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SINOTRUK (HONG KONG) LIMITED

中國重汽(香港)有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 03808)

**(1) REVISION OF ANNUAL CAP OF EXISTING CONTINUING
CONNECTED TRANSACTION**

**(2) RENEWAL OF EXISTING CONTINUING CONNECTED
TRANSACTION**

(3) NEW CONTINUING CONNECTED TRANSACTIONS

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



FIRST SHANGHAI CAPITAL LIMITED

**REVISION OF ANNUAL CAP OF EXISTING CONTINUING CONNECTED
TRANSACTION**

Due to the operational needs of the Group, the Company expects that the existing annual cap for the year ending 31 December 2023 under the 2023 Weichai Parts Purchase Agreement will be insufficient. The Group therefore entered into the Supplemental Agreement with Weichai Holdings on 30 October 2023 to revise the annual cap for the year ending 31 December 2023 under the 2023 Weichai Parts Purchase Agreement to the proposed Revised Cap, as more particularly detailed herein.

RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTION

Further, on 30 October 2023, the Company has entered into the 2024 Weichai Parts Purchase Agreement with Weichai Holdings to renew the relevant continuing connected transaction for a term of one year ending 31 December 2024, as more particularly detailed herein.

NEW CONTINUING CONNECTED TRANSACTIONS

Reference is made to the Company's announcement dated 20 September 2023 in respect of the Capital Contribution. Following completion of such Capital Contribution, Intelligent Technology has become a subsidiary of the Company. Prior to the completion of the Capital Contribution, certain transactions were conducted between the Intelligent Technology Group and the CNHTC Group and such transactions became connected transactions of the Group following the completion of the Capital Contribution. In addition, in view of the business development strategy of the Intelligent Technology Group, certain new arrangements will be carried on between the Group and the CNHTC Group. Therefore, to govern the terms of these transactions, the Group entered into the New Framework Agreements with the relevant connected persons, as more particularly detailed herein.

IMPLICATIONS UNDER THE LISTING RULES

SHIG is a substantial shareholder of the Company and a connected person of the Company. Weichai Holdings is a wholly-owned subsidiary of SHIG and, hence, is an associate of SHIG and is also a connected person of the Company. Accordingly, the transactions between the Group and the Weichai Group as contemplated under (i) the 2023 Weichai Parts Purchase Agreement as supplemented by the Supplemental Agreement, and (ii) the 2024 Weichai Parts Purchase Agreement constitute continuing connected transactions of the Company.

CNHTC is a substantial shareholder of the Company. Accordingly, the transactions between the Group (inclusive of the Intelligent Technology Group) and the CNHTC Group as contemplated under the New Framework Agreements constitute continuing connected transactions of the Company.

Revision of annual cap

Pursuant to Rule 14A.54, if the Company proposes to revise the annual caps for 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.

As the highest percentage ratio calculated pursuant to the Listing Rules in respect of the proposed Revised Cap (on an annual basis) exceeds 5%, the proposed Revised Cap and the Supplemental Agreement are subject to the reporting and announcement requirements, the annual review requirements, and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Renewal of Existing Continuing Connected Transaction

As the highest percentage ratio calculated pursuant to the Listing Rules in respect of the transactions contemplated under the 2024 Weichai Parts Purchase Agreement (on an annual basis) exceeds 5%, such transactions are subject to the reporting and announcement requirements, the annual review requirements, and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

New Continuing Connected Transactions

As the highest percentage ratio calculated pursuant to the Listing Rules in respect of the transactions contemplated under each of the New Framework Agreements (on an annual basis) exceeds 0.1% but all of which are less than 5%, such transactions are subject to the reporting, announcement and annual review requirements but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL

A circular containing, among other things, further details in relation to the Supplemental Agreement and the relevant proposed Revised Cap, as well as the transactions contemplated under the 2024 Weichai Parts Purchase Agreement and the relevant proposed New Cap, a letter from the Independent Board Committee, the recommendations of the Independent Financial Adviser, together with a notice of the general meeting will be despatched to the Shareholders on or about 30 November 2023.

I. INTRODUCTION

Revision of annual cap and renewal of Existing Continuing Connected Transaction

Reference is made to the Company's announcement dated 2 November 2022 and the Company's circular dated 2 December 2022, in respect of, *inter alia*, the 2023 Weichai Parts Purchase Agreement where the existing annual cap for the Continuing Connected Transaction thereunder was set.

Due to the operational needs of the Group, the Company expects that the existing annual cap for the year ending 31 December 2023 under the 2023 Weichai Parts Purchase Agreement will be insufficient. The Group therefore entered into the Supplemental Agreement with Weichai Holdings on 30 October 2023 to revise the annual cap for the year ending 31 December 2023 under the 2023 Weichai Parts Purchase Agreement to the proposed Revised Cap, as more particularly detailed herein.

Further, the Board intends to renew the existing continuing connected transaction under the 2023 Weichai Parts Purchase Agreement for a term of one year. Accordingly, the Board announces that on 30 October 2023, the 2024 Weichai Parts Purchase Agreement have been entered into, with a term of one year commencing on 1 January 2024 and ending on 31 December 2024.

New Continuing Connected Transactions

Reference is made to the Company's announcement dated 20 September 2023 in respect of the Capital Contribution. Following completion of such Capital Contribution, Intelligent Technology has become a subsidiary of the Company on 27 September 2023. Prior to the completion of the Capital Contribution, certain transactions were conducted between the Intelligent Technology Group and the CNHTC Group and such transactions became connected transactions of the Group following the completion of the Capital Contribution. In addition, in view of the business development strategy of the Intelligent Technology Group, certain new arrangements will be carried on between the Group and the CNHTC Group. Therefore, to govern the terms of these transactions, the Group entered into the New Framework Agreements with the relevant connected persons, as more particularly detailed herein.

A summary of the Continuing Connected Transactions, the proposed Revised Cap and New Caps is set out below. Further details of the Supplemental Agreement, the 2024 Weichai Parts Purchase Agreement and the New Framework Agreements, the existing annual caps, the actual transaction amounts of the Continuing Connected Transactions for the relevant periods, the

proposed Revised Cap and New Caps (and their basis) are set out in the sections headed “II. Revision of Annual Cap of existing Continuing Connected Transaction”, “III. Renewal of existing Continuing Connected Transaction”, and “IV. New Continuing Connected Transactions” in this announcement.

SUMMARY OF THE CONTINUING CONNECTED TRANSACTIONS

The Continuing Connected Transactions include the following:

A. Weichai Continuing Connected Transactions

Nature of the connected transaction with the Group	Name of connected person	Name of Group Company	Connected person’s relationship with the Group
Purchase of parts The Weichai Group supplying raw materials, parts and components, assemblies, semi-finished products and related services, etc. to the Group	Weichai Holdings (for itself and on behalf of the Weichai Group)	The Company (for itself and on behalf of its subsidiaries)	Weichai Holdings is a wholly-owned subsidiary of SHIG, which is, in turn, a substantial shareholder of the Company

A summary of (i) the proposed Revised Cap for the transactions contemplated under the 2023 Weichai Parts Purchase Agreement as supplemented by the Supplemental Agreement and (ii) the proposed New Cap for the transactions contemplated under the 2024 Weichai Parts Purchase Agreement is set out below:

	Proposed Revised Cap	Proposed New Cap
	For the year ending 31 December 2023 <i>RMB’000</i>	For the year ending 31 December 2024 <i>RMB’000</i>
Purchase of parts The Weichai Group supplying raw materials, parts and components, assemblies, semi-finished products and related services, etc. to the Group	17,680,000 [#]	29,200,000 [#]

Note: Where a proposed Revised Cap or New Cap is marked “#”, that means the highest applicable percentage ratio of the proposed Revised Cap or New Cap for the relevant Continuing Connected Transaction exceeds 5%, and the proposed Revised Cap or New Cap is subject to the approval by the Independent Shareholders.

B. CNHTC Continuing Connected Transactions

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. Intelligent Technology products purchase</p> <p>The CNHTC Group selling products including vehicles and related products to the Intelligent Technology Group</p>	<p>CNHTC (for itself and on behalf of the CNHTC Group)</p>	<p>Intelligent Technology (for itself and on behalf of its subsidiaries)</p>	<p>CNHTC is a substantial shareholder of the Company</p>
<p>2. Intelligent Technology provision of ancillary services</p> <p>The Intelligent Technology Group providing ancillary services to the CNHTC Group</p>	<p>CNHTC (for itself and on behalf of the CNHTC Group)</p>	<p>Intelligent Technology (for itself and on behalf of its subsidiaries)</p>	<p>CNHTC is a substantial shareholder of the Company</p>
<p>3. Finance lease and guarantee</p> <p>The Company and its subsidiaries obtaining finance lease services from the CNHTC Group and/or independent third party financial institutions with repurchase guarantee provided by the CNHTC Group and/or 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>

Nature of the connected transaction with the Group	Name of connected person	Name of Group Company	Connected person's relationship with the Group
4. Receipt of secured loans The CNHTC Group providing a revolving loan facility to the Group secured by assets of certain members 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

A summary of the New Caps for the transactions contemplated under the New Framework Agreement is set out below:

	New Caps			
	From 27 September 2023 to 31 December 2023 <i>RMB'000</i>	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. Intelligent Technology products purchase	570,000*	/	/	/
2. Intelligent Technology provision of ancillary services	65,000*	/	/	/
3. Finance lease and guarantee	330,000*	620,000*	882,000*	/
4. Receipt of secured loans	/	522,000*	522,000*	522,000*

Note: Where a New Cap is marked “”, that means the highest applicable percentage ratio of the New Cap for the relevant Continuing Connected Transaction is less than 5%, and the New Cap is exempt from the approval by the Independent Shareholders under the Listing Rules.*

II. REVISION OF ANNUAL CAP OF EXISTING CONTINUING CONNECTED TRANSACTION

Due to the operational needs of the Group, the Group expects that the existing annual cap for the year ending 31 December 2023 under the 2023 Weichai Parts Purchase Agreement will be insufficient. The Group therefore entered into the Supplemental Agreement with Weichai Holdings on 30 October 2023 to revise the annual cap for the year ending 31 December 2023 under the 2023 Weichai Parts Purchase Agreement to the proposed Revised Cap.

