

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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) RENEWAL OF EXISTING CONTINUING CONNECTED
TRANSACTIONS**

(2) POSSIBLE CONTINUING CONNECTED TRANSACTIONS

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



SUMMARY

The Board announces that on 31 March 2021, the Group has entered into (i) the 2023 CNHTC CCT Agreements with CNHTC, (ii) the 2021 Weichai CCT Agreements with Weichai Holdings, and (iii) the 2023 MTB Parts Sales Agreement with MAN Truck & Bus, to govern the principal terms of the relevant transactions as more particularly detailed herein.

IMPLICATIONS UNDER THE LISTING RULES

CNHTC is a substantial shareholder of the Company. Accordingly, the transactions between the Group and the CNHTC Group as contemplated under the 2023 CNHTC CCT Agreements constitute continuing connected transactions of the Company.

As disclosed in the Gratuitous Transfer Announcements, upon completion of the Gratuitous Transfer, SHIG would be entitled to exercise 65% of the voting rights in the general meetings of CNHTC. As such, SHIG will then become a substantial shareholder of the Company, and Weichai Holdings, being a wholly-owned subsidiary of SHIG, will then become a connected person of the Company under Chapter 14A of the Listing Rules. Insofar as the Company is aware, as at the date of this announcement, the Gratuitous Transfer has not been completed and therefore the transactions between the Group and the Weichai Group do not constitute connected transactions of the Company. However, upon completion of the Gratuitous Transfer, the transactions contemplated under each of the 2021 Weichai CCT Agreements will become continuing connected transactions of the Company.

MAN Truck & Bus is a non-wholly owned subsidiary of FPFPS, which is, in turn, a substantial shareholder of the Company. As such, MAN Truck & Bus is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the 2023 MTB Parts Sales Agreement constitute continuing connected transactions of the Company.

As the highest applicable percentage ratio calculated pursuant to the Listing Rules in respect of the transactions contemplated under the 2023 CNHTC Reporting CCT Agreements, the 2021 Weichai Reporting CCT Agreement and the 2023 MTB Parts Sales Agreement (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.

As the highest percentage ratio calculated pursuant to the Listing Rules in respect of the transactions contemplated under the 2023 CNHTC Non-exempt CCT Agreement and the 2021 Weichai Non-exempt CCT Agreements (on an annual basis) exceeds 5%, such transactions constitute Non-exempt Continuing Connected Transactions of the Company and accordingly the 2023 CNHTC Non-exempt CCT Agreement, the 2021 Weichai Non-exempt CCT Agreement and their proposed New Caps will be subject to the reporting and announcement requirements, the annual review requirements, and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

A circular containing, among other things, further details in relation to the transactions contemplated under the 2023 CNHTC Non-exempt CCT Agreement, the 2021 Weichai Non-exempt CCT Agreement and the relevant proposed New Caps, a letter from the Independent Board Committee, the recommendations of Gram Capital, together with a notice of the general meeting will be despatched to the Shareholders on or about 26 April 2021.

I. INTRODUCTION

Reference is made to the Company's announcements dated 7 December 2017, 26 March 2018, 3 April 2018, 16 December 2019 and 10 December 2020, respectively, and the Company's circular dated 9 May 2018, in respect of, *inter alia*, the Continuing Connected Transactions of the Company where the existing annual caps for such Continuing Connected Transactions were set.

The Board intends to renew the existing continuing connected transactions under the 2021 CNHTC CCT Agreements and the 2021 MTB Parts Sales Agreement for a term of two years. Accordingly, the Board announces that on 31 March 2021, the 2023 CNHTC CCT Agreements and 2023 MTB Parts Sales Agreement have been entered into, each with a term of two years commencing on 1 January 2022 and ending on 31 December 2023.

Further, the Group has been conducting certain transactions with the Weichai Group and intends to continue the same following the completion of Gratuitous Transfer. Since these transactions with the Weichai Group will constitute continuing connected transactions of the Group following the completion of the Gratuitous Transfer, in contemplation of the possible completion of the Gratuitous Transfer, the Company entered into the 2021 Weichai CCT Agreements with Weichai Holdings on 31 March 2021 to govern the principal terms of such transactions for the year ending 31 December 2021.

A summary of the Continuing Connected Transactions and the New Caps (and their basis) is set out below. Further details of the 2023 CNHTC CCT Agreements, the 2021 Weichai CCT Agreements, the 2023 MTB Parts Sales Agreement, the existing annual caps, the actual transaction amounts of the Continuing Connected Transactions for the relevant periods, the New Caps (and their basis) are set out in the sections headed "II. Continuing Connected Transactions" in this announcement.

SUMMARY OF THE CONTINUING CONNECTED TRANSACTIONS

The Continuing Connected Transactions include the following:

A. CNHTC Continuing Connected Transactions and 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
<p>1. Property leasing in</p> <p>The CNHTC Group providing leasing services to the Group including lease of land, office buildings and factory premises</p>	<p>CNHTC (for itself and on behalf of its associates but excluding the Group)</p>	<p>The Company (for itself and on behalf of its subsidiaries)</p>	<p>CNHTC is a substantial shareholder of the Company</p>
<p>2. Receipt of credit guarantee</p> <p>The CNHTC Group providing credit guarantee to the Group in respect of the repayment obligations of loans of the CNHTC Group's customer(s) under the Underlying CNHTC Customer Loan(s)</p>	<p>CNHTC (for itself and on behalf of its associates but excluding the Group)</p>	<p>The Company (for itself and on behalf of its subsidiaries)</p>	<p>CNHTC is a substantial shareholder of the Company</p>
<p>3. Provision of financial services</p> <p>The Group providing a range of financial services to the CNHTC Group</p>	<p>CNHTC (for itself and on behalf of its associates but excluding the Group)</p>	<p>The Company (for itself and on behalf of its subsidiaries)</p>	<p>CNHTC is a substantial shareholder of the Company</p>
<p>4. Sale of products</p> <p>The Group supplying products including trucks, chassis and semi-tractor trucks to the CNHTC Group</p>	<p>CNHTC (for itself and on behalf of its associates but excluding the 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
<p>5. Provision of technology support and services</p> <p>The Group providing technology support and services to the CNHTC Group</p>	<p>CNHTC (for itself and on behalf of its associates but excluding the Group)</p>	<p>The Company (for itself and on behalf of its subsidiaries)</p>	<p>CNHTC is a substantial shareholder of the Company</p>
<p>6. Purchase of products</p> <p>The CNHTC Group selling products including refitted trucks to the Group</p>	<p>CNHTC (for itself and on behalf of its associates but excluding the Group)</p>	<p>The Company (for itself and on behalf of its subsidiaries)</p>	<p>CNHTC is a substantial shareholder of the Company</p>
<p>7. Sale of parts</p> <p>(a) The Group supplying raw materials, parts and components and semi-finished products to the CNHTC Group</p>	<p>CNHTC (for itself and on behalf of its associates but excluding the Group)</p>	<p>The Company (for itself and on behalf of its subsidiaries)</p>	<p>CNHTC is a substantial shareholder of the Company</p>
<p>(b) The Group supplying raw materials, parts and components and semi-finished products to the Weichai Group</p>	<p>Weichai Holdings (for itself and on behalf of its associates but excluding the Group)</p>	<p>The Company (for itself and on behalf of its subsidiaries)</p>	<p>Weichai Holdings is a wholly-owned subsidiary of SHIG, which will become a substantial shareholder of the Company following completion of the Gratuitous Transfer</p>
<p>8. Purchase of parts</p> <p>The Weichai Group supplying raw material, parts and components and semi-finished products to the Group</p>	<p>Weichai Holdings (for itself and on behalf of its associates but excluding the Group)</p>	<p>The Company (for itself and on behalf of its subsidiaries)</p>	<p>Weichai Holdings is a wholly-owned subsidiary of SHIG, which will become a substantial shareholder of the Company following completion of the Gratuitous Transfer</p>

B. MTB 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
The Group supplying raw materials, auxiliary materials, parts and spare parts, semi-finished products for production and operation and moulds for the purposes of production of these spare parts, etc. to the MTB Group	MAN Truck & Bus (for itself and on behalf of its associates)	The Company (for itself and on behalf of its subsidiaries)	MAN Truck & Bus is a non-wholly owned subsidiary of FPFPS, which is, in turn, a substantial shareholder of the Company

A summary of the (proposed) New Caps for each of the transactions contemplated under the 2023 CNHTC CCT Agreements, the 2021 Weichai CCT Agreements and the 2023 MTB Parts Sales Agreement is set out below:

		(Proposed) New Caps		
		For the year ending 31 December 2021 RMB'000	For the year ending 31 December 2022 RMB'000	For the year ending 31 December 2023 RMB'000
A. CNHTC Continuing Connected Transactions and Weichai Continuing Connected Transactions				
1.	Property leasing in The CNHTC Group providing leasing services to the Group including lease of land, office buildings and factory premises	—	95,000*	6,000*
2.	Receipt of credit guarantee The CNHTC Group providing credit guarantee to the Group in respect of the repayment obligations of loans of the CNHTC Group's customer(s) under the Underlying CNHTC Customer Loan(s)	—	90,000*	100,000*
3.	Provision of financial services The Group providing a range of financial services to the CNHTC Group, including: <i>Bills discounting services:</i> Maximum day-end balance Interest income <i>Unsecured loan services:</i> Maximum day-end balance Interest income <i>Issue of bills:</i> Maximum day-end balance Fee income Interest expense for surety <i>Entrustment loan arrangements: fee income</i>	— — — — — — — —	110,000* 4,400* 1,600,000* 80,000* 200,000* 200* 2,500* 200*	110,000* 4,400* 1,600,000* 80,000* 200,000* 200* 2,500* 200*
4.	Sale of products The Group supplying products including trucks, chassis and semi-tractor trucks to the CNHTC Group	—	806,000*	853,000*
5.	Provision of technology support and services The Group providing technology support and services to the CNHTC Group	—	80,000*	80,000*
6.	Purchase of products The CNHTC Group selling products including refitted trucks to the Group	—	2,921,000#	3,281,000#
7.	Sale of parts (a) The Group supplying raw materials, parts and components and semi-finished products to the CNHTC Group	—	1,608,000*	1,684,000*

		(Proposed) New Caps		
		For the year ending 31 December 2021 RMB'000	For the year ending 31 December 2022 RMB'000	For the year ending 31 December 2023 RMB'000
	(b) The Group supplying raw materials, parts and components and semi-finished products to the Weichai Group	2,123,000*	—	—
8.	Purchase of parts The Weichai Group supplying raw material, parts and components and semi-finished products to the Group	16,309,000#	—	—
B. MTB Continuing Connected Transactions				
	The Group supplying raw materials, auxiliary materials, parts and spare parts, semi-finished products for production and operation and moulds for the purposes of production of these spare parts, etc. to the MTB Group	—	621,000*	657,000*

Note:

1. 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.
2. Where a proposed New Cap is marked “#”, that means the highest applicable percentage ratio of the proposed New Cap for the relevant Continuing Connected Transaction exceeds 5%, and the proposed New Cap is subject to the approval by the Independent Shareholders.

II. CONTINUING CONNECTED TRANSACTIONS

Reference is made to the Company’s announcements dated 26 March 2018, 3 April 2018, 16 December 2019 and 10 December 2020, respectively, and the Company’s circular dated 9 May 2018, in respect of, *inter alia*, certain Continuing Connected Transactions of the Company where the existing annual caps for such Continuing Connected Transactions were set. As disclosed in the aforesaid announcements and circular, each of the 2021 CNHTC CCT Agreements and 2021 MTB Parts Sales Agreement are due to expire on 31 December 2021 whereas each of the 2020 Weichai Possible Parts Purchase Agreement and the 2020 Weichai Possible Parts Sales Agreement have expired on 31 December 2020.

A. CNHTC Continuing Connected Transactions and Weichai Continuing Connected Transactions

In order to continue the existing Continuing Connected Transactions with the CNHTC Group following expiry of the 2021 CNHTC CCT Agreements, on 31 March 2021, the Company (for itself and on behalf of its subsidiaries) and CNHTC (for itself and on behalf of its associates but excluding the Group) entered into each of the 2023 CNHTC CCT Agreements on terms substantially the same as those of the 2021 CNHTC CCT Agreements. Each of the 2023 CNHTC CCT Agreements has a term of two years commencing on 1 January 2022 and ending on 31 December 2023.

Further, reference is made to the Gratuitous Transfer Announcements relating to the Gratuitous Transfer. As disclosed in the Gratuitous Transfer Announcements, upon the implementation and completion of the Gratuitous Transfer, SHIG will be entitled to exercise 65% voting rights in the general meetings of CNHTC. As such, upon completion of the Gratuitous Transfer, SHIG will become a substantial shareholder of the Company, and Weichai Holdings, being a wholly-owned subsidiary of SHIG, will then become a connected person of the Company under Chapter 14A of the Listing Rules. Insofar as the Company is aware, as at the date of this announcement, the Gratuitous Transfer has not completed and therefore the transactions between the Group and the SHIG Group (including the Weichai Group) do not constitute continuing connected transactions of the Company. However, upon completion of the Gratuitous Transfer, transactions between the Group and the SHIG Group (including the Weichai Group) will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. In view of the possible completion of the Gratuitous Transfer and for the purpose of continuing the existing transactions with the Weichai Group following the completion of Gratuitous Transfer, on 31 March 2021, the Company entered into the 2021 Weichai CCT Agreements with Weichai Holdings to govern the principal terms of such transactions for the year ending 31 December 2021.

