
THIS SUPPLEMENTAL CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this supplemental circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Sinotruk (Hong Kong) Limited, you should at once hand this supplemental circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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SINOTRUK (HONG KONG) LIMITED

中國重汽(香港)有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 03808)

SUPPLEMENTAL CIRCULAR TO THE AGM CIRCULAR

**REVISION OF ANNUAL CAPS OF
EXISTING CONTINUING CONNECTED TRANSACTIONS**

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



This supplemental circular should be read together with the circular issued by the Company to the Shareholders dated 24 May 2024 (the “**AGM Circular**”). A notice of the annual general meeting of Sinotruk (Hong Kong) Limited to be held at 3:00 p.m. on Friday, 28 June 2024 at the meeting centre at No. 688 Shunhua South Road, Licheng District, Ji’nan City, Shandong Province, PRC (as the principal meeting venue) and Level 22, Nexxus Building, 41 Connaught Road Central, Hong Kong (as the additional meeting venue) is set out on pages AGM-1 to AGM-3 of the AGM Circular.

A letter from the Board is set out on pages 7 to 23 of this supplemental circular and a letter from the independent board committee of the Company, containing its recommendation to the independent shareholders of the Company, is set out on pages 24 to 25 of this supplemental circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and Independent Shareholders is set out on pages 26 to 37 of this supplemental circular.

Whether or not you are able to attend the meeting in person, please complete the form of proxy enclosed with the AGM Circular in accordance with the instructions printed thereon and return it to the Company’s share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as practicable and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

24 May 2024

TABLE OF CONTENTS

	<i>Pages</i>
Definitions	1
Letter from the Board	7
Letter from the Independent Board Committee	24
Letter from the Independent Financial Adviser	26
Appendix I — General information	I-1

DEFINITIONS

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

“2026 CNHTC Purchase of Goods Agreement”	the purchase of goods agreement dated 31 March 2023 entered into between the Company (for itself and on behalf of its subsidiaries) and CNHTC (for itself and on behalf of the CNHTC Group), details of which are set out in section IV.A.2 in the Company’s announcement dated 31 March 2023
“2026 CNHTC Sale of Goods Agreement”	the sale of goods agreement dated 31 March 2023 entered into between the Company (for itself and on behalf of its subsidiaries) and CNHTC (for itself and on behalf of the CNHTC Group), details of which are set out in section IV.A.1 in the Company’s announcement dated 31 March 2023
“AGM”	the annual general meeting of the Company to be held on 28 June 2024 or any adjournment thereof, details of which are set out in the AGM Circular
“AGM Circular”	the circular of the Company dated 24 May 2024
“AGM Notice”	notice convening the AGM dated 24 May 2024, as set out on pages AGM-1 to AGM-3 of the AGM Circular
“Annual CCT Review Reporting”	has the meaning ascribed thereto under the section headed “Non-exempt Supplemental Agreements — 1. Supplemental Agreement to the 2026 CNHTC Sale of Goods Agreement — Internal control procedures” in the letter from the Board contained in this supplemental circular
“Associate(s)”	has the meaning ascribed to an “associate” under Rule 14A.06(2) of the Listing Rules, and further includes any company that constitutes a connected subsidiary of the Company pursuant to Rule 14A.16 of the Listing Rules due to such associate’s shareholding therein
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Capital Operation Department”	has the meaning ascribed thereto under the section headed “Non-exempt Supplemental Agreements — 1. Supplemental Agreement to the 2026 CNHTC Sale of Goods Agreement — Internal control procedures” in the letter from the Board contained in this supplemental circular

DEFINITIONS

“CNHTC”	中國重型汽車集團有限公司 (China National Heavy Duty Truck Group Company Limited*), a state-owned enterprise organised under the laws of the PRC with limited liability, being the substantial shareholder of the Company
“CNHTC Group”	CNHTC and its Associates but excluding any member of the Group which constitutes an associate of CNHTC solely due to CNHTC’s indirect interest in the shares of the Company
“CNHTC Interested Director”	being Mr. Wang Zhijian, Mr. Wang Chen, Mr. Liu Wei, Mr. Zhang Wei, Ms. Li Xia and Ms. Zhao Hong (resigned as a Director on 13 May 2024)
“CNHTC New Energy Subsidiary”	has the meaning ascribed thereto under the section headed “Non-exempt Supplemental Agreements — 1. Supplemental Agreement to the 2026 CNHTC Sale of Goods Agreement — Reasons for and benefits of entering into the Non-exempt Supplemental Agreement to the 2026 CNHTC Sale of Goods Agreement and basis for the proposed Revised Caps” in the letter from the Board contained in this supplemental circular
“Company”	Sinotruk (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Continuing Connected Transaction(s)”	the continuing transaction(s) between the Group and connected person(s) that constitutes continuing connected transactions pursuant to Chapter 14A of the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“FPFPS”	Ferdinand Porsche Familien-Privatstiftung, an Austrian private foundation (<i>Privatstiftung</i>) (trust), being the beneficial owner of 25% of the entire issued share capital of the Company plus 1 Share
“Goods For Purchase”	has the meaning ascribed thereto under the section headed “Non-exempt Supplemental Agreements — 2. Supplemental Agreement to the 2026 CNHTC Purchase of Goods Agreement — Subject matter” in the letter from the Board contained in this supplemental circular

DEFINITIONS

“Goods For Sale”	has the meaning ascribed thereto under the section headed “Non-exempt Supplemental Agreements — 1. Supplemental Agreement to the 2026 CNHTC Sale of Goods Agreement — Subject matter” in the letter from the Board contained in this supplemental circular
“Group”	the Company and its subsidiaries
“Group Finance & Operation Management Department”	has the meaning ascribed thereto under the section headed “Non-exempt Supplemental Agreements — 1. Supplemental Agreement to the 2026 CNHTC Sale of Goods Agreement — Internal control procedures” in the letter from the Board contained in this supplemental circular
“Group Internal Audit Department”	has the meaning ascribed thereto under the section headed “Non-exempt Supplemental Agreements — 1. Supplemental Agreement to the 2026 CNHTC Sale of Goods Agreement — Internal control procedures” in the letter from the Board contained in this supplemental circular
“HDT”	heavy duty trucks and medium-heavy duty trucks
“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. Wang Dengfeng, Mr. Zhao Hang, Mr. Liang Qing, Mr. Zhang Zhong and Dr. Liu Xiaolun
“Independent Financial Adviser” or “South China Capital”	South China Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Non-exempt Supplemental Agreements
“Independent Shareholders”	Shareholders who are not required to abstain from voting at the general meeting of the Company in respect of the transactions contemplated under the Non-exempt Supplemental Agreements
“Latest Practicable Date”	Monday, 20 May 2024, being the latest practicable date prior to the printing of this supplemental circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Monthly CCT Transactions Summary”	has the meaning ascribed thereto under the section headed “Non-exempt Supplemental Agreements — 1. Supplemental Agreement to the 2026 CNHTC Sale of Goods Agreement — Internal control procedures” in the letter from the Board contained in this supplemental circular
“Non-exempt Continuing Connected Transaction(s)”	being the Continuing Connected Transaction(s) as set out in the section “Non-exempt Supplemental Agreements” in the letter from the Board contained in this supplemental circular, which are subject to reporting, announcement, annual review, and the Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules
“Non-exempt Supplemental Agreements”	the supplemental agreements to the 2026 CNHTC Sale of Goods Agreement and the 2026 CNHTC Purchase of Goods Agreement, details of which are set out in sections “Non-exempt Supplemental Agreements — 1. Supplemental Agreement to the 2026 CNHTC Sale of Goods Agreement” and “Non-exempt Supplemental Agreements — 2. Supplemental Agreement to the 2026 CNHTC Purchase of Goods Agreement” in the letter from the Board contained in this supplemental circular, and a “Non-exempt Supplemental Agreement” means any one of them
“Parts For Purchase”	has the meaning ascribed thereto under the section headed “Non-exempt Supplemental Agreements — 2. Supplemental Agreement to the 2026 CNHTC Purchase of Goods Agreement — Subject matter” in the letter from the Board contained in this supplemental circular
“Parts For Sale”	has the meaning ascribed thereto under the section headed “Non-exempt Supplemental Agreements — 1. Supplemental Agreement to the 2026 CNHTC Sale of Goods Agreement — Subject matter” in the letter from the Board contained in this supplemental circular
“Parts Price List”	has the meaning ascribed thereto under the section headed “Non-exempt Supplemental Agreements — 1. Supplemental Agreement to the 2026 CNHTC Sale of Goods Agreement — Other terms and details — Pricing” in the letter from the Board contained in this supplemental circular
“Performance Appraisal Index”	has the meaning ascribed thereto under the section headed “Non-exempt Supplemental Agreements — 1. Supplemental Agreement to the 2026 CNHTC Sale of Goods Agreement — Other terms and details — Pricing” in the letter from the Board contained in this supplemental circular