Reference is made to the announcement of the Company dated 2 November 2022 and the circular of the Company dated 2 December 2022 in respect of the 2023 Weichai Parts Purchase Agreement, pursuant to which the Group has been purchasing raw materials, parts and components, assemblies, semi-finished products (including but not limited to engines, gearboxes and axles) and related services, etc. (“**Parts For Purchase**”) from Weichai Holdings and its associates for a term of one year from 1 January 2023 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 Supplemental Agreement and basis for the Revised Cap” below, the Group expects that the relevant annual cap in 2023 under the 2023 Weichai Parts Purchase Agreement will be insufficient. Hence, the Company and Weichai Holdings entered into the Supplemental Agreement on 30 October 2023 to revise the annual cap for the year ending 31 December 2023 under the 2023 Weichai Parts Purchase Agreement from RMB14,126,000,000 to RMB17,680,000,000.

Save for the said revision of the existing annual cap to the proposed Revised Cap, all other terms of the 2023 Weichai Parts Purchase Agreement shall remain unchanged. Please refer to the section headed “2023 WEICHAI PARTS PURCHASE AGREEMENT” of the circular of the Company dated 2 December 2022 for details of the other principal terms of the 2023 Weichai Parts Purchase Agreement, including, but not limited to, the payment terms and the pricing policy of the purchase of Parts For Purchase by the Group from Weichai Holdings and its associates.

The Supplemental Agreement and the proposed Revised Cap are subject to the reporting, announcement, annual review, and the Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Previous and existing annual caps, historical transaction amounts and the proposed Revised Cap

The following table summarises (i) the previous caps for the transactions contemplated under the 2021 Weichai Parts Purchase Agreement for the year ended 31 December 2021 and the transactions contemplated under the 2022 Weichai Parts Purchase Agreement for the year ended 31 December 2022, (ii) the existing annual cap for the transactions contemplated under the 2023 Weichai Parts Purchase Agreement for the year ending 31 December 2023, (iii) the actual transaction amount for the two years ended 31 December 2022 and the nine months ended 30 September 2023, and (iv) the proposed Revised Cap for the year ending 31 December 2023 as set out in the Supplemental Agreement, respectively:

	Previous/existing annual cap (RMB'000)	Actual transaction amount (RMB'000)	Proposed Revised Cap (RMB'000)
For the year ended 31 December 2021	16,309,000	9,370,000	Not applicable
For the year ended 31 December 2022	16,236,000	4,712,000 ^(note 1)	Not applicable
For the year ending 31 December 2023	14,126,000	9,975,000 ^(note 2)	17,680,000

Notes:

- This amount comprises (1) the actual transaction amount for the period from 1 March 2022 to 31 December 2022 of approximately RMB3,933,950,000 (as disclosed in the Company's annual report for the year ended 31 December 2022) which represents the actual transaction amount for the year 2022 following Weichai Holdings becoming a connected person of the Company upon the completion of the Gratuitous Transfers; and (2) the actual transaction amount for the period from 1 January 2022 to 28 February 2022 which represents the actual transaction amount for the year 2022 prior to such transactions becoming connected transactions of the Company.*
- This refers to the actual transaction amount under the 2023 Weichai Parts Purchase Agreement for the nine months ended 30 September 2023.*

As at the date of this announcement, the existing annual cap for the year ending 31 December 2023 for the 2023 Weichai Parts Purchase Agreement has not been exceeded.

Reasons for and benefits of entering into the Supplemental Agreement and basis for the Revised Cap

Pursuant to the 2023 Weichai Parts Purchase Agreement, the existing annual cap for the purchase of Parts For Purchase by the Group from Weichai Holdings and its associates for the year ending 31 December 2023 is RMB14,126,000,000.

The Group has been purchasing the Parts For Purchase from Weichai Holdings and its associates to mainly install on its heavy duty and light duty truck products to diversify its product portfolios, satisfy the requirements of segment markets, and promote the sales volume of its products. In light of the improvement in the sales volume of the Group's products benefitted from the growth of domestic economy and increase in demand in overseas markets in the first half of 2023 (in particular that the sales volume of heavy duty trucks of the Group for the six months ended 30 June 2023 increased by 45.1% on a year-on-year basis) and the introduction of the Group's new energy products into the market, it is expected that such an increasing trend in the Group's sales volume will continue for the remaining period of 2023, which in turn calls for an increase in purchase of the Parts For Purchase by the Group from Weichai Holdings and its associates. Thus, the Group's purchase of the Parts For Purchase from Weichai Holdings and its associates is expected to increase further by approximately 25% for the year ended 31 December 2023 from the level which has originally been conceived by the Board in 2022.

The proposed Revised Cap for the year ending 31 December 2023 under the 2023 Weichai Parts Purchase Agreement was determined with reference to (i) the actual transaction amount for the nine months ended 30 September 2023, and (ii) the latest estimated demand of the Group for the Parts For Purchase taking into account the anticipated increase resulted from the aforementioned factors.

The terms of the Supplemental Agreement were made after arm's length negotiations between the Company and Weichai Holdings. The Board (excluding the independent non-executive Directors who will express their views in the circular after considering the advice of the Independent Financial Adviser and excluding the Weichai Interested Director) is 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 Supplemental Agreement has been entered into in the ordinary and usual course of business of the Group.

III. RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTION

In order to continue the Continuing Connected Transactions with the Weichai Group following the expiry of the 2023 Weichai Parts Purchase Agreement (and as supplemented by the Supplemental Agreement, where applicable), the Company (for itself and on behalf of its subsidiaries) entered into the 2024 Weichai Parts Purchase Agreement with Weichai Holdings (for itself and on behalf of the Weichai Group), on terms substantially the same as those of the 2023 Weichai Parts Purchase Agreement.

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

Date : 30 October 2023

Parties : (1) Weichai Holdings
(2) The Company

Term : One year from 1 January 2024 to 31 December 2024 (both days inclusive)

Subject matter:

Pursuant to the 2024 Weichai Parts Purchase Agreement, the Weichai Group has agreed to sell the Parts For Purchase to the Group.

Other terms and details:

The terms of the 2024 Weichai Parts Purchase Agreement are substantially the same as those of the 2023 Weichai Parts Purchase Agreement.

Pursuant to the 2024 Weichai Parts Purchase Agreement, separate agreements will be entered into by relevant members of the Group and relevant members of the Weichai Group which will further provide the details of the parts to be purchased including the payment terms, product specifications, delivery time and quantity. The payment terms for each batch of parts will be based on normal commercial terms or industry practices provided that full payment shall be made by way of cash, cheques, notes, bills or letters of credit within 120 days from the date of purchase.

Pricing

Pursuant to the terms of the 2024 Weichai Parts Purchase Agreement, the Weichai Group will provide the Group with a selling price list of its parts which is applicable to all of its customers. Based on the aforesaid price list provided by the Weichai Group and the price quotation offered by other qualified suppliers, the Group will negotiate with all qualified suppliers including the Weichai Group to determine the agreed prices of all the parts, after taking into consideration the market conditions at the relevant time, the size of orders and the technical conditions, and all the purchases of parts from independent suppliers and the Weichai Group will be fixed at these agreed selling prices. The Group will prepare a parts purchase price list, which summarises all agreed parts purchase prices with independent parts suppliers and the Weichai Group, for all procurement departments of the Group to follow. Accordingly, the prices for the transactions under the 2024 Weichai Parts Purchase Agreement will be determined in accordance with the market price approach to ensure that the prices for the parts supplied by the Weichai Group are no less favourable to the Group than those offered by independent third parties.

Previous Caps and proposed Revised Cap

The following table summaries the previous caps for the transactions contemplated under the 2021 Weichai Parts Purchase Agreement for the year ended 31 December 2021, the transactions contemplated under the 2022 Weichai Parts Purchase Agreement for the year ended 31 December 2022 and the transactions contemplated under the 2023 Weichai Parts Purchase Agreement as supplemented by the Supplemental Agreement for the year ending 31 December 2023:

	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>
Previous			
caps/proposed			
Revised			
Cap	16,309,000	16,236,000	17,680,000 ^(note)

Note: The proposed Revised Cap under the 2023 Weichai Parts Purchase Agreement as supplemented by the Supplemental Agreement, which is subject to the Independent Shareholders' approval, is set out herein. Please refer to the section above headed "II. Revision of Annual Cap of Existing Continuing Connected Transaction" for further details.