Set out below are the details of the 2023 CNHTC CCT Agreements and the 2021 Weichai CCT Agreements.

1. 2023 CNHTC Property Leasing In Agreement

The principal terms of the 2023 CNHTC Property Leasing In Agreement and the transactions contemplated thereunder are as follows:

Date : 31 March 2021

Parties : (i) CNHTC
(ii) The Company

Term : Two years from 1 January 2022 to 31 December 2023 (both days inclusive)

Subject matter:

Pursuant to the 2023 CNHTC Property Leasing In Agreement, the CNHTC Group has agreed to provide leasing services to the Group including lease of land, office buildings, factory premises, etc. for a term of two years from 1 January 2022 to 31 December 2023.

Other terms and details:

The terms of the 2023 CNHTC Property Leasing In Agreement are substantially the same as those of the 2021 Property Leasing In Agreement.

Pursuant to the 2023 CNHTC Property Leasing In Agreement, the parties shall enter into separate agreements which will further provide the specific terms and conditions in respect of the relevant properties and land leased according to the principles, and within the parameters under the 2023 CNHTC Property Leasing In Agreement. The terms for specific leases will be based on normal commercial terms or industry practices, with the term of the individual leases generally ranging from one year to two years, and with the rental payments payable on a semi-annual basis.

Pricing

The rentals payable by the Group to the CNHTC Group under the 2023 CNHTC Property Leasing In Agreement were determined at arms' length and reflect the prevailing market rates. The basis of determining the prices for the transactions under the 2023 CNHTC Property Leasing In Agreement is in accordance with the prevailing market prices which are determined by reference to, among others, the average prices of similar types of properties in comparable locations.

Existing annual caps

The following table summarises the existing annual caps for the transactions contemplated under the 2021 Property Leasing In Agreement for each of the three years ending 31 December 2021, respectively, being the annual caps on the total amount of rentals payable for the leases entered into by the Group each year:

	For the year ended 31 December 2019 <i>RMB'000</i>	For the year ended 31 December 2020 <i>RMB'000</i>	For the year ending 31 December 2021 <i>RMB'000</i>
Existing annual caps	40,000	40,000	40,000

Historical transaction amounts

The following table summarises the approximate historical amounts under the 2021 Property Leasing In Agreement for the two years ended 31 December 2020 and the two months ended 28 February 2021, respectively, being the total amount of the rentals payable for the leases entered into by the Group each year:

	For the year ended 31 December 2019 <i>RMB'000</i>	For the year ended 31 December 2020 <i>RMB'000</i>	For the two months ended 28 February 2021 <i>RMB'000</i>
Historical transaction amounts	31,013	36,427	4,724

New Caps and basis

The following table shows the New Caps for the two years ending 31 December 2023 for the transactions contemplated under the 2023 CNHTC Property Leasing In Agreement, being the annual caps on the total value of right-of-use assets relating to the leases to be entered into by the Group each year:

	For the year ending 31 December 2022 <i>RMB'000</i>	For the year ending 31 December 2023 <i>RMB'000</i>
New Caps	95,000	6,000

The New Caps for the two years ending 31 December 2023 for the transactions contemplated under the 2023 CNHTC Property Leasing In Agreement were determined after considering the following factors:

- (i) the actual historical transaction amounts (being the amount of the rentals payable for the leases entered into by the Group) under the 2021 Property Leasing In Agreement for the two years ended 31 December 2020 and the two months ended 28 February 2021, which forms the basis of calculating the present value of the lease liabilities, which, in turn, becomes the major cost components of the right-of-use assets;
- (ii) the existing annual cap for the year ending 31 December 2021;
- (iii) an estimate of the right-of-use assets related to the relevant leases to be entered into by the Group during the term of the 2023 CNHTC Property Leasing In Agreement;
- (iv) the expected increase in rental prices in the property market in view of the stable macroeconomic environment in the PRC, with an expected GDP growth of approximately 6% for each of the two years ending 31 December 2023;
- (v) the plans of certain subsidiaries of the Company to expand their production capacity, which involves the leasing in of two additional premises from the CNHTC Group for production purposes from year 2022 onwards; and
- (vi) a 5% buffer for any unexpected increase in rental prices during the term of the 2023 CNHTC Property Lease In Agreement.

Internal control procedures

The Company has established procedures for monitoring the Continuing Connected Transactions under this sub-section A.1 in which various departments of the Group will be responsible for the implementation, monitoring and review of such procedures. The Group's investment management and securities department ("**Group Securities Department**") carries out regular meetings on the management and control of connected transactions ("**Regular CCT Meetings**") to monitor and ensure that all the relevant Continuing Connected Transactions are in compliance with the relevant rules and regulations. The Group's finance Department ("**Group Finance Department**") prepares, on a monthly basis, the maximum day-end balance and/or the accumulated annual transaction amount (as the case may be) of each Continuing Connected Transactions ("**Monthly CCT Transactions Summary**") and check this against the respective pre-approved annual 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 Group Securities Department 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 ("**Group Internal Audit Department**") will conduct quarterly reviews to check whether these transactions are conducted in accordance with the established procedures and internal controls ("**Quarterly Internal Review**") and assess the effectiveness of the internal controls. In addition, the Company will engage the external auditors of the Company to conduct an annual review of the relevant Continuing Connected Transactions of the Group to report the Board whether there are any unapproved Continuing Connected Transactions or any non-compliance, in all material respects, of the pricing policies and terms of the Continuing Connected Transactions, including any exceeding of the pre-approved annual caps ("**Annual CCT Review Reporting**").

Reasons for and benefits of entering into the 2023 CNHTC Property Leasing In Agreement

The Group has been leasing from the CNHTC Group certain buildings, properties and land in the PRC for manufacturing, general business and ancillary purposes pursuant to the 2021 Property Leasing In Agreement. The 2021 Property Leasing In Agreement will expire by the end of 2021 and the Group intends to continue such transactions with the CNHTC Group.

The Board (including the independent non-executive Directors but excluding the CNHTC Interested Directors) believes that it is in the best interest of the Company to enter into the above transactions because such arrangement is not only cost-effective for the Group but also help the Group to avoid unnecessary disruption to its operation and minimise relocation costs.

The terms of the 2023 CNHTC Property Leasing In 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 the transactions contemplated under the 2023 CNHTC Property Leasing In Agreement are on normal commercial terms, or on terms no less favourable than those available from independent third parties under prevailing local market conditions, the 2023 CNHTC Property Leasing In Agreement was entered into in the ordinary and usual course of business of the Group, and the terms of the transactions under the 2023 CNHTC Property Leasing In Agreement (including the New Caps) are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

2. 2023 CNHTC Guarantee Agreement

The principal terms of the 2023 CNHTC Guarantee Agreement and the transactions contemplated thereunder are as follows:

Date	:	31 March 2021
Parties	:	(i) CNHTC (ii) The Company
Term	:	Two years from 1 January 2022 to 31 December 2023 (both days inclusive)

Subject matter:

In the course of the Group's operations, the Group would at times provide loans to certain customers of the CNHTC Group (the "**Underlying CNHTC Customer Loan(s)**") for purchases of products from the CNHTC Group.

Pursuant to the 2023 CNHTC Guarantee Agreement, for each Underlying CNHTC Customer Loan (including the costs of the Group relating to the enforcement of the guarantees with respect to the unpaid principal, interest payments, interest in arrears and other expenses), the CNHTC Group has agreed that, for a term of two years from 1 January 2022 to 31 December 2023, the relevant members of the CNHTC Group shall provide, without charging any guarantee fees, a credit guarantee to the Group for the repayment obligations of the relevant customer under the Underlying CNHTC Customer Loan.

Other terms and details:

The terms of the 2023 CNHTC Guarantee Agreement are substantially the same as those of the 2021 CNHTC Guarantee Agreement.

Pursuant to the 2023 CNHTC Guarantee Agreement, the relevant Group members and the relevant members of the CNHTC Group will enter into a separate agreement to provide for the detailed terms of each single transaction and the relevant guarantee arrangement in accordance with the principles set out in the 2023 CNHTC Guarantee Agreement, such as the exact amount of the relevant Underlying CNHTC Customer Loan subject to the guarantee and the repayment mechanism (such as the repayment schedule) when the guarantee is enforced.

Existing annual caps

The following table summarises the existing annual caps, being the maximum day-end guarantee balance of the total outstanding principal amount of the Underlying CNHTC Customer Loans, for the transactions contemplated under the 2021 CNHTC Guarantee Agreement for each of the three years ending 31 December 2021, respectively:

	For the year ended 31 December 2019 <i>RMB'000</i>	For the year ended 31 December 2020 <i>RMB'000</i>	For the year ending 31 December 2021 <i>RMB'000</i>
Existing annual caps (being the maximum day-end guarantee balance)	250,000	300,000	350,000

Historical transaction amounts

The following table summarises the approximate historical amounts, being the maximum day-end guarantee balance of the total outstanding principal amount of the Underlying CNHTC Customer Loans, under the 2021 CNHTC Guarantee Agreement for the two years ended 31 December 2020 and the two months ended 28 February 2021, respectively:

	For the year ended 31 December 2019 <i>RMB'000</i>	For the year ended 31 December 2020 <i>RMB'000</i>	For the two months ended 28 February 2021 <i>RMB'000</i>
Historical transaction amounts (being the maximum day-end guarantee balance)	120,837	1,464	1,439

New Caps and basis

The following table shows the New Caps, being the maximum day-end guarantee balance of the total outstanding principal amount of the Underlying CNHTC Customer Loans, for the two years ending 31 December 2023 for the transactions contemplated under the 2023 CNHTC Guarantee Agreement:

	For the year ending 31 December 2022 <i>RMB'000</i>	For the year ending 31 December 2023 <i>RMB'000</i>
New Caps (being the maximum day-end guarantee balance)	90,000	100,000

The New Caps, being the maximum day-end guarantee balance of the total outstanding principal amount of the Underlying CNHTC Customer Loans, for the two years ending 31 December 2023 for the transactions contemplated under the 2023 CNHTC Guarantee Agreement were determined after considering the following factors:

- (i) the actual historical transaction amounts under the 2021 CNHTC Guarantee Agreement for the two years ended 31 December 2020 and the two months ended 28 February 2021;
- (ii) the expected outstanding balances of the current Underlying CNHTC Customer Loans;
- (iii) the expected demand of the customers of the CNHTC Group for financing of their purchase of the CNHTC Group's products;
- (iv) the credit ability and repayment history of these customers of the CNHTC Group; and
- (v) the maximum guarantee limit to be granted to the CNHTC Group.

Taking into account and on the basis of the aforesaid factors, in particular, the relatively low utilisation of the annual caps for the years ended 31 December 2019 and 31 December 2020, the New Caps for the year ending 31 December 2022 has been adjusted downwards to RMB90 million from the existing cap for the year ending 31 December 2021 of RMB350 million, and it is estimated that the maximum day-end guarantee balance will increase by approximately 11.1% for the year ending 31 December 2023.

Internal control procedures

The Company has established procedures for monitoring the Continuing Connected Transactions under this sub-section A.2 in which various departments of the Group will be responsible for the implementation, monitoring and review of such procedures. The Group Securities Department 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 Group Securities Department 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 CNHTC Guarantee Agreement

The CNHTC Group has been providing credit guarantee to the Group in respect of the repayment obligations of loans of the CNHTC Group's customer under the Underlying CNHTC Customer Loan pursuant to the 2021 CNHTC Guarantee Agreement. The 2021 CNHTC Guarantee Agreement will expire by the end of 2021 and the Group intends to continue such arrangements with the CNHTC Group.

Whilst the Group will conduct credit checks and assess the credibility of the customers of the CNHTC Group before advancing each Underlying CNHTC Customer Loan, the credit risk faced by the Group will be further reduced by accepting the guarantee provided by the CNHTC Group associated with each Underlying CNHTC Customer Loan. The Underlying CNHTC Customer Loan will support further expansion of the automobile financing business of the Group and enhance the interest income of the Group. In addition, the availability of the Underlying CNHTC Customer Loans may facilitate the sales of the CNHTC Group to its customers which may in turn cause an increase in demand for the Group's products as the CNHTC Group are distributors of the Group's products and will increase the purchase of parts for manufacturing its products. This will further increase the sales revenue of the Group. Accordingly, the Board (including the independent non-executive Directors but excluding the CNHTC Interested Directors) believes that it is in the best interest of the Company to enter into the relevant transactions.

The terms of the 2023 CNHTC 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 the transactions contemplated under the 2023 CNHTC Guarantee Agreement are on normal commercial terms, or on terms no less favourable than those available from independent third parties under

prevailing local market conditions, the 2023 CNHTC Guarantee Agreement was entered into in the ordinary and usual course of business of the Group, and the terms of the transactions under the 2023 CNHTC Guarantee Agreement (including the New Caps) are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

3. 2023 Financial Services Agreement

The principal terms of the 2023 Financial Services Agreement and the transactions contemplated thereunder are as follows:

Date	:	31 March 2021
Parties	:	(i) CNHTC (ii) The Company
Term	:	Two years from 1 January 2022 to 31 December 2023 (both days inclusive)

Subject matter:

Pursuant to the 2023 Financial Services Agreement, the Group has agreed to provide a range of financial services to the CNHTC Group including (i) bills discounting services (including bank bills and commercial notes held by or issued by the CNHTC Group), (ii) unsecured loan services, (iii) issue of bills, (iv) entrustment loan arrangements, and (v) settlement services which are ancillary services to and necessary for the provision of the financing services under the 2023 Financial Services Agreement, for a term of two years from 1 January 2022 to 31 December 2023.