DEFINITIONS

“Products For Purchase”	has the meaning ascribed thereto under the section headed “Non-exempt Supplemental Agreements — 2. Supplemental Agreement to the 2026 CNHTC Purchase of Goods Agreement — Subject matter” in the letter from the Board contained in this supplemental circular
“Products For Sale”	has the meaning ascribed thereto under the section headed “Non-exempt Supplemental Agreements — 1. Supplemental Agreement to the 2026 CNHTC Sale of Goods Agreement — Subject matter” in the letter from the Board contained in this supplemental circular
“Products Price List”	has the meaning ascribed thereto under the section headed “Non-exempt Supplemental Agreements — 1. Supplemental Agreement to the 2026 CNHTC Sale of Goods Agreement — Other terms and details — Pricing” in the letter from the Board contained in this supplemental circular
“PRC”	the People’s Republic of China, and for the purpose of this supplemental circular, excluding Hong Kong, Macao Special Administrative Region and Taiwan
“Quarterly Internal Review”	has the meaning ascribed thereto under the section headed “Non-exempt Supplemental Agreements — 1. Supplemental Agreement to the 2026 CNHTC Sale of Goods Agreement — Internal control procedures” in the letter from the Board contained in this supplemental circular
“Refitted Products”	has the meaning ascribed thereto under the section headed “Non-exempt Supplemental Agreements — 2. Supplemental Agreement to the 2026 CNHTC Purchase of Goods Agreement — Other terms and details — Pricing” in the letter from the Board contained in this supplemental circular
“Regular CCT Meetings”	has the meaning ascribed thereto under the section headed “Non-exempt Supplemental Agreements — 1. Supplemental Agreement to the 2026 CNHTC Sale of Goods Agreement — Internal control procedures” in the letter from the Board contained in this supplemental circular
“Revised Cap(s)”	the respective revised annual caps applicable to the transactions under the 2026 CNHTC Sale of Goods Agreement and the 2026 CNHTC Purchase of Goods Agreement, as supplemented by the relevant Non-exempt Supplemental Agreements, and a “Revised Cap” means any one of them
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“SHIG”	山東重工集團有限公司 (Shandong Heavy Industry Group Co., Ltd.), a company established in the PRC with limited liability, which is a controlling shareholder of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Supplemented 2026 CNHTC Purchase of Goods Agreement”	the 2026 CNHTC Purchase of Goods Agreement entered into between CNHTC and the Company on 31 March 2023 as supplemented by the Non-exempt Supplemental Agreement dated 25 March 2024
“Supplemented 2026 CNHTC Sale of Goods Agreement”	the 2026 CNHTC Sale of Goods Agreement entered into between CNHTC and the Company on 31 March 2023 as supplemented by the Non-exempt Supplemental Agreement dated 25 March 2024
“TRATON SE”	a company incorporated under the laws of Germany with limited liability, being an indirect 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)
“%”	per cent

* For identification purposes only

LETTER FROM THE BOARD



SINOTRUK (HONG KONG) LIMITED

中國重汽(香港)有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 03808)

Executive Directors:

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

Non-executive Directors:

Mr. Cheng Guangxu
Mr. Alexander Albertus Gerhardus Vlaskamp
Mr. Karsten Oellers
Mr. Mats Lennart Harborn

Independent non-executive Directors:

Dr. Wang Dengfeng
Mr. Zhao Hang
Mr. Liang Qing
Mr. Lyu Shousheng
Mr. Zhang Zhong
Dr. Liu Xiaolun

Headquarters:

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

Registered office:

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

24 May 2024

To the Shareholders

Dear Sir/Madam,

**REVISION OF ANNUAL CAPS OF
EXISTING CONTINUING CONNECTED TRANSACTIONS**

INTRODUCTION

Reference is made to the Company's announcement dated 25 March 2024 in respect of, inter alia, the Non-exempt Supplemental Agreements.

LETTER FROM THE BOARD

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

A notice convening the AGM is set out on pages AGM-1 to AGM-3 to the AGM Circular.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

A summary of the the Non-exempt Supplemental Agreements and the relevant proposed Revised Caps is set out below.

A. Transactions contemplated under the 2026 CNHTC Sale of Goods Agreement and the 2026 CNHTC Purchase of Goods Agreement as supplemented by the Non-exempt Supplemental Agreements

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

LETTER FROM THE BOARD

Summary of the Revised Caps

A summary of the proposed Revised Caps for the each of the transactions contemplated under the 2026 CNHTC Sale of Goods Agreement and the 2026 CNHTC Purchase of Goods Agreement as supplemented by the Non-exempt Supplemental Agreements is set out below:

		Proposed Revised Caps		
		For the year ending 31 December 2024 <i>RMB'000</i>	For the year ending 31 December 2025 <i>RMB'000</i>	For the year ending 31 December 2026 <i>RMB'000</i>
1.	Sale of goods	7,306,000	13,239,000	21,561,000
2.	Purchase of goods	6,410,000	6,930,000	7,450,000

NON-EXEMPT SUPPLEMENTAL AGREEMENTS

Due to the operational needs of the Group, the Company expects that the existing annual caps for the three years ending 31 December 2026 under the 2026 CNHTC Sale of Goods Agreement and the 2026 CNHTC Purchase of Goods Agreement will be insufficient. The Group therefore entered into the Non-exempt Supplemental Agreements with CNHTC to revise the respective annual caps in respect of such agreements for the three years ending 31 December 2026.

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

1. Supplemental Agreement to the 2026 CNHTC Sale of Goods Agreement

References are also made to the Company's announcement dated 31 March 2023 and the Company's circular dated 29 May 2023 in respect of the 2026 CNHTC Sale of Goods Agreement.

Having taken into account the reasons as further elaborated in the sub-section headed "Reasons for and benefits of entering into the Non-exempt Supplemental Agreement to the 2026 CNHTC Sale of Goods Agreement and basis for the proposed Revised Caps" below, the Group expects that the annual caps for the three years ending 31 December 2026 under the 2026 CNHTC Sale of Goods Agreement will be insufficient. Hence, the Company and CNHTC entered into the supplemental agreement on 25 March 2024 to revise the annual caps for the three years ending 31 December 2026 under the 2026 CNHTC Sale of Goods Agreement to the relevant proposed Revised Caps, being RMB7,306,000,000, RMB13,239,000,000, RMB21,561,000,000, respectively.

LETTER FROM THE BOARD

Save for the said revision of the existing annual caps to the relevant proposed Revised Caps, all other material terms of the 2026 CNHTC Sale of Goods Agreement shall remain unchanged. Details of the principal terms of the Supplemented 2026 CNHTC Sale of Goods Agreement are as follows:

Date	:	31 March 2023 (as supplemented by the relevant Non-exempt Supplemental Agreement dated 25 March 2024)
Parties	:	(i) CNHTC (ii) The Company
Term	:	Three years from 1 January 2024 to 31 December 2026 (both days inclusive)

Subject matter

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

Other terms and details

Pursuant to the terms of the Supplemented 2026 CNHTC Sale of Goods Agreement, separate agreements will be entered into by relevant members of the Group and relevant members of the CNHTC Group which will further provide the details of the products and/or parts to be sold including the payment terms, product specifications, delivery time and quantity, as well as details of the related services required to be provided. The payment terms for each batch of products and/or parts, along with the related services, will be based on normal commercial terms or industry practices provided that full payment shall be made by way of cash, cheques, notes, bills or letters of credit within 90 days from the date of sale.

Pricing

Pursuant to the Supplemented 2026 CNHTC Sale of Goods Agreement, the Group and the CNHTC Group have agreed that, among other things, the price of the Goods For Sale to be sold to the CNHTC Group by the Group shall be determined based on the following:

(a) Price list products

The price of the Goods For Sale to be sold to the CNHTC Group by the Group shall be determined through good faith negotiations by reference to the same price lists which are applicable to sales of Goods For Sale to both of the CNHTC Group and independent third parties. Such prices offered to both the CNHTC Group and independent third parties will also take into

LETTER FROM THE BOARD

consideration the market conditions at the relevant time and the size of orders. The Group has maintained a standard price list in respect of Products For Sale (the “**Products Price List**”) and a parts price list for off-the-shelf parts of Parts For Sale (the “**Parts Price List**”) for a long period of time.

(b) For unique and proprietary parts

Since there is no prevailing market price for such Parts For Sale, a cost plus profit margin approach is adopted for determining the prices for such parts. The profit margins of the Parts For Sales to be supplied by the Group under the Supplemented 2026 CNHTC Sale of Goods Agreement will be between 5% to 20% which were determined with reference to (1) the average profit margin of vehicles and the related manufacturing industry as published by the SASAC to independent third parties which were summarised in the 「企業績效評價標準值2023」 (Overall Enterprises Performance Appraisal Index — 2023*) published by the SASAC in 2023 (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 2023. 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 2022. 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 Supplemented 2026 CNHTC Sale of Goods Agreement remain in the range of 5% to 20%.

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

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

Internal control procedures

In order to ensure that the prices of each of the transactions made under this sub-section 1. are determined in accordance with the pricing policy applicable to the Supplemented 2026 CNHTC Sale of Goods Agreement and that the prices are no more favourable to the CNHTC Group than those offered to independent third parties, the prices of the transactions will be determined by the same Products Price List and/or Parts Price List (as the case may be) available to all customers of the Group including independent customers and the CNHTC Group, which is approved by the responsible management or executive Directors. Generally, such Products Price List and Parts Price List are

LETTER FROM THE BOARD

updated by the Group annually at the end of each year, and the prices therein are determined based on the configuration of the specific product and with reference to the prices of competing products or parts on the market. Hence, as the same Products Price List and/or Parts Price List (as the case may be) is applicable to all of the Group's customers, the prices offered to the CNHTC Group will be no more favourable than those offered to independent customers. The final price is determined by the contracting parties' business teams with reference to the Products Price List and/or Parts Price List (as the case may be), the overall market circumstances, size of the order and payment methods which is based on the principles of fairness and reasonableness, and such price will be ultimately approved by the senior management of the Company or its relevant subsidiaries. The senior management of the Group first approves the sales promotional programs which are applicable to all customers including independent third parties. The business department will update the promotion prices to the sales and operating systems and the internal audit departments of the subsidiaries or the Group will carry out periodic sample-testing over such promotion prices.

Further, the Company has established procedures for monitoring the Continuing Connected Transactions under this sub-section 1. in which various departments of the Group will be responsible for the implementation, monitoring and review of such procedures. The Company's Capital Operation Department ("**Capital Operation Department**") carries out regular meetings on the management and control of connected transactions ("**Regular CCT Meetings**") to monitor and ensure all the relevant Continuing Connected Transactions are in compliance with the relevant rules and regulations. The Group's Finance & Operation Management Department ("**Group Finance & Operation Management Department**") prepares, on a monthly basis, the maximum day-end balance and/or the accumulated annual transaction amount (as the case may be) of each Continuing Connected Transaction ("**Monthly CCT Transactions Summary**") and checks the maximum day-end balance and/or the accumulated annual transaction amount (as the case may be) of each Continuing Connected Transaction against the respective pre-approved cap. If any maximum day-end balance and/or the accumulated annual transaction amount (as the case may be) exceeds 70% of the pre-approved annual cap, the relevant Continuing Connected Transaction will be reported to the Capital Operation 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**").

