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SINOTRUK (HONG KONG) LIMITED

中國重汽(香港)有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 03808)

**(1) VOLUNTARY LIQUIDATION OF SINOTRUK FINANCE CO
(2) DISCLOSEABLE AND CONNECTED TRANSACTION —
CAPITAL CONTRIBUTION TO SHIG FINANCE CO
AND
(3) NEW CONTINUING CONNECTED TRANSACTIONS AND
MAJOR TRANSACTION**

To implement the requirement that one enterprise group may only have one finance company within the group under the relevant PRC regulations and policies, SHIG has proposed to integrate the resources of the two finance companies within its group, being SHIG Finance Co and Sinotruk Finance Co. The following transactions have accordingly been entered into by the Group in connection with such purposes.

THE VOLUNTARY LIQUIDATION OF SINOTRUK FINANCE CO

Sinotruk Finance Co is a non-wholly owned subsidiary of the Company, and is an authorised non-bank financial institution established with approval from the relevant PRC government authorities to facilitate internal financing transactions.

The Board has resolved to undertake the Voluntary Liquidation to fully comply with the relevant PRC regulations and policies, which will involve the distribution of all the equity of Sinotruk Finance Co to its equity holders based on their respective shareholding.

THE CAPITAL CONTRIBUTION TO SHIG FINANCE CO

On 11 November 2024, the Company entered into the Capital Contribution Agreement with SHIG Finance Co and its existing equity holders. Pursuant to the Capital Contribution Agreement, the Company has conditionally agreed to make a capital contribution in the amount of RMB3,484,800,000 (equivalent to approximately HK\$3,774,574,050) to SHIG Finance Co, and the existing equity holders of SHIG Finance Co has conditionally agreed to make a capital contribution in the aggregate amount of RMB2,090,880,000 (equivalent to approximately HK\$2,264,744,430) to SHIG Finance Co.

As at the date of this announcement, the Group does not have any equity interest in SHIG Finance Co. Upon completion of the Capital Contribution, the Company will be interested in 37.5% of the total equity interest in SHIG Finance Co, and SHIG Finance Co will be accounted for as an associated company of the Company.

NEW CONTINUING CONNECTED TRANSACTIONS AND MAJOR TRANSACTION

Given that Sinotruk Finance Co will gradually cease its business operations and will cease to provide finance services to the Group upon its Voluntary Liquidation, going forward, the Group intends to enter into cooperation with the SHIG Finance Group pursuant to which the SHIG Finance Group will provide certain requisite finance services to members of the Group. Accordingly, the Company (for itself and on behalf of its subsidiaries) has entered into (i) the 2027 Deposit Services Agreement and (ii) the 2027 Secured Financial Services Agreement with SHIG Finance Co (for itself and on behalf of any of its Associates) to govern the terms of the relevant transactions.

As at the date of this announcement, the Company has also entered into a supplemental agreement to the 2026 Secured Loan Agreement with CNHTC to shorten the period of the relevant facility to end on 31 December 2024, as the relevant services in the future will be governed by the 2027 Secured Financial Services Agreement.

LISTING RULES IMPLICATIONS

As the percentage ratio (as defined under Rule 14.04(9)) in respect of the total assets of Sinotruk Finance Co (being a subsidiary of the Company) is more than 5%, the Voluntary Liquidation is subject to the announcement requirement under Rule 13.25(1)(c) of the Listing Rules.

As at the date of this announcement, SHIG is a controlling shareholder (as defined in the Listing Rules) of the Company and accordingly a connected person of the Company. Further, as elaborated below, each of Weichai Power, Weichai Heavy Machinery, Shantui Co, SFGC and SHIG Finance Co is a subsidiary of SHIG, and accordingly, each of the aforementioned parties is a connected person of the Company. Therefore, the entering into of the Capital Contribution Agreement and the making of the capital contribution by the Company contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules, and the transactions contemplated under the 2027 Deposit Services Agreement and the 2027 Secured Financial Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio calculated pursuant to the Listing Rules in respect of the capital contribution to be made by the Company under the Capital Contribution Agreement is more than 5% but all applicable percentage ratios are less than 25%, the entering into of the Capital Contribution Agreement and the making of the capital contribution by the Company contemplated thereunder constitute a discloseable transaction of the Company and are subject to the announcement requirement under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio calculated pursuant to the Listing Rules in respect of the capital contribution to be made by the Company under the Capital Contribution Agreement is more than 5%, the entering into of the Capital Contribution Agreement and the making of the capital contribution by the Company contemplated thereunder are subject to the reporting and announcement requirements, the annual review requirements, and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest percentage ratio calculated pursuant to the Listing Rules in respect of the transactions contemplated under the 2027 Deposit Services Agreement (on an annual basis) exceeds 5%, such transactions are subject to the reporting and announcement requirements, the annual review requirements, and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Further, as one or more of the applicable percentage ratios calculated pursuant to the Listing Rules for the deposit services under the 2027 Deposit Services Agreement exceed 25%, the provision of deposit services by SHIG Finance Co to the Group constitutes a major transaction of the Company (as such services do not involve an acquisition or disposal of assets) and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the highest percentage ratio calculated pursuant to the Listing Rules in respect of the transactions contemplated under the 2027 Secured Financial Services Agreement (on an annual basis) exceeds 0.1% but all of which are less than 5%, such transactions are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL

A circular containing, among other things, further details in relation to the transactions contemplated under the Capital Contribution Agreement and the 2027 Deposit Services Agreement, the letters from the Independent Board Committee, the recommendations of the Independent Financial Adviser, together with a notice of the general meeting is expected to be despatched to the Shareholders on or about 23 December 2024.

Shareholders and potential investors are reminded to exercise caution when dealing in the shares of the Company.

I. BACKGROUND

The Measures for the Administration of Finance Companies of Enterprise Groups (《企業集團財務公司管理辦法》) issued by the Original CBIRC in October 2022 prescribed that one enterprise group may only have one finance company within the group. To implement such requirement, SHIG has proposed to integrate the resources of the two finance companies within its group, being SHIG Finance Co and Sinotruk Finance Co. The following transactions have accordingly been entered into by the Group in connection with such purposes: (i) Sinotruk Finance Co will undertake a voluntary liquidation; (ii) the Company along with the existing equity holders of SHIG Finance Co will each make a capital contribution to SHIG Finance Co; and (iii) SHIG Finance Co will provide certain financial services to the Group which will constitute continuing connected transactions of the Group.

The said arrangements are expected to (i) achieve full compliance of the relevant PRC policies and regulations, (ii) consolidate the resources and create a well-rounded financial services provider platform within the SHIG Group, (iii) maintain or strengthen the Group's economic interest in the finance business segment with the implementation of the Capital Contribution. Further, the receipt of high quality support and services provided by SHIG Finance Co is expected to benefit the continuous operations and development of the Group.

II. THE VOLUNTARY LIQUIDATION OF SINOTRUK FINANCE CO

This section of the announcement is made pursuant to Rule 13.25(1)(c) of the Listing Rules and Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

On 11 November 2024, the Board resolved to commence the voluntary winding-up procedures of Sinotruk Finance Co, a non-wholly owned subsidiary of the Company.

Information on Sinotruk Finance Co

Sinotruk Finance Co is a non-wholly owned subsidiary of the Company with a registered capital of RMB3,050,000,000. It is an authorised non-bank financial institution established with approval from the relevant PRC government authorities to facilitate internal financing transactions. Sinotruk Finance Co is held as to approximately 51.33% by the Company directly, approximately 41.85% and approximately 3.28% by the Company indirectly each through its wholly owned subsidiaries Ji'nan Power and Sinotruk International Investment, approximately 2.29% by CNHTC, and approximately 1.25% by independent third parties. Sinotruk Finance Co is principally engaged in the provision of corporate group finance services to members of the CNHTC Group.