Historical transaction amounts

The following table summarises the approximate historical amounts in respect of the purchase of the Parts For Purchase from the Weichai Group for the two years ended 31 December 2022 and for the nine months ended 30 September 2023, respectively:

	For the year ended 31 December 2021 (RMB'000)	For the year ended 31 December 2022 (RMB'000)	For the nine months ended 30 September 2023 (RMB'000)
Historical transaction amounts	9,370,000	4,712,000 ^(note)	9,975,000

Note: This amount comprises (1) the actual transaction amount for the period from 1 March 2022 to 31 December 2022 of approximately RMB3,933,950,000 (as disclosed in the Company's annual report for the year ended 31 December 2022) which represents the actual transaction amount for the year 2022 following Weichai Holdings becoming a connected person of the Company upon the completion of the Gratuitous Transfers; and (2) the actual transaction amount for the period from 1 January 2022 to 28 February 2022 which represents the actual transaction amount for the year 2022 prior to such transactions becoming connected transactions of the Company.

Proposed New Cap and basis

The proposed New Cap for the year ending 31 December 2024 for the transactions contemplated under the 2024 Weichai Parts Purchase Agreement is RMB29,200 million.

The proposed New Cap for the year ending 31 December 2024 for the transactions contemplated under the 2024 Weichai Parts Purchase Agreement was determined after considering the following factors:

- (i) the actual transaction amount of purchase from the Weichai Group for the nine months ended 30 September 2023, which amounts to approximately 106% of the historical transaction amount for the year ended 31 December 2021 and approximately 212% of the historical transaction amount for the year ended 31 December 2022;
- (ii) the decrease in the historical transaction amount for the year ended 31 December 2022 as compared to that of 2021 was due to the decrease in demand of the Group's products and thus the Parts For Purchase installed on such products under the influence of the overall decrease in the domestic demand of heavy duty trucks and light duty trucks in 2022 as compared to 2021 and such decreasing trend has discontinued in 2023, and the actual transaction amount for the nine months ended 30 September 2023 increased by approximately 112% as compared to the historical transaction amount for the year ended 31 December 2022;
- (iii) in terms of governmental policy, in 2023, the relevant authorities issued policies in abolishing aged vehicles, supporting infrastructure development and strengthening vehicle consumption financial services, in order to stimulate demand in commercial vehicles. Relevant policies include (x) the notice 《關於促進汽車消費的若干措施》 (Various Measures for the Promotion of Vehicle Consumption) jointly published on 20 July 2023 by various PRC government authorities including 國家發展和改革委員會 (National Development and Reform Commission), and (y) the 《汽車行業穩增長工作方案(2023-2024年)》 (Work Plan for the Stable Growth of the Vehicle Industry (2023-2024)) jointly published on 25 August 2023 by various PRC government authorities including 工業和信息化部 (Ministry of Industry and Information Technology) and 交通運輸部 (Ministry of Transport);
- (iv) it is expected that the overall demand in the heavy duty truck industry will increase further for the year 2024 in light of the increasing momentum for steady economic growth and increasing demand for vehicle replacement in the domestic market, and the increasing scale of exports under the implementation of Belt and Road Initiative and the internationalisation of RMB. In view of such an increase of demand in the market, it is expected that the sales volume of the Group's heavy duty trucks will also increase given that the Group has and will continue to consolidate and enhance the competitiveness and advantages of its products especially in respect of its high-end, high-horsepower, and AMT trending products. Further, the Group

has been implementing the standardisation of its distribution and service network, which enhanced its capabilities in operations, marketing, and risk resistance. In 2023, the new generation products and new energy products developed by the Group has been introduced into the market on a large scale, which substantially increased the Group's market share, and it is expected that the sales of these products will continue to increase in 2024 as the market recognition of these products gradually grows;

- (v) the overall market demand in the light duty truck industry is also expected to increase further in 2024 considering the transformation of light duty truck products towards more regulatory-compliant, high-end, electronic, intelligent, internet of vehicles featured, and specialised. Driven by the increase in demand, it is expected that the sales volume of the Group's light duty trucks will increase as well;
- (vi) as the Group purchases the Parts For Purchase from the Weichai Group to equip its heavy duty trucks and light duty trucks, a strong demand in the Group's products will also result in an increase in the Group's demand of the Parts For Purchase from the Weichai Group; and
- (vii) a 5% buffer for any price fluctuations during the term of the 2024 Weichai Parts Purchase Agreement.

For the abovementioned reasons, it is believed that the Group's purchase of the Parts For Purchase from the Weichai Group for the year ending 31 December 2024 will be in line with the trend of increase as demonstrated by the historical transaction amount for the year ending 31 December 2023. In light of the expected increase in the sales volume of heavy duty trucks and light duty trucks of the Group, the Board proposed that the New Cap for the year ending 31 December 2024 under the 2024 Weichai Parts Purchase Agreement be set at RMB29,200 million.

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

Internal control procedures

In order to ensure that the prices of each of the transactions are determined in accordance with the pricing policy applicable to the 2024 Weichai Parts Purchase Agreement, and the prices are no less favourable than those provided to the Group by independent third parties, the Group will ask for quotations from the independent third party suppliers and the Weichai Group. Based on these quotations, it will cross check the prices of the parts offered by the independent

third party suppliers and the Weichai Group. If the Group also produces such parts, it will also compare the intragroup selling prices of the Group against those offered by the Weichai Group. The Group will then negotiate with the independent third party suppliers and the Weichai Group to finalise the prices of the parts and compile the parts price list for the relevant parts to be purchased, after taking into consideration the market conditions at the relevant time and the technical conditions. By conducting the aforesaid comparisons of the prices of the parts offered by the Weichai Group, the Group ensures that the prices of the parts offered by the Weichai Group are fair and reasonable.

In addition, the procurement department of subsidiaries of the Group may use the open tender for procurement by inviting at least two to three independent suppliers and the Weichai Group. The quotation review committee of the Group comprising experts from the procurement department, the technical department and the finance department will review and assess the quotations from technical, commercial and financial perspectives and make recommendations to the responsible management or executive Directors. The legal department will oversee the quotation review process to ensure that the prices of the parts to be purchased from the Weichai Group are competitive and comparable to those offered by independent third parties.

Further, the Group has established procedures for monitoring the Continuing Connected Transactions 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 continuing connected transactions (the "**Regular CCT Meetings**") to monitor and ensure all the relevant Continuing Connected Transactions are in compliance with the relevant rules and regulations. The Group's finance department (the "**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 (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's internal audit department (the "**Group Internal Audit Department**") will conduct quarterly reviews to check whether these transactions are conducted in accordance with the established procedures and internal controls (the "**Quarterly Internal Review**") and assess the effectiveness of the internal controls. In addition, the Company will engage the

external auditors of the Company to conduct an annual review of the relevant Continuing Connected Transactions of the Group to report to the Board on whether there are any unapproved Continuing Connected Transactions or any non-compliance, in all material respects, of the pricing policies and terms of the Continuing Connected Transactions, including any exceeding of the pre-approved annual caps (the “**Annual CCT Review Reporting**”).

Reasons and benefits of entering into the 2024 Weichai Parts Purchase Agreement

Weichai Holdings and its associates have been supplying the Parts For Purchase to the Group. The 2023 Weichai Parts Purchase Agreement (as supplemented by the Supplemental Agreement, where applicable), which governed such transactions, will expire at the end of 2023 and the Group intends to continue the relevant transactions with the Weichai Group after the expiry of the 2023 Weichai Parts Purchase Agreement.

The Weichai Group, as a full series engine supplier, produces certain engine types that are able to make up for the Group’s shortfall in certain power range. By purchasing the Parts For Purchase from the Weichai Group, the Group is able to diversify its product portfolios, make up for its deficiency in segment markets and regional markets, and increase the market share of various model series of its products. The cooperation with the Weichai Group in the recent years shows that the Group’s products equipped with the Parts For Purchase from the Weichai Group has met positive market responses. In view of such demand and recognition of the Group’s vehicle products equipped with the Parts For Purchase, the Board considers it will be in the interest of the Group to continue such business operations. The Group intends to continue launching and promoting the sales of vehicle models installed with the Parts For Purchase throughout the term of the 2024 Weichai Parts Purchase Agreement. Given the expected further increase in demand in the Group’s products in the year 2024, the Group would increase its procurement of the Parts For Purchase from the Weichai Group, and the expected increase in sales of the Group’s products equipped with the Parts For Purchase is expected to increase the overall sale volumes of the products of the Group and, in turn, the revenue of the Group.

In light of the above, the Board (excluding the independent non-executive Directors who will express their views in the circular after considering the advice of the Independent Financial Adviser and excluding the Weichai Interested Director) believed that it was in the best interest of the Group to continue purchasing the Parts For Purchase from the Weichai Group.

The terms of the 2024 Weichai Parts Purchase Agreement were made after arm’s length negotiations between the Company and Weichai Holdings. The Board

(excluding the independent non-executive Directors who will express their views in the circular after considering the advice of the Independent Financial Adviser and excluding the Weichai Interested Director) was of the view that the transactions contemplated under the 2024 Weichai Parts Purchase Agreement were on normal commercial terms, no less favourable than those available from independent third parties under prevailing local market conditions; the 2024 Weichai Parts Purchase Agreement was entered into in the ordinary and usual course of business of the Group; and the terms of the transactions under the 2024 Weichai Parts Purchase Agreement (including the proposed New Cap) were fair and reasonable, and were in the interests of the Company and the Shareholders as a whole.