LETTER FROM THE BOARD

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

The following table summarises the approximate historical amounts in respect of the sale of the Goods For Sale by the Group to the CNHTC Group for each of the three years ended 31 December 2023, respectively:

	For the year ended 31 December 2021	For the year ended 31 December 2022	For the year ended 31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Historical transaction amounts	1,076,433	1,166,840	1,744,478

The following table summarises (i) the existing annual caps for the transactions contemplated under the 2026 CNHTC Sale of Goods Agreement for the three years ending 31 December 2026, (ii) the actual transaction amount for the two months ended 29 February 2024, and (iii) the proposed Revised Caps for the three years ending 31 December 2026 as set out in the relevant Non-exempt Supplemental Agreement, respectively:

	Existing annual cap	Actual transaction amount	Proposed Revised Cap
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
For the year ending 31 December 2024	4,460,000	658,406 ^(note)	7,306,000
For the year ending 31 December 2025	7,329,000	—	13,239,000
For the year ending 31 December 2026	8,437,000	—	21,561,000

Note: This refers to the actual transaction amount under the 2026 CNHTC Sale of Goods Agreement for the two months ended 29 February 2024.

As at the Latest Practicable Date, the existing annual cap for the year ending 31 December 2024 under the 2026 CNHTC Sale of Goods Agreement has not been exceeded.

The Non-exempt Supplemental Agreement to the 2026 CNHTC Sale of Goods Agreement and the relevant proposed Revised Caps are subject to the reporting, announcement, annual review, and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

Reasons for and benefits of entering into the Non-exempt Supplemental Agreement to the 2026 CNHTC Sale of Goods Agreement and basis for the proposed Revised Caps

Pursuant to the 2026 CNHTC Sale of Goods Agreement, the existing annual caps for the sale of the Goods For Sale by the Group to the CNHTC Group for the three years ending 31 December 2026 are RMB4,460,000,000, RMB7,329,000,000 and RMB8,437,000,000.

The CNHTC Group has been purchasing the Goods For Sale from the Group for a long time. The CNHTC Group has its own sales channel for heavy duty trucks, medium-heavy duty trucks and light duty trucks, etc.. It also refits the products and parts purchased from the Group into other types of vehicles to satisfy its own orders. From the long-term cooperation, the Group is able to respond quickly and cater for the products and parts specifications and requirements of the CNHTC Group in a cost efficient manner, and by selling to the CNHTC Group, the Group is able to expand its end customers base, which has, in turn, generated a stable revenue stream for the Group. As such, the long-term business relationship benefits the Group and the CNHTC Group mutually.

Based on the Group's latest business plan, it is expected that additional sales of the Products For Sale will be incurred by the Group to a subsidiary of the CNHTC Group (the "**CNHTC New Energy Subsidiary**") whose main business is, among others, the sale of new energy complete vehicles. This is a new business line developed by the Group and the expected sales volume of which has not been considered when the existing annual caps were determined in March 2023. The Group has been informed that the CNHTC New Energy Subsidiary will be the major sales channel within the CNHTC Group for new energy products, and it plans to introduce its new energy products into the market on a large scale in the years 2024 to 2026 in light of the latest environmental policy promoting new energy vehicles and the expectation of improving domestic new energy market, which in turn requires additional purchase from the Group. Considering the low market penetration rate of the new energy commercial vehicles at present, it is expected that to sell through the CNHTC Group will be an effective way to reduce the marketing expenses of the Group, and the building of the CNHTC new energy brand by the CNHTC Group can effectively increase the sales of the new energy commercial vehicles of the Group. Despite that the Group and the CNHTC Group will both sell new energy commercial vehicles, it is expected that there will be no competition between one and another, as the Group and the CNHTC Group will each sell new energy vehicles of different brand names targeting different clienteles in different locations. Pursuant to the latest business plan, the Group will only directly sell new energy commercial vehicles under certain local brand names in the Fujian Province and surrounding areas and the Sichuan and Chongqing regions through its local subsidiaries, while the Group will sell new energy commercial vehicles under its major product series names to the CNHTC New Energy Subsidiary, which will then further distribute such products to the market. The Company considers that the abovementioned arrangement could facilitate sales of new energy commercial vehicles of the Group whilst reduce the Group's marketing costs and uncertainties associated with the low market penetration rate of new energy commercial vehicles at this stage.

For the abovementioned reasons, the increase in the proposed Revised Caps for the three years ending 31 December 2026 under the 2026 CNHTC Sale of Goods Agreement is mainly attributable to the expected increase in the sale of the Products For Sale among the Goods For Sale. The relevant proposed Revised Caps were determined with reference to (i) the historical transaction amounts for the two months ended 29 February 2024; (ii) the expected increase in the sale of the Products For Sale resulting from the demand of the CNHTC New Energy Subsidiary. In light of the huge demand of the CNHTC New Energy Subsidiary in respect of the new energy complete vehicles, the expected purchase by the CNHTC New Energy Subsidiary from the Group is expected to amount to approximately RMB4,372 million, RMB9,623 million and RMB17,405 million for each of the three years ending 31 December 2026, respectively; and (iii) the actual transaction amount for the sale of Products For Sale by the Group to the CNHTC Group for the two months ended 29 February 2024 was approximately RMB449 million, amounting to approximately 44% of the total transaction amount of the sale of Products For Sale for the year ended 31 December 2023, evidencing the great growth potential in the sale of Products For Sale.

LETTER FROM THE BOARD

The terms of the Non-exempt Supplemental Agreement regarding the revision of the annual caps for the three years ending 31 December 2026 were made after arm's length negotiations between the Company and CNHTC. The Board (including the independent non-executive Directors after considering the advice of the Independent Financial Adviser and excluding the CNHTC Interested Directors) was of the view that such terms are fair and reasonable, 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, and in the interests of the Company and the Shareholders as a whole, and the aforesaid supplemental agreement has been entered into in the ordinary and usual course of business of the Group.

2. Supplemental Agreement to the 2026 CNHTC Purchase of Goods Agreement

References are also made to the Company's announcement dated 31 March 2023 and the Company's circular dated 29 May 2023 in respect of the 2026 CNHTC Purchase of Goods Agreement.

Having taken into account the reasons as further elaborated in the sub-section headed "Reasons for and benefits of entering into the Non-exempt Supplemental Agreement to the 2026 CNHTC Purchase of Goods Agreement and basis for the proposed Revised Caps" below, the Group expects that the annual caps for the three years ending 31 December 2026 under the 2026 CNHTC Purchase of Goods Agreement will be insufficient. Hence, the Company and CNHTC entered into the supplemental agreement on 25 March 2024 to revise the annual caps for the three years ending 31 December 2026 under the 2026 CNHTC Purchase of Goods Agreement to the relevant proposed Revised Caps, being RMB6,410,000,000, RMB6,930,000,000, RMB7,450,000,000, respectively.

Save for the said revision of the existing annual caps to the relevant proposed Revised Caps, all other material terms of the 2026 CNHTC Purchase of Goods Agreement shall remain unchanged. Details of the principal terms of the Supplemented 2026 CNHTC Purchase of Goods Agreement are as follows:

Date	:	31 March 2023 (as supplemented by the relevant Non-exempt Supplemental Agreement dated 25 March 2024)
Parties	:	(i) CNHTC (ii) The Company
Term	:	Three years from 1 January 2024 to 31 December 2026 (both days inclusive)

Subject matter

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

LETTER FROM THE BOARD

Other terms and details

Pursuant to the Supplemented 2026 CNHTC Purchase of Goods Agreement, separate agreements will be entered into by relevant members of the Group and relevant members of the CNHTC Group which will further provide the details of the products and/or parts to be purchased including the payment terms, product specifications, delivery time and quantity, as well as details of the related services required to be provided. The payment terms for each batch of products and/or parts, along with the related services, will be based on normal commercial terms or industry practices provided that full payment shall be made by way of cash, cheques, notes, bills or letters of credit within 90 days from the date of purchase.

Pricing

Pursuant to Supplemented 2026 CNHTC Purchase of Goods Agreement, the Group and the CNHTC Group have agreed that, among other things, the price of the Goods For Purchase to be sold by the CNHTC Group to the Group shall be determined based on the following:

(a) Price list products

The CNHTC Group will provide the Group with a selling price list of its parts which is applicable to all of its customers. Based on the aforesaid price list provided by the CNHTC Group and the price quotation offered by other qualified suppliers, the Group will negotiate with all qualified suppliers including the CNHTC Group to determine the agreed prices of all the parts, after taking into consideration the market conditions at the relevant time, the size of orders and the technical conditions, and all the purchases of parts from independent suppliers and the CNHTC Group will be fixed at these agreed selling prices. The Group will prepare a parts purchase price list, which summarises all agreed parts purchase prices with independent parts suppliers and the CNHTC Group, for all procurement departments of the Group to follow.

(b) Add-on products

The trucks produced by the Group for sales are ready for operation and running. Some customers of the Group not only purchase the Group's trucks but also request for add-on products such as trunks, flatbeds, tanks, etc. (the "**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 CNHTC Group is one of the suppliers who supplies products including chassis and Refitted Products to vehicle manufacturers for tailor-making the final products for sale to its customers in accordance with the requested specifications. The Group will prepare an authorised providers list of the Refitted Products.

Certain customers of the Group may negotiate the prices of the Refitted Products directly with the CNHTC Group and advise such prices to the Group. Based on the instructions from its customers, the Group will purchase the Refitted Products from the CNHTC Group at the prices agreed directly between the customers and the CNHTC Group. The Group will then sell the final products to its customers at a price which covers the price of the trucks produced by the Group and the agreed price of the Refitted Products between the customers of the Group and the

LETTER FROM THE BOARD

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

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

(c) The CNHTC Group's products

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

國務院國資委考核分配局 (Bureau of Performance Evaluation and Remuneration of SASAC*) prepared the Performance Appraisal Index in accordance with the relevant national regulations of the PRC and compiled the performance indicators including the profit margins of different industries including the automobile industry in 2023. 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 2022. The sales profit margins published in the Performance Appraisal Index are neither government-prescribed price nor guidance price.