Based on the financial statements of Sinotruk Finance Co prepared in accordance with the China Accounting Standards for Business Enterprises, set out below is certain consolidated financial information of Sinotruk Finance Co for the two years ended 31 December 2023 and for the nine months ended 30 September 2024:

	For the nine months ended 30 September 2024	For the year ended 31 December 2023	For the year ended 31 December 2022
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>
Revenue	537,098,000	605,775,000	710,997,000
Net profits (loss) before taxation	528,892,000	652,035,000	640,438,000
Net profits (loss) after taxation	401,449,000	490,808,000	480,045,000

Based on the financial information extracted from the financial statements of Sinotruk Finance Co prepared adopting the China Accounting Standards for Business Enterprises, as of 30 September 2024, the total asset value and net asset value of Sinotruk Finance Co were approximately RMB43,918,764,000 and RMB7,298,435,000, respectively; as of 31 December 2023, the audited total asset value and net asset value of Sinotruk Finance Co were approximately RMB46,332,928,000 and RMB6,896,981,000.

As the percentage ratio (as defined under Rule 14.04(9)) in respect of the total assets of Sinotruk Finance Co (being a subsidiary of the Company) is more than 5%, the Voluntary Liquidation is subject to the announcement requirement under Rule 13.25(1)(c) of the Listing Rules.

Reasons for the Voluntary Liquidation and its impact on the Group

The Measures for the Administration of Finance Companies of Enterprise Groups (《企業集團財務公司管理辦法》) issued by the Original CBIRC in October 2022 prescribed that one enterprise group may only have one finance company within the group. Following the completion of the Gratuitous Transfers in February 2022, SHIG has become the controlling shareholder of the Company, and SHIG has since then had two finance companies under its group, namely SHIG Finance Co and Sinotruk Finance Co. The Voluntary Liquidation will enable the SHIG Group to fully comply with the relevant PRC regulations and policies which require that one enterprise group may only have one finance company within its group. The Voluntary Liquidation will involve the distribution of all the equity of Sinotruk Finance Co to its equity holders based on their respective shareholding (details of which are disclosed in the sub-section headed “Information on Sinotruk Finance Co” above).

Upon completion of the Voluntary Liquidation, the Company will cease to have any interest in Sinotruk Finance Co, and the financial results and position of Sinotruk Finance Co will be deconsolidated from that of the Group. According to the preliminary assessment of the Company, the Company will not record a material impact as a result of the Voluntary Liquidation. While the Voluntary Liquidation of Sinotruk Finance Co will have certain effect on the finance segment of the Group, considering the entire arrangement of transactions as disclosed in this announcement, the Board expects that the effect of the Voluntary Liquidation on the finance segment of the Group will be offset in other segments of the Group. In particular, (1) the deposits previously placed to Sinotruk Finance Co will be deposited into SHIG Finance Co and other commercial banks which will generate similar interest income and such interest income will be included in the business segments of the Group the depositors belong to; (2) as for the investments made with other financial institutions by Sinotruk Finance Co in the past, the Group may also make investments with other financial institutions in the future to generate investment gains to make up the previous investment gains of Sinotruk Finance Co, and such profit will be also included in the other business segments of the Group; and (3) upon the completion of the making of the capital contribution to SHIG Finance Co by the Company in the manner as disclosed in the section headed “III. The Capital Contribution to SHIG Finance Co” in this announcement, the Company’s equity holding in SHIG Finance Co will be included in the financial statements of the Company as “investments in associates”. Accordingly, the Company will share the profit (loss) of investments in associates regularly, and such profits will be recorded into the finance segment of the Group.

In light of the above and having considered that Sinotruk Finance Co will gradually cease its business operations and other members of the Group are expected to gradually transition and obtain the relevant financial services from SHIG Finance Co and/or other third party financial services providers going forward, the Board does not expect that the Voluntary Liquidation will have any material adverse impact on the financial position and business operations of the Group. Following the completion of the Voluntary Liquidation, the finance segment of the Group will no longer involve the provision of bills discounting services, entrustment loan arrangements, settlement services, deposits taking services and commercial lending services, but will continue to provide auto-financing services to the end-users and dealers of the Group's products for the purposes of their purchase of the Group's vehicles.

Further announcement(s) will be made by the Company as and when appropriate if there is any material progress regarding the Voluntary Liquidation.

Shareholders and potential investors are reminded to exercise caution when dealing in the shares of the Company.

III. THE CAPITAL CONTRIBUTION TO SHIG FINANCE CO

1. Principal terms of the Capital Contribution Agreement

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

- Date:** 11 November 2024
- Parties:**
- (1) the Company
 - (2) SHIG
 - (3) Weichai Power
 - (4) Weichai Heavy Machinery
 - (5) Shantui Co
 - (6) SFGC
 - (7) SHIG Finance Co

Subject matter

Pursuant to the Capital Contribution Agreement, each of the Company and the existing equity holders of SHIG Finance Co (being SHIG, Weichai Power, Weichai Heavy Machinery, Shantui Co and SFGC) has agreed to make the Capital Contribution to SHIG Finance Co as follows, and SHIG Finance Co has agreed to such Capital Contribution to be made by the relevant parties:

Party	Capital contribution to be made (RMB)	Contribution to registered capital (RMB)	Contribution to capital reserve (RMB)
The Company	3,484,800,000	1,500,000,000	1,984,800,000
<i>Existing equity holders of SHIG Finance Co</i>			
SHIG	784,080,000	337,500,000	446,580,000
Weichai Power	653,400,000	281,250,000	372,150,000
Weichai Heavy Machinery	261,360,000	112,500,000	148,860,000
Shantui Co	261,360,000	112,500,000	148,860,000
SFGC	130,680,000	56,250,000	74,430,000
Sub-total	<u>2,090,880,000</u>	<u>900,000,000</u>	<u>1,190,880,000</u>

The following table sets out the equity interest of each of the equity holders in SHIG Finance Co immediately before and after the Capital Contribution being made:

Equity holders of SHIG Finance Co	Percentage of equity interest in SHIG Finance Co immediately before the Capital Contribution	Approximate percentage of equity interest in SHIG Finance Co immediately after the Capital Contribution
The Company	—	37.50%
SHIG	37.50%	23.44%
Weichai Power	31.25%	19.53%
Weichai Heavy Machinery	12.50%	7.81%
Shantui Co	12.50%	7.81%
SFGC	6.25%	3.91%
Total	100%	100%

As at the date of this announcement, the Group does not have any equity interest in SHIG Finance Co. Upon completion of the Capital Contribution, the Company will be interested in approximately 37.5% of the total equity interest in SHIG Finance Co, and SHIG Finance Co will be accounted for as an associated company of the Company.

After the Capital Contribution being made by the relevant parties, the registered capital of SHIG Finance Co will be increased from RMB1,600,000,000 to RMB4,000,000,000.