IV. NEW CONTINUING CONNECTED TRANSACTIONS

Reference is made to the Company's announcement dated 20 September 2023 in respect of the capital contribution agreed to be made by the Group to Intelligent Technology (the "**Capital Contribution**"). Following completion of such Capital Contribution, Intelligent Technology has become a subsidiary of the Company on 27 September 2023. Prior to the completion of the Capital Contribution, certain transactions were conducted between the Intelligent Technology Group and the CNHTC Group and such transactions became connected transactions of the Group following the completion of the Capital Contribution. In addition, in view of the business development strategy of the Intelligent Technology Group, certain new arrangements will be carried on between the Group and the CNHTC Group. Therefore, to govern the terms of these transactions, the Group entered into the New Framework Agreements with the relevant connected persons, as more particularly detailed herein.

A. 2023 Intelligent Technology Products Purchase Agreement

The principal terms of the 2023 Intelligent Technology Products Purchase Agreement and the transactions contemplated thereunder are as follows:

Date : 30 October 2023

Parties : (i) CNHTC
(ii) Intelligent Technology

Term : From 27 September 2023 to 31 December 2023 (both days inclusive)

Subject matter:

Pursuant to the 2023 Intelligent Technology Products Purchase Agreement, the CNHTC Group has agreed to sell products (including vehicles and related products) to the Intelligent Technology Group.

Other terms and details:

Pursuant to the 2023 Intelligent Technology Products Purchase Agreement, separate agreements will be entered into by relevant members of the Intelligent Technology Group and relevant members of 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 120 days from the date of purchase.

Pricing

Pursuant to the terms of the 2023 Intelligent Technology Products Purchase Agreement, the CNHTC Group will supply products (including vehicles and related products) to the Intelligent Technology Group. The prices for the transactions contemplated under the 2023 Intelligent Technology Products Purchase Agreement will be determined on the following basis:

The CNHTC Group will provide the Intelligent Technology Group with a selling price list of its products 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 Intelligent Technology Group will negotiate with all qualified suppliers including the CNHTC Group to determine the agreed prices of all the products after taking into consideration the market conditions at the relevant time, the size of orders and the technical conditions, and all the purchases of products from independent suppliers and the CNHTC Group will be fixed at these agreed selling prices. The Intelligent Technology Group will prepare a products purchase price list, which summarises all agreed products purchase prices with independent products suppliers and the CNHTC Group, for all procurement departments of the Intelligent Technology Group to follow.

Historical transaction amounts

The purchase of products (including vehicles and related products) by the Intelligent Technology Group from the CNHTC Group is a new cooperation arrangement expected to be carried out between the parties following the completion the Capital Contribution. No historical transaction amount has been incurred between the Intelligent Technology Group and the CNHTC Group for the two years ended 31 December 2022 and from 1 January 2023 up to the date of this announcement in respect of such purchase of products.

Whilst, as disclosed above, the Intelligent Technology Group has not purchased any products from the CNHTC Group, the Group has purchased similar products from the CNHTC Group pursuant to the 2023 CNHTC Products Purchase Agreement. For further details of the transactions contemplated under the 2023 CNHTC Products Purchase Agreement (the “**CNHTC Products Purchase CCT**”), please refer to the Company’s announcement dated 31 March 2023 and the Company’s supplemental circular dated 29 May 2023. Reference is also made to the annual general meeting of the Company held on 28 June 2023, pursuant to which the CNHTC Products Purchase CCT (with an annual cap of RMB3,724,000,000 for the year ending 31 December 2023) was approved. Based on the consolidated management accounts of the Company, the approximate historical amounts under the 2023 CNHTC Products Purchase Agreement for the nine months ended 30 September 2023 is RMB2,742,535,545.

New Cap and basis

The Company estimates that the transaction amounts in respect of the transactions contemplated under the 2023 Intelligent Technology Products Purchase Agreement for the period from 27 September 2023 (the completion date of the Capital Contribution) to 31 December 2023 will not exceed RMB570,000,000, and such amount has accordingly been set as the New Cap for this Continuing Connected Transaction.

The New Cap for the period from 27 September 2023 to 31 December 2023 for the transactions contemplated under the 2023 Intelligent Technology Products Purchase Agreement was determined after considering the following factors:

- (i) the Intelligent Technology Group focuses on the planning, construction and operation of internet of vehicles (車聯網) business and intelligent logistics business system, and is currently pursuing the development of a new energy commercial vehicle asset management platform, for the purpose of, performing short term operations within closed circuit operational systems such as harbours and mining sites, and leasing out of such new energy vehicles to customers to meet their demands;
- (ii) the increased emphasis by the government on environmental protection enforcement and the implementation of urbanisation policies in the PRC are expected to bring a steady increase in demand in services of the new energy commercial vehicle asset management platform to be developed by the Intelligent Technology Group; and
- (iii) based on its development plan on the new energy commercial vehicle asset management platform, the Intelligent Technology Group will need to acquire new energy commercial vehicles in order to set up such a platform.

Given that the CNHTC Products Purchase CCT has already complied with all the relevant announcement and the independent Shareholder's approval requirements pursuant to Chapter 14A of the Listing Rules, the transactions contemplated under the 2023 Intelligent Technology Products Purchase Agreement need not be aggregated with the CNHTC Products Purchase CCT pursuant to the Listing Rules.

As the highest percentage ratio calculated pursuant to the Listing Rules in respect of the transactions contemplated under the 2023 Intelligent Technology Products Purchase Agreement exceeds 0.1% but all of which are less than 5%, such transactions are subject to the reporting, announcement and annual review requirements but exempt from the Independent Shareholders' approval requirement 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 2023 Intelligent Technology Products Purchase Agreement and the prices are no less favourable than those provided to the Intelligent Technology Group by independent third parties, the Intelligent Technology 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 products offered by the independent third party suppliers and the CNHTC Group. If the Group also produces such products, it will also compare the intragroup selling prices of the Group against those offered by the CNHTC Group. The Intelligent Technology Group will then negotiate with the independent third party suppliers and the CNHTC Group to finalise the prices of the products and compile the products price list for the relevant products to be purchased, after taking into consideration the market conditions at the relevant time and the technical conditions. By conducting the aforesaid comparison of the prices of the products offered by the CNHTC Group, the Intelligent Technology Group ensures that the prices of the products offered by the CNHTC Group are fair and reasonable.

In addition, the procurement department of the Intelligent Technology 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 Intelligent Technology 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 products to be purchased from the CNHTC Group are competitive and comparable to those offered by independent third parties.

Further, the Company has established procedures for monitoring the Continuing Connected Transactions under this sub-section IV.A. in which various departments of the Group (inclusive of the Intelligent Technology 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 by the Group Finance Department 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 2023 Intelligent Technology Products Purchase Agreement

The Intelligent Technology Group is principally engaged in, inter alia, the planning, construction and operation of internet of vehicles (車聯網) business and intelligent logistics business system. Following the consolidation of Intelligent Technology into the accounts of the Company, the Board is of the view that the development of a new energy commercial vehicle asset management platform by the Intelligent Technology Group could enable the Intelligent Technology Group to leverage on market opportunities in the demands for usage of new energy vehicles, which is expected to be an area of significant growth potential with the increased emphasis by the government on environmental protection enforcement in the PRC. The CNHTC Group has been committed in developing new energy vehicles and possesses technology in the manufacturing of high-end new energy commercial vehicles. The purchase of the new energy commercial vehicles from the CNHTC Group will enable the Group to secure a stable and reliable supply of new energy commercial vehicles, which is essential in supporting the development of the Intelligent Technology Group's new energy commercial vehicle asset management platform. Further, the onward sales and/or lease of new energy trucks through such asset management platform managed by the Intelligent Technology Group to third party customers are also expected to generate a stable income stream to the Group, which is beneficial to the Group's long-term business strategy.

In light of the above, the Board (including the independent non-executive Directors but excluding the CNHTC Interested Directors) considers that this Continuing Connected Transaction has been subject to arm's length negotiation between Intelligent Technology and CNHTC and entered into by the Group in the ordinary and usual course of business, and the 2023 Intelligent Technology Products Purchase Agreement is on normal commercial terms or better, and the transactions contemplated thereunder and the relevant New Cap is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

B. 2023 Intelligent Technology Provision of Ancillary Services Agreement

The principal terms of the 2023 Intelligent Technology Provision of Ancillary Services Agreement and the transactions contemplated thereunder are as follows:

Date : 30 October 2023

Parties : (i) CNHTC
(ii) Intelligent Technology

Term : From 27 September 2023 to 31 December 2023 (both days inclusive)

Subject matter:

Pursuant to the 2023 Intelligent Technology Provision of Ancillary Services Agreement, the Intelligent Technology Group has agreed to provide ancillary services such as logistics services, utility connection and support services, etc to the CNHTC Group.

Other terms and details:

Pursuant to the 2023 Intelligent Technology Provision of Ancillary Services Agreement, separate agreements will be entered into by relevant members of the Intelligent Technology Group and relevant members of the CNHTC Group which will further provide details of the services that shall be provided including the payment terms and specifications of the services. The payment terms for specific services will be based on normal commercial terms or industry practices provided that payment shall be settled generally within 120 days of the provision of the relevant services.

