
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this 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 circular and the accompanying form of proxy 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)

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION —
CAPITAL CONTRIBUTION TO SHIG FINANCE CO
(2) MAJOR AND CONTINUING CONNECTED TRANSACTION —
2027 DEPOSIT SERVICES AGREEMENT
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



FIRST SHANGHAI CAPITAL LIMITED

A notice of an extraordinary general meeting of Sinotruk (Hong Kong) Limited to be held at 3:00 p.m. on Friday, 14 February 2025 is set out on pages EGM-1 to EGM-2 of this circular.

A letter from the Board is set out on pages 5 to 24 of this 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 25 to 26 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and Independent Shareholders of the Company is set out on pages 27 to 43 of this circular.

Whether or not you are able to attend the meeting in person, please complete the enclosed form of proxy 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.

23 January 2025

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DEFINITIONS

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

“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 the section headed “2027 Deposit Services Agreement” in the letter from the Board contained in this 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 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 “Capital Contribution to SHIG Finance Co” in the letter from the Board contained in this circular
“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
“Company”	Sinotruk (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Continuing Connected Transaction(s)”	the continuing connected transaction(s) of the Group set out in this circular
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“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 “Views of the Disagreeing Directors” in the letter from the Board contained in this circular
“EGM”	the extraordinary general meeting of the Company to be held on Friday, 14 February 2025, the notice of which forms part of this circular
“FPFPS”	Ferdinand Porsche Familien-Privatstiftung, an Austrian private foundation (Privatstiftung) (trust), being the beneficiary owner of 25% of the entire issued share capital of the Company plus 1 Share
“Group”	the Company and its subsidiaries
“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”	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 and 2027 Deposit Services Agreement
“Interested Directors”	Mr. Wang Zhijian and Mr. Cheng Guangxu
“Latest Practicable Date”	Monday, 20 January 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

DEFINITIONS

“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 Transaction
“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 circular, 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)
“Share(s)”	ordinary share(s) in the capital of the Company
“Shareholder(s)”	holder(s) of the shares in the Company
“SHIG”	山東重工集團有限公司 (Shandong Heavy Industry Group Co., Ltd.*), a company established in the PRC with limited liability which is a controlling shareholder of the Company
“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”	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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“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, the summary of which is provided in Appendix I to this circular
“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, details of which are disclosed in the section headed “II. The Voluntary Liquidation of Sinotruk Finance Co” in the Company’s announcement dated 11 November 2024
“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”	濰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 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)

Executive Directors:

Mr. Wang Zhijian (*Chairman*)
Mr. Liu Zhengtao
Mr. Wang Chen (*President*)
Mr. Wang Dechun (*Executive President*)
Mr. Liu Wei
Ms. Li Xia
Ms. Han Xing

Non-executive Directors:

Mr. Cheng Guangxu
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
Post code: 250101

Registered office:

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

23 January 2025

To the Shareholders

Dear Sir/Madam,

- (1) DISCLOSEABLE AND CONNECTED TRANSACTION —
CAPITAL CONTRIBUTION TO SHIG FINANCE CO**
**(2) MAJOR AND CONTINUING CONNECTED TRANSACTION —
2027 DEPOSIT SERVICES AGREEMENT**
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING

LETTER FROM THE BOARD

INTRODUCTION

Reference is made to the Company's announcement dated 11 November 2024 in respect of, *inter alia*, the Capital Contribution Agreement and the 2027 Deposit Services Agreement.

The purpose of this circular is to provide you with further details in relation to the transaction contemplated under the Capital Contribution Agreement and the Continuing Connected Transaction contemplated under the 2027 Deposit Services Agreement and proposed New 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 EGM is set out on pages EGM-1 to EGM-2 to this circular.

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

LETTER FROM THE BOARD

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 Latest Practicable Date, 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.

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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 (or wavier by way of written agreement between the Company and the existing equity holders of SHIG Finance Co (being SHIG, Weichai Power, Weichai Heavy Machinery, Shantui Co and SFGC)) 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 its other 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.