Conditions precedent and payment term

The payment of the Capital Contribution is subject to the satisfaction of the following conditions precedent:

- (i) all necessary approval from SHIG and other applicable authorities having been obtained, and such approval not substantially altering the terms of the Capital Contribution Agreement;
- (ii) each party to the Capital Contribution Agreement having obtained the necessary authorisations, approvals, consents and permissions in respect of the Capital Contribution, including but not limited to the approval of the Company's shareholders at the general meeting;

- (iii) there being no occurrence of any material adverse change to the operations, financial position or assets of SHIG Finance Co following the signing of the Capital Contribution Agreement;
- (iv) SHIG, Weichai Power, Weichai Heavy Machinery, Shantui Co, SFGC and SHIG Finance Co having performed all its obligations under the Capital Contribution Agreement and in respect of the Capital Contribution, and that all warranties of the aforementioned parties set forth in the Capital Contribution Agreement being true, legal and effective;
- (v) as at the date of the Capital Contribution Agreement, there being no material punitive orders or measures imposed or threatened to be imposed by any governmental authorities on SHIG Finance Co which may affect or restrict the Capital Contribution or any ancillary transactions, and there being no promulgation of laws or regulations by the competent governmental authorities that may affect the legality of the Capital Contribution; and
- (vi) any other additional conditions that all parties to the Capital Contribution Agreement unanimously consider as necessary.

The Capital Contribution shall be paid in cash by the relevant parties to SHIG Finance Co within 10 working days after the satisfaction of the abovementioned conditions precedent.

Completion

Each of the parties to the Capital Contribution Agreement shall assist SHIG Finance Co to complete the relevant approval and registration procedures in respect of the Capital Contribution. Within 10 working days after the payment of the Capital Contribution by the Company, SHIG, Weichai Power, Weichai Heavy Machinery, Shantui Co, SFGC, respectively, to SHIG Finance Co, SHIG Finance Co shall submit the necessary application with the Shandong Administrative Bureau of the National Financial Regulatory Administration (國家金融監督管理總局山東監管局). SHIG Finance Co shall submit the necessary industrial and commercial change and filings with the relevant authorities within five days after obtaining the relevant approval from the Shandong Administrative Bureau of the National Financial Regulatory Administration.

The completion date of the Capital Contribution shall be the date on which such industrial and commercial change registrations having been completed and SHIG Finance Co having obtained the new business license of enterprise legal person issued by the relevant authority.

From the date on which the National Financial Regulatory Administration (or authorities delegated by it) approves the Capital Contribution and SHIG Finance Co records the Company as an equity holder, the Company shall become an equity holder of SHIG Finance Co and assume the rights and obligations of an equity holder pursuant to the Company Law of the PRC and the articles of association of SHIG Finance Co.

2. Transfer restriction

According to the articles of association of the SHIG Finance Co, any proposed transfer of equity interest in the SHIG Finance Co to any person (whether among existing equity holders of SHIG Finance Co or to any third party who is not an existing equity holder of SHIG Finance Co) shall be consented to by more than two thirds of the existing equity holders of the SHIG Finance Co with voting rights, and approval should be obtained from the National Financial Regulatory Administration (or authorities delegated by it). In addition, unless otherwise approved by the National Financial Regulatory Administration (or authorities delegated by it) or involving the adoption of risk management measure, receipt of order to transfer, mandatory transfer by law or intra-group transfers between different entities held by a common controller, an equity holder of SHIG Finance Co obtaining the relevant equity interest in SHIG Finance Co shall not dispose any of its equity interest in SHIG Finance Co within five years of the date of the obtaining such equity interest.

3. Basis for determination of the amount of Capital Contribution

The total amount of the Capital Contribution to be made by all relevant parties was determined after arm's length negotiation among the parties to the Capital Contribution Agreement with reference to (i) the expected value of the entire equity interest of SHIG Finance Co of RMB3,717,121,049.53, which is determined based on the appraised value of the entire equity interest of SHIG Finance Co of RMB3,857,274,309.87 as at the Valuation Date using the asset-based approach as appraised by the Valuer, and further adjusted by deducting the dividend paid after the Valuation Date in the amount of RMB195,815,289, and adding in the expected increase in equity value of SHIG Finance Co in the amount of RMB55,662,028.66 during the period between the Valuation Date and the completion of the Capital Contribution, (ii) the funding needs of SHIG Finance Co for its future business development taking into account the plan on the proposed voluntary liquidation of Sinotruk Finance Co as detailed in the section headed "II. The Voluntary Liquidation of Sinotruk Finance Co" above, and (iii) the minimum capital requirements as prescribed by the relevant PRC regulations.

The amount of the capital contribution to be made by the Company was determined after arm's length negotiation among the parties to the Capital Contribution Agreement with reference to the total amount of the Capital Contribution and the percentage of equity interest in SHIG Finance Co to be held by the Group. Upon completion of the Capital Contribution, the Company will become the single largest shareholder of SHIG Finance Co.

Based on the above and having taken into account the reasons as set out in the sub-section headed "5. Reasons for and benefits of entering into the Capital Contribution Agreement" below, the Board considers that the amount of the capital contribution to be made by the Company is fair and reasonable and in the interests of the Company and the Shareholders as a whole. The capital contribution to be made by the Company is expected to be funded by the Group's internal financial resources.

4. Information on SHIG Finance Co

SHIG Finance Co was established on 11 June 2012 as a limited liability company in the PRC. It is currently a subsidiary of SHIG with a registered capital of RMB1,600 million, and held as to approximately 37.50%, 31.25%, 12.50%, 12.50% and 6.25% by SHIG, Weichai Power, Weichai Heavy Machinery, Shantui Co and SFGC, respectively. SHIG Finance Co is principally engaged in the provision of finance company services to members of the SHIG Group.

Based on the audited financial statements of SHIG Finance Co prepared in accordance with the China Accounting Standards for Business Enterprises, set out below is certain financial information of SHIG Finance Co for the two years ended 31 December 2023 and for the seven months ended 31 July 2024 (i.e. the Valuation Date):

	For the seven months ended 31 July 2024	For the year ended 31 December 2023	For the year ended 31 December 2022
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Revenue	608,444,000	913,581,000	1,052,125,000
Net profits (loss) before taxation	246,927,000	430,983,000	358,704,000
Net profits (loss) after taxation	185,183,000	323,135,000	268,994,000

Based on the financial information extracted from the audited financial statements of SHIG Finance Co prepared adopting the China Accounting Standards for Business Enterprises, as of 31 July 2024, the audited total asset value and net asset value of SHIG Finance Co were approximately RMB38,578,789,000 and RMB3,846,802,000, respectively; as of 31 December 2023, the audited total asset value and net asset value of SHIG Finance Co were approximately RMB39,203,766,000 and RMB3,620,491,000. According to the Valuation Report, the appraised value of the entire equity interest of SHIG Finance Co as at the Valuation Date using the asset-based approach was approximately RMB3,857,274,309.87.

5. Reasons for and benefits of entering into the Capital Contribution Agreement

The Capital Contribution is undertaken by the relevant parties as a part of the plan to consolidate the resources and operations of SHIG Finance Co and Sinotruk Finance Co in compliance with the Measures for the Administration of Finance Companies of Enterprise Groups (《企業集團財務公司管理辦法》) issued by the Original CBIRC in October 2022, which requires that one enterprise group may only have one finance company within the group.

SHIG Finance Co has obtained the necessary qualifications (including but not limited to the qualifications to purchase and sell foreign exchanges and provide guarantees for customs duties) under the relevant PRC laws and regulations, and is able to provide a wide range of financial services to the members of the SHIG Group (including the Group). After the voluntary liquidation and dissolution of Sinotruk Finance Co as detailed in the section headed “II. The Voluntary Liquidation of Sinotruk Finance Co” above, SHIG Finance Co will be able to provide the same services to the members of the Group as those offered by Sinotruk Finance Co to the Group currently, and will be able to provide stable and sufficient financial resources to the Group and ensure the Group’s continual access to the requisite financial services.