Other terms and details:

The terms of the 2023 Financial Services Agreement are substantially the same as those of the 2021 Financial Services Agreement.

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

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

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

Pricing

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

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

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

- (iv) entrustment loan arrangements: the fees for such arrangements are determined with reference to those fees for similar services charged by general commercial banks in the PRC from time to time with similar terms of the entrustment loan arrangements.

Existing annual caps

The following table summarises the existing annual caps, being the maximum day-end balance and/or the income amount (as the case maybe), for the transactions contemplated under the 2021 Financial Services Agreement for each of the three years ending 31 December 2021:

	For the year ended 31 December 2019 <i>RMB'000</i>	For the year ended 31 December 2020 <i>RMB'000</i>	For the year ending 31 December 2021 <i>RMB'000</i>
Bills discounting services:			
Maximum day-end balance	200,000	200,000	200,000
Interest income	9,600	11,600	13,600
Unsecured loan services:			
Maximum day-end balance	1,000,000	1,300,000	1,500,000
Interest income	47,900	75,200	97,200
Issue of bills:			
Maximum day-end balance	300,000	500,000	800,000
Fee income	300	500	800
Interest expense for surety	2,500	5,190	10,320
Entrustment loan arrangements:			
Fee income	1,600	1,800	2,000

Historical transaction amounts

The following table summarises the approximate historical amounts, being the maximum day-end balance and/or the income amount (as the case maybe), under the 2021 Financial Services Agreement for the two years ended 31 December 2020 and the two months ended 28 February 2021, respectively:

	For the year ended 31 December 2019 <i>RMB'000</i>	For the year ended 31 December 2020 <i>RMB'000</i>	For the two months ended 28 February 2021 <i>RMB'000</i>
Unsecured loan services:			
Maximum day-end balance	700,000	1,250,000	1,320,000
Interest income	6,725	23,988	7,198
Entrustment loan arrangements:			
Fee income	86	39	0

Note: The Group has not received the request of the issue of bills or the bills discounting services by the CNHTC Group for the above periods under the 2021 Financial Services Agreement.

New Caps and basis

The following table shows the New Caps, being the maximum day-end balance, the income amount and/or the expense amount (as the case maybe), for the two years ending 31 December 2023 for the transactions contemplated under the 2023 Financial Services Agreement:

	For the year ending 31 December 2022 <i>RMB'000</i>	For the year ending 31 December 2023 <i>RMB'000</i>
Bills discounting services:		
Maximum day-end balance	110,000	110,000
Interest income	4,400	4,400
Unsecured loan services:		
Maximum day-end balance	1,600,000	1,600,000
Interest income	80,000	80,000
Issue of bills:		
Maximum day-end balance	200,000	200,000
Fee income	200	200
Interest expense for surety	2,500	2,500
Entrustment loan arrangements (fee income)	200	200

The New Caps, being the maximum day-end balance, the income amount and/or the expense amount (as the case maybe), for the two years ending 31 December 2023 for the transactions contemplated under the 2023 Financial Services Agreement were determined after considering the following factors:

(i) Bills discounting services

- maximum day-end balance: the demand of the bill discounting services from the operation and future expansion of business of the CNHTC Group; and
- interest income: the expected interest income calculated at the full utilisation of the annual cap in respect of the maximum day-end balance of the bills discounting services and estimated interest rates of similar services provided by general commercial banks in the PRC which are referenced to these prevailing market interest rates and estimated increase in these reference rates during the term of the 2023 Financial Services Agreement.

(ii) Unsecured loan services

- maximum day-end balance: the estimated amount of the available cash after the satisfaction of the funding needs of the Group members, auto financing services and supply chain financing services, together with the consideration of the cash flow requirement of the CNHTC Group in 2021, the projected cash flow requirement of the CNHTC Group and the funding requirements of its general trade transactions during the term of the 2023 Financial Services Agreement; and
- interest income: the expected interest income calculated at the full utilisation of the annual cap in respect of the maximum day-end balance of the unsecured loan services and estimated interest rates for similar services provided by general commercial banks in the PRC which are referenced to the relevant loan prime rate (LPR) quoted by the People's Bank of China and the prevailing interest rates of similar services provided by general commercial banks in the PRC and estimated increase in these reference rates during the term of the 2023 Financial Services Agreement.

(iii) Issue of bills

- maximum day-end balance: the estimated funding requirements of the CNHTC Group for it to pay acceptance bills to its suppliers and the expected year-on-year increase in the use of acceptance bills as the payment method;
- fee income: the expected fee income rate calculated at the full utilisation of the proposed annual cap in respect of the maximum day-end balance of the issue of bill services, with reference to (a) the fee rates for similar services charged by general commercial banks in the PRC from time to time with similar terms of service, (b) the estimated frequency and the amount of each bill to be issued, and (c) estimated increase in such reference fee rates during the term of the 2023 Financial Services Agreement; and
- interest expense for surety: the expected interest expenses calculated on the assumption that a maximum surety of the bill amount will be received and estimated interest rates of comparable deposits provided by general commercial banks.

(iv) Entrustment loan arrangements

- fee income: the estimated frequency and the amounts of each of the entrustment loan arrangement for the CNHTC Group and the relevant fee of each arrangement based on the estimated fee of general commercial banks in the PRC.

During the term of the 2021 Financial Services Agreement and up to the date of this announcement, the Group has not received the request of the issue of bills or the bills discounting services by the CNHTC Group as CNHTC had no demand for such services in view of adjustments to their business model. However, as further elaborated in the sub-section headed “Reasons for and benefits of entering into the 2023 Financial Services Agreement” below, in future, it is expected that the CNHTC Group still has the need to engage such financial services from the Group. Accordingly, the New Caps in respect of the issue of bills, bills discounting services and entrustment loan arrangement (after the consideration of low utilisation rate of using entrustment loan arrangements) for the two years ending 31 December 2023, being adjusted downwards from the existing caps for the year ending 31 December 2021, have still been fixed so as to provide the Group with the flexibility to provide such services when the opportunity arises.

Internal control procedures

In order to ensure that the prices of each of the relevant transactions made under this sub-section A.3 are set in accordance with the pricing policies of each type of the services under the 2023 Financial Services Agreement, the following internal control mechanisms have been adopted by the Group:

(i) Bill discounting and unsecured loan services

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

(ii) Issue of bills

The credit assessment committee of the Eligible Member will review and approve the bill issue facility to be granted to the CNHTC Group members on an annual basis. Thereafter, the CNHTC Group members can request the bill issue service. The business unit of the Eligible Member will first review the application of the bill issue services and prepare the bill issue approval form (including but not limited to the details of the amount, duration of the bill, fee income amount and surety margin ratio) and confirm that the total outstanding balances, after taking

into consideration the amount in the aforesaid application, does not exceed the pre-approved cap. The business unit managing the deposit will determine interest rates for surety (deposits) with reference to the prevailing interest rates for comparable fixed deposits by general commercial banks in the PRC. The senior management of the Eligible Member will give final approval and issue the acceptance bill. After receipts of the surety and fee income, the business unit will issue the bill.

(iii) Entrustment loan arrangements

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

Further, the Company has established procedures for monitoring the Continuing Connected Transactions under this sub-section A.3 in which various departments of the Group will be responsible for the implementation, monitoring and review of such procedures. The Group Securities Department 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 maybe) 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 maybe) exceeds 70% of the pre-approved annual cap, the relevant Continuing Connected Transaction will be reported to the Group Securities Department 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 Financial Services Agreement

The Group has been providing certain financial services to the CNHTC Group pursuant to the 2021 Financial Services Agreement. The 2021 Financial Services Agreement will expire by the end of 2021 and the Group intends to continue providing such financial services to the CNHTC Group.

The 2023 Financial Services Agreement was entered into by the parties thereto as a master agreement to govern and regulate the financial services to be provided by an Eligible Member to the CNHTC Group. The Group has been providing such all round financial services to the CNHTC Group to optimise the cash flow management and capital efficiency of the CNHTC Group. The provision of financial services to the CNHTC Group will expand the customer base of the Group and will hence provide significant growth opportunity to the Group.

The terms of the 2023 Financial Services 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 the transactions contemplated under the 2023 Financial Services Agreement are on normal commercial terms, or on terms no more favourable than those the Group offers to independent third parties under prevailing local market conditions, the 2023 Financial Services Agreement was entered into in the ordinary and usual course of business of the Group, and the terms of the transactions under the 2023 Financial Services Agreement (including the New Caps) are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

4. 2023 CNHTC Products Sales Agreement

The principal terms of the 2023 CNHTC Products Sales Agreement and the transactions contemplated thereunder are as follows:

Date : 31 March 2021

Parties : (i) CNHTC
(ii) The Company

Term : Two years from 1 January 2022 to 31 December 2023 (both days inclusive)

Subject matter:

Pursuant to the 2023 CNHTC Products Sales Agreement, the Group has agreed to supply products including trucks, chassis and semi-tractor trucks (the “**Products For Sale**”) to the CNHTC Group.

Other terms and details:

The terms of the 2023 CNHTC Products Sales Agreement are substantially the same as those of the 2021 Products Sales Agreement.

Pursuant to the terms of the 2023 CNHTC Product Sales Agreement, separate agreements will be entered into by relevant members of the Group and relevant members of the CNHTC Group which will further provide the details of the products to be sold including the payment terms, product specifications, delivery time and quantity. The payment terms for each batch of products will be based on normal commercial terms or industry practices provided that full payment shall be made by way of cash, cheques, notes, bills or letters of credit within 90 days from the date of sale.

Pricing

Pursuant to the 2023 CNHTC Products Sales Agreement, the Group and the CNHTC Group have agreed that, among other things, the price of the Products For Sale to be sold to the CNHTC Group by the Group shall be determined through good faith negotiations by reference to the same price list which is applicable to sales of products to both of the CNHTC Group and independent third parties (the “**Products Price List**”). Such prices offered to both the CNHTC Group and independent third parties will also take into consideration the market conditions at the relevant time and the size of orders and when there are sales promotional programs which are applicable to all customers, the promotion prices will be applied to all customers, including both the CNHTC Group and independent third parties. As such, the terms of the sales offered by the Group to the CNHTC Group shall be no more favourable than those made available to the independent third parties with similar terms.

Existing annual caps

The following table summarises the existing annual caps for the transactions contemplated under the 2021 Products Sales Agreement for each of the three years ending 31 December 2021, respectively:

	For the year ended 31 December 2019 <i>RMB'000</i>	For the year ended 31 December 2020 <i>RMB'000</i>	For the year ending 31 December 2021 <i>RMB'000</i>
Existing annual caps	991,000	1,076,000	1,164,000

Historical transaction amounts

The following table summarises the approximate historical amounts under the 2021 Products Sales Agreement for the two years ended 31 December 2020 and the two months ended 28 February 2021, respectively:

	For the year ended 31 December 2019 <i>RMB'000</i>	For the year ended 31 December 2020 <i>RMB'000</i>	For the two months ended 28 February 2021 <i>RMB'000</i>
Historical transaction amounts	247,876	388,258	131,744

New Caps and basis

The following table shows the New Caps for the two years ending 31 December 2023 for the transactions contemplated under the 2023 CNHTC Products Sales Agreement:

	For the year ending 31 December 2022 <i>RMB'000</i>	For the year ending 31 December 2023 <i>RMB'000</i>
New Caps	806,000	853,000

The New Caps for the two years ending 31 December 2023 for the transactions contemplated under the 2023 CNHTC Products Sales Agreement were determined after considering the following factors:

- (i) the historical transaction amounts under the 2021 Products Sales Agreement for the two years ended 31 December 2020 and the two months ended 28 February 2021;
- (ii) the expansion plan of the CNHTC Group in view of the expected increase of their customers' demands and the market conditions, which would in turn lead to a steady increase in the purchase of the Products For Sale (including chassis) from the Group by the CNHTC Group;
- (iii) as a result of the further effective control of the COVID-19 outbreak in the first half of 2020, the gradual resumption of economic activities in the PRC with a further release of the market demand, and the expected GDP growth of the PRC of over 6% in 2021;
- (iv) the stable macroeconomic environment in the PRC, with an expected GDP growth of approximately 6% for each of the two years ending 31 December 2023; and
- (v) a 5% buffer for any price fluctuations during the term of 2023 CNHTC Products Sales Agreement.

Taking into account and on the basis of the aforesaid factors, in particular, the relatively low utilisation of the annual caps for the years ended 31 December 2019 and 31 December 2020, the New Cap for the year ending 31 December 2022 has been adjusted downwards to RMB806 million from the existing cap for the year ending 31 December 2021 of RMB1,164 million, and it is estimated that the relevant transaction amount will increase by approximately 5.8% for the year ending 31 December 2023.

Internal control procedures

The Company has established procedures for monitoring the Continuing Connected Transactions under this sub-section A.4 in which various departments of the Group will be responsible for the implementation, monitoring and review of such procedures. The Group Securities Department 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 Group Securities Department 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 CNHTC Products Sales Agreement

The CNHTC Group has been purchasing chassis from the Group and refitting the trucks purchased from the Group into other types of vehicles to satisfy its orders for a long time. The 2021 Products Sales Agreement, which governs such transactions, will expire by the end of 2021 and the Group intends to continue the relevant transactions with the CNHTC Group.