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

LETTER FROM THE BOARD

Internal control procedures

In order to ensure that the prices of each of the transactions made under this sub-section 2. are determined in accordance with the pricing policy applicable to the Supplemented 2026 CNHTC Purchase of Goods Agreement and the prices are no less favourable than those provided to the Group by independent third parties, the Group will ask for quotations from at least three independent third party suppliers and the CNHTC Group. Based on these quotations, it will cross check the prices of the parts offered by the independent third party suppliers and the CNHTC Group. If the Group also produces such parts, it will also compare the intragroup selling prices of the Group against those offered by the CNHTC Group. The Group will then negotiate with the independent third party suppliers and the CNHTC Group to finalise the prices of the parts and compile the parts price list for the relevant parts to be purchased, after taking into consideration the market conditions at the relevant time and the technical conditions. By conducting the aforesaid comparisons of the prices of the parts offered by the CNHTC Group, the Group ensures that the prices of the parts offered by the CNHTC Group are fair and reasonable.

In addition, when it involves newly developed products or annual purchases of products in bulk, the procurement department of subsidiaries or the Group may use the open tender for procurement by inviting at least two to three independent suppliers and the CNHTC Group. The quotation review committee of the Group comprising experts from the procurement department, the technical department and the Group Finance & Operation Management Department will review and assess the quotations from technical, commercial and financial perspectives and make recommendations to the responsible management or executive Directors. The relevant department will oversee the quotation review process to ensure that the prices of the parts to be purchased from the CNHTC Group are competitive and comparable to those offered by independent third parties.

Further, the Company has established procedures for monitoring the Continuing Connected Transactions under this sub-section 2. in which various departments of the Group will be responsible for the implementation, monitoring and review of such procedures. The Capital Operation 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 & Operation Management 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 Capital Operation 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.

LETTER FROM THE BOARD

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

The following table summarises the approximate historical amounts in respect of the purchase of the Goods For Purchase by the Group from the CNHTC Group for each of the three years ended 31 December 2023, respectively:

	For the year ended 31 December 2021	For the year ended 31 December 2022	For the year ended 31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Historical transaction amounts (on an aggregated basis)	2,196,186	2,900,057	3,833,844

The following table summarises (i) the existing annual caps for the transactions contemplated under the 2026 CNHTC Purchase of Goods Agreement for the three years ending 31 December 2026, (ii) the actual transaction amount for the two months ended 29 February 2024, and (iii) the proposed Revised Caps for the three years ending 31 December 2026 as set out in the relevant Non-exempt Supplemental Agreement, respectively:

	Existing annual cap	Actual transaction amount	Proposed Revised Cap
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
For the year ending 31 December 2024	4,569,000	875,871 ^(note)	6,410,000
For the year ending 31 December 2025	5,197,000	—	6,930,000
For the year ending 31 December 2026	5,447,000	—	7,450,000

Note: This refers to the actual transaction amount under the 2026 CNHTC Purchase of Goods Agreement for the two months ended 29 February 2024.

As at the Latest Practicable Date, the existing annual cap for the year ending 31 December 2024 under the 2026 CNHTC Purchase of Goods Agreement has not been exceeded.

The Non-exempt Supplemental Agreement to the 2026 CNHTC Purchase of Goods Agreement and the relevant proposed Revised Caps are subject to the reporting, announcement, annual review, and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

Reasons for and benefits of entering into the Non-exempt Supplemental Agreement to the 2026 CNHTC Purchase of Goods Agreement and basis for the proposed Revised Caps

Pursuant to the 2026 CNHTC Purchase of Goods Agreement, the existing annual caps for the purchase of the Goods For Purchase by the Group from the CNHTC Group for the three years ending 31 December 2026 are RMB4,569,000,000, RMB5,197,000,000 and RMB5,447,000,000.

The Group has been purchasing the Goods For Purchase from the CNHTC Group to satisfy the orders from its customers for a long time. The past cooperation has proven that the CNHTC Group is able to supply the products and parts meeting the Group's quality requirements and standards in a timely and cost efficient manner. The Group believes that such long-term business relationship enables the CNHTC Group to respond to and cater for the specifications and requirements of the Group with high efficiency even when there are changes of requirements, which further allows the Group to generate additional business and revenue stream.

As the market conditions are expected to be better than what was expected when the existing annual caps were determined in March 2023, particularly due to the expected increase in the export volume and revenue, it will also result in the corresponding increase in the purchase of the Products For Purchase by the Group from the CNHTC Group in order to satisfy the Group's export demand. The HDT export volume of the Group for the year 2023 amounted to an increase of approximately 47% compared to that for the year 2022 while the HDT export revenue of the Group for the year 2023 amounted to an increase of approximately 57.5% compared to that for the year 2022 benefited from the increase in sales of high-end products, and it is expected that such an increasing trend will be maintained for the year 2024.

For the abovementioned reasons, the increase in the proposed Revised Caps for the three years ending 31 December 2026 under the Supplemental 2026 CNHTC Purchase of Goods Agreement is mainly attributable to the expected increase in the purchase of the Products For Purchase among the Goods For Purchase. The relevant proposed Revised Caps were determined with reference to (i) the historical transaction amounts for the two months ended 29 February 2024; (ii) the latest estimated demand of the Group for the Goods For Purchase based on the anticipated increase in export volume and revenue as described above, taking into account the expected particular increase in the revenue generated from high-end products in light of the Group's overall strategy towards sophistication; and (iii) a buffer of around 10% which will provide the Group with certain flexibility to cater any unexpected increase of the export revenue.

The terms of the Non-exempt Supplemental Agreement regarding the revision of the annual caps for the three years ending 31 December 2026 were made after arm's length negotiations between the Company and CNHTC. The Board (including the independent non-executive Directors after considering the advice of the Independent Financial Adviser and excluding the CNHTC Interested Directors) was of the view that such terms are fair and reasonable, on normal commercial terms or on terms which are no less favourable than those the CNHTC Group offers to independent third parties under prevailing local market conditions, and in the interests of the Company and the Shareholders as a whole, and the aforesaid supplemental agreement has been entered into in the ordinary and usual course of business of the Group.

LETTER FROM THE BOARD

INFORMATION ON THE PARTIES TO THE NON-EXEMPT SUPPLEMENTAL AGREEMENTS

The Company

The Company is principally engaged in investment holding. The Group primarily specialises in the research, development and manufacturing of heavy duty trucks, medium-heavy duty trucks, light duty trucks, buses, etc. and related key assemblies, parts and components including engines, cabins, axles, steel frames and gearboxes as well as the provision of financial services. The Company is ultimately governed and controlled by 山東省人民政府國有資產監督管理委員會 (Shandong Provincial State-owned Assets Supervision and Administration Commission*).

CNHTC

As at the Latest Practicable Date, CNHTC holds the entire issued share capital of Sinotruk (BVI) Limited, which in turn is the holder of 51% of the Shares. CNHTC is therefore a connected person of the Company for the purpose of the Listing Rules. CNHTC is a commercial vehicles manufacturer and a controlling shareholder of the Company. It is a state-owned enterprise organised under the laws of the PRC with limited liability and is held as to approximately 65% by SHIG which is in turn ultimately governed and controlled by 山東省人民政府國有資產監督管理委員會 (Shandong Provincial State-owned Assets Supervision and Administration Commission*).

LISTING RULES IMPLICATIONS

CNHTC is a substantial shareholder of the Company and a connected person of the Company. Accordingly, the transactions between the Group and the CNHTC Group as contemplated under the the 2026 CNHTC Sale of Goods Agreement and the 2026 CNHTC Purchase of Goods Agreement as supplemented by the Supplemental Agreements as set out in sections 1. and 2. in the letter from the Board contained in this supplemental circular, constitute continuing connected transactions of the Company.

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

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

At the Board meeting held on 25 March 2024 approving, inter alia, the Non-exempt Supplemental Agreements, in view of their respective positions in the relevant connected persons, the CNHTC Interested Directors, namely Mr. Wang Zhijian, Mr. Wang Chen, Mr. Liu Wei, Mr. Zhang Wei, Ms. Li Xia, and Ms. Zhao Hong (resigned as a director on 13 May 2024) had abstained from voting on the resolutions approving the Non-exempt Supplemental Agreements. Save as disclosed above, none of the Directors has a material interest in the Non-exempt Continuing Connected Transactions.

LETTER FROM THE BOARD

APPROVAL BY INDEPENDENT SHAREHOLDERS

According to Chapter 14A of the Listing Rules, the Company will seek approval from the Independent Shareholders for the Non-exempt Supplemental Agreements (including the relevant proposed Revised Caps), and the transactions contemplated thereunder at the general meeting of the Company. SHIG and its associates will abstain from voting in relation to the relevant resolution. As at the Latest Practicable Date, CNHTC was interested in 1,408,106,603 Shares, representing approximately 51% of the total issued share capital of the Company.

An Independent Board Committee has been formed to advise the Independent Shareholders with respect to the Non-exempt Continuing Connected Transactions (namely, the the Non-exempt Supplemental Agreements and the relevant proposed Revised Caps). The Independent Financial Adviser has been appointed as the independent financial adviser to make recommendations to the Independent Board Committee and the Independent Shareholders regarding the same.

ANNUAL GENERAL MEETING

A notice of the AGM to be held at 3:00 p.m. on Friday, 28 June 2024 at the meeting centre at No. 688 Shunhua South Road, Licheng District, Ji'nan City, Shandong Province, PRC (as the principal meeting venue) and Level 22, Nexxus Building, 41 Connaught Road Central, Hong Kong (as the additional meeting venue), is set out on pages AGM-1 to AGM-3 of the AGM Circular.

