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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: 3808)

**DISCLOSEABLE TRANSACTION
CAPITAL INCREASE AGREEMENT**

THE CAPITAL INCREASE AGREEMENT

The Board hereby announces that on 25 August 2015, Sinotruk Finance Company entered into the Capital Increase Agreement with the Company, Sinotruk International Investment and Sinotruk Ji'nan Power pursuant to which each of them agreed to make a capital contribution of approximately RMB369.4 million, RMB123.2 million and RMB697.6 million, respectively, among which, approximately RMB300 million, RMB100 million and RMB566.4 million will be contributed to the increase in the registered capital of Sinotruk Finance Company, and the remaining amount will be contributed to its capital reserve. As at the date of this announcement, Sinotruk Finance Company is owned as to approximately 80.05% by the Company, 6.76% by CNHTC Group and 13.19% by 28 Independent Third Parties.

Upon completion of the Capital Increase, Sinotruk Finance Company will be held as to approximately 56.37% by the Company, 5.00% by Sinotruk International Investment, 28.32% by Sinotruk Ji'nan Power, 3.49% by CNHTC Group and 6.82% by 28 Independent Third Parties, respectively and will continue to be a non-wholly owned subsidiary of the Company. Upon completion of the Capital Increase, the equity interest of the Group in Sinotruk Finance Company will increase from approximately 80.05% to 89.69%.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Capital Increase are more than 5% but less than 25%, the entering into of the Capital Increase Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the transactions contemplated under the Capital Increase Agreement are subject to the reporting and announcement requirements but are exempted from the circular and shareholders' approval requirements under the Listing Rules.

The Board hereby announces that on 25 August 2015, Sinotruk Finance Company entered into the Capital Increase Agreement with the Company, Sinotruk International Investment and Sinotruk Ji'nan Power. Details of the Capital Increase Agreement are set out below:

THE CAPITAL INCREASE AGREEMENT

Date: 25 August 2015

Parties: (1) the Company;
(2) Sinotruk International Investment;
(3) Sinotruk Ji'nan Power; and
(4) Sinotruk Finance Company.

To the best knowledge, information and belief of the Directors and after making all reasonable enquiries, the ultimate beneficial owners of Sinotruk Finance Company (excluding the members of the Group and CNHTC Group) are Independent Third Parties. Sinotruk International Investment and Sinotruk Ji'nan Power are wholly-owned subsidiaries of the Company.

Subject matter

Pursuant to the Capital Increase Agreement, each of the Company, Sinotruk International Investment and Sinotruk Ji'nan Power will make a capital contribution of approximately RMB369.4 million, RMB123.2 million and RMB697.6 million, respectively, among which, approximately RMB300 million, RMB100 million and RMB566.4 million will be contributed to the increase in the registered capital of Sinotruk Finance Company, and the remaining amount will be contributed to its capital reserve.

The Capital Increase Agreement shall become effective upon obtaining the necessary approval from the relevant PRC authorities. The Company, Sinotruk International Investment and Sinotruk Ji'nan Power shall make the capital contribution in cash within 3 months from the effective date of the Capital Increase Agreement. It is expected that such payment will be financed from the Group's internal resources and credit facilities.

As at the date of this announcement, Sinotruk Finance Company is owned as to approximately 80.05% by the Company, 6.76% by CNHTC Group and 13.19% by 28 Independent Third Parties. Upon completion of the Capital Increase, Sinotruk Finance Company will be held as to approximately 56.37% by the Company, 5.00% by Sinotruk International Investment, 28.32% by Sinotruk Ji'nan Power, 3.49% by CNHTC Group and 6.82% by 28 Independent Third Parties, respectively and will continue to be a non wholly-owned subsidiary of the Company.

The amount of capital contribution of approximately RMB1,190.2 million was determined based on arm's length negotiations among the parties to the Capital Increase Agreement with reference to, among other things, working capital currently available to Sinotruk Finance Company and capital requirements for Sinotruk Finance Company.

Waiver from the minority shareholders of Sinotruk Finance Company

The minority shareholders of Sinotruk Finance Company have waived their pre-emptive rights to the Capital Increase.

REASONS FOR AND BENEFIT OF THE CAPITAL INCREASE

The capital contribution to be made by the Company, Sinotruk International Investment and Sinotruk Ji'nan Power under the Capital Increase Agreement will be used for the business operations of Sinotruk Finance Company. As the Capital Increase can provide a stable funding source, improve the debt structure and increase the liquidity of Sinotruk Finance Company, the Company believes that the transactions contemplated under the Capital Increase Agreement are beneficial to the Company and the Shareholders as a whole.