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

The terms of the 2023 CNHTC Products Sales 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 the transactions contemplated under the 2023 CNHTC Products Sales Agreement are on normal commercial terms, or on terms which are no more favourable than those the Group offers to independent third parties under prevailing local market conditions, the 2023 CNHTC Products Sales Agreement was entered into in the ordinary and usual course of business of the Group, and the terms of the transactions under the 2023 CNHTC Products Sales Agreement (including the New Caps) are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

5. 2023 CNHTC Technology Support and Services Agreement

The principal terms of the 2023 CNHTC Technology Support and Services Agreement and the transactions contemplated thereunder are as follows:

Date	:	31 March 2021
Parties	:	(i) CNHTC (ii) The Company
Term	:	Two years from 1 January 2022 to 31 December 2023 (both days inclusive)

Subject matter:

Pursuant to the 2023 CNHTC Technology Support and Services Agreement, the Group has agreed to provide technology support and services such as technology research and development, technology consultancy and support services, and design supervisory services to the CNHTC Group.

Other terms and details:

The terms of the 2023 CNHTC Technology Support and Services Agreement are substantially the same as those of the 2021 Technology Support and Services Agreement.

Pursuant to the 2023 CNHTC Technology Support and Services Agreement, separate agreements will be entered into by relevant members of the Group and relevant members of the CNHTC Group which will further provide the services to be provided including the payment terms and services specifications. The payment terms for specific services will be based on normal commercial terms or industry practices provided that full payment shall be made by way of cash, cheques, notes or letters of credit within 90 days of provision of such services/date of entering into the separate agreement for the provision of such services.

Pricing

Pursuant to the 2023 CNHTC Technology Support and Services Agreement, the relevant service fee will be determined with reference to the guidance pricing in the “Provisions on the Management of Construction Project Supervision and Related Service Charges” (《建設工程監理和相關服務收費管理規定》) and “Standard Charges for Surveying and Designing of Construction Projects” (2002 amended version) (《工程勘察設計收費標準(2002修訂版)》) issued by the National Development and Reform Commission of the PRC, taking into consideration of the particular circumstances of the support and service projects, 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 and will further take into account the cost incurred for the services provided plus a margin in the range of 5% to 20%.

Existing annual caps

The following table summarises the existing annual caps for the transactions contemplated under the 2021 Technology Support and Services Agreement for each of the three years ending 31 December 2021, respectively:

	For the year ended 31 December 2019 RMB'000	For the year ended 31 December 2020 RMB'000	For the year ending 31 December 2021 RMB'000
Existing annual caps	50,000	58,000	67,000

Historical transaction amounts

The following table summarises the approximate historical amounts for the transactions under the 2021 Technology Support and Services Agreement for the two years ended 31 December 2020 and the two months ended 28 February 2021, respectively:

	For the year ended 31 December 2019 <i>RMB'000</i>	For the year ended 31 December 2020 <i>RMB'000</i>	For the two months ended 28 February 2021 <i>RMB'000</i>
Historical transaction amounts	6,739	895	805

New Caps and basis

The following table shows the New Caps for the two years ending 31 December 2023 for the transactions contemplated under the 2023 CNHTC Technology Support and Services Agreement:

	For the year ending 31 December 2022 <i>RMB'000</i>	For the year ending 31 December 2023 <i>RMB'000</i>
New Caps	80,000	80,000

The New Caps for the two years ending 31 December 2023 for the transactions contemplated under the 2023 CNHTC Technology Support and Services Agreement were determined after considering the following factors:

- (i) the actual historical transaction amounts under the 2021 Technology Support and Services Agreement for the two years ended 31 December 2020 and the two months ended 28 February 2021;
- (ii) that the relatively low utilisation of the annual caps for the years ended 31 December 2019 and 31 December 2020 was due to the lower-than-expected demand of relevant services from the CNHTC Group as a result of its group restructuring, and such demand is expected to recover in the three years ending 31 December 2023;
- (iii) the expected increase in demand of the CNHTC Group for technology support and services, in particular, (1) the design consultancy services to be provided by the Group to the CNHTC Group in its factory building and production line construction project, and (2) certain research and development services to be provided by the Group to the CNHTC Group in accordance with the CNHTC Group's technology development plan roadmap; and
- (iv) a 5% buffer for any unexpected price fluctuations during the term of the 2023 CNHTC Technology Support and Services Agreement.

Taking into account and on the basis of the aforesaid factors, in particular, the expected increase in demand of the relevant technology support and services from the CNHTC Group based on specific projects in the two years ending 31 December 2023, the New Cap for the year ending 31 December 2022 has been set at RMB80 million, and it is estimated that relevant amount of the service fee will remain at a stable level for the year ending 31 December 2023.

Internal control procedures

The Company has established procedures for monitoring the Continuing Connected Transactions under this sub-section A.5 in which various departments of the Group will be responsible for the implementation, monitoring and review of such procedures. The Group Securities Department 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 actual value (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 actual value (as the case may be) exceeds 70% of the pre-approved annual cap, the relevant Continuing Connected Transaction will be reported to the Group Securities Department 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 CNHTC Technology Support and Services Agreement

The Group is entitled to service fees for the provision of the technology support and service to the CNHTC Group and accordingly, the entering into of the 2023 CNHTC Technology Support and Services Agreement by the Group and the provision of technology support and services thereunder will generate additional revenue for the Group and hence improve the cashflow and strengthen the financial position of the Group.

The terms of the 2023 CNHTC Technology Support and Services 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 Director) considers that the terms of the 2023 CNHTC Technology Support and Services Agreement are on normal commercial terms, or on terms no more favourable than the Group offers to independent third parties under prevailing local market conditions; and the 2023 CNHTC Technology Support and Services Agreement was entered into in the ordinary and usual course of business of the Group, the terms of the 2023 CNHTC Technology Support and Services Agreement and the New Caps are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

6. 2023 Products Purchase Agreement

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

Date : 31 March 2021

Parties : (i) CNHTC
(ii) The Company

Term : Two years from 1 January 2022 to 31 December 2023 (both days inclusive)

Subject matter:

Pursuant to the 2023 Products Purchase Agreement, the CNHTC Group has agreed to sell vehicles, refitted trucks, chassis, and add-on products such as trunk, flatbed, tank, etc. (the “**Refitted Products**”) to the Group.

Other terms and details:

The terms of the 2023 Products Purchase Agreement are substantially the same as those of the 2021 Products Purchase Agreement.

Pursuant to the 2023 Products Purchase Agreement, separate agreements will be entered into by the Group and the CNHTC Group which will further provide the details of the products to be purchased including the payment terms, product specifications, delivery time and quantity. The payment terms for each batch of products will be based on normal commercial terms or industry practices provided that full payment shall be made by way of cash, cheques, notes, bills or letters of credit within 90 days from the date of purchase.

Pricing

Pursuant to the terms of the 2023 Products Purchase Agreement, the CNHTC Group will supply products including chassis and the Refitted Products to the Group for tailor-making the final products for sale to its customers in accordance with their specifications. The prices for the

transactions contemplated under the 2023 Products Purchase Agreement will be determined on the following basis:

(i) for Refitted Products

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

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

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

The Group does not produce certain trucks such as all-wheels driven chassis and trucks and specialty vehicles which the CNHTC Group may produce. If certain customers approach the Group for such types of products, the Group will source the same from the CNHTC Group and sell to the customers. The Group will refer to the product price list compiled by the CNHTC Group which is

applicable to all its customers including independent customers and the Group and confirm the price of these products with its customers. Upon confirmation of the orders by the customers, the Group will purchase the relevant products from the CNHTC Group at such prices. The Group will then sell the relevant products to its customers with expected profit margins from 5% to 20% which were determined with reference to (a) the average profit margin of vehicles and the related manufacturing industry as published by the SASAC which were summarised in the 「企業績效評價標準值 2020」(Overall Enterprises Performance Appraisal Index — 2020*) published by the SASAC in 2020 (the “**Performance Appraisal Index**”) and (b) the historical profit margins of similar products sold to independent customers of the Group.

國務院國資委考核分配局 (Bureau of Performance Evaluation and Remuneration of SASAC*) prepared the Performance Appraisal Index in accordance with the relevant national regulations of the PRC and compiled the performance indicators including the profit margins of different industries including the automobile industry in 2019. These performance indicators were determined by mathematical statistics methods with reference to the financial statements of the state-owned enterprises of the relevant industries, the statistics data provided by the relevant statistics authorities of the PRC, the performance information of the relevant industrial associations and the objective analysis of the operation status of the various industries of national economy in the PRC in 2019. The sales profit margins published in the Performance Appraisal Index are neither government-prescribed price nor guidance price.

Existing annual caps

The following table summarises the existing annual caps for the transactions contemplated under the 2021 Products Purchase Agreement for each of the three years ending 31 December 2021, respectively:

	For the year ended 31 December 2019 <i>RMB'000</i>	For the year ended 31 December 2020 <i>RMB'000</i>	For the year ending 31 December 2021 <i>RMB'000</i>
Existing annual caps	3,147,000	3,386,000	3,647,000

Historical transaction amounts

The following table summarises the approximate historical amounts under the 2021 Products Purchase Agreement for the two years ended 31 December 2020 and the two months ended 28 February 2021, respectively:

	For the year ended 31 December 2019 <i>RMB'000</i>	For the year ended 31 December 2020 <i>RMB'000</i>	For the two months ended 28 February 2021 <i>RMB'000</i>
Historical transaction amounts	2,515,358	1,892,245	188,091

Proposed New Caps and basis

The following table shows the proposed New Caps for the two years ending 31 December 2023 for the transactions contemplated under the 2023 Products Purchase Agreement:

	For the year ending 31 December 2022 RMB'000	For the year ending 31 December 2023 RMB'000
Proposed New Caps	2,921,000	3,281,000

The proposed New Caps for the two years ending 31 December 2023 for the transactions contemplated under the 2023 Products Purchase Agreement were determined after considering the following factors:

- (i) the historical transaction amounts under the 2021 Products Purchase Agreement for the two years ended 31 December 2020 and the two months ended 28 February 2021;
- (ii) the impletion of major infrastructure projects by the government since 2020 are expected to increase demand in the Group's construction vehicles and special purpose vehicles in carrying out the relevant development and construction works, which in turn are expected to increase the Group's procurement needs for Refitted Products and chassis for specified vehicles;
- (iii) 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 the Group's special purpose vehicles such as garbage trucks, firetrucks, refrigerated transport vehicles, dangerous cargo transport vehicles which require refitting services;
- (iv) certain members of the CNHTC Group, being located in the proximity of the Group's production facilities, had been providing Refitted Products to the Group of reliable quality. Against such track record, it is expected that more refitting service jobs will be assigned to the CNHTC Group directly by the customers and by the Group during the term of the 2023 Products Purchase Agreement;

- (v) as a result of the further effective control of the COVID-19 outbreak in the first half of 2020, the gradual resumption of economic activities in the PRC with a further release of the market demand, and the expected GDP growth of the PRC of over 6% in 2021;
- (vi) the stable macroeconomic environment in the PRC, with an expected GDP growth of approximately 6% for each of the two years ending 31 December 2023; and
- (vii) a 5% buffer for any price fluctuations during the term of 2023 Products Purchase Agreement.

Taking into account and on the basis of the aforesaid factors, in particular (i) the expected increase in the purchase of the relevant products under the 2023 Products Purchase Agreement in each of the years 2021 and 2022 as compared to the transaction amount of RMB1,892 million for the year ended 31 December 2020, and (ii) that the annual caps for the years ended 31 December 2019 and 31 December 2020 have not been fully utilised, the proposed New Cap for the year ending 31 December 2022 has been adjusted downwards to RMB2,921 million from the existing cap for the year ending 31 December 2021 of RMB3,647 million, and it is estimated that the relevant transaction amount will increase by approximately 12.3% for the year ending 31 December 2023.

The 2023 Products Purchase Agreement and the relevant proposed New Caps are subject to the reporting, announcement, annual review, and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Internal control procedures

In order to ensure that the prices of each of the transactions made under this sub-section A.6 are determined in accordance with the pricing policy applicable to the 2023 Products Purchase Agreement and the prices are no less favourable than those provided to the Group by independent third parties, the Group has implemented the following internal control procedures:

- (i) for Refitted Products

The Group prepares an authorised providers list of Refitted Products (including the CNHTC Group and independent providers). The Group will invite the authorised providers

(including at least two to three independent providers) for quotations to give a reference on the prevailing market prices for the Refitted Products. The authorised providers list is ultimately approved by the senior management of the Group. The Group's business department will base on the price, delivery time, location of the authorised provider and other commercial considerations to choose the appropriate provider. When there are significant changes in materials costs or labour costs or at the request of the authorised providers, the Group will re-invite all such providers (including at least two to three independent providers) to give quotations for updating the prevailing market prices for the Refitted Products.

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

For chassis, vehicles or refitted trucks ordered by the Group's customers that are only available from the CNHTC Group, an officer of the business department of the Group will prepare the purchase order for such products and another officer or supervisor will check the agreed prices.

Further, the Company has established procedures for monitoring the Continuing Connected Transactions under this sub-section A.6 in which various departments of the Group will be responsible for the implementation, monitoring and review of such procedures. The Group Securities Department 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 Group Securities Department 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 Products Purchase Agreement

The Group has been purchasing refitted vehicles and specialty vehicle chassis from the CNHTC Group to mainly satisfy the orders from its customers for a long time. The 2021 Products Purchase Agreement, which governs such transactions, will expire by the end of 2021 and the Group intends to continue the relevant transactions with the CNHTC Group.