Upon the completion of the Capital Contribution, the Company will become the single largest shareholder of SHIG Finance Co and SHIG Finance Co will be accounted for as an associated company of the Company. Through its interest in SHIG Finance Co, the Company will continue to retain a certain level of interests in the finance business segment and enjoy the return from the growth of SHIG Finance Co’s business operations. Further, the making of the Capital Contribution to the SHIG Finance Co under the Capital Contribution Agreement will also strengthen the financial position and competitiveness of the SHIG Finance Co, which is expected to allow the SHIG Finance Co to provide better financial services to the Group.

In light of the above, the Board (excluding the independent non-executive Directors who will express their views in the circular after considering the advice of the Independent Financial Adviser and excluding the Interested Directors) considers that the Capital Contribution Agreement was entered into on normal commercial terms after arm's length negotiations (having taken into account the appraised value of SHIG Finance Co) and that the terms of the Capital Contribution Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Although the entering into of the Capital Contribution Agreement shall be regarded as an investing activity and therefore is not conducted in the ordinary and usual course of business of the Group, the Board (excluding the independent non-executive Directors and Interested Directors) is of the view that the Capital Contribution Agreement and the transactions contemplated thereunder are beneficial to the long-term business strategy of the Group.

6. Information on the parties to the Capital Contribution Agreement

The Company and the Group

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

SHIG

SHIG is a state-owned enterprise organised under the laws of the PRC with limited liability and is one of the leading automobile and equipment groups in the PRC. SHIG is the ultimate holding company of the Company and the controlling shareholder (as defined in the Listing Rules) of the Company. SHIG 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*).

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, each of the other parties to the Capital Contribution Agreement other than SHIG itself (being the Company, Weichai Power, Weichai Heavy Machinery, Shantui Co, SFGC and SHIG Finance Co) is a subsidiary of SHIG.

Weichai Power

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

Weichai Heavy Machinery

Weichai Heavy Machinery is a joint stock company limited by shares established in the PRC whose shares are listed on the Shenzhen Stock Exchange (stock code: 000880). Weichai Heavy Machinery is principally engaged in the manufacture and sale of medium-speed diesel engines and diesel engine parts and components, power generators and related products, and the provision of repair processing services for machinery parts.

Shantui Co

Shantui Co is a joint stock company limited by shares established in the PRC whose shares are listed on the Shenzhen Stock Exchange (stock code: 000680). Shantui Co is principally engaged in the research and development, production, sale, leasing and repair of and provision of consultation service in regard to construction machinery, hoisting and conveying machinery, mining machinery, farmland construction machinery and harvesting machinery and the components.

SFGC

SFGC is a limited liability company established in the PRC, and is principally engaged in the design, development, manufacture and sale services of motor vehicle parts and components such as vehicle transmission, gears and forgings. SFGC is a 51% subsidiary of Weichai Power.

7. Listing Rules implications

As the highest applicable percentage ratio calculated pursuant to the Listing Rules in respect of the capital contribution to be made by the Company under the Capital Contribution Agreement is more than 5% but all applicable percentage ratios are less than 25%, the entering into of the Capital Contribution Agreement and the making of the capital contribution by the Company contemplated thereunder constitute a discloseable transaction of the Company, and, are therefore subject to the announcement requirement under Chapter 14 of the Listing Rules.

As at the date of this announcement, SHIG is a controlling shareholder (as defined in the Listing Rules) of the Company and accordingly a connected person of the Company. Further, as disclosed in the sub-sections headed “4. Information on SHIG Finance Co” and “6. Information on the parties to the Capital Contribution Agreement” above, each of Weichai Power, Weichai Heavy Machinery, Shantui Co, SFGC and SHIG Finance Co is a subsidiary of SHIG, and accordingly, each of the aforementioned parties is a connected person of the Company. Therefore, the entering into of the Capital Contribution Agreement and the making of the capital contribution by the Company contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio calculated pursuant to the Listing Rules in respect of the capital contribution to be made by the Company under the Capital Contribution Agreement is more than 5%, the entering into of the Capital Contribution Agreement and the making of the capital contribution by the Company contemplated thereunder are subject to the reporting and announcement requirements, the annual review requirements, and the Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

At the Board meeting held on 11 November 2024 approving the Capital Contribution Agreement and the transactions contemplated thereunder, Mr. Wang Zhijian and Mr. Cheng Guangxu have abstained from voting in respect of the resolution approving the Capital Contribution Agreement and the transactions contemplated thereunder in view of their respective position(s) in the relevant connected person(s). Save as disclosed above, none of the Directors has a material interest in the Capital Contribution Agreement and the transactions contemplated thereunder.

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

IV. CONTINUING CONNECTED TRANSACTIONS

Given that Sinotruk Finance Co, as disclosed in the section headed “II. The Voluntary Liquidation of Sinotruk Finance Co” above, will gradually cease its business operations and will cease to provide finance services to the Group upon its Voluntary Liquidation, going forward, the Group intends to enter into cooperation with the SHIG Finance Group pursuant to which the SHIG Finance Group will provide certain requisite finance services to members of the Group. As the services to be provided the SHIG Finance Group to the Group will constitute continuing connected

transactions of the Group, the Company (for itself and on behalf of its subsidiaries) has entered into (i) the 2027 Deposit Services Agreement and (ii) the 2027 Secured Financial Services Agreement with SHIG Finance Co (for itself and on behalf of any of its Associates) to govern the terms of the relevant transactions.

A summary of the Continuing Connected Transactions is set out below:

Nature of the connected transaction with the Group	Name of connected person	Name of Group Company	Connected person's relationship with the Group
Receipt of deposit services The SHIG Finance Group providing deposit services to the Group	SHIG Finance Co (for itself and on behalf of the SHIG Finance Group)	The Company (for itself and on behalf of its subsidiaries)	SHIG Finance Co is a subsidiary of SHIG, which is, in turn, a substantial shareholder of the Company
Receipt of secured loans facilities The SHIG Finance Group providing certain loan facilities to the Group secured by assets of the Group	SHIG Finance Co (for itself and on behalf of the SHIG Finance Group)	The Company (for itself and on behalf of its subsidiaries)	SHIG Finance Co is a subsidiary of SHIG, which is, in turn, a substantial shareholder of the Company

A summary of the (proposed) New Caps for the transactions contemplated under the 2027 Deposit Services Agreement and the Secured Financial Services Agreement is set out below:

	(Proposed) New Caps		
	For the year ending 31 December 2025	For the year ending 31 December 2026	For the year ending 31 December 2027
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Receipt of deposit services	44,000,000	50,500,000	57,000,000
Receipt of secured loans facilities	2,500,000*	2,500,000*	2,500,000*

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

Reference is also made to the announcement of the Company dated 30 October 2023 in respect of, *inter alia*, the 2026 Secured Loan Agreement entered into between CNHTC and the Company pursuant to which CNHTC (and its Associates) agreed to provide a revolving loan facility through its eligible members to the Group secured by assets of the Group during the period from 1 January 2024 to 31 December 2026. Given that the transactions contemplated under the 2027 Secured Financial Services Agreement are in the same nature with those contemplated under the 2026 Secured Loan Agreement, in order to facilitate the streamlining of the Continuing Connected Transactions between the Group and the CNHTC Group, as at the date of this announcement, the Company has also entered into a supplemental agreement to the 2026 Secured Loan Agreement with CNHTC to shorten the period of the relevant facility to end on 31 December 2024. From 1 January 2025 onwards, the obtaining of revolving loan facility secured by assets transactions from eligible members of the CNHTC Group will be governed under the 2027 Secured Financial Services Agreement. Save for the said shortening of the term of the 2026 Secured Loan Agreement, all other terms of 2026 Secured Loan Agreement shall remain unchanged. Please refer to the Company's announcement dated 30 October 2023 for details of the other principal terms of the 2026 Secured Loan Agreement.