The Directors are of the view that the terms of the Capital Increase Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON SINOTRUK FINANCE COMPANY

Sinotruk Finance Company was established with the approval from the relevant PRC government authorities to function as an authorised non-bank financial institution specifically to facilitate the internal financing transactions and provide financial services for the Group and CNHTC Group only. As at the date of this announcement, it has a registered capital of approximately RMB1,033.6 million and is a non-wholly owned subsidiary of the Company. Upon completion of the Capital Increase, the registered capital of Sinotruk Finance Company will be increased from approximately RMB1,033.6 million to RMB2,000 million.

The following table sets out the extract of the audited financial information of Sinotruk Finance Company for the two years ended 31 December 2014 which are prepared under the PRC accounting standards:

	For the year ended 31 December 2013 (RMB)	For the year ended 31 December 2014 (RMB)
Net profit before tax and extraordinary items	187,945,680	200,073,823
Net profit after tax and extraordinary items	140,288,390	149,969,357

The audited net asset value of Sinotruk Finance Company as at 31 December 2014 according to the PRC accounting standards was RMB1,329 million.

INFORMATION ON THE GROUP, SINOTRUK INTERNATIONAL INVESTMENT AND SINOTRUK JI'NAN POWER

The Company is principally engaged in investment holding and trading of trucks. The Group is principally engaged in the research, development and manufacturing of heavy duty trucks, medium-heavy duty trucks and light duty trucks, buses and related key parts and components including engines, cabins, axles, steel frames and gearbox.

Sinotruk International Investment is principally engaged in consultations and strategic planning in respect of automobile market, import and export trading, asset operations and investment holdings.

Sinotruk Ji'nan Power is principally engaged in manufacture and reproduction of engines.

INFORMATION ON THE CNHTC GROUP

CNHTC is a state-owned enterprise organised under the laws of the PRC with limited liability, being the controlling shareholder of the Company. As at the date of this announcement, CNHTC holds the entire issued share capital of Sinotruk (BVI) Limited, which in turn is the holder of 51% of the Shares. CNHTC Group is principally engaged in heavy duty truck manufacturing.

LISTING RULES IMPLICATIONS

Upon completion of the Capital Increase, the equity interest of the Group in Sinotruk Finance Company will increase from approximately 80.05% to 89.69%.

As one or more of the applicable percentage ratios in respect of the Capital Increase are more than 5% but less than 25%, the entering into of the Capital Increase Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the transactions contemplated under the Capital Increase Agreement are subject to the reporting and announcement requirements but are exempted from the circular and shareholders' approval requirements under the Listing Rules.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Capital Increase”	an increase in registered capital of Sinotruk Finance Company pursuant to the Capital Increase Agreement
“Capital Increase Agreement”	the capital increase agreement entered into among Sinotruk Finance Company, the Company, Sinotruk International Investment and Sinotruk Ji’nan Power on 25 August 2015
“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 controlling shareholder of the Company
“CNHTC Group”	CNHTC and its associates but excluding the Group

“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
“Director(s) ”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a third party independent of the Company and its connected persons (as defined under the Listing Rules) and is not a connected person of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s) ”	ordinary share(s) capital of the Company
“Shareholders”	holder(s) of the Shares
“Sinotruk Finance Company”	中國重汽財務有限公司 (Sinotruk Finance Co., Ltd.*), a company established in the PRC with limited liability and a non-wholly owned subsidiary of the Company
“Sinotruk International Investment”	Sinotruk (Hong Kong) International Investment Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Sinotruk 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

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent

By Order of the Board
Sinotruk (Hong Kong) Limited
Ma Chunji
Chairman

Ji’nan, PRC, 25 August 2015

As at the date of this announcement, the Board consists of eight executive Directors including Mr. Ma Chunji, Mr. Cai Dong, Mr. Tong Jingen, Mr. Wang Shanpo, Mr. Kong Xiangquan, Mr. Liu Wei, Mr. Liu Peimin and Mr. Franz Neundlinger; two non-executive Directors including Dr. Georg Pachta-Reyhofen and Mr. Anders Olof Nielsen; and six independent non-executive Directors including Dr. Lin Zhijun, Dr. Ouyang Minggao, Mr. Chen Zheng, Dr. Lu Bingheng, Mr. Yang Weicheng and Dr. Huang Shaoan.

* *For identification purposes only.*