Although no long stop date has been set under the Capital Contribution Agreement for the satisfaction of abovementioned conditions precedent, the parties to the Capital Contribution intend to use their reasonable endeavours to fulfill all such conditions precedent as soon as possible. As at the Latest Practicable Date, save for the conditions precedent set out in paragraph (i) and (ii) above, all other conditions precedent have been satisfied. Insofar as the Company is

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aware, as at the Latest Practicable Date, none of the parties to the Capital Contribution Agreement intends to waive any of the above conditions precedent. In addition, the Company confirms that it will not waive the condition precedent requiring the Company's shareholders to approve the Capital Contribution at the Company's general meeting, and accordingly such condition precedent will not be waiveable. The Company will seek for the shareholders' approval pursuant to the requirements under the Listing Rules.

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.

LETTER FROM THE BOARD

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 (a regular dividend distribution), 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. The appraised value of the entire equity interest of SHIG Finance Co of RMB3,857,274,309.87 as at the Valuation Date was determined by adopting the asset-based approach. Pursuant to the relevant requirements under the applicable PRC regulations on the appraisal of state-owned assets of enterprises and the provincial enterprises asset appraisals, two valuation methods, being the asset-based approach and the income approach, have been used by the Valuer in the Valuation Report, and the Valuation Report has adopted the result from the asset-based approach as the valuation conclusion and as the sole basis of the appraised value of the entire equity interest of SHIG Finance Co. For further details on the valuation of the entire equity interest of SHIG Finance Co, please refer to Appendix I Summary of the Valuation Report to this circular. The aforesaid expected increase in equity value of SHIG Finance Co in the amount of RMB55,662,028.66 was determined by the relevant parties upon arm's length negotiation based on the assumption that the net asset value of SHIG Finance Co will increase by approximately RMB14 million per month for the period of around four months between the Valuation Date and the completion date, (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" in the Company's announcement dated 11 November 2024, and (iii) the minimum capital requirements as prescribed by the relevant PRC regulations. Pursuant to the 企業集團財務公司管理辦法 (中國銀行保險監督管理委員會令2022年第6號) (Measures for the Administration of Finance Companies of Enterprise Groups (Order of the China Banking and Insurance Regulatory Commission No.6 [2022])), in carrying out its business, a finance company should, in addition to maintaining a sufficient capital adequacy ratio, ensure, *inter alia*, that (a) the aggregate amount of acceptance of bills and interbank discount shall not be higher than the net capital value of the finance company, and (b) the amount of investment made shall not be more than 70% of the net capital value of the finance company. Accordingly, based on the expected scale of operations of SHIG Finance Co following the Capital Contribution, the parties has agreed to a registered capital of approximately RMB4,000,000,000 after completion of the Capital Contribution, which is the estimated approximate minimum registered capital required to support the expected operations of SHIG Finance Co..

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. The expected equity value of approximately RMB3,717 million adding the total amount of the Capital Contribution of approximately RMB5,576 million would result in a post contribution value of approximately RMB9,293 million; and such post contribution value multiplied by the 37.5% equity interest in SHIG Finance Co to be held by the Group would result in the amount of the capital contribution to be made by the Company of approximately RMB3,485 million.

LETTER FROM THE BOARD

Considering that the existing equity's holding in SHIG Finance Co, being the registered capital of RMB1,600 million, effectively gave rise to the expected equity value of RMB3,717 million, the registered capital to capital contribution ratio (being approximately 1:2.3232) has been adopted in the capital contribution to SHIG Finance Co. Hence, RMB1,500 million out of the Company's capital contribution of RMB3,484.80 million is applied as the Company's contribution to the registered capital of SHIG Finance Co. The same ratio has been adopted in respect of the capital contribution to be made by each other existing equity holder of SHIG Finance Co pursuant to the Capital Contribution Agreement. 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 "6. 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. Board and supervisory committee nomination