A form of proxy for the AGM is enclosed with the AGM Circular. Whether or not you intend to be present at the AGM, you are requested to complete the form of proxy and return it to the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as practicable but in any event no later than 48 hours before the time appointed for holding the AGM. The completion of the form of proxy will not preclude you from attending and voting at the AGM in person should you so wish.

The AGM of the Company will be held on Friday, 28 June 2024. The record date for determining the entitlement of the Shareholders to attend and vote at the AGM is Friday, 28 June 2024 and the register of members of the Company will be closed from Tuesday, 25 June 2024 to Friday, 28 June 2024 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify to attend and vote in the AGM, holders of Shares must lodge their Share certificates together with the relevant Share transfer documents with Computershare Hong Kong Investor Services Limited, the Share registrar of the Company, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Monday, 24 June 2024.

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

LETTER FROM THE BOARD

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

RECOMMENDATIONS

The Board considers that (i) the terms of the Non-exempt Supplemental Agreements are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group, and (ii) the entering into the Non-exempt Supplemental Agreements (including the relevant proposed Revised Caps) and the relevant transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole and, accordingly, recommends the Shareholders to vote in favour of the relevant resolutions in relation to the foregoing at the forthcoming AGM.

Your attention is also drawn to the letter from the Independent Board Committee which is set out on pages 24 to 25 of this supplemental circular. The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the terms of the Non-exempt Supplemental Agreements (including the relevant proposed Revised Caps) are fair and reasonable as far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolutions to approve the Non-exempt Supplemental Agreements (including the relevant proposed Revised Caps) and the transactions thereunder to be proposed at the AGM.

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

* *For identification purposes only*



SINOTRUK (HONG KONG) LIMITED

中國重汽(香港)有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 03808)

24 May 2024

To the Independent Shareholders

Dear Sir/Madam,

We refer to the supplemental circular (the “**Supplemental Circular**”) of the Company dated 24 May 2024 of which this letter forms part. Terms defined in the Supplemental Circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the Non-exempt Supplemental Agreements (including the relevant proposed Revised Caps), and to advise the Independent Shareholders on whether the same are fair and reasonable so far as the Independent Shareholders are concerned and are in interests of the Company and the Shareholders as a whole. South China Capital Limited has been appointed as the Independent Financial Adviser to give recommendations to the Independent Board Committee and the Independent Shareholders in respect of the above matters.

We wish to draw your attention to the letter from the Board set out on pages 7 to 23 of the Supplemental Circular and the letter from the Independent Financial Adviser set out on pages 26 to 37 of the Supplemental Circular.

Having considered the information set out in the letter from the Board, the terms of the Non-exempt Supplemental Agreements and the advice of the Independent Financial Adviser in relation thereto, we are of the view that the Non-exempt Supplemental Agreements are on normal commercial terms, in the ordinary and usual course of business of the Group; the terms of the Non-exempt Supplemental Agreements (including the relevant proposed Revised Caps) are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the AGM to approve the Non-exempt Supplemental Agreements (including the relevant proposed Revised Caps).

Yours faithfully
For and on behalf of the Independent Board Committee

Lyu Shousheng
Independent non-executive Director

Wang Dengfeng
Independent non-executive Director

Zhao Hang
Independent non-executive Director

Liang Qing
Independent non-executive Director

Zhang Zhong
Independent non-executive Director

Liu Xiaolun
Independent non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice to the Independent Board Committee and the Independent Shareholders from the Independent Financial Adviser setting out its opinion regarding the transactions contemplated under the Non-exempt Supplemental Agreements (including the relevant proposed Revised Caps) for the purpose of inclusion in this supplemental circular.



South China Capital Limited

28/F., Bank of China Tower
No. 1 Garden Road, Central
Hong Kong

24 May 2024

*To the Independent Board Committee and
the Independent Shareholders*

Sinotruk (Hong Kong) Limited

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

Dear Sirs,

REVISION OF ANNUAL CAPS OF EXISTING CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated under the Non-exempt Supplemental Agreements (including the relevant proposed Revised Caps), details of which are contained in the letter from the Board (the “**Letter from the Board**”) as set out in the supplemental circular dated 24 May 2024 (the “**Supplemental Circular**”). Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as those ascribed in the Supplemental Circular.

Reference is made to the announcement of the Company dated 25 March 2024 in relation to the Non-exempt Supplemental Agreements.

The Group has been conducting and is expected to continue to conduct the continuing connected transactions with the CNHTC Group pursuant to the 2026 CNHTC Sale of Goods Agreement and 2026 CNHTC Purchase of Goods Agreement (collectively, the “**2026 CNHTC Sale and Purchase of Goods Agreements**”) from time to time. Due to the operational needs of the Group, the Company expects the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

existing annual caps thereunder for each of the three financial years ending 31 December (the “FY(s)”) 2026 will be insufficient, therefore the Group has entered into the Non-exempt Supplemental Agreements with CNHTC on 25 March 2024 to revise the annual caps for each of the three FYs from 2024 to 2026 under the 2026 CNHTC Sale and Purchase of Goods Agreements.

IMPLICATIONS UNDER THE LISTING RULES

As at the Latest Practicable Date, 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 2026 CNHTC Sale and Purchase of Goods Agreements, as supplemented by the Non-exempt Supplemental Agreements as set out in the Letter from the Board, constitute continuing connected transactions of the Company.

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

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

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the six independent non-executive Directors, namely Dr. Wang Dengfeng, Mr. Zhao Hang, Mr. Liang Qing, Mr. Lyu Shousheng, Mr. Zhang Zhong and Dr. Liu Xiaolun, has been established to make recommendation to the Independent Shareholders regarding the transactions contemplated under the Non-exempt Supplemental Agreements (including the relevant proposed Revised Caps). We, South China Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in the same regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship or interests with the Company that could reasonably be regarded as relevant to our independence. Apart from normal professional fees payable to us in connection with this engagement, no arrangements exist whereby we had received any fees or benefits from the Company or any other party to the transaction that could reasonably be regarded as relevant to our independence. During the past two years, we did not have any engagement with the Company or the Directors, chief executives of the Company and substantial Shareholders or any of their associates. Therefore, we consider that we are independent of the Company pursuant to the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In arriving at our recommendation, we have reviewed, among other things, the Supplemented 2026 CNHTC Sale of Goods Agreement, the Supplemented 2026 CNHTC Purchase of Goods Agreement, the Company's annual report for the FY2021 (the "**2021 Annual Report**"), the Company's annual report for the FY2022 (the "**2022 Annual Report**"), the Company's interim report for the six months ended 30 June 2023 (the "**2023 Interim Report**"), the Company's annual results announcement for the FY2023 (the "**2023 Annual Results Announcement**") and the Company's circular dated 29 May 2023 (the "**2023 Circular**"). We have also discussed with the management of the Group (the "**Management**") regarding the commercial implications of the transactions contemplated under the Non-exempt Supplemental Agreements (including the relevant proposed Revised Caps). In addition, we have relied on the information and facts provided by the Company and have assumed that any representations made to us are true, accurate and complete. We have also relied on the statements, information, opinions and representations contained in the Supplemental Circular and the information and representations provided to us by the Directors and the Management. We have assumed that all information, representations and opinions contained or referred to in the Supplemental Circular and all information, representations and opinions which have been provided by the Directors and the Management for which they are solely responsible, are true and accurate at the time they were made and will continue to be accurate at the date of the Supplemental Circular.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Supplemental Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the Supplemental Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Supplemental Circular the omission of which would make any such statement contained in the Supplemental Circular misleading. We consider that we have been provided with sufficient information which forms a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. Having made all reasonable enquiries, the Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations whose omission would make any statement in the Supplemental Circular, including this letter, misleading. We have not, however, carried out any independent verification of the information provided by the Directors and the Management, nor have we conducted an independent investigation into the business and affairs of the Group and CNHTC Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation regarding the transactions contemplated under the Non-exempt Supplemental Agreements (including the relevant proposed Revised Caps), we have taken into consideration the following principal factors and reasons:

1. Information of the Group

The Company is principally engaged in investment holding. The Group primarily specialises in the research, development and manufacturing of heavy duty trucks, medium-heavy duty trucks, light duty trucks, buses, etc. and related key assemblies, parts and components including engines, cabins, axles, steel frames and gearboxes as well as the provision of financial services. The Company is ultimately governed and controlled by 山東省人民政府國有資產監督管理委員會 (Shandong Provincial Stated-owned Assets Supervision and Administration Commission*).

2. Information on CNHTC

As at the Latest Practicable Date, CNHTC holds the entire issued share capital of Sinotruk (BVI) Limited, which in turn is the holder of approximately 51% of the Shares. CNHTC is therefore a connected person of the Company for the purpose of the Listing Rules.

CNHTC is a commercial vehicles manufacturer and a controlling shareholder of the Company. It is a state-owned enterprise organised under the laws of the PRC with limited liability and is held as to approximately 65% by SHIG which is in turn ultimately governed and controlled by 山東省人民政府國有資產監督管理委員會 (Shandong Provincial State-owned Assets Supervision and Administration Commission*).

3. Revision of the annual caps

3.1 *Reasons for entering into the Non-exempt Supplemental Agreements*

Non-exempt Supplemental Agreement to the 2026 CNHTC Sale of Goods Agreement

As set out in the Letter from the Board, (i) the CNHTC Group has been purchasing the Goods For Sale from the Group for a long time, and such long-term business relationship benefits the Group and the CNHTC Group mutually; and (ii) based on the Group's latest business plan, it is expected that additional sales of the Goods For Sale will be procured by the CNHTC New Energy Subsidiary.