Pricing

Pursuant to the 2023 Intelligent Technology Provision of Ancillary Services Agreement, the relevant service fee will be determined with reference to the prevailing market price, which is decided with reference to (a) the price prescribed by the government or any regulatory authority if available, or where there is no government-prescribed price, the government-guided price taking into account market factors, and (b) if there is no available government-prescribed price or government-guided price, with reference to the prevailing market price charged by independent third parties that are within the proximity of the relevant member of the Intelligent Technology Group in their provision of similar services, and (c) if the independent third parties set out in sub-paragraph (b) above cannot be identified, the price charged by independent third parties that operates in the same industry as the Intelligent Technology Group in their provision of similar services.

If the prevailing market price cannot be determined based on the above, the relevant service fee will be determined on a cost-plus basis taking into consideration of the particular circumstances of the support and services, the overall market prices, industry practices and other factors. The final fees are to be determined by the parties based on good faith negotiation in accordance with principles of fairness and reasonableness.

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

Historical transaction amounts

The following table summarises the approximate historical amounts in respect of the provision of ancillary services by the Intelligent Technology Group to the CNHTC Group (which only became a connected transaction upon the completion of the Capital Contribution) for the two years ended 31 December 2022 and the nine months ended 30 September 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 nine months ended 30 September 2023 <i>RMB'000</i>
Historical transaction amounts	Nil	Nil	30,224

Based on the consolidated accounting records of Intelligent Technology, during the period since the completion of the Capital Contribution on 27 September 2023 to 30 October 2023, the provision of ancillary services by the Intelligent Technology Group to the CNHTC Group amounted to approximately RMB6 million, which amount is subject to the final invoiced amount to be confirmed by the CNHTC Group.

Reference is made to the announcement of the Company dated 31 March 2023 in respect of certain continuing connected transactions, pursuant to which the Group shall provide ancillary services to CNHTC and its associates for a term of two years ending 31 December 2023 (“**CNHTC Provision of Ancillary Services CCT**”), and an annual cap of RMB49,000,000 for the year ending 31 December 2023 was set therein.

As Intelligent Technology has become a subsidiary of the Group following completion of the Capital Contribution on 27 September 2023, the Intelligent Technology Group’s provision of ancillary services to the CNHTC Group for the period from 27 September 2023 to 30 October 2023 could also constitute part of the CNHTC Provision of Ancillary Services CCT. Having taken into account the Intelligent Technology Group’s provision of ancillary services to the CNHTC Group for the period from 27 September 2023 to 30 October 2023, as at the date of this announcement, the approved annual cap for the year ending 31 December 2023 under the CNHTC Provision of Ancillary Services CCT has not been exceeded.

New Cap and basis

The Company estimates that the transaction amounts in respect of the transactions contemplated under the 2023 Intelligent Technology Provision of Ancillary Services Agreement for the period from 27 September 2023 (the completion date of the Capital Contribution) to 31 December 2023 will not exceed RMB65,000,000, and such amount has accordingly been set as the New Cap for this Continuing Connected Transaction.

The New Cap for the period from 27 September 2023 to 31 December 2023 for the transaction contemplated under the 2023 Intelligent Technology Provision of Ancillary Services Agreement was determined after considering the following factors:

- (i) the actual transaction amount for the nine months ended 30 September 2023; and

- (ii) the estimated increase in demand for the Intelligent Technology Group's services supplied pursuant to the 2023 Intelligent Technology Provision of Ancillary Services Agreement for the period from 27 September 2023 (the completion date of the Capital Contribution) to 31 December 2023, determined taking into account the expected increase in the Intelligent Technology Group's capabilities to provide logistics services upon the development and expansion of its logistics network and the operational needs of the relevant members of the CNHTC Group, which is expected to result in an annual transaction amount of RMB95,224,000.

As the highest percentage ratio calculated pursuant to the Listing Rules in respect of the transactions contemplated under the 2023 Intelligent Technology provision of ancillary service agreement exceeds 0.1% but all of which are less than 5%, such transactions are subject to the reporting, announcement and annual review requirements but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Internal control procedures

The Company has established procedures for monitoring the Continuing Connected Transactions under this sub-section IV.B. in which various departments of the Group (inclusive of the Intelligent Technology 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 that 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 by the Group Finance Department 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 2023 Intelligent Technology Provision of Ancillary Services Agreement

The Intelligent Technology Group has been supplying ancillary services such as logistics services, utility connection and support services to the CNHTC Group prior to the completion of the Capital Contribution. As such arrangement has strengthened the business relationship between the Intelligent Technology Group and the CNHTC Group, and has enhanced operational efficiency and productivity of the parties benefitted from the scale of operation, the Board is of the view that it is beneficial for the Intelligent Technology Group to continue supplying such services to the CNHTC Group following the completion of the Capital Contribution.

The terms of the 2023 Intelligent Technology Provision of Ancillary Services Agreement were made after arm's length negotiations between Intelligent Technology and CNHTC. The Board (including the independent non-executive Directors but excluding the CNHTC Interested Directors) is 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 agreement has been entered into in the ordinary and usual course of business of the Group.

C. 2025 Finance Lease and Guarantee Agreement

Background of the finance lease arrangement and guarantee arrangement:

Certain members of the Group (the “**Group Purchaser(s)**”), as part of their ordinary business operations, purchase vehicles and related products (the “**Leased Product(s)**”) from the relevant vehicle manufacturer and/or distributor. At times, in purchasing such Leased Products, the Group Purchaser(s) will have financing needs and will seek for financing from certain financial institutions (the “**Financial Institution(s)**”, which includes certain member(s) of the CNHTC Group and/or independent third party financial institution(s) that is qualified to provide the relevant finance lease services), and such Financial Institutions may grant financing to the Group Purchaser through finance lease arrangements which may be a direct lease arrangement or a sale and lease-back arrangement.

In connection with the finance lease arrangement and with an aim to reduce the risks of default by the Group Purchaser, the relevant Financial Institution may require the CNHTC Group or other members of the Group (the “**Group Guarantor**”) to provide a guarantee to repurchase the Leased Products from the relevant Financial Institution in the event that the Group Purchaser defaults in repaying the underlying loan. The relevant member of the CNHTC Group or the

Group Guarantor, as the case may be, shall in case of such a default, repurchase the Leased Products from the relevant Financial Institution at a price equivalent to the outstanding amount of the underlying loan (including the lease payments in default, default penalties, outstanding lease payments (being lease payments that had not fallen due but for the default), notional value of the Lease Products, and the costs and expenses of the relevant Financial Institution relating to the enforcement of the relevant guarantee).

Principal terms:

The principal terms of the 2025 Finance Lease and Guarantee Agreement and the transactions contemplated thereunder are as follows:

Date : 30 October 2023

Parties : (i) CNHTC
(ii) the Company

Term : From 27 September 2023 to 31 December 2025 (both days inclusive)

Subject matter:

Pursuant to the 2025 Finance Lease and Guarantee Agreement, (i) the Company and its subsidiaries, inclusive of the Intelligent Technology Group, (in the capacity as the Group Purchaser) have agreed to obtain finance lease services from member(s) of the CNHTC Group and/or independent third party financial institution(s) (in the capacity as the Financial Institution), and (ii) the Group (in the capacity as the Group Guarantor) and the CNHTC Group have agreed to provide guarantee to the relevant Financial Institution(s) in repurchasing the Leased Products in the event of default by the Group Purchaser.

Other terms and details:

Pursuant to the 2025 Finance Lease and Guarantee Agreement, the relevant finance lease arrangement may adopt a direct leasing arrangement or a sale and lease-back arrangement:

- (1) Direct leasing arrangement: the Financial Institution, at the request of the Group Purchaser, directly purchases the Leased Product from the supplier, and leases such Leased Product to the Group Purchaser for its use. The

Group Purchaser will pay rent to the Financial Institution, and upon the expiry of the lease term, the relevant Financial Institution shall transfer the ownership of the Leased Product back to the Group Purchaser at a notional value.

- (2) Sale and lease-back arrangement: the Financial Institution grants a loan to the Group Purchaser conditional upon the transfer of the ownership of the Leased Product purchased by the Group Purchaser to the relevant Financial Institution. The Group Purchaser shall repay such underlying loan to the Financial Institution in the form of a lease payment for the use of the Leased Product, and upon fulfilment of all outstanding lease payment obligations, the relevant Financial Institution shall transfer the ownership of the Leased Product back to the Group Purchaser at a notional value.

The Company and its subsidiaries, inclusive of the Intelligent Technology Group, (in the capacity as the Group Purchaser) will enter into separate agreements with member(s) of the CNHTC Group and/or independent third party financial institution(s) (in the capacity as the Financial Institution) to further specify details of the finance lease arrangement and the guarantee requested, which will in general involve one of the following two modes:

- (a) Where the Leased Products are supplied by the CNHTC Group, the Group Purchaser will obtain a finance lease from the relevant Financial Institution (which may be a member of the CNHTC Group or independent third party financial institution(s) that is qualified to provide the relevant finance lease services), either in the form of a direct leasing arrangement or a sale and lease-back arrangement.