Following the completion of the Capital Contribution, the board of directors of SHIG Finance Co shall consist of nine directors, being one employee representative director and eight equity holder nominated directors. Among the eight equity holder nominated directors, the Company is entitled to nominate two directors, SHIG is entitled to nominate two directors, and Weichai Power, Weichai Heavy Machinery, Shantui Co and SFGC are each entitled to nominate one director. The chairman of the board of SHIG Finance Co will be nominated by SHIG and elected by the majority of the board. Although the Company will become the single largest shareholder of SHIG Finance Co following completion of the Capital Contribution, given that (i) SHIG Finance Co will be accounted for as an associated company of the Company but will continue to be accounted for as a subsidiary of SHIG, and (ii) all of the equity interest of SHIG Finance Co will be held by SHIG and its subsidiaries, the Company considers that it is fair and reasonable for the chairman of the board of SHIG Finance Co to be nominated by SHIG. The resolutions of the board of SHIG Finance Co shall be passed by the majority of the board. Major issues including profit distribution plans, remuneration plans, major investments, major asset disposal plans, the appointment or dismissal of senior management personnel, capital replenishment plans, major equity holding changes, and corporate restructuring, etc. shall be approved by more than two thirds of the directors of SHIG Finance Co.

Following the completion of the Capital Contribution, the supervisory committee of SHIG Finance Co shall consist of three supervisors, being one employee representative supervisor, one supervisor nominated by the Company, and one supervisor nominated by SHIG. The chairman of the supervisory committee of SHIG Finance Co shall be elected by the majority of the supervisors.

LETTER FROM THE BOARD

5. 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 (audited)</i>	<i>RMB (audited)</i>	<i>RMB (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.

6. 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. The decision of voluntarily liquidating Sinotruk Finance Co is mainly reached due to (i) the qualifications of certain minority equity holders does not meet the requirements of the National Financial Regulatory Administration; and (ii) although Sinotruk Finance Co had been taking measures to resolve the aforesaid issue concerning the minority equity holders, the progress remained slow and it is expected that such issue cannot be resolved within a short period of time. This current approach adopted by the Board is also consistent with the recommendation of the National Financial Regulatory Administration, which recommended the relevant provincial government to push forward the voluntary liquidation of Sinotruk Finance Co in order to resolve the aforementioned long standing issue concerning the minority equity holders of

LETTER FROM THE BOARD

Sinotruk Finance Co. In light of the above, the Board (including the independent non-executive Directors but excluding the Disagreeing Directors and the Interested Directors) considers that the current approach of voluntarily liquidating Sinotruk Finance Co and making a capital contribution into SHIG Finance Co is in the best interests of the Group.

The above considerations had also been considered by the Board (including the independent non-executive Directors but excluding the Disagreeing Directors and the Interested Directors) along with the reasons as set out in the section headed “II. The Voluntary Liquidation of Sinotruk Finance Co” in the Company’s announcement dated 11 November 2024. As disclosed in the Company’s announcement dated 11 November 2024, 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, which will involve the distribution of all the equity of Sinotruk Finance Co to its equity holders based on their respective shareholding.

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” in the Company’s announcement dated 11 November 2024, 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 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 the event that the resolution in respect of the Capital Contribution is not approved by the Independent Shareholders at the EGM, given that the Group would not be able to hold any equity interest in SHIG Finance Co and would not be able to include SHIG Finance Co as an “investment in associate” in its consolidated financial statements, the Company will not be able to share the net income generated from the corresponding equity interest nor record such net income into the finance segment of the Group. In addition, given that the Voluntary Liquidation is not inter-conditional upon the Capital Contribution, the Voluntary Liquidation will still be proceeded with even if the requisite approval in respect Capital Contribution is not obtained, and Sinotruk Finance Co will eventually cease its business operations. Given that the scale of operations of SHIG Finance Co in the absence of the Capital Contribution will not be sufficient to fully support the business operations of the Group, most of financial services required by the Group will be provided by third party financial services providers. It is expected that, in obtaining financial services from such third party financial service providers, the Group will obtain services amongst different service providers in order to minimise funding risks. Whilst it is expected that the Group’s business operations will not be materially

LETTER FROM THE BOARD

affected by such arrangements, it is expected that, compared with cooperating with SHIG Finance Co, obtaining financing from different third party financial service providers will pose additional challenges to the Group especially in obtaining financing support, and might also result in higher financing costs.