According to the 2022 Annual Report and the 2023 Annual Results Announcement, (i) the sale of (1) heavy duty trucks; (2) light duty trucks and others; and (3) engines represented about 97.8% and 98.6% of the total revenue of the Group for each of the two FYs 2022 and 2023, respectively; and (ii) the sale of the Goods For Sale by the Group to the CNHTC Group represented about 2.0% and 2.0% of the total revenue of the Group for each of the FYs 2022 and 2023, respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

With reference to the actual transaction amounts for the sale of Goods For Sale by the Group to the CNHTC Group for the two months ended 29 February 2024 (being approximately RMB658 million), it represented about 15% of the existing annual cap for the FY2024 (being RMB4,460 million), which might be insufficient to cope with the Group's expected transaction amount for the FY2024 and thereafter.

After taking account of (i) the long-term business relationship between the Group and the CNHTC Group; (ii) the sale of Goods For Sale to the CNHTC has been stable; (iii) the sale of Goods For Sale is conducted in the ordinary course of business of the Group; and (iv) the additional sales of Goods For Sale and the actual transaction amount for the sale of Goods For Sale by the Group to the CNHTC Group for the two months ended 29 February 2024 (being approximately RMB658 million), we concur with the Management's view that the transactions contemplated under the Non-exempt Supplemental Agreement to the 2026 CNHTC Sale of Goods Agreement (including the relevant proposed Revised Caps) are conducted in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole.

Non-exempt Supplemental Agreement to the 2026 CNHTC Purchase of Goods Agreement

As set out in the Letter from the Board, (i) the Group has been purchasing the Goods For Purchase from the CNHTC Group to satisfy the orders from its customers for a long time, and such long-term business relationship enables the CNHTC Group to respond to and cater for the specifications and requirements of the Group with high efficiency even when there are changes of requirements, which further allows the Group to generate additional business and revenue stream; and (ii) due to the unexpected increase in the HDTs export volume, the affiliated export volume of the Group for the FY2023 amounted to an increase of about 47% when compared to that for the FY2022, while the HDTs affiliated export revenue of the Group for the FY2023 amounted to an increase of about 57.5% when compared to that for the FY2022 which was benefited from the increase in sales of high-end products, and it is expected that such an increasing trend will be maintained for the FY2024.

With reference to the actual transaction amounts for the purchase of the Goods for Purchase by the Group from the CNHTC Group for the two months ended 29 February 2024 (being approximately RMB876 million), it represented about 19% of the existing annual cap for the year ending 31 December 2024 (being RMB4,569 million), which might be insufficient to cope with the Group's expected transaction amount for the FY2024 and thereafter.

After taking account of (i) the long-term business relationship between the Group and the CNHTC Group; (ii) the expected increase in the export volume; and (iii) the actual transaction amounts for the purchase of the Goods for Purchase by the Group from the CNHTC Group for the two months ended 29 February 2024 has utilised about 19% of the existing annual cap for the year ending 31 December 2024, we concur with the Management's view that the transactions contemplated under the Non-exempt Supplemental Agreement to the 2026 CNHTC Purchase of Goods Agreement (including the relevant proposed Revised Caps) are conducted in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3.2 Principal terms of each of the 2026 CNHTC Sale and Purchase of Goods Agreements

The proposed Revised Caps will only increase the annual caps for each of the three FYs from 2024 to 2026 for the Non-exempt Continuing Connected Transactions contemplated under each of the 2026 CNHTC Sale and Purchase of Goods Agreements between the Group and the CNHTC Group. Save for the proposed Revised Caps, there are no material changes to the other aspects of each of the 2026 CNHTC Sale and Purchase of Goods Agreements. For further details of the terms thereunder, please refer to the Letter from the Board and the 2023 Circular.

Pricing terms

In respect of the pricing terms thereunder, we have reviewed three sets of sample transaction documents with the CNHTC Group regarding each of the type of sale of Goods For Sale and purchase of Goods For Purchase. We consider the selected sample connected transaction documents that we have reviewed to be representative and sufficient because, in respect of selection criteria, (i) they were all transactions randomly selected and involved the relevant sales and purchases by the Group from/to the CNHTC Group; (ii) they were transactions that took place recently within the past year that can reflect the Group's latest business practice in its ordinary and usual course of business; and (iii) as we did not identify any anomaly when we reviewed such samples, we therefore did not require further samples and this sample size is in line with our usual practice. We understand that the terms of these reviewed transactions with the CNHTC Group had adhered to the aforementioned principles, where the pricing terms with the CNHTC Group were no less favourable than those with independent third party customers/ suppliers.

Payment terms

Furthermore, in respect of the payment terms, (i) we have also compared the credit period for the transactions under each of the 2026 CNHTC Sale and Purchase of Goods Agreements with the credit periods granted to/ provided by independent third party customers/ suppliers, as the case maybe, where we have noted that the credit period with the CNHTC Group has been no less favourable than those with the independent third party customers/ suppliers; and (ii) having reviewed the 2022 Annual Report and 2023 Annual Results Announcement, we understand that the Group's majority of trade and bills payables as well as trade and bills receivables as at 31 December 2022 and 31 December 2023 were usually aged around three months based on invoice date, and the Group in general has granted/ had been granted a credit period of three to 12 months to/ from its customers/ suppliers, where we note that the credit period of 90 days for the sales and purchase of goods under each of the 2026 CNHTC Sale and Purchase of Goods Agreements falls within such general range.

Our view

Having considered, in particular, (i) our independent review of the pricing terms of each of the 2026 CNHTC Sale and Purchase of Goods Agreements, being no less favourable than those with independent third parties; (ii) the internal control measures of the Group, particularly the review and comparison of the terms with independent third parties; and (iii) the independent auditors of the Company and the independent non-executive Directors will review the Non-exempt Continuing Connected Transactions contemplated under each of the 2026 CNHTC Sale and Purchase of Goods Agreements for the purpose of Rule 14A.56 of the Listing Rules, we are of the view that (i) the Group

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

has sufficient internal control measures for governing the Non-exempt Continuing Connected Transactions from time to time; and (ii) the terms of the Non-exempt Continuing Connected Transactions are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

3.3 Review of the historical transaction amounts and the proposed Revised Caps

The following table sets out the historical transaction amounts in respect of (i) the sale of Goods for Sale by the Group to the CNHTC Group; and (ii) the purchase of the Goods for Purchase by the Group from the CNHTC Group, for each of the three FYs from 2021 to 2023 and the two months ended 29 February 2024, as well as the proposed Revised Caps for each of the three FYs from 2024 to 2026.

	Historical actual transaction amounts				Revised Caps		
	FY2021	FY2022	FY2023	2/2024	FY2024	FY2025	FY2026
	RMB	RMB	RMB	RMB	RMB	RMB	RMB
	million	million	million	million	million	million	million
Sales of the Goods	1,076	1,167	1,744	658	7,306	13,239	21,561
For Sale		+8.5%	+49.4%		+318.9%	+81.2%	+62.9%
Purchase of the Goods	2,196	2,900	3,834	876	6,410	6,930	7,450
For Purchase		+32.1%	+32.2%		+67.2%	+8.1%	+7.5%

As at the Latest Practicable Date, the existing annual caps for the year ending 31 December 2024 under each of the 2026 CNHTC Sale and Purchase of Goods Agreements have not been exceeded.

Supplemented 2026 CNHTC Sale of Goods Agreement

In respect of the transactions contemplated under the 2026 CNHTC Sale of Goods Agreement, we note that the historical actual transaction amounts were approximately RMB1,076 million, RMB1,167 million and RMB1,744 million for each of the three FYs from 2021 to 2023, respectively, whereas the proposed Revised Caps would significantly increase to RMB7,306 million, RMB13,239 million and RMB21,561 million for each of the coming three FYs from 2024 to 2026.

In order to assess the fairness and reasonableness of the Revised Caps under the Supplemented 2026 CNHTC Sale of Goods Agreement, we have reviewed the projection in estimating the Revised Caps, and discussed with the Management on the basis and assumptions underlying the determination of the Revised Caps, we note that the Revised Caps are determined by (1) the actual transaction amount for the two months ended 29 February 2024; and (2) the expected increase in the sale of the Products For Sale resulting from the demand of the CNHTC New Energy Subsidiary. In light of the huge demand of the CNHTC New Energy Subsidiary in respect of the new energy complete vehicles, the expected purchase by the CNHTC New Energy Subsidiary from the Group is expected to amount to approximately RMB4,372 million, RMB9,623 million and RMB17,405 million for each of the three FYs from 2024 to 2026, respectively; and (3) the actual transaction amount for the sale of Products

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For Sale by the Group to the CNHTC Group for the two months ended 29 February 2024 was approximately RMB449 million, amounting to about 44% of the total transaction amount of the sale of Products For Sale to the CNHTC Group for the year ended 31 December 2023, evidencing the great growth potential in the sale of Products For Sale to the CNHTC Group.