Where the relevant finance lease is a sale and lease-back arrangement, the Group Purchaser purchases the Leased Products from the CNHTC Group (the “**CNHTC Seller**”) and transfers the ownership of the Leased Products to the Financial Institution pursuant to the finance lease. Under these circumstances, the purchase by the Group Purchaser from the CNHTC Seller constitutes separate continuing connected transactions of the Company, and are governed under (i) the 2023 CNHTC Products Purchase Agreement as disclosed in the Company’s announcement dated 31 March 2023 and the Company’s supplemental circular dated 29 May 2023, (ii) the 2023 Intelligent Technology Products Purchase Agreement, and (iii) the 2026 Purchase of Goods Agreement as disclosed in the Company’s announcement dated 31 March 2023 and the Company’s supplemental circular dated 29 May 2023.

In the meantime, at the request of the Financial Institution, the Group Guarantor and/or the CNHTC Seller may provide a repurchase guarantee in the following manner:

- (i) The Group Guarantor, being a member of the Group and usually the parent company of the Group Purchaser, shall provide a guarantee to the Financial Institution to repurchase the Leased Product from the Financial Institution in the event that the Group Purchaser defaults in repaying the underlying loan to the relevant finance lease.
 - (ii) The CNHTC Seller shall provide a guarantee to repurchase the Leased Product from Financial Institution either (i) in the event of the failure by the Group Guarantor to perform its repurchase obligations (as set out above) upon the default of Group Purchaser; or (ii) in the event that the Group Purchaser defaults in repaying the underlying loan to the relevant finance lease.
- (b) Where the Leased Products are supplied by the Group, the Group Purchaser will obtain a finance lease from the relevant Financial Institution (which may be a member of the CNHTC Group or independent third party financial institution(s) that is qualified to provide the relevant finance lease services), either in the form of a direct leasing arrangement or a sale and lease-back arrangement.

Where the relevant finance lease is a sale and lease-back arrangement, the Group Purchaser purchases certain Leased Product from the Group (the “**Group Seller**”), and transfers the ownership of the Leased Products to the Financial Institution pursuant to the finance lease. Under these circumstances, where the Group Purchaser is a connected subsidiary of the Group (such as Intelligent Technology or its subsidiaries), the purchase by the connected subsidiary of the Group from the Group constitutes separate continuing connected transactions of the Company, and are governed under (i) the 2023 CNHTC Products Sales Agreement as disclosed in the Company’s announcement dated 31 March 2023 and the Company’s supplemental circular dated 29 May 2023, and (ii) the 2026 CNHTC Sale of Goods Agreement as disclosed in the Company’s announcement dated 31 March 2023 and the Company’s supplemental circular dated 29 May 2023.

In the meantime, at the request of the Financial Institution, the Group Guarantor, being a member of the Group and usually the parent company of the Group Purchaser, may provide a guarantee to the Financial Institution to repurchase the Leased Product from the Financial Institution in the event that the Group Purchaser defaults in repaying the underlying loan to the relevant finance lease. Under this mode, the Group Seller will usually not be required to provide a further guarantee to repurchase the Leased Product as the risk of default by the Group Purchaser is considered to be relatively low taking into account the type of Leased Products involved.

Interest rate and payment methods

The interest shall be charged by the relevant Financial Institutions on the outstanding amount of the loan, which interest shall normally accrue day-to-day and be calculated on the basis of 360 days per annum. Such interest rate is determined with reference to the one-year loan prime rate (LPR) published by the National Interbank Funding Center and the interest rates for loan facilities of the same tenure and type as offered by major commercial banks in the PRC.

The parties shall agree on flexible payment methods in each of the specific agreement entered into pursuant to this 2025 Finance Lease and Guarantee Agreement based on the cash flow requirements, including but not limited to rental payment in equal or unequal installments on a monthly or quarterly or annual basis in advance or in arrears.

Historical transaction amounts

The following table summarises the approximate historical amounts in respect of the finance lease services provided by the CNHTC Group to the Group (inclusive of the Intelligent Technology Group (which only became a subsidiary of the Group upon the completion of the Capital Contribution)) for the two years ended 31 December 2022 and the nine months ended 30 September 2023, respectively:

	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2022 RMB'000	For the nine months ended 30 September 2023 RMB'000
Historical transaction amounts (maximum day-end balance of the outstanding amount)	Nil	Nil	150,071 ^(Note)

Note: Such historical amount represents the maximum day-end balance of the outstanding amount under the finance lease services provided by the CNHTC Group to the Intelligent Technology Group prior to Intelligent Technology becoming a subsidiary of the Company (i.e. prior to the completion of the Capital Contribution).

During the period since the completion of the Capital Contribution on 27 September 2023 to 30 October 2023, the Group (inclusive of the Intelligent Technology Group) has not obtained any new financing by way of finance lease arrangements from the CNHTC Group.

New Caps and basis

Given that the repurchase of the Leased Products from the relevant Financial Institution shall be made at a price equivalent to the outstanding amount of the underlying loan (and penalties and expenses as described in the paragraph headed “- Background of the finance lease arrangement and guarantee arrangement” above), the maximum day-end balance of the outstanding amount under the finance lease arrangements is set as the New Cap for this Continuing Connected Transaction.

The following table shows the New Caps for the finance lease arrangements contemplated under the 2025 Finance Lease and Guarantee Agreement:

	From 27 September 2023 to 31 December 2023 RMB'000	For the year ending 31 December 2024 RMB'000	For the year ending 31 December 2025 RMB'000
New Caps	330,000	620,000	882,000

The New Caps for the three years ending 31 December 2025 for the transactions contemplated under the 2025 Finance Lease and Guarantee Agreement were determined after considering the following factors:

- (i) the actual transaction amount (maximum day-end balance of the outstanding amount) for the nine months ended 30 September 2023;
- (ii) as part of its business development strategy, the Intelligent Technology Group intends to develop a new energy commercial vehicle asset management platform, for the purpose of performing short term operations within closed circuit operational systems such as harbours and mining sites, and leasing out of such new energy vehicles to customers to meet their demands. As the Intelligent Technology Group will expand its new energy commercial vehicle asset management platform along the development of its business, it is anticipated that the demand to purchase Leased Products will increase and thus the need for obtaining financing through the finance lease arrangements contemplated under the 2025 Finance Lease and Guarantee Agreement will increase for each of the period from 27 September 2023 to 31 December 2023 and the two years ending 31 December 2025;

- (iii) the expected penetration rate of finance lease arrangements regarding the Group Purchaser's purchase of vehicles and related products from the CNHTC Seller and the Group Seller in view of the nature of such products. In particular, for the new energy vehicles and related products, the penetration rate of finance lease arrangements is expected to be higher given the advanced nature of such products; and
- (iv) the total amount of the underlying loan under the finance lease arrangements contemplated under the 2025 Finance Lease and Guarantee Agreement is expected to be approximately RMB314 million, RMB590 million and RMB840 million respectively for each of the period from 27 September 2023 to 31 December 2023 and the two years ending 31 December 2025, and the assumption that the interest rate will be around 5%.

As the highest percentage ratio calculated pursuant to the Listing Rules in respect of the transactions contemplated under the 2025 Finance Lease and Guarantee Agreement exceeds 0.1% but all of which are less than 5%, such transactions are subject to the reporting, announcement and annual review requirements but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Internal control procedures

The Company has established procedures for monitoring the Continuing Connected Transactions under this section IV.C. 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 2025 Finance Lease and Guarantee Agreement

The Intelligent Technology Group is principally engaged in, inter alia, the planning, construction and operation of internet of vehicles (車聯網) business and intelligent logistics business system. Following the consolidation of Intelligent Technology into the accounts of the Company, the Board is of the view that the development of the new energy commercial vehicle asset management platform by the Intelligent Technology Group could enable the Intelligent Technology Group to leverage on market opportunities in the demands for usage of new energy vehicles, which is expected to be an area of significant growth potential with the increased emphasis by the government on environmental protection enforcement in the PRC.

Through the finance lease arrangements under the 2025 Finance Lease and Guarantee Agreement, the financial resources of the CNHTC Group or independent third party financial institutions will be more readily available to the Intelligent Technology Group, and the Intelligent Technology Group will be able to maintain a stable funding for its purchase of vehicles and related products, and thus for the development and expansion of its a new energy commercial vehicle asset management platform. In light of the expected synergy effect of the Intelligent Technology Group's business and the existing business of the Group, the Board is of the view that such transactions will further enhance the Group's technological competitiveness, and refine the ecosystem of the Group's businesses by expanding into the logistics operations.

The terms of the 2025 Finance Lease and Guarantee Agreement were made after arm's length negotiations between the Company and CNHTC. The Board (including the independent non-executive Directors but excluding the CNHTC Interested Directors) is 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 agreement has been entered into in the ordinary and usual course of business of the Group.

D. 2026 Secured Loan Agreement

The principal terms of the 2026 Secured Loan Agreement and the transactions contemplated thereunder are as follows:

Date : 30 October 2023

Parties : (i) CNHTC as lender

(ii) the Company as borrower

Availability period : From 1 January 2024 to 31 December 2026 (both days inclusive)

Subject matter:

Pursuant to the 2026 Secured Loan Agreement, the CNHTC Group has agreed to provide a revolving loan facility through its eligible members (the “**CNHTC Eligible Member(s)**” being members of the CNHTC Group that are qualified to provide the relevant financial services) to the Group which will be secured by assets of the Group (including but not limited to vehicles and/or accounts receivables of certain members of the Group).