1. Major and continuing connected transaction - 2027 Deposit Services Agreement

The principal terms of the 2027 Deposit Services Agreement and the transactions contemplated thereunder are as follows:

Date : 11 November 2024

Parties : (1) SHIG Finance Co
(2) The Company

Term : Three years from 1 January 2025 to 31 December 2027 (both days inclusive)

Subject matter:

Pursuant to the 2027 Deposit Services Agreement, the SHIG Finance Group has agreed to provide deposit services to the Group for a term of three years from 1 January 2025 to 31 December 2027, subject to the obtaining of the relevant Independent Shareholders' approval of the transactions contemplated under the 2027 Deposit Services Agreement and the New Caps.

The transactions under the 2027 Deposit Services Agreement are non-exclusive and the Group has the right to decide whether it requires and accepts the financial services to be provided by the SHIG Finance Group, and will have the discretion to engage other financial institutions in providing such financial services to the Group with reference to its own business needs.

Other terms and details:

Pursuant to the 2027 Deposit Services Agreement, separate agreements will be entered into by relevant members of the Group and the SHIG Finance Group which will further specify the deposit services to be provided, including the deposit amount and interest rate.

Deposit services

The SHIG Finance Group will provide to the Group the deposit services pursuant to the 2027 Deposit Services Agreement, and the interest rate for the deposits of the Group's funds with the SHIG Finance Group shall, subject to the compliance of relevant requirements of the People's Bank of China, be no less than the benchmark deposit rate announced by the People's Bank of China over the same period, the interest rates for the same type of deposit offered by major commercial banks in the PRC to members of the Group over the same period in the same area, and the terms offered by the SHIG Finance Group to other parties.

It is estimated that the interest rate will range from the benchmark deposit rate announced by the People's Bank of China over the same period for the same level to 40% above such rate, which may be adjusted in accordance with changes in the currency policy of the People's Bank of China and interest rates in the market.

Historical transaction amounts

The provision of deposit services by the SHIG Finance Group to the Group pursuant to the 2027 Deposit Services Agreement is a new arrangement between the SHIG Finance Group and the Group in light of the Voluntary Liquidation as detailed in the section headed "II. The Voluntary Liquidation of Sinotruk Finance Co" in this announcement.

Sinotruk Finance Co is a non-wholly owned subsidiary of the Company which has been providing deposit services to members of the CNHTC Group (including the Group). Given that the Board has resolved to commence the voluntary winding-up procedures of Sinotruk Finance Co, Sinotruk Finance Co will gradually cease its business operations and will cease to provide deposit services

to the Group upon its Voluntary Liquidation. Hence, going forward and following the completion of the Voluntary Liquidation, the Group intends to engage SHIG Finance Co in providing such deposit services to members of the Group instead.

The historical maximum day-end balances for the deposit services provided by Sinotruk Finance Co to the Group for the two years ended 31 December 2023 and nine months ended 30 September 2024 are as follows:

	For the year ended 31 December 2022 (RMB'000)	For the year ended 31 December 2023 (RMB'000)	For the nine months ended 30 September 2024 (RMB'000)
Historical transaction amounts for the deposit services provided by Sinotruk Finance Co to members of the Group			
Maximum day-end balance for the deposit services	34,846,000	40,444,000	42,060,000

Proposed New Caps and basis

The following table shows the proposed New Caps, being the maximum day-end balance for the deposit services provided by the SHIG Finance Group, for the three years ending 31 December 2027 for the transactions contemplated under the 2027 Deposit Services Agreement:

	For the year ending 31 December 2025 (RMB'000)	For the year ending 31 December 2026 (RMB'000)	For the year ending 31 December 2027 (RMB'000)
Proposed New Caps			
Maximum day-end balance for the deposit services	44,000,000	50,500,000	57,000,000

The proposed New Caps for the three years ending 31 December 2027 for the transactions contemplated under the 2027 Deposit Services Agreement were determined after considering the following factors:

- (i) as such deposit services have been provided by Sinotruk Finance Co to the Group historically, the historical maximum day-end balances for such services provided by Sinotruk Finance Co to the Group for the two years ended 31 December 2023 and nine months ended 30 September 2024;
- (ii) the expected growth of business operations of the Group and the expected cash position of the Group; and

(iii) the expected amount of interest income from SHIG Finance Co in respect of the deposit services.

The 2027 Deposit Services Agreement and the relevant proposed New Caps are subject to the reporting, announcement, annual review, and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules, and the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Internal control procedures

To protect the interests of Shareholders, the Group has adopted certain internal control procedures to ensure that the continuing connected transactions are in compliance with relevant rules:

1. SHIG Finance Co must ensure strict compliance with the relevant financial laws and regulations of PRC;
2. specific settings are enforced in the fund management system of SHIG Finance Co to monitor the day-end balance of the Group in SHIG Finance Co. Accordingly, any total day-end balance between the Group and SHIG Finance Co exceeding a certain level will trigger an automatic warning and will be reported to the Group;
3. Before the Group conducts financial business such as deposits or loans with SHIG Finance Co, the Group will compare the interest rate and quotation level provided by SHIG Finance Co with those provided by major commercial banks or financial institutions in the PRC with which the Group has established similar business relationships, and select the best one;
4. The Group will regularly review the financial statements and audit reports of SHIG Finance Co and other relevant documents to assess the operations, financial risks and financial position of SHIG Finance Co;
5. The Company shall be notified immediately upon the occurrence of circumstances that may cause harm to the security of the Group's deposits or on the occurrence of any other circumstances that may jeopardise the security of the Group's deposits. In the event that the relevant risks cannot be eliminated, the Group shall take relevant actions to withdraw all deposits; and
6. The auditor of the Group will review the maximum day-end balance and/or the accumulated annual transaction amount (as the case may be) and annual caps of continuing connected transactions in accordance with the Listing Rules.

The Board considers that the above internal control procedures adopted by the Company in respect of the transactions under the 2027 Deposit Services Agreement are appropriate and will give sufficient assurance to the Shareholders that the transactions under the 2027 Deposit Services Agreement will be appropriately monitored by the Company.

2. Continuing connected transaction - 2027 Secured Financial Services Agreement

The principal terms of the 2027 Secured Financial Services Agreement and the transactions contemplated thereunder are as follows:

Date : 11 November 2024

Parties : (1) SHIG Finance Co
(2) The Company

Term : Three years from 1 January 2025 to 31 December 2027 (both days inclusive)

Subject matter:

Pursuant to the 2027 Secured Financial Services Agreement, the SHIG Finance Group has agreed to provide certain loan facilities to members of the Group, including, by way of fixed loans, revolving loans and bill issues etc., which will be secured by assets of the Group for a term of three years from 1 January 2025 to 31 December 2027.

The transactions under the 2027 Secured Financial Services Agreement are non-exclusive and the Group has the right to decide whether it requires and accepts the financial services to be provided by the SHIG Finance Group, and will have the discretion to engage other financial institutions in providing such financial services to the Group with reference to its own business needs.