Based on our independent review of the Group's internal documents, the 2022 Annual Report, the 2023 Interim Report, the 2023 Annual Results Announcement and the 2023 Circular, we have noted the following facts:

- the Group's revenue in the FY2022 was heavily impacted by the economic slowdown and the disrupted logistics due to the complicated and fluctuating COVID-19 pandemic situations, however the market demand gradually stabilized in second half of the FY2023;
- the heavy duty truck industry has shown a significant recovery in demand in 2023 benefited from the steady improvement of the PRC's macroeconomic economy and the increasing demand in overseas markets in which the Group has achieved substantial growth in product sales, continued to increase the proportion of high-end products, and significantly improved profitability;
- with the Group's improved sales network and its advantages in the overseas market, based on our review of the Group's internal documents, it is expected that there will be a surge of orders for the Group's new energy products which will largely exceed the Group's original projection in March 2023. The additional purchase of the Group's new energy complete vehicles by the CNHTC New Energy Subsidiary is expected amounting to approximately RMB4,372 million, RMB9,623 million and RMB17,405 million for each of the three FYs from 2024 to 2026, respectively;
- according to the 2021 Annual Report, prior to the exceptional industry downturn in 2022, the Group had successfully achieved revenue of approximately RMB95,371 million and RMB90,348 million which derived from the sales and services of HDTs and light duty trucks (the "LDT(s)") in the FYs 2020 and 2021, respectively. More recently, the Group had recorded revenue derived from the sales and services of HDTs and LDTs of approximately RMB83,659 million for the FY2023 when compared with that of RMB57,370 million for the FY2022, representing a considerable increase of about 45.8% on year-on-year, in particular, the total affiliated export revenue had increased from approximately RMB27,837 million in the FY2022 to RMB43,120 million in the FY2023, representing a significant increase of about 54.9%. Based on the Group's current business plan, the proposed Revised Caps are mainly driven by the additional purchase of the Group's new energy complete vehicles by the CNHTC New Energy Subsidiary of approximately RMB4,372 million, RMB9,623 million and RMB17,405 million for each of the three FYs from 2024 to 2026, which are far below the Group's historical revenue from the sales and services of HDTs and LDTs of approximately RMB95,371 million in the FY2020 or current revenue derived from the sales and services of HDTs and LDTs of approximately RMB83,659 million in the FY2023. On such basis, we do not consider them to be unrealistic or unachievable, and therefore fair and reasonable;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- the historical actual transaction amount of the sale of Goods For Sale to the CNHTC Group for the FY2023 was approximately RMB1,744 million, representing a year-on-year growth of about 49.4% (as compared with that for the FY2022 of approximately RMB1,167 million);
- the Group's total revenue for the FY2022 was exceptionally low mainly because of industry downturn during the year, but the situation has been rebounding as disclosed in the 2023 Interim Report. Such rebound is evidenced in the fluctuation in the Group's total revenue, which recorded (i) an annual decline of approximately 36% for the FY2022 as compared with that of FY2021; and (ii) a year-on-year growth of approximately 43% for the six months ended 30 June 2023 as compared with that of the corresponding period in 2022;
- the Group's total revenue in the FY2023 was amounted to approximately RMB85,498 million, representing an increase of about 43.9% on year-on-year (the "**2023 Revenue Growth Rate**"), in which such increase in the revenue was due to a significant recovery in HDTs demand benefited from the steady improvement of the domestic macroeconomic economy and the increasing demand in overseas markets;
- in the new energy market, the Group increased research and development investment to facilitate launch of new platforms and products. Accumulatively, the Group developed over 110 brand-new products, realizing comprehensive coverage of heavy, medium and light trucks, and got great progress in reliability, economy and safety of products;
- the Group has recorded an 8.5% year-on-year increase in the sales of its new energy light truck in the FY2023, with a 4.9% share of the new energy market;
- as disclosed in the 2023 Annual Results Announcement, the Group will strive to perform well in the following areas: (i) continue exploring overseas market and promote brand internationalization; (ii) optimise marketing network and strengthen channel empowerment to improve marketing ability; (iii) accelerate the promotion of new energy products and seize the increment opportunity; and (iv) innovate business mode and realise growth for new business.

In addition, as part of our due diligence, we have conducted our independent research on various public websites, we noted, among others, the following:

- according to the data released by the China Association of Automobile Manufacturers (中國汽車工業協會) ("**CAAM**"), (1) approximately 4,031,000 units of commercial vehicles had been sold in the PRC in 2023, representing an increase of about 22.1% on a year-on-year basis; (2) approximately 9,495,000 units of new energy vehicles had been sold in the PRC in 2023, representing an increase of about 37.9% on a year-on-year basis; (3) approximately 324,000 units of commercial vehicles had been sold in the PRC in January 2024, representing an increase of about 79.6% on a year-on-year basis (the "**2024 January Market Growth Rate**"); (4) approximately 729,000 units of new energy vehicles had been sold in the PRC in January 2024, representing an increase of about 78.8% on a year-on-year basis;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- on 6 November 2023, the National Development and Reform Commission of the PRC issued the National Carbon Peaking Pilot Project Plan (the “**Plan**”), which one of the major tasks of the Plan is to accelerate the transition of transportation vehicles to low-carbon options, heavily promote new energy vehicles, drive the electrification of public sector vehicles, and phase out old and inefficient transport vehicles; and
- on 25 August 2023, the Ministry of Industry and Information Technology and six other government departments jointly announced a plan to stabilize growth in the automotive industry in 2023 and 2024. This plan aims to achieve 3% year-on-year growth in annual auto sales and an increase of about 30% in new energy vehicle sales by the end of 2023. Measures are proposed to support the expansion of new energy vehicle production, ensure the smooth running of supply and industry chains, and improve the quality and efficiency of auto exports.

Taking into account that, (i) the Revised Caps and the transactions contemplated under the 2026 CNHTC Sale of Goods Agreement are revenue in nature to the Group; (ii) the Revised Caps of RMB7,306 million, RMB13,239 million and RMB21,561 million for each of the three FYs from 2024 to 2026, respectively and the increase in Revised Caps are mainly attributable to additional purchase of the Group’s new energy complete vehicles by the CNHTC New Energy Subsidiary; (iii) the compound annual growth rate (the “**CAGR**”) of the Revised Caps for the coming three FYs from 2024 to 2026 is about 71.8%, by considering the 2024 January Market Growth Rate of about 79.6% and the 2023 Revenue Growth Rate of about 43.9%, we consider such CAGR is justifiable; (iv) the development of new energy products is one of the key business strategies of the Group; and (v) for illustration purpose only, the estimated annual transaction amounts for the FY2024 (by annualizing the transaction amounts for the sale of Goods For Sale by the Group to the CNHTC Group for the two months ended 29 February 2024, being approximately RMB658 million) would amount to approximately RMB3,948 million, which would approach the original annual cap for the FY2024 and may likely exceed the original annual cap for the FY2024 with reference to the current strong growth in new energy vehicle market in the PRC as mentioned above, therefore we consider that the Revised Caps are necessary, justifiable, fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Group and the Shareholders as a whole.

Supplemented 2026 CNHTC Purchase of Goods Agreement

In respect of the transactions contemplated under the 2026 CNHTC Purchase of Goods Agreement, we note that the historical actual transaction amounts increased from approximately RMB2,900 million for the FY2022 to RMB3,834 million for the FY2023, representing a growth rate of about 32.2%, whereas the Revised Caps are RMB6,410 million, RMB6,930 million and RMB7,450 million for each of the three coming FYs from 2024 to 2026, respectively.

In order to assess the fairness and reasonableness of the Revised Caps under the Supplemented 2026 CNHTC Purchase of Goods Agreement, we have reviewed the projection in estimating the Revised Caps, and discussed with the Management on the basis and assumptions underlying the determination of the Revised Caps, we note the Revised Caps are determined by (i) the historical transaction amounts for the two months ended 29 February 2024; and (ii) the latest estimated demand of the Group for the Goods For Purchase based on the anticipated increase in the export volume and revenue, in particular, the expected increase in the revenue to be generated from high-end products in light of the Group’s overall business strategy towards product sophistication.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As part of our independent due diligence, we have (i) reviewed the Group's internal documents, the 2022 Annual Report, the 2023 Annual Results Announcement and the 2023 Circular; and (ii) conducted our independent research from public website, we noted that:

- the Group's total revenue in the FY2023 was amounted to approximately RMB85,498 million, representing an increase of about 43.9% on year-on-year, in particular, the total affiliated export revenue had increased from approximately RMB27,837 million in the FY2022 to RMB43,120 million in the FY2023, representing a significant increase of about 54.9% (the **"2023 Export Revenue Growth Rate"**);
- the growth rate of the Revised Cap for 2024 is about 67.2% (as compared to the actual transaction amount of the FY2023), when compared to the 2023 Revenue Growth Rate of about 43.9% and the 2023 Export Revenue Growth Rate of about 54.9% and taking into account of a buffer of about 10% which allows the Company to have flexibility to cater the unexpected increase of the export revenue, we consider such growth rate is justifiable;
- the CAGR of the Revised Cap for 2024 to 2026 is about 7.8% and the growth rate of the Revised Caps for FYs 2025 and 2026 are about 8.1% and 7.5% respectively, which are far lower than the 2023 Revenue Growth Rate of about 43.9% and the 2023 Export Revenue Growth Rate of about 54.9%, therefore we consider such CAGR is prudent, fair and reasonable; and
- according to the market data released by CAAM, the number of vehicles exported to overseas markets in 2023 has reached approximately 4.9 million units, representing a significant increase of about 57.9% on a year-on-year basis; and the number of vehicles exported to overseas markets in January 2024 has reached approximately 443,000 units, representing an considerable increase of about 47.4% on a year-on-year basis.

Taking into account that, (i) the Supplemented 2026 CNHTC Purchase of Goods Agreement provides flexibility for the Group to make procurements from the CNHTC Group that are necessary for manufacturing and sale of trucks by the Group to its customers; (ii) the Revised Caps of RMB6,410 million, RMB6,930 million and RMB7,450 million for each of the three FYs from 2024 to 2026, respectively and the increase in Revised Caps are mainly reflected the strong growth in export; (iii) there has been a strong growth in the vehicle export market in 2023 and January 2024 as mentioned above; and (iv) for illustration purpose only, the estimated annual transaction amounts for the FY2024 (by annualizing the transaction amounts for the purchase of Goods For Purchase by the Group from the CNHTC Group for the two months ended 29 February 2024, being RMB876 million) would amount to approximately RMB5,256 million, which may likely exceed the original annual cap for the FY2024, therefore we consider that the Revised Caps are justifiable, fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Group and the Shareholders as a whole.

4. Internal control procedures of the Group

As mentioned in the Letter from the Board, the Company has adopted certain internal control procedures to ensure that the Revised Caps under Non-exempt Supplemental Agreements, are properly controlled and monitored and in compliance with the Listing Rules. Please refer to the Letter from the Board for more details.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We note from each of the 2021 Annual Report and 2022 Annual Report that, in accordance with the Listing Rules, (i) the Company had engaged external independent auditors to report on the Continuing Connected Transactions for each of the two FYs 2021 and 2022 and the external independent auditors of the Company had issued unqualified letters in respect of such transactions; and (ii) the independent non-executive Directors had also reviewed the continuing connected transactions of the Group for each of the two FYs 2021 and 2022 and confirmed that such transactions were, among other things, on normal commercial terms or better and on terms that were fair and reasonable.