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

The terms of the 2023 Products Purchase Agreement were made after arm's length negotiations between the Company and CNHTC. The Board (excluding the independent non-executive Directors who will express their views in the circular after considering the advice of Gram Capital and excluding the CNHTC Interested Directors) is of the view that the transactions contemplated under the 2023 Products Purchase Agreement are on normal commercial terms, or on terms no less favourable than those available from independent third parties under prevailing local market conditions, the 2023 Products Purchase Agreement was entered into in the ordinary and usual course of business of the Group, and the terms of the transactions under the 2023 Products Purchase Agreement (including the proposed New Caps) are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

7. 2021/2023 Parts Sales Agreements

(a) 2023 CNHTC Parts Sales Agreement

The principal terms of the 2023 CNHTC Parts Sales Agreement and the transactions contemplated thereunder are as follows:

Date : 31 March 2021

Parties : (i) CNHTC
(ii) The Company

Term : Two years from 1 January 2022 to 31 December 2023 (both days inclusive)

Subject matter:

Pursuant to the 2023 CNHTC Parts Sales Agreement, the Group has agreed to supply raw materials, parts, components, semi-finished products etc. (the “**Parts For Sales**”) to the CNHTC Group.

Other terms and details:

The terms of the 2023 CNHTC Parts Sales Agreement are substantially the same as those of the 2021 Parts Sales Agreement.

Pursuant to the terms of the 2023 CNHTC Parts Sales Agreement, separate agreements will be entered into by relevant members of the Group and relevant members of the CNHTC Group which will further provide the details of the parts to be sold 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 90 days from the date of sale.

Pricing

Pursuant to the 2023 CNHTC Parts Sales Agreement, the Group and the CNHTC Group have agreed that, among other things, the price of the Parts For Sale to be sold to the CNHTC Group by the Group shall be determined based on:

(i) for off-the-shelf parts

The prices of such Parts For Sale will be determined in accordance with a parts price list compiled by the Group for the relevant Parts For Sale offered to all its customers including independent customers and the CNHTC Group (the “**Parts Price List**”). The Parts Price List is made in accordance with the market price approach.

(ii) for unique and proprietary parts

Since there is no prevailing market price for such parts, a cost plus profit margin approach is adopted for determining the prices for such parts. The profit margins of the Parts For Sales to be supplied by the Group under the 2023 CNHTC Parts Sales Agreement will be between 5% to 20% which were determined with reference to (1) the average profit margin of vehicles and the related manufacturing industry as published by the SASAC to independent third parties which were summarised in the Performance Appraisal Index, and (2) the historical profit margins of similar parts sold by the Group to independent third parties.

國務院國資委考核分配局 (Bureau of Performance Evaluation and Remuneration of SASAC*) prepared the Performance Appraisal Index in accordance with the relevant national regulations of the PRC and compiled the performance indicators including the profit margins of different industries including the automobile industry in 2019. These performance indicators were determined by mathematical statistics methods with reference to the financial statements of the state-owned enterprises of the relevant industries, the statistics data provided by the relevant statistics authorities of the PRC, the performance information of the relevant industrial associations and the objective analysis of the operation status of the various industries of national economy in the PRC in 2019. The sales profit margins published in the Performance

Appraisal Index are neither government-prescribed price nor guidance price. For the past three years, sales profit margins of the relevant parts subject to the 2023 CNHTC Parts Sales Agreement remain in the range of 5% to 20%.

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

The following table summarises the existing annual caps for the transactions contemplated under the 2021 Parts Sales Agreement for each of the three years ending 31 December 2021:

	For the year ended 31 December 2019 <i>RMB'000</i>	For the year ended 31 December 2020 <i>RMB'000</i>	For the year ending 31 December 2021 <i>RMB'000</i>
Existing annual caps	1,135,000	1,233,000	1,330,000

Historical transaction amounts

The following table summarises the approximate historical amounts under the 2021 Parts Sales Agreement for the two years ended 31 December 2020 and the two months ended 28 February 2021, respectively:

	For the year ended 31 December 2019 <i>RMB'000</i>	For the year ended 31 December 2020 <i>RMB'000</i>	For the two months ended 28 February 2021 <i>RMB'000</i>
Historical transaction amounts	605,078	803,271	119,434

New Caps and basis

The following table shows the New Caps for the two years ending 31 December 2023 for the transactions contemplated under the 2023 CNHTC Parts Sales Agreement:

	For the year ending 31 December 2022 RMB'000	For the year ending 31 December 2023 RMB'000
New Caps	1,608,000	1,684,000

The New Caps for the two years ending 31 December 2023 for the transactions contemplated under the 2023 CNHTC Parts Sales Agreement were determined after considering the following factors:

- (i) the historical transaction amounts under the 2021 Parts Sales Agreement for the two years ended 31 December 2020 and the two months ended 28 February 2021;
- (ii) as a result of the further effective control of the COVID-19 outbreak in the first half of 2020, the gradual resumption of economic activities in the PRC with a further release of the market demand, and the expected GDP growth of the PRC of over 6% in 2021;
- (iii) a higher-than-expected increase in the sales of the CNHTC Group's specialised vehicles, resulting an expected increase of demand by approximately 58.2% in component parts such as axles, engines and gearboxes, for the production of such specialised vehicles for the year ending 31 December 2021, as well as an expected continual increase in demand of such parts for the two years ending 31 December 2023;
- (iv) the stable macroeconomic environment in the PRC, with an expected GDP growth of approximately 6% for each of the two years ending 31 December 2023; and

(v) a 5% buffer for any price fluctuations during the term of 2023 CNHTC Parts Sales Agreement.

Taking into account and on the basis of the aforesaid factors, it is estimated that the relevant transaction amount will increase by approximately 20.9% and 4.7% for each of the two years ending 31 December 2023, respectively.

(b) 2021 Weichai Parts Sales Agreement

The principal terms of the 2021 Weichai Parts Sales Agreement and the transactions contemplated thereunder are as follows:

Date : 31 March 2021

Parties : (i) Weichai Holdings
(ii) The Company

Term : One year from 1 January 2021 to 31 December 2021 (both days inclusive)

Subject matter:

Pursuant to the 2021 Weichai Parts Sales Agreement, the Group has agreed to supply the Parts For Sale, being raw materials, parts, components, semi-finished products etc., to the Weichai Group.

Other terms and details:

The terms of the 2021 Weichai Parts Sales Agreement are substantially the same as those of the 2020 Weichai Possible Parts Sales Agreement, and similar to those of the 2021 Parts Sales Agreement and of the 2023 CNHTC Parts Sales Agreement.

Pursuant to the terms of the 2021 Weichai Parts Sales 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 sold 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 90 days from the date of sale.

Pricing

Pursuant to the 2021 Weichai Parts Sales Agreement, the Group and the Weichai Group have agreed that, among other things, the price of the Parts For Sale to be sold to the Weichai Group by the Group shall be determined based on:

- (i) for off-the-shelf parts

The prices of such Parts For Sale will be determined in accordance with the Parts Price List compiled by the Group for the relevant Parts For Sale offered to all its customers including independent customers and the Weichai Group. The Parts Price List is made in accordance with the market price approach.

- (ii) for unique and proprietary parts

Since there is no prevailing market price for such parts, a cost plus profit margin approach is adopted for determining the prices for such parts. The profit margins of the Parts For Sale to be supplied by the Group under the 2021 Weichai Parts Sales Agreement will be between 5% to 20% which were determined with reference to (1) the average margin of vehicles and the related manufacturing industry as published by the SASAC to independent third parties which were summarised in the Performance Appraisal Index, and (2) the historical profit margins of similar parts sold by the Group to independent third parties.

國務院國資委考核分配局 (Bureau of Performance Evaluation and Remuneration of SASAC*) prepared the Performance Appraisal Index in accordance with the relevant national regulations of the PRC and complied the performance indicators including the profit margins of different industries including the automobile industry in 2019. These performance indicators were determined by mathematical statistics methods with reference to the financial statements of the state-owned enterprises of the relevant industries, the statistics data provided by the relevant statistics authorities of the PRC, the performance information of the relevant industrial associations and the objective analysis of the operation status of the various industries of national economy in the PRC in 2019. The sales profit margins published in the Performance Appraisal Index are neither government-prescribed price nor guidance price. For the past three years, sales profit margins of the relevant parts subject to the 2021 Weichai Parts Sales Agreement remain in the range of 5% to 20%.

As such, the terms of the sales offered by the Group to the Weichai 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 sales of the Parts For Sale to the Weichai Group (which will only become a connected person of the Company following completion of the Gratuitous Transfer) for the two years ended 31 December 2020 and the two months ended 28 February 2021, respectively;

	For the year ended 31 December 2019 RMB'000	For the year ended 31 December 2020 RMB'000	For the two months ended 28 February 2021 RMB'000
Historical transaction amounts	2,000	12,000	2,146

New Cap and basis

The following table shows the New Cap for the year ending 31 December 2021 for the transactions contemplated under the 2021 Weichai Parts Sales Agreement:

	For the year ending 31 December 2021 <i>RMB'000</i>
New Cap	2,123,000

The New Cap for the year ending 31 December 2021 for the transactions contemplated under the 2021 Weichai Parts Sales Agreement was determined after considering the following factors:

- (i) the historical transaction amount of sales of Parts For Sale to the Weichai Group for the two years ended 31 December 2020 and the two months ended 28 February 2021;
- (ii) an expected closer cooperation between the Group and the Weichai Group during the year 2021 which will enable the Group to respond to and cater for the parts specifications and requirements of the Weichai Group quickly and in a cost efficient manner, which will in turn result in generation of additional business and revenue stream to the Group. In particular, with the Group's implementation of the plan to fully utilise unused production capacity of its wholly-owned subsidiary, Sinotruk Hangzhou Engines Co., Ltd.* (中國重汽集團杭州發動機有限公司), such subsidiary is expected to take up certain engine production work for the Weichai Group in respect of approximately 50,000 engine units per annum, which, in turn, is estimated to generate sales of the Parts For Sale of approximately RMB2,000 million per annum from 2021 onwards;

- (iii) as a result of the further effective control of the COVID-19 outbreak in the first half of 2020, the gradual resumption of economic activities in the PRC with a further release of the market demand, and the expected GDP growth of the PRC of over 6% in 2021; and
- (iv) a 5% buffer for any price fluctuations during the term of the 2021 Weichai Parts Sales Agreement.

Taking into account and on the basis of the aforesaid factors, in particular the strong expected demand from the Weichai Group of such Parts For Sale in the year ending 31 December 2021, it is estimated that the relevant transaction amount will increase significantly by approximately RMB2,111 million for the year ending 31 December 2021 as compared to the actual transaction amount in 2020.

Internal control procedures

In order to ensure that the prices of each of the transactions made under this sub-section A.7 are determined in accordance with the pricing policy applicable to the 2021/2023 Parts Sales Agreements and that the prices are no more favourable to the CNHTC Group/the Weichai Group than those offered to independent third parties, the prices of the transactions will be determined by the same Parts Price List available to all customers of the Group including independent customers and the CNHTC Group/the Weichai Group, which is approved by the responsible management or executive Directors. The Parts Price List is reviewed on an annual basis. Hence, as the same Parts Price List is applicable to all of the Group's customers, the prices offered to the CNHTC Group/the Weichai Group will be no more favourable than those offered to independent customers. The final price is determined by the contracting parties' business teams with reference to the Parts Price List, the overall market circumstances, size of the order and payment methods which is based on the principles of fairness and reasonableness, and such price will be ultimately approved by the senior management of the Company or its relevant subsidiaries. The senior management of the Group first approves the sales promotional programs which are applicable to all customers including independent third parties. The business department will update the promotion prices to the sales and operating systems and the internal audit departments of the subsidiaries or the Group will carry out periodic sample-testing over such promotion prices.

Further, the Company has established procedures for monitoring the Continuing Connected Transactions under this sub-section A.7 in which various departments of the Group will be responsible for the implementation, monitoring and review of such procedures. The Group Securities Department 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) amount exceeds 70% of the pre-approved annual cap, the relevant Continuing Connected Transaction will be reported to the Group Securities Department 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 2021/2023 Parts Sales Agreements

The CNHTC Group has been purchasing parts such as axles and engines, components, semi-finished products, etc. from the Group for a long time. The 2021 Parts Sales Agreement, which governs such transactions, will expire by the end of 2021 and the Group intends to continue the relevant transactions with the CNHTC Group.

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

Further, in view of the possible completion of the Gratuitous Transfer (details of which is disclosed in section II.A above), which would result in members of the SHIG Group (including the Weichai Group) becoming connected persons of the Company and accordingly, the transactions contemplated under the 2021 Weichai Parts Sales Agreement will become continuing connected transactions of the Company. Leveraging on the existing business relationship between the Group and the Weichai Group, the Board expects that a closer cooperation between the Group and the Weichai Group will take place in the future. Such further cooperation and the Group's plan to utilise unused production capacity of its subsidiary by taking up certain engine production work for the Weichai Group are expected to bring synergy effect to both the Group and the Weichai Group and, in turn, result in the generation of additional business and revenue stream to the Group. Hence, the Board (including the independent non-executive Directors but excluding the CNHTC Interested Directors) believes that it is in the best interest of the Group to further develop the supply of Parts for Sale to the Weichai Group.