Other terms and details:

Pursuant to the 2027 Secured Financial Services Agreement, separate agreements will be entered into by relevant members of the Group and the SHIG Finance Group which will further specify the specifications of the services to be provided, including the nature of the loan, the repayment terms, and conditions of each drawdown etc..

Interest rate, service fees and payment

The SHIG Finance Group will provide to the Group the secured loan services pursuant to the 2027 Secured Financial Services Agreement on terms no less favourable than those available to independent third parties.

The interest rates of the relevant loans are determined with reference to the relevant interest rates quoted for similar services over the same period provided by financial institutions in the PRC from time to time, and the determination of which shall be in line with the normal commercial terms and applicable loan interest rate policies. The interest rates of the relevant loans shall be no more than those payable by the Group for similar services over the same period charged by other financial institutions in the PRC from time to time.

The services fee rates charged for the issue of bills are determined with reference to the fees for similar services charged by financial institutions in the PRC from time to time with similar terms of service, and such service fee rates shall be no more than those payable by the Group for similar services charged by other financial institutions in the PRC from time to time.

Security

The drawdown amount of any loan drawn under the 2027 Secured Financial Services Agreement will be secured by assets of the Group, including but not limited to vehicles and/or accounts receivables of the respective borrowing subsidiary in the Group.

Historical transaction amounts

The provision of secured loan services by the SHIG Finance Group to the Group pursuant to the 2027 Secured Financial Services Agreement is a new arrangement undertaken by the SHIG Finance Group and the Group in light of the Voluntary Liquidation as detailed in the section headed “II. The Voluntary Liquidation of Sinotruk Finance Co” in this announcement.

Sinotruk Finance Co is a non-wholly owned subsidiary of the Company which provides financial services to members of the CNHTC Group (including the Group), and the Board has resolved to commence the voluntary winding-up procedures of Sinotruk Finance Co. Upon the Voluntary Liquidation, the services provided by Sinotruk Finance Co to the Group will be provided by the SHIG Finance Group instead. Therefore, the 2027 Secured Financial Services Agreement has been entered into by the parties to govern the secured loan services to be provided by the SHIG Finance Group to the Group which constitute continuing connected transactions of the Company.

The historical maximum day-end balances for the secured loan services provided Sinotruk Finance Co to the Group for the two years ended 31 December 2023 and nine months ended 30 September 2024 are as follows:

Historical transaction amounts for the secured loan services provided by Sinotruk Finance Co to members of the Group	For the year ended 31 December 2022 <i>(RMB'000)</i>	For the year ended 31 December 2023 <i>(RMB'000)</i>	For the nine months ended 30 September 2024 <i>(RMB'000)</i>
Maximum day-end balance for the secured loan services (inclusive of interest and service fees)	1,784,000	1,670,000	1,382,000

New Caps and basis

The following table shows the New Caps, being the maximum day-end balance for the secured loan services provided by SHIG Finance Co for the three years ending 31 December 2027 for the transactions contemplated under the 2027 Secured Financial Services Agreement:

New Caps	For the year ending 31 December 2025 <i>(RMB'000)</i>	For the year ending 31 December 2026 <i>(RMB'000)</i>	For the year ending 31 December 2027 <i>(RMB'000)</i>
Maximum day-end balance for the secured loan services (inclusive of interest and service fees)	2,500,000	2,500,000	2,500,000

The New Caps for the three years ending 31 December 2027 for the transactions contemplated under the 2027 Secured Financial Services Agreement were determined after considering the following factors:

- (i) as such financing services have been provided by Sinotruk Finance Co to the Group, the historical maximum day-end balances for such services provided by Sinotruk Finance Co to the Group for the two years ended 31 December 2023 and nine months ended 30 September 2024;
- (ii) the expected business development and funding needs of the Group members, the cash flow requirement of the Group in 2024, the projected cash flow requirement of the Group and the funding requirements of its general trade transactions during the term of the 2027 Secured Financial Services Agreement; and

(iii) the expected interest rates and service fee rates to be charged by SHIG Finance Co in respect of the secured loan services.

Internal control procedures

The Group has established procedures for monitoring the Continuing Connected Transactions under this sub-section IV.2. 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 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 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 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 will conduct semi-annual and annual reviews to check whether these transactions are conducted in accordance with the established procedures and internal controls and assess the effectiveness of the internal controls. In addition, the Company will engage the external auditors of the Company to conduct an annual review of the relevant Continuing Connected Transactions of the Group to report to the Board 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.

3. Reasons for and benefits of entering into the 2027 Deposit Services Agreement, the 2027 Secured Financial Services Agreement and the supplemental agreement to the 2026 Secured Loan Agreement

By entering into of the 2027 Deposit Services Agreement and the 2027 Secured Financial Services Agreement, the Group will continue to enjoy the required financial services from SHIG Finance Co and thus ensure the sufficiency of its financial resources following the cease of operation of Sinotruk Finance Co upon the Voluntary Liquidation as detailed in the section headed “II. The Voluntary Liquidation of Sinotruk Finance Co” in this announcement. Being a regulated entity, SHIG Finance Co is able to provide full-rounded financial services under PRC regulatory scrutiny and the terms of the relevant financial services provided by SHIG Finance Co under the 2027 Deposit Services Agreement and the 2027 Secured Financial Services Agreement will be no less favourable to the Group than those provided by major commercial banks and other financial institutions in the PRC for the same type of financial services. Following the completion of the Capital Contribution, the Group will have certain interest in SHIG Finance Co and its businesses, which is expected to also increase the efficiency in the financial services provided by the SHIG Finance Group to the Group and reduce financing costs for the Group.

Reference is also made to the announcement of the Company dated 30 October 2023 in respect of, *inter alia*, the 2026 Secured Loan Agreement entered into between CNHTC and the Company pursuant to which CNHTC (and its Associates) agreed to provide a revolving loan facility through its eligible members to the Group secured by assets of the Group during the period from 1 January 2024 to 31 December 2026. As at the date of this announcement, the Company has also entered into a supplemental agreement to the 2026 Secured Loan Agreement with CNHTC to shorten the period of the relevant facility to end on 31 December 2024, as the relevant services in the future will be governed by the 2027 Secured Financial Services Agreement instead.

In light of the above, the Board (excluding the independent non-executive Directors who will express their views in the circular after considering the advice of the Independent Financial Adviser and excluding the SHIG Interested Director) believed that it was in the best interest of the Group to enter into the 2027 Deposit Services Agreement and the Board (including the independent non-executive Directors but (i) excluding the Disagreeing Directors and the SHIG Interested Director for the 2027 Secured Financial Services Agreement and (ii) excluding the Disagreeing Directors and the CNHTC Interested Directors for the supplemental agreement to the 2026 Secured Loan Agreement) believed that it was in the best interest of the Group to enter into the 2027 Secured Financial Services Agreement and the supplemental agreement to the 2026 Secured Loan Agreement.