Having considered the abovementioned, we are of the view that the Company has established effective internal control procedures to ensure the Revised Caps under the Non-exempt Supplemental Agreements will be conducted on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

Having taken into account the principal factors and reasons as referred to the above, we are of the view that the transactions contemplated under the Non-exempt Supplemental Agreements (including the relevant proposed Revised Caps) are conducted in the ordinary and usual course of business of the Group and on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the resolutions to be proposed at the AGM to approve the Non-exempt Supplemental Agreements (including the relevant proposed Revised Caps).

Yours faithfully,
For and on behalf of
South China Capital Limited

Nicholas Cheng
Managing Director

Felix Leung
Associate Director

Note: Mr. Nicholas Cheng and Mr. Felix Leung are licensed persons registered with the Securities and Futures Commission to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. Mr. Nicholas Cheng has extensive experience in corporate finance industry and has participated in, and completed, the provision of independent financial advisory services for numerous connected transactions involving listed companies in Hong Kong. Mr. Felix Leung has over ten years of experience in corporate finance industry.

** For identification purposes only*

1. RESPONSIBILITY STATEMENT

This supplemental circular, for which the Directors collectively and individually accept full responsibility, include particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this supplemental circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this supplemental circular misleading.

2. INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SECURITIES OF THE COMPANY

As at the Latest Practicable Date, the directors and chief executives of the Company and their associates (as defined in the Listing Rules) had the following interests in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers:

ASSOCIATED CORPORATION

Ordinary A shares in Weichai Power Co., Ltd. — a fellow subsidiary of the Company

Long positions

Name of Director	Nature of interest	Number of ordinary shares held	Approximate percentage of shareholding in the class
Mr. Wang Zhijian	Beneficial owner	600,000	0.01%
Mr. Cheng Guangxu	Beneficial owner	600,000	0.01%

Save as disclosed above, as at the Latest Practicable Date, as far as the Directors are aware, none of the Directors and chief executive of the Company had any interest and short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register required to be kept by the Company, or were required, pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules adopted by the Company, to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

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

(a) The Company

Long position

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

Notes:

- (a) SHIG holds 65% interest in CNHTC. SHIG is deemed to have interest in all the Shares held (or deemed to be held) by CNHTC under the SFO.
- (b) CNHTC holds the entire issued share capital of Sinotruk (BVI) Limited. CNHTC is deemed to have interest in all the Shares held (or deemed to be held) by Sinotruk (BVI) Limited under the SFO.
- (c) FPFPS holds 90% interest in Ferdinand Porsche Familien-Holding GmbH. FPFPS is deemed to have interest in all the Shares held (or deemed to be held) by Ferdinand Porsche Familien-Holding GmbH under the SFO.
- (d) Ferdinand Porsche Familien-Holding GmbH holds 73.85% interest in Ferdinand Alexander Porsche GmbH. Ferdinand Porsche Familien-Holding GmbH is deemed to have interest in all the Shares held (or deemed to be held) by Ferdinand Alexander Porsche GmbH under the SFO.
- (e) Ferdinand Alexander Porsche GmbH holds 100% interest in Familie Porsche Beteiligung GmbH. Ferdinand Alexander Porsche GmbH is deemed to have interest in all the Shares held (or deemed to be held) by Familie Porsche Beteiligung GmbH under the SFO.
- (f) Familie Porsche Beteiligung GmbH holds 51.69% interests in Porsche Automobil Holding SE. Familie Porsche Beteiligung GmbH is deemed to have interest in all the Shares held (or deemed to be held) by Porsche Automobil Holding SE under the SFO.
- (g) Porsche Automobil Holding SE holds 50.73% interest in Volkswagen AG. Porsche Automobil Holding SE is deemed to have interest in all the Shares held (or deemed to be held) by Volkswagen AG under the SFO.
- (h) Volkswagen AG holds 100% interest in Volkswagen Finance Luxemburg S.A. Volkswagen AG is deemed to have interest in all the Shares held (or deemed to be held) by Volkswagen Finance Luxemburg S.A. under the SFO.
- (i) Volkswagen Finance Luxemburg S.A. holds 89.72% voting interest in TRATON SE. Volkswagen Finance Luxemburg S.A. is deemed to have interest in all the Shares held (or deemed to be held) by TRATON SE under the SFO.
- (j) TRATON SE holds 100% voting interest in TRATON International S.A. TRATON SE is deemed to have interest in all the Shares held (or deemed to be held) by TRATON International S.A. under the SFO.
- (k) TRATON International S.A. holds 100% voting interest in MAN Finance and Holding S.A. TRATON International S.A. is deemed to have interest in all the Shares held (or deemed to be held) by MAN Finance and Holding S.A. under the SFO.
- (l) Notwithstanding the information recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO, the Company has been informed that, as at the Latest Practicable Date, Ferdinand Porsche Familien-Holding GmbH holds 100% interest in Ferdinand Alexander Porsche GmbH.
- (m) Notwithstanding the information recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO, the Company has been informed that, as at the Latest Practicable Date, Familie Porsche Beteiligung GmbH held a 27.73% interest in the capital of Porsche Automobil Holding SE and had a voting interest of 55.46% in this entity.
- (n) Notwithstanding the information recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO, the Company has been informed that, as at the Latest Practicable Date, Porsche Automobil Holding SE held a 31.40% interest in the capital of Volkswagen AG and had a voting interest of 53.30% in this entity.

(b) Members of the Group

Long position

Name of equity holder	Nature of interests	Name of the member of the Group	Approximate percentage of equity interest held
Liuzhou Yunli Investment Co., Ltd.	Beneficial owner	Sinotruk Liuzhou Yunli Special Vehicles Co., Ltd.	40%
Yongan Fudi Investment Co., Ltd.	Beneficial owner	Sinotruk Fujian Haixi Vehicles Co., Ltd.	20%
Chengdu Qingbaijiang District State-owned Asset Investment and Management Co., Ltd.	Beneficial owner	Sinotruk Chengdu Wangpai Commercial Vehicles Co., Ltd.	20%
Suizhou Huawei Investment Holdings Co., Ltd.	Beneficial owner	Sinotruk Hubei Huawei Special Vehicles Co., Ltd.	40%
Kodiak America LLC.	Beneficial owner	Sinotruk Liuzhou Yunli Kodiak Machinery Co., Ltd.	49%
Shandong International Trust Co., Ltd.	Beneficial owner	Sinotruk Auto Finance Co., Ltd.	6.52%
SHIG Investment Co., Ltd	Beneficial owner	Sinotruk (Ji'nan) Business Co., Ltd.	40%
Weichai Power Co., Ltd.	Beneficial owner	Weichai Intelligent Technology Co., Ltd.	15.793%
Weichai Lovol Intelligent Agricultural Technology Co., Ltd.	Beneficial owner	Weichai Intelligent Technology Co., Ltd.	7.502%
Zouping State-owned Assets Investment Holdings Co., Ltd.	Beneficial owner	Tongxin Zhixing Park Operation and Management (Zouping) Co., Ltd.	20%
Rizhao Fengtai Transportation Co., Ltd.	Beneficial owner	Tongxin Zhixing Logistics Technology (Rizhao) Co., Ltd.	25%
Rizhao Development Co., Ltd.	Beneficial owner	Tongxin Zhixing Logistics Technology (Rizhao) Co., Ltd.	15%

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

4. CLAIMS AND LITIGATIONS

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

5. SERVICE CONTRACTS

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

6. COMPETING INTERESTS

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

7. DIRECTORS' INTERESTS

- (a) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been, since 31 December 2023, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group.

(b) As at the Latest Practicable Date, save for the following agreements and the respective subsisting continuing connected transactions entered into (i) between the Group and the CNHTC Group in which Mr. Wang Zhijian, Mr. Wang Chen, Mr. Liu Zhengtao, Mr. Liu Wei, Mr. Zhang Wei and Ms. Li Xia would have been required to abstain from voting, (ii) between the Group and Weichai Group in which Mr. Wang Zhijian and Mr. Cheng Guangxu would have been required to abstain from voting, and (iii) between the Group and TRATON SE (and its associates) in which Mr. Richard von Braunschweig, Mr. Alexander Albertus Gerhardus Vlaskamp, Mr. Karsten Oellers and Mr. Mats Lennart Harborn would have been required to abstain from voting, none of the Directors were materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group:

- (i) the 2026 CNHTC Sale of Goods Agreement (as defined in the announcement of the Company dated 31 March 2023)
- (ii) the 2026 CNHTC Purchase of Goods Agreement (as defined in the announcement of the Company dated 31 March 2023)
- (iii) the 2026 Provision of Financial Services Agreement (as defined in the announcement of the Company dated 31 March 2023)
- (iv) the 2024 Weichai Parts Sales Agreement (as defined in the announcement of the Company dated 4 March 2022)
- (v) the 2024 Weichai Parts Purchase Agreement (as defined in the announcement of the Company dated 30 October 2023)

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

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

8. MATERIAL ADVERSE CHANGE

The Directors do not consider there is any material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited financial statements of the Company were made up.

9. QUALIFICATION OF EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice which is contained in this supplemental circular:

Name	Qualification
South China Capital Limited	A corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, the Independent Financial Adviser had no shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

As at the Latest Practicable Date, the Independent Financial Adviser had no direct or indirect interest in any asset which had been, since 31 December 2023, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group.

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this supplemental circular with the inclusion therein a copy of its advice and references to its name, in the form and context in which they respectively appear. The letter of the Independent Financial Adviser contained herein was issued on 24 May 2024 and was made by the Independent Financial Adviser for incorporation in this supplemental circular.

10. MISCELLANEOUS

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

11. DOCUMENTS ON DISPLAY

Copies of the Non-exempt Supplemental Agreements, the 2026 CNHTC Sale of Goods Agreement and the 2026 CNHTC Purchase of Goods Agreement will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.sinotruk.com>) from the date of this supplemental circular up to 6 June 2024.