Other terms and details:

Principal amount of the loan facility, New Caps and basis

Pursuant to the terms of the 2026 Secured Loan Agreement, a revolving loan facility of up to RMB500 million shall be made available to the Group by the CNHTC Eligible Members.

The loan obtained by the Group under the 2026 Secured Loan Agreement is intended to be used as general working capital for certain members of the Group, and in particular, for the Intelligent Technology Group’s development of its new smart logistics business.

The revolving loan facility is available for one or multiple drawings during the availability period, which is during the period from 1 January 2024 to 31 December 2026. For the avoidance of doubt, the repaid principal amounts of the revolving loan facility (if any) shall be available for drawing during such period.

The maximum day-end balance of the outstanding amount under the revolving loan facility of RMB522 million is set as the New Cap for this Continuing Connected Transaction for each of the years ending 31 December 2024, 2025 and 2026. Such New Caps are determined based on the expected business development and funding needs of the Intelligent Technology Group for its development of the abovementioned smart logistics business, and by reference to the estimated value of the assets, including but not limited to vehicles and/or accounts receivables of such members of the Group to be utilised as collateral for each of the years ending 31 December 2024, 2025 and 2026.

As the highest percentage ratio calculated pursuant to the Listing Rules in respect of the transactions contemplated under the 2026 Secured Loan Agreement exceeds 0.1% but all of which are less than 5%, such transactions are subject to the reporting, announcement and annual review requirements but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Drawdown

The relevant borrowing subsidiary of Group shall apply in writing to the relevant CNHTC Eligible Member(s) for each drawdown of the revolving loan facility (which together with other outstanding amount under the revolving loan facility shall not exceed the maximum amount of the RMB522 million), and shall enter into separate agreements (“**Separate Agreement(s)**”) which set out the specific terms (including the repayment date(s)) and conditions of each drawdown according to the principles laid down by the 2026 Secured Loan Agreement. The term of repayment of each such loan is expected to be no more than one year from the date of each drawdown.

Interest rate and payment

The interest shall be charged by the relevant CNHTC Eligible Member on the outstanding amount of the loan, which interest shall accrue and be calculated pursuant to the terms of the Separate Agreement. Such interest rate is determined with reference to the one-year loan prime rate (LPR) published by the National Interbank Funding Center and the interest rates for loan facilities of the same tenure and type (pledged with assets including but not limited to vehicles and/or accounts receivables) as offered by major commercial banks in the PRC.

Security

The drawdown amount of the loan drawn under the revolving loan facility under the 2026 Secured Loan Agreement will be secured by assets of the Group, including but not limited to vehicles and/or accounts receivables of the respective borrowing subsidiary in the Group.

Historical transaction amounts

During the two years ended 31 December 2022 and the six months ended 30 June 2023, the CNHTC Group had not granted any loan to the Group which were secured by the Group's assets, save that in 2023, the CNHTC Eligible Member(s) had granted loan(s) to the Intelligent Technology Group (prior to

Intelligent Technology becoming a subsidiary of the Company on 27 September 2023) with a maximum day-end balance of RMB104 million. Such loans had already been fully repaid and no loan has been granted by any CNHTC Eligible Member to the Intelligent Technology Group since 27 September 2023.

Internal control procedures

The Company has established procedures for monitoring the Continuing Connected Transactions under this sub-section IV.D 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 Secured Loan Agreement

As disclosed above, the loan obtained by the Group under the 2026 Secured Loan Agreement is intended to be used as general working capital for certain members of the Group, in particular, for the Intelligent Technology Group's development of its new smart logistics business.

The Intelligent Technology Group is principally engaged in, inter alia, the planning, construction and operation of internet of vehicles (車聯網) business and intelligent logistics business system. Following the consolidation of Intelligent Technology into the accounts of the Company on 27 September 2023, the Board has made plans to push forward the Intelligent Technology Group's proposed development of a smart logistics business, which is expected to be an area of significant growth potential.

In order for the Group to obtain sufficient funds to finance its business development plans as mentioned above, other than the unsecured loans and advances that may also be sought and be granted from the CNHTC Eligible Members or other financial institutions, the Group considers that by entering into the 2026 Secured Loan Agreement, the Group is able to secure, through an additional channel, drawdown loans which is expected to provide further flexibility in the Group's financing of its operations. Further, the pledge of its assets as security for loan enables the Group to obtain immediate funds to meet its financing needs.

The terms of the 2026 Secured Loan Agreement were made after arm's length negotiations between the Company and CNHTC. In light of the above, the Board (including the independent non-executive Directors but excluding the CNHTC Interested Directors) is 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 agreement has been entered into in the ordinary and usual course of business of the Group.

V. INFORMATION ON THE PARTIES TO THE SUPPLEMENTAL AGREEMENT, 2024 WEICHAH PARTS PURCHASE AGREEMENT AND THE NEW FRAMEWORK AGREEMENTS

The Company

The Company is principally engaged in investment holding. The Group primarily specialises in the research, development and manufacturing of heavy duty trucks, medium-heavy duty trucks, light duty trucks, buses, etc. and related key assemblies, parts and components including engines, cabins, axles, steel frames and gearboxes as well as the provision of financial services. The Company is ultimately governed and controlled by 山東省人民政府 (Shandong Provincial People's Government*).

Weichai Holdings

Weichai Holdings, being a wholly-owned subsidiary of SHIG, is a company established in the PRC with limited liability. According to the public information available, the Weichai Group is principally engaged in the manufacturing and sale of engines, heavy duty trucks, gear boxes, parts and components of heavy duty trucks and hydraulics controlling parts.

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, Weichai Holdings is wholly-owned by SHIG which is, in turn, one of the leading automobile and equipment groups in the PRC. SHIG was owned as to 70% by 山東省人民政府國有資產監督管理委員會

(State-owned Assets Supervision and Administration Commission of the Shandong Government*), 20% by 山東國惠投資控股集團有限公司 (Shandong Guohui Investment Holding Group Co., Ltd.*) and 10% by 山東省財欣資產運營有限公司 (Shandong Caixin Asset Management Co., Ltd.*). To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, 山東國惠投資控股集團有限公司 (Shandong Guohui Investment Holding Group Co., Ltd.*) and 山東省財欣資產運營有限公司 (Shandong Caixin Asset Management Co., Ltd.*) are both PRC state-owned entities.

CNHTC

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 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*).

Intelligent Technology

Intelligent Technology is a non-wholly owned subsidiary of the Company established in the PRC with limited liability, and is held as to approximately 72.362% by Ji'nan Power and the remaining 27.638% by SHIG indirectly through four of its subsidiaries SHIG is in turn ultimately governed and controlled by 山東省人民政府 (Shandong Provincial People's Government*). Accordingly, Intelligent Technology is connected subsidiary of the Company and is also a connected person of the Company.

Intelligent Technology 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.

VI. IMPLICATIONS UNDER THE LISTING RULES

Revision of annual cap and renewal of Existing Continuing Connected Transaction

SHIG is a substantial shareholder of the Company and a connected person of the Company. Weichai Holdings is a wholly-owned subsidiary of SHIG and, hence, is an associate of SHIG and is also a connected person of the Company.

Accordingly, the transactions between the Group and the Weichai Group as contemplated under (i) the 2023 Weichai Parts Purchase Agreement as supplemented by the Supplemental Agreement, and (ii) the 2024 Weichai Parts Purchase Agreement constitute continuing connected transactions of the Company.

Pursuant to Rule 14A.54, if the Company proposes to revise the annual caps for 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.

As the highest percentage ratio calculated pursuant to the Listing Rules in respect of the proposed Revised Cap (on an annual basis) exceeds 5%, the proposed Revised Cap and the Supplemental Agreement are subject to the reporting and announcement requirements, the annual review requirements, and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest percentage ratio calculated pursuant to the Listing Rules in respect of the transactions contemplated under the 2024 Weichai Parts Purchase Agreement (on an annual basis) exceeds 5%, such transactions are subject to the reporting and announcement requirements, the annual review requirements, and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

New Continuing Connected Transactions

CNHTC is a substantial shareholder of the Company. Accordingly, the transactions between the Group (inclusive of the Intelligent Technology Group) and the CNHTC Group as contemplated under the New Framework Agreements constitute continuing connected transactions of the Company.

As the highest percentage ratio calculated pursuant to the Listing Rules in respect of the transactions contemplated under each of the New Framework Agreements (on an annual basis) exceeds 0.1% but all of which are less than 5%, such transactions are subject to the reporting, announcement and annual review requirements but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

At the Board meeting held on 30 October 2023 approving, *inter alia*, the Supplemental Agreement, the 2024 Weichai Parts Purchase Agreement and the New Framework Agreements, in view of their respective positions in the relevant connected persons, (i) the Weichai Interested Director, namely Mr. Sun Shaojun, has abstained from voting on the resolutions approving the

Supplemental Agreement and the 2024 Weichai Parts Purchase Agreement and the transactions contemplated thereunder, and (ii) 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 New Framework Agreements and the transactions contemplated thereunder.