The terms of the 2027 Deposit Services Agreement and the 2027 Secured Financial Services Agreement were made after arm's length negotiations between the Company and SHIG Finance Co, and the supplemental agreement to the 2026 Secured Loan Agreement were made after arm's length negotiations between the Company and CNHTC. The Board (in respect of the 2027 Deposit Services Agreement, excluding the independent non-executive Directors who will express their views in the circular after considering the advice of the Independent Financial Adviser and excluding the SHIG Interested Director; in respect of the 2027 Secured Financial Services Agreement, including the independent non-executive Directors but excluding the Disagreeing Directors and the SHIG Interested Director; and in respect of the supplemental agreement to the 2026 Secured Loan Agreement, including the independent non-executive Directors but excluding the Disagreeing Directors and the CNHTC Interested Directors) was of the view that the transactions contemplated under the 2027 Deposit Services Agreement, the 2027 Secured Financial Services Agreement and the 2026 Secured Loan Agreement as supplemented by the supplemental agreement were on normal commercial terms, no less favourable than those available from independent third parties under prevailing local market conditions; the 2027 Deposit Services Agreement, the 2027 Secured Financial Services Agreement and the supplemental agreement to the 2026 Secured Loan Agreement were entered into in the ordinary and usual course of business of the Group; and the terms of the transactions under the 2027 Deposit Services Agreement, the 2027 Secured Financial Services Agreement and the 2026 Secured Loan Agreement as supplemented by the supplemental agreement (including the (proposed) New Caps) were fair and reasonable, and were in the interests of the Company and the Shareholders as a whole.

4. Information on the parties to the 2027 Deposit Services Agreement and the 2027 Secured Financial Services Agreement

For information on the Company and SHIG Finance Co, please refer to the sub-sections headed "4. Information on SHIG Finance Co" and "6. Information on the parties to the Capital Contribution Agreement — The Company and the Group" under the section "III. The Capital Contribution to SHIG Finance Co" in this announcement.

5. Listing Rules implications

As at the date of this announcement, SHIG is a controlling shareholder (as defined in the Listing Rules) and a connected person of the Company. SHIG Finance Co is a subsidiary of SHIG. Accordingly, SHIG Finance Co is an associate of the substantial shareholder of the Company and a connected person of the Company. Therefore, the transactions contemplated under the 2027 Deposit Services Agreement and the 2027 Secured Financial Services Agreement constitute continuing connected transactions of the Company.

As the highest percentage ratio calculated pursuant to the Listing Rules in respect of the transactions contemplated under the 2027 Deposit Services Agreement (on an annual basis) exceeds 5%, such transactions are subject to the reporting and announcement requirements, the annual review requirements, and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Further, as one or more of the applicable percentage ratios calculated pursuant to the Listing Rules for the deposit services under the 2027 Deposit Services Agreement exceed 25%, the provision of deposit services by the SHIG Finance Group to the Group constitutes a major transaction of the Company (as such services do not involve an acquisition or disposal of assets) and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the highest percentage ratio calculated pursuant to the Listing Rules in respect of the transactions contemplated under the 2027 Secured Financial Services Agreement (on an annual basis) exceeds 0.1% but all of which are less than 5%, such transactions are subject to the reporting, announcement and annual review requirements but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

At the Board meeting held on 11 November 2024 approving, *inter alia*, the 2027 Deposit Services Agreement, the 2027 Secured Financial Services Agreement and the supplemental agreement to the 2026 Secured Loan Agreement, Mr. Wang Zhijian has abstained from voting on the resolutions approving the 2027 Deposit Services Agreement, the 2027 Secured Financial Services Agreement and the supplemental agreement to the 2026 Secured Loan Agreement and the transactions contemplated thereunder in view of his position(s) in the relevant connected person(s); and Mr. Wang Chen, Mr. Liu Zhengtao, Mr. Liu Wei and Ms. Li Xia have abstained from voting on the resolution approving the supplemental agreement to the 2026 Secured Loan Agreement and the transactions contemplated thereunder in view of their respective position(s) in the relevant connected person(s). Save as disclosed above, none of the Directors has a material interest in the Continuing Connected Transactions.

V. VIEWS OF THE DISAGREEING DIRECTORS

At the Board meeting held on 11 November 2024 for considering, *inter alia*, the Voluntary Liquidation, the Capital Contribution and the Continuing Connected Transactions, Dr. Liu Xiaolun voted against all the resolutions in respect of the Voluntary Liquidation, the Capital Contribution and the Continuing Connected Transactions, and Mr. Liang Qing abstained in respect of all such resolutions.

The reasons for the Disagreeing Directors in voting against or abstaining in respect of such resolutions (as the case may be) are as follows:

- (i) Whilst the Disagreeing Directors are aware of the need to achieve full compliance of the relevant PRC policies and regulations, they consider that there are alternative means that could resolve the issue of there being two finance companies within one enterprise group (i.e. SHIG Group). Dr. Liu Xiaolun, in particular, raised his concern on discrepancies between the planned economy and market economy, and considered that the Group had not fully contemplated the negative effects and impacts of the existing proposal. Accordingly, the Disagreeing Directors had expressed reservations in the Company's decision to proceed with the Voluntary Liquidation.
- (ii) Given that that the Disagreeing Directors are of the view that the resolutions related to the Capital Contribution and the Continuing Connected Transactions are part and parcel to the arrangement relating to the Voluntary Liquidation, the Disagreeing Directors had voted against or abstained in respect of such resolutions (as the case may be).

The Directors (other than the Disagreeing Directors) who were present were of the view that it was in the best interest of the Company and its shareholders to proceed with the Voluntary Liquidation and the relevant resolutions having considered that:

- (i) Due to historical reasons, the equity holders of Sinotruk Finance Co comprise certain minority equity holders and accordingly the equity holding structure does not meet the qualifications imposed by the National Financial Regulatory Administration. Although Sinotruk Finance Co had been taking measures to resolve such issue, the progress remained slow. By undertaking the Voluntary Liquidation, the issue concerning the minority equity holders could be resolved.
- (ii) Further, the National Financial Regulatory Administration had requested SHIG to integrate the resources of the two finance companies within its group, being SHIG Finance Co and Sinotruk Finance Co, by the end of 2024. If Sinotruk Finance Co were to be maintained, the delay in progress on resolving the minority equity holders as mentioned above would affect the normal operations of Sinotruk Finance Co thereafter.

(iii) The completion of the Capital Contribution would enable the Company to have an interest in SHIG Finance Co, enabling the Company to continue to retain a certain level of interests in the finance business segment and enjoy the return from the growth of SHIG Finance Co's business operations. Whist the entering into of the Continuing Connected Transactions would enable the Group to have access to services on terms no less favourable than those provided by major commercial banks and other financial institutions in the PRC for the same type of financial services.

Accordingly, resolutions in respect of the Voluntary Liquidation, the Capital Contribution and the Continuing Connected Transactions were all passed by a majority of the attending Directors at the said Board meeting.

VI. APPROVAL BY INDEPENDENT SHAREHOLDERS AND DESPATCH OF CIRCULAR

According to Chapter 14A of the Listing Rules, the Company will seek approval from the Independent Shareholders for the Capital Contribution Agreement and the transactions contemplated thereunder at a general meeting of the Company. Further, according to Chapter 14 and 14A of the Listing Rules, the Company will seek approval from the Independent Shareholders for the 2027 Deposit Services Agreement and the transactions contemplated thereunder at a general meeting of the Company. SHIG and its associates will abstain from voting in relation to the relevant resolutions.

The Independent Board Committee (consisting of all independent non-executive Directors, namely Mr. Lyu Shousheng, Dr. Wang Dengfeng, Mr. Zhao Hang, Mr. Liang Qing, Mr. Zhang Zhong and Dr. Liu Xiaolun) has been formed to advise the Independent Shareholders with respect to the Capital Contribution Agreement, the 2027 Deposit Services Agreement and the transactions contemplated thereunder. First Shanghai Capital Limited has been appointed as the independent financial adviser to make recommendations to the Independent Board Committee and the Independent Shareholders regarding the same.