In light of the above, the Board (including the independent non-executive Directors but excluding the Disagreeing Directors and 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 (including the independent non-executive Directors but excluding the Disagreeing 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.

2027 DEPOSIT SERVICES AGREEMENT

1. Principal terms of the 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.

LETTER FROM THE BOARD

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 to 25 basis points 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 the Company's announcement dated 11 November 2024.

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

LETTER FROM THE BOARD

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	For the year ending 31 December 2026	For the year ending 31 December 2027
Proposed New Caps	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
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;

LETTER FROM THE BOARD

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 no less than two other major commercial banks or financial institutions in the PRC with which the Group has established similar business relationships (which would mainly include banks such as the Industrial and Commercial Bank of China, Bank of China, Agricultural Bank of China, China Construction Bank, Bank of Communications, China Everbright Bank and Ping An Bank). After obtaining the interest rate and quotation level provided by SHIG Finance Co and the major commercial banks or financial institutions, a price list will be prepared for review by the fund raising control unit (資金籌集管控小組) (primarily comprised of relevant personnel from the Finance & Operation Management Department of the Group) of the Group. A decision will be made on selection of the best service provider with the support of three fourths of the members of the fund raising control unit;
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. For such purposes, SHIG Finance Co will provide its financial statements to the Group on a monthly basis, and provide its audited financial report to the Group on an annual basis;
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 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. Letter from SHIG Finance Co

On 11 November 2024, SHIG Finance Co issued a letter to the Company, notifying the Company that during the term of the 2027 Deposit Services Agreement, SHIG Finance Co will:

- (a) in respect of the deposits placed by the Group with the SHIG Finance Group pursuant to the 2027 Deposit Services Agreement, use its best endeavours and take all reasonable steps to ensure that the SHIG Finance Group will use such deposits primarily for the purpose of facilitating the provision of funds transfer services for the Group (and in respect of any such funds that have not been utilised, the SHIG Finance Group will deposit them with organisations such as major state-owned commercial banks and listed national joint stock limited commercial banks); and

LETTER FROM THE BOARD

- (b) bear all losses incurred due to the SHIG Finance Group's failure to perform its obligations under the 2027 Deposit Services Agreement, including but not limited to the deposit amounts, interests and relevant expenses incurred, within ten working days of the occurrence of such failure.

3. Reasons for and benefits of entering into the 2027 Deposit Services Agreement

By entering into of the 2027 Deposit 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 the Company's announcement dated 11 November 2024. 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 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. As the Group, through Sinotruk Finance Co (an authorised non-bank financial institution established with approval from the relevant PRC government authorities to facilitate internal financing transactions), has accumulated many years of experience in respect of the provision finance services, by leveraging on the Group's experience, it is expected that the efficiency in the financial services provided by the SHIG Finance Group to the Group will be increased. Further, as referred to in the section headed "Capital Contribution to SHIG Finance Co - 3. Basis for determination of the amount of Capital Contribution" above, considering the minimum capital requirements as prescribed by the relevant PRC regulations, with a larger registered capital following the Capital Contribution, SHIG Finance Co will be able to expand its scale of operation, and strengthen its financial position and competitiveness. With the benefit of economies of scale following the completion of the Capital Contribution, it is expected that the efficiency in the financial services provided by the SHIG Finance Group to the Group will be further improved and at the same time, the financing costs for the Group will be reduced.

In light of the above, the Board (including the independent non-executive Directors but excluding the Disagreeing Directors and the SHIG Interested Director) believed that it was in the best interest of the Group to enter into the 2027 Deposit Services Agreement.