The terms of each of the 2021/2023 Parts Sales Agreements were made after arm's length negotiations between the Company and CNHTC/Weichai Holdings (as the case may be). The Board (including the independent non-executive Directors but excluding the CNHTC Interested Director) is of the view that the transactions contemplated under each of the 2021/2023 Parts Sales Agreements are on normal commercial terms, or on terms which are no more favourable than those the Group offers to independent third parties under prevailing local market conditions, each of the 2021/2023 Parts Sales Agreements was entered into in the ordinary and usual course of business of the Group, and the terms of the transactions under each of the 2021/2023 Parts Sales Agreements (including the relevant New Caps) are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

8. *2021 Weichai Parts Purchase Agreement*

The principal terms of the 2021 Weichai Parts Purchase Agreement and the transactions contemplated thereunder are as follows:

Date : 31 March 2021

Parties : (i) Weichai Holdings
(ii) The Company

Term : One year from 1 January 2021 to 31 December 2021 (both days inclusive)

Subject matter:

Pursuant to the 2021 Weichai Parts Purchase Agreement, the Weichai Group has agreed to sell raw materials, parts, components, semi-finished products (including gearboxes, engine gears, support assemblies, pedals and guard assemblies), etc. (the “**Parts For Purchase**”) to the Group.

Other terms and details:

The terms of the 2021 Weichai Parts Purchase Agreement are substantially the same as those of the 2020 Weichai Possible Parts Purchase Agreement, and similar to those of the 2021 Parts Purchase Agreement.

Pursuant to the 2021 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 90 days from the date of purchase.

Pricing

Pursuant to the terms of the 2021 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 provide 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 2021 Weichai Parts Purchase Agreement will be determined in accordance with the market price approach to ensure that the prices for the parts supplied by Weichai Group are no less favourable to the Group than those offers by independent third parties.

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 (which will only become a connected person of the Company following completion of the Gratuitous Transfer) for the two years ended 31 December 2020 and the two months ended 28 February 2021, respectively;

	For the year ended 31 December 2019 <i>RMB'000</i>	For the year ended 31 December 2020 <i>RMB'000</i>	For the two months ended 28 February 2021 <i>RMB'000</i>
Historical transaction amounts	317,000	5,671,000	1,194,429

Proposed New Cap and basis

The following table shows the proposed New Cap for the year ending 31 December 2021 for the transactions contemplated under the 2021 Weichai Parts Purchase Agreement:

	For the year ending 31 December 2021 <i>RMB'000</i>
Proposed New Cap	16,309,000

The proposed New Cap for the year ending 31 December 2021 for the transactions contemplated under the 2021 Weichai Parts Purchase Agreement was determined after considering the following factors:

- (i) the historical transaction amount of purchase from the Weichai Group, in particular, the relevant purchase amount for the two months ended 28 February 2021, demonstrating a trend of substantial increase in the demand in Parts For Purchase supplied by the Weichai Group;
- (ii) the expected substantial increase in the Group's purchase of engines from the Weichai Group as well as parts and components (being auxiliary to the engines supplied by the Weichai Group) from the Weichai Group for the year ending 31 December 2021.

As the Group's sales volume is expected to keep growing and our existing production capacity of heavy duty truck engines has been fully utilised, the purchase of heavy duty truck engines from the Weichai Group can cover the shortage of production capacity and/or models of the Group's self-produced engines and meet production needs. In terms of light duty truck engines, the Group does not manufacture small-displacement engines, making procurement of such engines from third parties necessary. As the Weichai Group's engines have a greater market advantage, the Group will fully cooperate with the Weichai Group in terms of light duty truck engines. At the same time, some customers of the Group have requested to purchase commercial vehicles equipped with Weichai engines, and the purchase of relevant engines from the Weichai Group can meet the needs of the Group's customers. In

general, the purchase of engines from the Weichai Group has greatly promoted the Group's sales volume. Since 2019, the Group has been acquiring the Parts For Purchase (including engines) from the Weichai Group. During the year ended 31 December 2020, the Group had purchased Parts For Purchase amounting to RMB5,671 million from the Weichai Group. With continual growth of the commercial vehicle market and the Group's vehicles installed with the Weichai Group's engines being well received by the market, the sales of the Group's vehicles has been performing well. In order to capture such growth potential, new products installed with the Weichai Group's engines have been gradually launched, and a closer cooperation between the Group and the Weichai Group during the year 2021 is expected. For the year ending 31 December 2021, the Group intends to purchase approximately 90,000 units of heavy duty truck engines and 240,000 units of light duty truck engines from the Weichai Group, representing a year-to-year growth of over 114% and 172%, respectively, which is estimated to result in an increase of the purchase amount of approximately RMB8,955 million compared with that for the year ended 31 December 2020. Further, the Group's demands for other parts, components and assemblies of the Weichai Group such as auxiliary products for engine, gearbox assemblies and support assemblies (being auxiliary to the engines supplied by the Weichai Group) from the Weichai Group are also expected to increase accordingly by approximately RMB906 million during the year ending 31 December 2021 compared with that for the year ended 31 December 2020;

- (iii) based on (ii) above, with the expected continual growth of the commercial vehicle market and an enhanced market recognition of the Group's vehicles installed with the Weichai Group's engines, the Group intends to continue launching vehicle models installed with the Weichai Group's engines throughout the term of the 2021 Weichai Parts Purchase Agreement in order to capture the business expansion opportunity. Hence, a high level of cooperation between the Group and the Weichai Group during the year ending 31 December 2021 is anticipated, which in turn, is expected to result in a further growth in the Group's procurement of the Parts For Purchase from the Weichai Group, with a high growth momentum for the year ending 31 December 2021;

- (iv) as a result of the further effective control of the COVID-19 outbreak in the first half of 2020, the gradual resumption of economic activities in the PRC with a further release of the market demand, and the expected GDP growth of the PRC of over 6% in 2021; and
- (v) a 5% buffer for any price fluctuations during the term of the 2021 Weichai Parts Purchase Agreement.

Taking into account and on the basis of the aforesaid factors, it is estimated that the relevant transaction amount will increase significantly by approximately RMB10,638 million for the year ending 31 December 2021 as compared to the actual transaction amount in 2020.

The 2021 Weichai Parts Purchase Agreement and the relevant proposed New Caps are subject to the reporting, announcement, annual review, and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Internal control procedures

In order to ensure that the prices of each of the transactions made under this sub-section A.8 are determined in accordance with the pricing policy applicable to the 2021 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 or 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 finance department will review and assess the quotations from both 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 Company has established procedures for monitoring the Continuing Connected Transactions under this sub-section A.8 in which various departments of the Group will be responsible for the implementation, monitoring and review of such procedures. The Group Securities Department 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 Group Securities Department 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 2021 Weichai Parts Purchase Agreement

In view of the possible completion of the Gratuitous Transfer (details of which is disclosed in section II.A above) during the term of the 2021 Weichai Parts Purchase Agreement, which would result in members of the SHIG Group (including the Weichai Group) becoming connected persons of the Company and accordingly, the transactions contemplated under the 2021 Weichai Parts Purchase Agreement will become continuing connected transactions of the Company.

Following cooperation with the Weichai Group in recent years, the use of engines produced by the Weichai Group has been met with a positive response within the market and customers of the Group often have requested for engines from the Weichai Group to be installed on their commercial vehicles. In view of such demand and recognition of the Group's vehicles installed with the Weichai Group's engines, the Board considers it an optimum opportunity for the Group to further expand its business operations. Accordingly, the Group intends to continue launching and promoting the sales of vehicle models installed with the Weichai Group's engines throughout the term of the 2021 Weichai Parts Purchase Agreement. Whilst this would result in a substantial increase in the Group's procurement of the Parts For Purchase from the Weichai Group, the expected increased sales of the Group's vehicles installed with the Weichai Group's engines is expected to increase the overall sale volumes of the products of the Group and, in turn, revenue of the Group. In addition, a further expansion of the procurement by the Group from the Weichai Group will enable the Group to better adjust to the transition in emission standards and tightening of environmental regulations and broaden the Group's understanding of the segment markets. Accordingly, the Board (excluding the independent non-executive Directors who will express their views in the circular after considering the advice of Gram Capital and excluding the CNHTC Interested Directors) believes that it is in the best interest of the Group to continue purchasing Parts For Purchase from the Weichai Group.

The terms of the 2021 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 Gram Capital and excluding the CNHTC Interested Directors) is of the view that the transactions contemplated under the 2021 Weichai Parts Purchase Agreement are on normal commercial terms, no less favourable than those available from independent third parties under prevailing local market conditions, the 2021 Weichai Parts Purchase Agreements was entered into in the ordinary and usual course of business of the Group, and the terms of the transactions under the 2021 Weichai Parts Purchase Agreement (including the proposed New Caps) are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

B. MTB Continuing Connected Transactions

In order to continue the existing Continuing Connected Transactions with the MTB Group following expiry of the 2021 MTB Parts Sales Agreement, on 31 March 2021, the Company (for itself and on behalf of its subsidiaries) and MAN Truck & Bus (for itself and on behalf of its associates) entered into 2023 MTB Parts Sales Agreement on terms substantially the same as those of the 2021 MTB Parts Sales Agreement. The 2023 MTB Parts Sales Agreement has a term of two years commencing on 1 January 2022 and ending on 31 December 2023.

Set out below are the details of the aforesaid renewed agreement.

2023 MTB Parts Sales Agreement

The principal terms of the 2023 MTB Parts Sales Agreement and the transactions contemplated thereunder are as follows:

Date	:	31 March 2021
Parties	:	(i) MAN Truck & Bus (ii) The Company
Term	:	Two years from 1 January 2022 to 31 December 2023 (both days inclusive)

Subject matter:

Pursuant to the 2023 MTB Parts Sales Agreement, the Group agreed to supply raw materials, auxiliary materials, parts and spare parts, semi-finished products for production and operation and moulds for the purposes of production of these spare parts, etc. (the “**MTB Sale Parts**”) to the MTB Group.

Other terms and details:

The terms of the 2023 MTB Parts Sales Agreement are substantially the same as those of the 2021 MTB Parts Sales Agreement.

Pursuant to the 2023 MTB Parts Sales Agreement, separate agreements will be entered into between the Group and the MTB Group which will further provide the details of the parts to be sold including quantity, specifications, price, delivery and acceptance method, means of transportation, location of delivery and payment terms. The payment terms for each batch of parts shall be based on normal commercial terms or industry practices as specified in the relevant separate agreement(s) provided that full payment shall be made within 90 days from the date of bill of lading.

Pricing

Pursuant to the 2023 MTB Parts Sales Agreement, the Group will supply the MTB Sale Parts to the MTB Group stipulated therein on terms which are no more favourable than those the Group offers to independent third parties. The prices for the MTB Sale Parts to be supplied under the 2023 MTB Parts Sales Agreement are determined based on:

- (i) for off-the-shelf parts

The prices of such MTB Sale Parts will be determined in accordance with a parts price list compiled by the Group for the relevant MTB Sale Parts offered to all its customers including independent customers and the MTB Group. The parts price list is made in accordance with the market price approach.

- (ii) for unique and proprietary parts

Since there is no prevailing market price for such parts, a cost plus profit margin approach is adopted for determining the prices for such parts. The profit margins of the MTB Sale Parts to be supplied by the Group under the 2023 MTB Parts Sales Agreement will be between 5% to 20% which were determined with reference to (i) the average profit margin of vehicles and the related manufacturing industry as published by the SASAC to independent third parties which were summarised in the Performance Appraisal Index, and (ii) the historical profit margins of similar products sold by the Group to independent third parties.

國務院國資委考核分配局 (Bureau of Performance Evaluation and Remuneration of SASAC*) prepared the Performance Appraisal Index in accordance with the relevant national regulations of the PRC and compiled the performance indicators including the profit margins of different industries including the automobile industry in 2019. These performance indicators were determined by mathematical statistics methods with reference to the financial statements of the state-owned enterprises of the relevant industries, the statistics data provided by the relevant statistics authorities of the PRC, the performance information of the relevant industrial associations and the objective analysis of the operation status of the various industries of national economy in the PRC in 2019. The sales profit margins published in the Performance Appraisal Index are neither government-prescribed price nor guidance price. For the past three years, sales profit margins of the relevant parts subject to the 2023 MTB Parts Sales Agreement remain in the range of 5% to 20%.

Existing annual caps

The following table summarises the existing annual caps for the transactions contemplated under the 2020 MTB Parts Sales Agreement and the 2021 MTB Parts Sales Agreement for each of the three years ending 31 December 2021, respectively:

	For the year ended 31 December 2019 RMB'000	For the year ended 31 December 2020 RMB'000	For the year ending 31 December 2021 RMB'000
Existing annual caps	489,000	765,000	600,000

Historical transaction amounts

The following table summarises the approximate historical amounts under the 2020 MTB Parts Sales Agreement and the 2021 MTB Parts Sales Agreement for the two years ended 31 December 2020 and the two months ended 28 February 2021, respectively:

	For the year ended 31 December 2019 RMB'000	For the year ended 31 December 2020 RMB'000	For the two months ended 28 February 2021 RMB'000
Historical transaction amounts	14,891	104,452	9,771

New Caps and basis

The following table shows the New Caps for the two years ending 31 December 2023 for the transactions contemplated under the 2023 MTB Parts Sales Agreement:

	For the year ending 31 December 2022 RMB'000	For the year ending 31 December 2023 RMB'000
New Caps	621,000	657,000

The New Caps for the two years ending 31 December 2023 for the transactions contemplated under the 2023 MTB Parts Sales Agreement were determined after considering the following factors:

- (i) the historical transaction amounts under the 2020 MTB Parts Sales Agreement and the 2021 MTB Parts Sales Agreement for the two years ended 31 December 2020 and the two months ended 28 February 2021, in particular:

- a. the fact that the relatively low transaction amount during the two years ended 31 December 2019 was largely due to the internal group restructuring of the MTB Group (which led to loss of certain orders); and
 - b. despite the quick growth in transaction amount from January to May 2020, the transaction amount decreased in June to December 2020 as a result of the temporary shift in certain governmental policies in the end customers' regions. The effect of such policy have ceased by the end of 2020, resulting in the relevant transaction amount demonstrating a rebound for the two months ended 28 February 2021;
- (ii) the preliminary indication by the MTB Group on the demand of the MTB Sale Parts under the 2023 MTB Parts Sales Agreement;
 - (iii) the sales plan of the Group for the two years ending 31 December 2023; and
 - (iv) allowance for any unexpected increase in demand and selling prices during the term of the 2023 MTB Parts Sales Agreement.