VII. APPROVAL BY INDEPENDENT SHAREHOLDERS AND DESPATCH OF CIRCULAR

According to Chapter 14A of the Listing Rules, the Company will seek approval from the Independent Shareholders for the Supplemental Agreement and the 2024 Weichai Parts Purchase Agreement and the transactions contemplated thereunder at the general meeting of the Company. CNHTC and its associates will abstain from voting in relation to the relevant resolutions.

The Independent Board Committee (consisting of all 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 formed to advise the Independent Shareholders with respect to the Non-exempt Continuing Connected Transactions (including the Supplemental Agreement, the 2024 Weichai Parts Purchase Agreement and the relevant proposed Revised Cap and New Cap). First Shanghai Capital Limited has been appointed as the independent financial adviser to make recommendations to the Independent Board Committee and the Independent Shareholders regarding the same.

A circular containing, among other things, further details in relation to the Non-exempt Continuing Connected Transactions (including the Supplemental Agreement and the 2024 Weichai Parts Purchase Agreement, and the relevant proposed Revised Cap and New Cap), a letter from the Independent Board Committee, the recommendations of the Independent Financial Adviser, together with a notice of the general meeting will be despatched to the Shareholders. As the Company expects that more time will be needed to prepare the information to be contained in the circular, the circular will be despatched to the Shareholders on or before 30 November 2023 in accordance with the Listing Rules.

VIII. DEFINITIONS

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

- “2021 Weichai Parts Purchase Agreement” the agreement dated 31 March 2021 entered into between the Company (for itself and on behalf of its subsidiaries) and Weichai Holdings (for itself and on behalf of its associates), under which the Weichai Holdings and its associates have agreed to supply raw materials, parts, components, semi-finished products, etc. to the Group
- “2022 Weichai Parts Purchase Agreement” the agreement dated 4 March 2022 entered into between the Company (for itself and on behalf of its subsidiaries) and Weichai Holdings (for itself and on behalf of its associates), under which the Weichai Holdings and its associates have agreed to supply raw materials, parts, components, semi-finished products, etc. to the Group
- “2023 Intelligent Technology Products Purchase Agreement” the agreement dated 30 October 2023 entered into between Intelligent Technology (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 IV.A. in this announcement
- “2023 Intelligent Technology Provision of Ancillary Services Agreement” the agreement dated 30 October 2023 entered into between Intelligent Technology (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 IV.B. in this announcement
- “2023 Weichai Parts Purchase Agreement” the agreement dated 2 November 2022 entered into between the Company (for itself and on behalf of its subsidiaries) and Weichai Holdings (for itself and on behalf of Weichai Holdings and its associates), under which Weichai Holdings and its associates have agreed to supply raw materials, parts, components, assemblies, semi-finished products and related services, etc. to the Group

“2024 Weichai Parts Purchase Agreement”	the agreement dated 30 October 2023 entered into between the Company (for itself and on behalf of its subsidiaries) and Weichai Holdings (for itself and on behalf of the Weichai Group), details of which are set out in section III. in this announcement
“2025 Finance Lease and Guarantee Agreement”	the agreement dated 30 October 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 IV.C. in this announcement
“2026 Secured Loan Agreement”	the agreement dated 30 October 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 IV.D. in this announcement
“Annual CCT Review Reporting”	has the meaning ascribed thereto under the section headed “III. Renewal of Existing Continuing Connected Transaction — Internal control procedures” in this announcement
“Associate(s)”	has the meaning ascribed to an “associate” under Rule 14A.06(2) of the Listing Rules, and further includes any company that constitutes a connected subsidiary of the Company pursuant to Rule 14A.16 of the Listing Rules due to such associate’s shareholding therein
“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 “III. Renewal of Existing Continuing Connected Transaction — Internal control procedures” in this announcement
“Capital Contribution”	has the meaning ascribed to it in the section headed “IV. New Continuing Connected Transactions” in this announcement

“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 Continuing Connected Transaction(s)”	the continuing connected transaction(s) between the Group and the CNHTC Group as described under section IV. in this announcement
“CNHTC Eligible Member”	has the meaning ascribed thereto under the section headed “IV.D. 2026 Secured Loan Agreement” in this announcement
“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
“CNHTC Interested Director(s)”	Mr. Wang Zhijian, Mr. Wang Chen, Mr. Liu Wei, Mr. Zhang Wei, Ms. Li Xia, Ms. Zhao Hong and Mr. Sun Shaojun
“CNHTC Products Purchase CCT”	has the meaning ascribed thereto under the section headed “IV.A. 2023 Intelligent Technology Products Purchase Agreement” in this announcement
“CNHTC Provision of Ancillary Services CCT”	has the meaning ascribed thereto under the section headed “IV.B. 2023 Intelligent Technology Provision of Ancillary Services Agreement” in this announcement
“CNHTC Seller”	has the meaning ascribed thereto under the section headed “IV.C. 2025 Finance Lease and Guarantee 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

“Continuing Connected Transaction(s)”	the continuing connected transaction(s) of the Group set out in this announcement, comprising the CNHTC Continuing Connected Transaction(s) and the Weichai Continuing Connected Transaction(s)
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Financial Institution”	has the meaning ascribed thereto under the section headed “IV.C. 2025 Finance Lease and Guarantee Agreement” in this announcement
“Gratuitous Transfers”	the transfer of 45% of the equity interest in CNHTC by 濟南市人民政府國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of the Ji’nan Municipal People’s Government*) and the transfer of 20% of the equity interest in CNHTC by 山東省國有資產投資控股有限公司 (Shandong State-owned Assets Investment Holdings Co., Ltd.*), both to SHIG for nil consideration (無償劃轉) as provided in the Company’s announcement dated 28 February 2022, and upon the completion of which on 28 February 2022, Weichai Holdings, being a wholly-owned subsidiary of SHIG, became a connected person of the Company
“Group”	the Company and its subsidiaries
“Group Finance Department”	has the meaning ascribed thereto under the section headed “III. Renewal of Existing Continuing Connected Transaction — Internal control procedures” in this announcement
“Group Guarantor”	has the meaning ascribed thereto under the section headed “IV.C. 2025 Finance Lease and Guarantee Agreement” in this announcement
“Group Internal Audit Department”	has the meaning ascribed thereto under the section headed “III. Renewal of Existing Continuing Connected Transaction — Internal control procedures” in this announcement

“Group Purchaser”	has the meaning ascribed thereto under the section headed “IV.C. 2025 Finance Lease and Guarantee Agreement” in this announcement
“Group Seller”	has the meaning ascribed thereto under the section headed “IV.C. 2025 Finance Lease and Guarantee Agreement” in this announcement
“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”	First Shanghai Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity 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 Supplemental Agreement and the 2024 Weichai Parts Purchase Agreement
“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 Supplemental Agreement and the 2024 Weichai Parts Purchase Agreement
“Intelligent Technology”	濰柴智能科技有限公司 (Weichai Intelligent Technology Co., Ltd.*), a company established in the PRC with limited liability and a non-wholly owned subsidiary of the Company
“Intelligent Technology Group”	Intelligent Technology and its subsidiaries
“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
“Monthly CCT Transactions Summary”	has the meaning ascribed thereto under the section headed “III. Renewal of Existing Continuing Connected Transaction — Internal control procedures” in this announcement
“New Cap(s)”	the new annual cap(s) for the Continuing Connected Transactions as set out in sections III. and IV. in this announcement
“Non-exempt Continuing Connected Transaction(s)”	being the Continuing Connected Transaction(s) as set out in sections II. and III. in this announcement, which are subject to reporting, announcement, annual review, and the Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules
“New Framework Agreements”	the 2023 Intelligent Technology Products Purchase Agreement, the 2023 Intelligent Technology Provision of Ancillary Services Agreement, the 2025 Finance Lease and Guarantee Agreement and the 2026 Secured Loan Agreement
“Parts For Purchase”	has the meaning ascribed thereto under section II. in this announcement
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macao Special Administrative Region and Taiwan
“Quarterly Internal Review”	has the meaning ascribed thereto under the section headed “III. Renewal of Existing Continuing Connected Transaction — Internal control procedures” in this announcement
“Regular CCT Meetings”	has the meaning ascribed thereto under the section headed “III. Renewal of Existing Continuing Connected Transaction — Internal control procedures” in this announcement

“Revised Cap”	the revised annual cap applicable to the transactions contemplated under the 2023 Weichai Parts Purchase Agreement as supplemented by the Supplemental Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“Separate Agreement(s)”	has the meaning ascribed thereto under the section “IV.D. 2026 Secured Loan Agreement” in this announcement
“Share(s)”	ordinary share(s) in the capital of the Company
“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 which is a controlling shareholder of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Supplemental Agreement”	the supplemental agreement to the 2023 Weichai Parts Purchase Agreement, details of which are set out in section II. in this announcement
“Weichai Continuing Connected Transaction(s)”	the continuing connected transaction(s) between the Group and the Weichai Group as described under sections II. and III. in this announcement
“Weichai Group”	Weichai Holdings and its Associates, but excluding any member of the Group which constitutes an associate of Weichai Holdings solely due to SHIG’s indirect interest in the Shares of the Company
“Weichai Holdings”	濰柴控股集團有限公司 (Weichai Group Holdings Limited*), a company established in the PRC with limited liability which is a wholly-owned subsidiary of SHIG

“Weichai Interested
Director”

Mr. Sun Shaojun

“%”

per cent

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

Ji’nan, the PRC, 30 October 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*