A circular containing, among other things, further details in relation to the Capital Contribution Agreement, the 2027 Deposit Services Agreement and the transactions contemplated thereunder, a letter from the Independent Board Committee, the recommendations of the Independent Financial Adviser, together with a notice of the general meeting will be despatched to the Shareholders. As the Company expects that more time will be needed to prepare the information to be contained in the circular, the circular is expected be despatched to the Shareholders on or about 23 December 2024.

VII. DEFINITIONS

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

“2026 Secured Loan Agreement”	the agreement dated 30 October 2023 entered into between the Company (for itself and on behalf of its subsidiaries) and CNHTC (for itself and on behalf of its Associates), under which CNHTC and its Associates agreed to provide a revolving loan facility through its eligible members to the Group secured by assets of the Group during the period from 1 January 2024 to 31 December 2026
“2027 Deposit Services Agreement”	the agreement dated 11 November 2024 entered into between the Company (for itself and on behalf of its subsidiaries) and SHIG Finance Co (for itself and on behalf of any of its Associates), details of which are set out in section IV.1. in this announcement
“2027 Secured Financial Services Agreement”	the agreement dated 11 November 2024 entered into between the Company (for itself and on behalf of its subsidiaries) and SHIG Finance Co (for itself and on behalf of any of its Associates), details of which are set out in section IV.2. in this announcement
“Associate(s)”	has the meaning ascribed to an “associate” under Rule 14A.06(2) of the Listing Rules, and further includes any company that constitutes a connected subsidiary of the Company pursuant to Rule 14A.16 of the Listing Rules due to such associate’s shareholding therein
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Capital Contribution”	the capital contribution to be made by the Company in the amount of RMB3,484,800,000 and by the existing equity holders of SHIG Finance Co in the aggregate amount of RMB2,090,880,000 to SHIG Finance Co

“Capital Contribution Agreement”	the capital contribution agreement dated 11 November 2024 entered into between the Company, SHIG, Weichai Power, Weichai Heavy Machinery, Shantui Co, SFGC and SHIG Finance Co with its principal terms set out under the section headed “III. The Capital Contribution to SHIG Finance Co — 1. Principal terms of the Capital Contribution Agreement” in this announcement
“Capital Operation Department”	has the meaning ascribed thereto under section IV.2. in this announcement
“CNHTC”	中國重型汽車集團有限公司 (China National Heavy Duty Truck Group Company Limited*), a state-owned enterprise organised under the laws of the PRC with limited liability, being the substantial shareholder of the Company
“CNHTC Group”	CNHTC and its subsidiaries
“CNHTC Interested Directors”	being Mr. Wang Zhijian, Mr. Wang Chen, Mr. Liu Zhengtao, Mr. Liu Wei and Ms. Li Xia
“Company”	Sinotruk (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Continuing Connected Transaction(s)”	the continuing connected transaction(s) of the Company as described under section IV. in this announcement
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company

“Disagreeing Directors”	being Dr. Liu Xiaolun, an independent non-executive Director, who has voted against the relevant resolutions and Mr. Liang Qing, an independent non-executive Director, who has abstained from voting on the relevant resolutions, with the details of their respective views set out under the section headed “V. Views of the Disagreeing Directors” in this announcement
“Gratuitous Transfers”	the transfer of 45% of the equity interest in CNHTC by 濟南市人民政府國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of the Ji’nan Municipal People’s Government*) and the transfer of 20% of the equity interest in CNHTC by 山東省國有資產投資控股有限公司 (Shandong State-owned Assets Investment Holdings Co., Ltd.*), both to SHIG for nil consideration (無償劃轉) as provided in the Company’s announcement dated 28 February 2022
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“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”	First Shanghai Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Capital Contribution Agreement and the 2027 Deposit Services Agreement

“Independent Shareholders”	Shareholders who are not required to abstain from voting at the general meeting of the Company in respect of the transactions contemplated under the Capital Contribution Agreement or the 2027 Deposit Services Agreement, as the case may be
“Interested Directors”	being Mr. Wang Zhijian and Mr. Cheng Guangxu
“Ji’nan Power”	中國重汽集團濟南動力有限公司 (Sinotruk Ji’nan Power Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Cap(s)”	the new annual cap(s) for the Continuing Connected Transactions as set out in section IV. in this announcement
“Original CBIRC”	originally the 中國銀行保險監督管理委員會 (China Banking and Insurance Regulatory Commission), currently known as the 國家金融監督管理總局 (National Financial Regulatory Administration)
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macao Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFGC”	陝西法士特齒輪有限責任公司 (Shaanxi Fast Gear Co., Ltd.*), a company established in the PRC with limited liability
“Shantui Co”	山推工程機械股份有限公司(Shantui Construction Machinery Co., Ltd.*), a joint stock company limited by shares established in the PRC whose shares are listed on the Shenzhen Stock Exchange (stock code: 000680)
“Shareholder(s)”	holder(s) of the shares in the Company

“SHIG”	山東重工集團有限公司 (Shandong Heavy Industry Group Co., Ltd.), a company established in the PRC with limited liability and a controlling shareholder of the Company
“SHIG Finance Co”	山東重工集團財務有限公司 (SHIG Finance Co., Ltd.*), a company established in the PRC with limited liability
“SHIG Finance Group”	SHIG Finance Co and any of its Associates
“SHIG Group”	SHIG and subsidiaries
“SHIG Interested Director”	being Mr. Wang Zhijian
“Sinotruk Finance Co”	中國重汽財務有限公司 (Sinotruk Finance Co., Ltd.*), a company established in the PRC with limited liability and a non-wholly owned subsidiary of the Company
“Sinotruk International Investment”	中國重汽(香港)國際資本有限公司 (Sinotruk (Hong Kong) International Investment Limited), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Valuation Date”	31 July 2024
“Valuation Report”	the valuation report prepared by the Valuer in respect of SHIG Finance Co for the purpose of the Capital Contribution dated 16 October 2024
“Valuer”	山東正源和信資產評估有限公司 (Shandong Zhengyuan Hexin Asset Appraisal Co., Ltd.*), an independent valuer
“Voluntary Liquidation”	the voluntary liquidation of Sinotruk Finance Co
“Weichai Heavy Machinery”	濰柴重機股份有限公司 (Weichai Heavy-duty Machinery Co., Ltd.*), a joint stock company limited by shares established in the PRC whose shares are listed on the Shenzhen Stock Exchange (stock code: 000880)

“Weichai Power”

潍柴動力股份有限公司 (Weichai Power Co., Ltd.), a joint stock company limited by shares established in the PRC whose shares are listed on the Main Board of the Stock Exchange (stock code: 02338) and on the Shenzhen Stock Exchange (stock code: 000338)

“%”

per cent

For illustration purpose, amounts in RMB in this announcement have been translated to HK\$ at RMB0.92323 = HK\$1.00.

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

Ji'nan, PRC, 11 November 2024

As at the date of this announcement, the board of the Company consists of six executive directors of the Company including Mr. Wang Zhijian, Mr. Wang Chen, Mr. Liu Zhengtao, Mr. Liu Wei, Ms. Li Xia and Mr. Richard von Braunschweig; three non-executive directors of the Company including Mr. Cheng Guangxu, Mr. Karsten Oellers and Mr. Mats Lennart Harborn; and six independent non-executive directors of the Company including Dr. Wang Dengfeng, Mr. Zhao Hang, Mr. Liang Qing, Mr. Lyu Shousheng, Mr. Zhang Zhong and Dr. Liu Xiaolun.

* *For identification purposes only*