Internal control procedures

In order to ensure that the prices of each of the transactions made under this sub-section B are determined in accordance with the pricing policy applicable to the 2023 MTB Parts Sales Agreement and that the prices are no more favourable to the MTB Group than those offered to independent third parties, the prices of the transactions will be determined by the same Parts Price List available to all customers of the Group including independent customers and the MTB Group, which is approved by the responsible management or executive Directors. The Parts Price List is reviewed on an annual basis. Hence, as the same Parts Price List is applicable to all of the Group's customers, the prices offered to the MTB Group will be no more favourable than those offered to independent customers. The final price is determined by the contracting parties' business teams with reference to the Parts Price List, the overall market circumstances, size of the order and payment methods which is based on the principles of fairness and reasonableness, and such price will be ultimately approved by the senior management of the Company or its relevant subsidiaries. The senior management of the Group first approves the sales promotional programs which are applicable to all customers including independent third parties. The business department will update the promotion prices to the sales and operating systems and the internal audit departments of the subsidiaries or the Group will carry out periodic sample-testing over such promotion prices.

Further, the Company has established procedures for monitoring the Continuing Connected Transactions under this sub-section B in which various departments of the Group will be responsible for the implementation, monitoring and review of such procedures. The Group Securities Department 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 Group Securities Department 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 MTB Parts Sales Agreement

The MTB Group has been purchasing parts such as cabins, axles, engines, components, semi-finished products, moulds, etc. which are manufactured based on the technology of the MAN Group from the Group since 2014. The 2021 MTB Parts Sales Agreement will expire by the end of 2021 and the Group intends to continue such transactions with the MTB Group.

The 2023 MTB Parts Sales Agreement was entered into between the parties thereto as a framework agreement to govern and regulate the supply of the MTB Sale Parts by the Group to the MTB Group. According to the preliminary indication by the MTB Group, the MTB Group will increase its demand on parts such as cabins, axles, engines, components, semi-finished products, moulds, etc. from the Group during the term of the 2023 MTB Parts Sales Agreement. The Board (including the independent non-executive Directors but excluding the MAN Interested Directors) believes that it is in the best interest of the Group to continue supplying the MTB Sale Parts to the MTB Group as this will optimise the utilisation rate of the Group's production facilities, increase the sales of parts manufactured by the Group and hence provide business growth opportunity to the Group.

The terms of the 2023 MTB Parts Sales Agreement were made after arm's length negotiations between the Company and MAN Truck & Bus. The Board (including the independent non-executive Directors but excluding the MAN Interested Directors) is of the view that the transactions contemplated under the 2023 MTB Parts Sales Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group, and that the terms of the transactions under the 2023 MTB Parts Sales Agreement (including the New Caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IV. INFORMATION ON THE PARTIES TO THE 2023 CNHTC CCT AGREEMENTS, THE 2021 WEICHAI CCT AGREEMENTS AND THE 2023 MTB PARTS SALES AGREEMENT

The Company

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

CNHTC

As at the 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 ultimately governed and controlled by 山東省人民政府 (Shandong Provincial People's Government*).

Weichai Holdings

Weichai Holdings is a company established in the PRC with limited liability. According to the public information available, the Weichai Group (including Weichai Power and its subsidiaries) 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. 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 山東國惠投資有限公司(Shandong Guohui Investment Co., Ltd.*) and 10% by 山東省社會保障基金理事會(Shandong Provincial Council for Social Security Fund*).

MAN Truck & Bus

As at the date of this announcement, MAN Finance and Holding S.A. is the holder of 25% of the entire issued share capital of the Company plus one Share. Both MAN Finance and Holding S.A. and MAN Truck & Bus are wholly owned subsidiaries of MAN SE (the shares of which are listed on the German Stock Exchange in Germany (stock code: ISIN DE0005937007, WKN 593700 and symbol MAN)), which is in turn owned as to 94.36% by TRATON SE (the shares of which are listed on the Frankfurt Stock Exchange and NASDAQ STOCKHOLM (stock code: ISIN DE000TRAT0N7, WKN TRAT0N and symbol 8TRA)). Both MAN Truck & Bus and the MTB Group are principally engaged in the commercial vehicles business.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, MAN Truck & Bus is ultimately beneficially owned by FPFPS, an Austrian private foundation (Privatstiftung) (trust) which is ultimately managed by (i) the foundation management board comprising Louise Kiesling, Günther Horvath and Mark Philipp Porsche, and (ii) the foundation advisory board comprising Louise Kiesling, Peter Daniell Porsche, Christian Porsche, Mark Philipp Porsche and Geraldine Porsche.

V. IMPLICATIONS UNDER THE LISTING RULES

CNHTC is a substantial shareholder of the Company and a connected person of the Company. Accordingly, the transactions between the Group and the CNHTC Group as contemplated under the 2023 CNHTC CCT Agreements constitute continuing connected transactions of the Company.

As disclosed in the Gratuitous Transfer Announcements, upon completion of the Gratuitous Transfer, SHIG would be entitled to exercise 65% of the voting rights in the general meetings of CNHTC. As such, SHIG will then become a substantial shareholder of the Company, and Weichai Holdings, being a wholly-owned subsidiary of SHIG, will then become a connected person of the Company under Chapter 14A of the Listing Rules. Insofar as the Company is aware, as at the date of this announcement, the Gratuitous Transfer has not been completed and therefore the transactions between the Group and the Weichai Group do not constitute connected transactions of the Company. However, upon completion of the Gratuitous Transfer, the transactions contemplated under each of the 2021 Weichai CCT Agreements will become continuing connected transactions of the Company.

MAN Truck & Bus is a non-wholly owned subsidiary of FPFPS, which is, in turn, a substantial shareholder of the Company. As such, MAN Truck & Bus is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the 2023 MTB Parts Sales Agreement constitute continuing connected transactions of the Company.

As the highest applicable percentage ratio calculated pursuant to the Listing Rules in respect of the transactions contemplated under the 2023 CNHTC Reporting CCT Agreements, the 2021 Weichai Reporting CCT Agreement and the 2023 MTB Parts Sales Agreement (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.

As the highest percentage ratio calculated pursuant to the Listing Rules in respect of the transactions contemplated under the 2023 CNHTC Non-exempt CCT Agreement and the 2021 Weichai Non-exempt CCT Agreement (on an annual basis) exceeds 5%, such transactions constitute Non-exempt Continuing Connected Transactions of the Company and accordingly the 2023 CNHTC Non-exempt CCT Agreement, the 2021 Weichai Non-exempt CCT Agreement and their proposed New Caps will be subject to the reporting and announcement requirements, the annual review requirements, and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

At the Board meeting held on 31 March 2021 approving, inter alia, the 2023 CNHTC CCT Agreements, the 2021 Weichai CCT Agreements and 2023 MTB Parts Sales Agreement, in view of their respective positions in the relevant connected persons, (i) the CNHTC Interested Directors, namely Mr. Cai Dong, Mr. Liu Zhengtao, Mr. Dai Lixin, Ms. Qu Hongkun, Mr. Li Shaohua and Mr. Jiang Kui have abstained from voting on the resolutions approving the 2023 CNHTC CCT Agreements and the 2021 Weichai CCT Agreements, and the transactions contemplated thereunder, and (ii) the MAN Interested Directors, namely Mr. Richard von Braunschweig, Ms. Annette Danielski, Mr. Matthias Gründler and Dr. h.c. Andreas Tostmann, have abstained from voting on the resolutions approving the transactions contemplated under the 2023 MTB Parts Sales Agreement. Save as disclosed above, none of the Directors has a material interest in the 2023 Continuing Connected Transactions.

VI. 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 2023 CNHTC Non-exempt CCT Agreement, the 2021 Weichai Non-exempt CCT 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, Mr. Yang Weicheng, Dr. Wang Dengfeng, Mr. Zhao Hang and Mr. Liang Qing) has been formed to advise the Independent Shareholders with respect to the Non-exempt Continuing Connected Transactions (including the 2023 CNHTC Non-exempt CCT Agreement, the 2021 Weichai Non-exempt CCT Agreement and the relevant proposed New Caps). Gram Capital 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 2023 CNHTC Non-exempt CCT Agreement, the 2021 Weichai Non-exempt CCT Agreement and the relevant proposed New Caps), a letter from the Independent Board Committee, the recommendations of Gram Capital, together with a notice of the general meeting will be despatched to the Shareholders on or about 26 April 2021.

VII. DEFINITIONS

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

“2020 MTB Parts Sales Agreement”	the agreement dated 7 December 2017 entered into between MAN Truck & Bus and the Company pursuant to which the Group agreed to sell raw materials, auxiliary materials, parts and spare parts, semi-finished products for production and operation and moulds for the purposes of production of these spare parts, etc. to MAN Truck & Bus and its subsidiaries
“2020 Weichai Possible Parts Purchase Agreement”	the parts purchase agreement entered into between the Company (for itself and on behalf of its subsidiaries) and Weichai Holdings (for itself and on behalf of its subsidiaries) dated 16 December 2019 in relation to the purchase of raw materials, components, parts and semi-finished products by the Group from the Weichai Group
“2020 Weichai Possible Parts Sales Agreement”	the parts sales agreement entered into between the Company (for itself and on behalf of its subsidiaries) and Weichai Holdings (for itself and on behalf of its subsidiaries) dated 16 December 2019 in relation to the sale of the raw materials, components, parts and semi-finished products by the Group to the Weichai Group
“2021 CNHTC CCT Agreements”	the 2021 Property Leasing In Agreement, the 2021 CNHTC Guarantee Agreement, the 2021 Financial Services Agreement, the 2021 Products Sales Agreement, the 2021 Products Purchase Agreement, the 2021 Parts Sales Agreement, and the 2021 Technology Support and Services Agreement

“2021 CNHTC Guarantee Agreement”	the guarantee agreement entered into between the Company (for itself and on behalf of its subsidiaries) and CNHTC (for itself and on behalf of its associates but excluding the Group) on 26 March 2018, under which the relevant member of the CNHTC Group agreed to provide credit guarantee to the Company in respect of the payment obligations of loans to customers of the CNHTC Group
“2021 Financial Services Agreement”	the financial services agreement entered into between the Company (for itself and on behalf of its subsidiaries and CNHTC (for itself and on behalf of its associates but excluding the Group) on 26 March 2018 (as amended and supplemented by supplemental agreements dated 3 April 2018 and 16 April 2018, respectively), under which the Group agreed to provide a range of financial services to the CNHTC Group
“2021 MTB Parts Sales Agreement”	the agreement dated 10 December 2020 entered into between MAN Truck & Bus and the Company pursuant to which the Group agreed to sell raw materials, auxiliary materials, parts and spare parts, semi-finished products for production and operation and moulds for the purposes of production of these spare parts, etc. to MAN Truck & Bus and its subsidiaries
“2021 Parts Purchase Agreement”	the parts purchase agreement entered into between CNHTC (for itself and on behalf of its associates but excluding the Group) as supplier and the Company (for itself and on behalf of its subsidiaries) as purchaser on 26 March 2018, under which the CNHTC Group agreed to supply raw materials, parts, components, semi-finished products, etc. to the Group

“2021 Parts Sales Agreement”	the parts sales agreement entered into between the Company (for itself and on behalf of its subsidiaries) as supplier and CNHTC (for itself and on behalf of its associates but excluding the Group) as purchaser on 26 March 2018, under which the Group agreed to supply raw materials, parts, components, semi-finished products, etc. to the CNHTC Group
“2021 Products Purchase Agreement”	the products purchase agreement entered into between CNHTC (for itself and on behalf of its associates but excluding the Group) as supplier and the Company (for itself and on behalf of its subsidiaries) as purchaser on 26 March 2018, under which the CNHTC Group agreed to sell products including refitted trucks, etc. to the Group
“2021 Products Sales Agreement”	the products sales agreement entered into between the Company (for itself and on behalf of its subsidiaries) as supplier and CNHTC (for itself and on behalf of its associates but excluding the Group) as purchaser on 26 March 2018, under which the Group agreed to supply products including trucks, chassis, semi-tractor trucks, etc. to the CNHTC Group
“2021 Property Leasing In Agreement”	the leasing framework entered into between the Company (for itself and on behalf of its subsidiaries) and CNHTC (for itself and on behalf of its associates but excluding the Group) on 26 March 2018, under which the CNHTC Group agreed to provide leasing services including lease of land, office buildings, factory premises, etc. to the Group
“2021 Technology Support and Services Agreement”	the agreement dated 26 March 2018 entered into between the Company (for itself and on behalf of its subsidiaries) and CNHTC (for itself and on behalf of its associates but excluding the Group), under which the CNHTC Group agreed to provide technology support and services to the CNHTC Group

