stock company limited by shares established in the PRC whose shares are listed on the Shenzhen Stock Exchange (stock code: 000957)
“%”	per cent

For illustration purposes, amounts in RMB in this announcement have been translated to HK\$ at RMB0.91715 = HK\$1.00.

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

Ji’nan, PRC, 20 September 2023

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

* *For identification purposes only*

APPENDIX I — LETTER FROM KPMG IN RELATION TO PROFIT FORECAST



REPORT ON THE DISCOUNTED FUTURE CASH FLOWS IN CONNECTION WITH THE BUSINESS VALUATION OF 濰柴智慧科技有限公司 (WEICHAI INTELLIGENT TECHNOLOGY CO., LTD.)

TO THE BOARD OF DIRECTORS OF SINOTRUK (HONG KONG) LIMITED

We refer to the discounted future cash flows on which the business valuation (“the Valuation”) dated 25 July 2023 prepared by 北京卓信大華資產評估有限公司 (Beijing Zhuoxindahua Appraisal Co., Ltd.*) in respect of the appraisal of the fair value of Weichai Intelligent Technology Co., Ltd. (“the Target Company”) as at 31 May 2023 is based. The Valuation is prepared based in part on the discounted future cash flows and is regarded as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

Directors’ Responsibilities

The directors of Sinotruk (Hong Kong) Limited (the “Directors”) are responsible for the preparation of the discounted future cash flows in accordance with the bases and assumptions determined by the Directors and as set out in the Valuation. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements” which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to report, as required by paragraph 14.62(2) of the Listing Rules, on the calculations of the discounted future cash flows used in the Valuation. The discounted future cash flows do not involve the adoption of accounting policies.

Basis of Opinion

We conducted our engagement in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the calculations are concerned, the Directors have properly compiled the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation. We performed procedures on the arithmetical calculations and the compilations of the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the calculations are concerned, the discounted future cash flows have been properly compiled in all material respects in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation.

Other matters

Without qualifying our opinion, we draw to your attention that we are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future cash flows are based and our work does not constitute any valuation of the Target Company or an expression of an audit or review opinion on the Valuation.

The discounted future cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Further, since the discounted future cash flows relates to the future, actual results are likely to be different from the discounted future cash flows because events and circumstances frequently do not occur as expected, and the differences may be material. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

KPMG

Certified Public Accountants
Hong Kong

20 September 2023

APPENDIX II — LETTER FROM THE BOARD

Set out below is the full text of the letter from the Board in relation to profit forecast for the purpose of inclusion in this announcement.

To: Listing Division, The Stock Exchange of Hong Kong Limited
12/F, Two Exchange Square,
8 Connaught Place, Central, Hong Kong

Dear Sir/Madam,

Company: Sinotruk (Hong Kong) Limited (the “**Company**”)

Re: Profit forecast — Letter of Confirmation as required under Rule 14.62(3) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)

Reference is made to the valuation report (the “**Valuation Report**”) dated 25 July 2023 in respect of the valuation of total equity interest of Weichai Intelligent Technology Co., Ltd.* (濰柴智能科技有限公司) prepared by Beijing Zhuoxindahua Appraisal Co., Ltd.* (北京卓信大華資產評估有限公司) (the “**Valuer**”) using the discounted cash flow method in the income approach.

The board of directors (the “**Board**”) of the Company has reviewed the basis and assumptions of the aforesaid valuation and discussed the same with the Valuer. The Board has also considered the report dated 20 September 2023 from KPMG, the reporting accountant of the Company in relation to the arithmetical calculations and the compilation of the discounted future estimated cash flows upon which the Valuation Report was based.

Pursuant to the requirements of Rule 14.62(3) of the Listing Rules, the Board confirmed that the profit forecast used in the Valuation Report has been made after due and careful enquiry.

For and on behalf of the Board
Sinotruk (Hong Kong) Limited
Wang Zhijian
Chairman of the Board

20 September 2023