“2021 Weichai CCT Agreements”	the 2021 Weichai Parts Sales Agreement and the 2021 Weichai Parts Purchase Agreement
“2021 Weichai Non-exempt CCT Agreement”	the 2021 Weichai Parts Purchase Agreement
“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 but excluding the Group), details of which are set out in section II.A.8 in this announcement
“2021 Weichai Parts Sales 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 but excluding the Group), details of which are set out in section II.A.7.(b) in this announcement
“2021 Weichai Reporting CCT Agreement”	the 2021 Weichai Parts Sales Agreement
“2021/2023 Parts Sales Agreements”	the 2023 CNHTC Parts Sales Agreement and the 2021 Weichai Parts Sales Agreement
“2023 CNHTC CCT Agreements”	the 2023 CNHTC Property Leasing In Agreement, the 2023 CNHTC Guarantee Agreement, the 2023 Financial Services Agreement, the 2023 CNHTC Products Sales Agreement, the 2023 Products Purchase Agreement, the 2023 CNHTC Parts Sales Agreement and the 2023 CNHTC Technology Support and Services Agreement
“2023 CNHTC Guarantee Agreement”	the agreement dated 31 March 2021 entered into between the Company (for itself and on behalf of its subsidiaries) and CNHTC (for itself and on behalf of its associates but excluding the Group), details of which are set out in section II.A.2 in this announcement
“2023 CNHTC Non-exempt CCT Agreement”	the 2023 Products Purchase Agreement

“2023 CNHTC Parts Sales Agreement”	the agreement dated 31 March 2021 entered into between the Company (for itself and on behalf of its subsidiaries) and CNHTC (for itself and on behalf of its associates but excluding the Group), details of which are set out in section II.A.7.(a) in this announcement
“2023 CNHTC Products Sales Agreement”	the agreement dated 31 March 2021 entered into between the Company (for itself and on behalf of its subsidiaries) and CNHTC (for itself and on behalf of its associates but excluding the Group), details of which are set out in section II.A.4 in this announcement
“2023 CNHTC Property Leasing In Agreement”	the agreement dated 31 March 2021 entered into between the Company (for itself and on behalf of its subsidiaries) and CNHTC (for itself and on behalf of its associates but excluding the Group), details of which are set out in section II.A.1 in this announcement
“2023 CNHTC Reporting CCT Agreements”	the 2023 CNHTC Property Leasing In Agreement, the 2023 CNHTC Guarantee Agreement, the 2023 Financial Services Agreement, the 2023 CNHTC Products Sales Agreement, the 2023 CNHTC Technology Support and Services Agreement and the 2023 CNHTC Part Sales Agreement
“2023 CNHTC Technology Support and Services Agreement”	the agreement dated 31 March 2021 entered into between the Company (for itself and on behalf of its subsidiaries) and CNHTC (for itself and on behalf of its associates but excluding the Group), details of which are set out in section II.A.5 in this announcement
“2023 Financial Services Agreement”	the agreement dated 31 March 2021 entered into between the Company (for itself and on behalf of its subsidiaries) and CNHTC (for itself and on behalf of its associates but excluding the Group), details of which are set out in section II.A.3 in this announcement

“2023 MTB Parts Sales Agreement”	the agreement dated 31 March 2021 entered into between the Company and MAN Truck & Bus, details of which are set out in section II.B. in this announcement
“2023 Products Purchase Agreement”	the agreement dated 31 March 2021 entered into between the Company (for itself and on behalf of its subsidiaries) and CNHTC (for itself and on behalf of its associates but excluding the Group), details of which are set out in section II.A.6 in this announcement
“Annual CCT Review Reporting”	has the meaning ascribed thereto under the section headed “II. Continuing Connected Transactions — A. CNHTC Continuing Connected Transactions and Weichai Continuing Connected Transactions — 1. 2023 CNHTC Property Leasing In Agreement — Internal control procedures” in this announcement
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“CNHTC”	中國重型汽車集團有限公司 (China National Heavy Duty Truck Group Company Limited*), a state-owned enterprise organised under the laws of the PRC with limited liability, being the substantial shareholder of the Company
“CNHTC Group”	CNHTC and its associates but excluding the Group
“CNHTC Continuing Connected Transaction(s)”	the continuing connected transaction(s) between the Group and the CNHTC Group as described under sections II.A.1, II.A.2, II.A.3, II.A.4, II.A.5, II.A.6 and II.A.7.(a) in this announcement
“CNHTC Interested Director(s)”	Mr. Cai Dong, Mr. Liu Zhengtao, Mr. Dai Lixin, Ms. Qu Hongkun, Mr. Li Shaohua and Mr. Jiang Kui
“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), the Weichai Continuing Connected Transaction(s) and the MTB Continuing Connected Transaction(s)
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Datong Gear Company”	中國重汽集團大同齒輪有限公司 (China National Heavy Duty Truck Group Datong Gear Co., Ltd.*), a company established in the PRC with limited liability
“Director(s)”	the director(s) of the Company
“Eligible Member”	has the meaning ascribed thereto under the section headed “II. Continuing Connected Transactions — A. CNHTC Continuing Connected Transactions and Weichai Continuing Connected Transactions — 3. 2023 Financial Services Agreement — other terms and details” in this announcement
“Eligible Member Finance Department”	has the meaning ascribed thereto under the section headed “II. Continuing Connected Transactions — A. CNHTC Continuing Connected Transactions and Weichai Continuing Connected Transactions — 3. 2023 Financial Services Agreement — Internal control measures” in this announcement
“FPFPS”	Ferdinand Porsche Familien-Privatstiftung, an Austrian private foundation (Privatstiftung) (trust), being the beneficial owner of 25% of the entire issued share capital of the Company plus 1 Share
“Gratuitous Transfer”	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 Government) to SHIG for nil consideration (無償劃轉)

“Gratuitous Transfer Announcements”	the announcements of the Company dated 29 September 2019, 13 December 2019 and 20 December 2019 relating to the Gratuitous Transfer
“Group”	the Company and its subsidiaries
“Group Finance Department”	has the meaning ascribed thereto under the section headed “II. Continuing Connected Transactions — A. CNHTC Continuing Connected Transactions and Weichai Continuing Connected Transactions — 1. 2023 CNHTC Property Leasing In Agreement — Internal control procedures” in this announcement
“Group Internal Audit Department”	has the meaning ascribed thereto under the section headed “II. Continuing Connected Transactions — A. CNHTC Continuing Connected Transactions and Weichai Continuing Connected Transactions — 1. 2023 CNHTC Property Leasing In Agreement — Internal control procedures” in this announcement
“Group Securities Department”	has the meaning ascribed thereto under the section headed “II. Continuing Connected Transactions — A. CNHTC Continuing Connected Transactions and Weichai Continuing Connected Transactions — 1. 2023 CNHTC Property Leasing In Agreement — Internal control procedures” 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, Mr. Yang Weicheng, Dr. Wang Dengfeng, Mr. Zhao Hang and Mr. Liang Qing
“Independent Financial Adviser” or “Gram Capital”	Gram 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 2023 CNHTC Non-exempt CCT Agreement and the 2021 Weichai Non-exempt CCT 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 2023 CNHTC Non-exempt CCT Agreement and the 2021 Weichai Non-exempt CCT Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MAN Group”	MAN SE and its subsidiaries
“MAN Interested Director(s)”	being (i) Mr. Richard von Braunschweig, an executive Director, who is also the head of cooperations, M&A in MAN Truck & Bus, (ii) Ms. Annette Danielski, a non-executive Director, who is also the head of group finance within TRATON SE (the holding company of MAN SE), a member of the supervisory board of MAN SE as well as MAN Truck & Bus, (iii) Mr. Matthias Gründler, a non-executive Director, who is also the chief executive officer of TRATON SE and the chairman of the supervisory board of MAN SE and MAN Truck & Bus, and (iv) Dr. h.c. Andreas Tostmann, a non-executive Director, who is also a member of the executive board of TRATON SE as well as the chief executive officer of MAN SE and MAN Truck Bus
“MAN SE”	MAN SE, a company incorporated under the laws of Germany with limited liability, being a non-wholly owned subsidiary of FPFPS and the shares of which are listed on the German Stock Exchange in Germany (stock code: ISIN DE0005937007, WKN 593700 and symbol MAN)
“MAN Truck & Bus”	MAN Truck & Bus SE (formerly known as “MAN Truck & Bus AG”), a company incorporated under the laws of Germany and is a wholly-owned subsidiary of MAN SE

“Monthly CCT Transactions Summary”	has the meaning ascribed thereto under the section headed “II. Continuing Connected Transactions — A. CNHTC Continuing Connected Transactions and Weichai Continuing Connected Transactions — 1. 2023 CNHTC Property Leasing In Agreement — Internal control procedures” in this announcement
“MTB Continuing Connected Transactions”	the continuing connected transactions between the Group and the MTB Group as described under section II.B. in this announcement
“MTB Group”	MAN Truck & Bus and its associates
“MTB Sale Parts”	has the meaning ascribed thereto under the section headed “II. Continuing Connected Transactions — B. MTB Continuing Connected Transactions — 2023 MTB Parts Sales Agreement” in this announcement
“New Cap(s)”	the new annual cap(s) for the Continuing Connected Transactions as set out in section II in this announcement
“Non-exempt Continuing Connected Transaction(s)”	being the Continuing Connected Transaction(s) as set out in sections II.A.6 and II.A.8 in this announcement, which are subject to reporting, announcement, annual review, and the Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules
“Parts For Sale”	has the meaning ascribed thereto under the section headed “II. Continuing Connected Transactions — A. CNHTC Continuing Connected Transactions and Weichai Continuing Connected Transactions — 7. 2021/2023 Parts Sales Agreements — (a) 2023 CNHTC Parts Sales Agreement” in this announcement
“Parts for Purchase”	has the meaning ascribed thereto under the section headed “II. Continuing Connected Transactions — A. CNHTC Continuing Connected Transactions and Weichai Continuing Connected Transactions — 8. 2021 Weichai Parts Purchase Agreement” in this announcement

“Parts Price List”	has the meaning ascribed thereto under the section headed “II. Continuing Connected Transactions — A. CNHTC Continuing Connected Transactions and Weichai Continuing Connected Transactions — 7. 2021/2023 Parts Sales Agreements — (a) 2023 CNHTC Parts Sales Agreement” in this announcement
“Performance Appraisal Index”	has the meaning ascribed thereto under the section headed “II. Continuing Connected Transactions — A. CNHTC Continuing Connected Transactions and Weichai Continuing Connected Transactions — 6. 2023 Products Purchase Agreement” in this announcement
“Products For Sale”	has the meaning ascribed thereto under the section headed “II. Continuing Connected Transactions — A. CNHTC Continuing Connected Transactions and Weichai Continuing Connected Transactions — 4. 2023 CNHTC Products Sales Agreement” in this announcement
“Products Price List”	has the meaning ascribed thereto under the section headed “II. Continuing Connected Transactions — A. CNHTC Continuing Connected Transactions and Weichai Continuing Connected Transactions — 4. 2023 CNHTC Products Sales Agreement” 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 “II. Continuing Connected Transactions — A. CNHTC Continuing Connected Transactions and Weichai Continuing Connected Transactions — 1. 2023 CNHTC Property Leasing In Agreement — Internal control procedures” in this announcement
“Refitted Products”	has the meaning ascribed thereto under the section headed “II. Continuing Connected Transactions — A. CNHTC Continuing Connected Transactions and Weichai Continuing Connected Transactions — 6. 2023 Products Purchase Agreement” in this announcement

“Regular CCT Meetings”	has the meaning ascribed thereto under the section headed “II. Continuing Connected Transactions and Weichai Continuing Connected Transactions — A. CNHTC Continuing Connected Transactions — 1. 2023 CNHTC Property Leasing In Agreement — Internal control procedures” in this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“Share(s)”	ordinary share(s) in the capital of the Company
“Shareholder(s)”	holder(s) of the 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 will become a controlling shareholder of the Company upon completion of the Gratuitous Transfer
“SHIG Group”	SHIG and its subsidiaries
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TRATON SE”	a company incorporated under the laws of Germany with limited liability, being a non-wholly owned subsidiary of FPFPS and the shares of which are listed on the Frankfurt Stock Exchange and NASDAQ STOCKHOLM (stock code: ISIN DE000TRAT0N7, WKN TRAT0N and symbol 8TRA)
“Underlying CNHTC Customer Loan(s)”	has the meaning ascribed thereto under the section headed “II. Continuing Connected Transactions — A. CNHTC Continuing Connected Transactions and Weichai Continuing Connected Transactions — 2. 2023 CNHTC Guarantee Agreement” in this announcement

“Weichai Continuing Connected Transactions”	the continuing connected transaction(s) between the Group and the Weichai Group as described under the sections II.A.7.(b) and II.A.8 in this announcement
“Weichai Group”	Weichai Holdings and its associates
“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 will become a connected person of the Company upon completion of the Gratuitous Transfer
“%”	per cent

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

Ji’nan, the PRC, 31 March 2021

As at the date of this announcement, the board of the Company consists of seven executive directors of the Company including Mr. Cai Dong, Mr. Liu Zhengtao, Mr. Liu Wei, Mr. Dai Lixin, Mr. Richard von Braunschweig, Ms. Qu Hongkun and Mr. Li Shaohua; four non-executive directors of the Company including Mr. Jiang Kui, Ms. Annette Danielski, Mr. Matthias Gründler and Dr. h.c. Andreas Tostmann; and six independent non-executive directors of the Company including Dr. Lin Zhijun, Mr. Yang Weicheng, Dr. Wang Dengfeng, Mr. Zhao Hang, Mr. Liang Qing and Mr. Lyu Shousheng.

** For identification purposes only*