The terms of the 2027 Deposit Services Agreement were made after arm's length negotiations between the Company and SHIG Finance Co. The Board (including the independent non-executive Directors but excluding the Disagreeing Directors and the SHIG Interested Director) was of the view that the transactions contemplated under the 2027 Deposit Services 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 was 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 were fair and reasonable, and were in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

4. Financial effects of the 2027 Deposit Services Agreement

The Board (including the independent non-executive Directors but excluding the Disagreeing Directors and the SHIG Interested Director) was of the opinion that the deposit transactions under the 2027 Deposit Services Agreement will not have any material impact on the earnings, assets and liabilities of the Group.

INFORMATION ON THE PARTIES TO THE CAPITAL CONTRIBUTION AGREEMENT AND THE 2027 DEPOSIT SERVICES 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.

LETTER FROM THE BOARD

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.

SHIG Finance Co

For information on SHIG Finance Co, please refer to the sub-section headed “5. Information on SHIG Finance Co” under the section “Capital Contribution to SHIG Finance Co” in the letter from the Board contained in this circular.

IMPLICATION UNDER THE LISTING RULES

Capital Contribution Agreement

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 Latest Practicable Date, 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 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.

LETTER FROM THE BOARD

2027 Deposit Services Agreement

As at the Latest Practicable Date, 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 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.

At the Board meeting held on 11 November 2024 approving, *inter alia*, the Capital Contribution Agreement and the 2027 Deposit Services Agreement, (i) in view of their respective positions in the relevant connected persons, the Interested Directors, namely Mr. Wang Zhijian and Mr. Cheng Guangxu, had abstained from voting on the resolution approving the Capital Contribution Agreement and the transactions contemplated thereunder, and (ii) in view of the his positions in the relevant connected persons, the SHIG Interested Director, namely Mr. Wang Zhijian, had abstained from voting on the resolution approving the 2027 Deposit Services Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has a material interest in the transactions contemplated under the Capital Contribution Agreement nor the Continuing Connected Transaction.

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 Transaction, Dr. Liu Xiaolun voted against all the resolutions in respect of the Voluntary Liquidation, the Capital Contribution and the Continuing Connected Transaction, 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. the SHIG Group). Dr. Liu Xiaolun, in particular, raised his concern on discrepancies

LETTER FROM THE BOARD

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 Disagreeing Directors are of the view that the resolutions related to the Capital Contribution and the Continuing Connected Transaction 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 segment and enjoy the return from the growth of SHIG Finance Co's business operations. Whilst the entering into of the Continuing Connected Transaction 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 Transaction were all passed by a majority of the attending Directors at the said Board meeting.

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 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. As at the Latest Practicable Date, SHIG 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 (i) the Capital Contribution Agreement and the transactions contemplated thereunder, and (ii) the Continuing Connected Transaction (namely, the 2027 Deposit Services Agreement and the relevant proposed New 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.

EXTRAORDINARY GENERAL MEETING

A notice of the EGM to be held at 3:00 p.m. on Friday, 14 February 2025 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 EGM-1 to EGM-2 of this circular.

A form of proxy for the EGM is enclosed herewith. Whether or not you intend to be present at the EGM, 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 EGM. The completion of the form of proxy will not preclude you from attending and voting at the EGM in person should you so wish.

The EGM of the Company will be held on Friday, 14 February 2025. The record date for determining the entitlement of the Shareholders to attend and vote at the EGM is Friday, 14 February 2025 and the register of members of the Company will be closed from Tuesday, 11 February 2025 to Friday, 14 February 2025 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify to attend and vote in the EGM, 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, 10 February 2025.

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 EGM, the chairman of the EGM will therefore demand a poll for every resolution put to vote of the EGM 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 EGM.

RECOMMENDATIONS

The Board (including the independent non-executive Directors but excluding the Disagreeing Directors and the Interested Directors or the SHIG Interested Director (as the case may be)) considers that (i) the terms of the Capital Contribution Agreement and 2027 Deposit Services Agreement are fair and reasonable and on normal commercial terms or better, (ii) 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 Capital Contribution Agreement and the transactions contemplated thereunder are beneficial to the long-term business strategy of the Group; (iii) the entering into of the 2027 Deposit Services Agreement is conducted in the ordinary and usual course of business of the Group; and (iv) the entering into of the Capital Contribution Agreement and 2027 Deposit Services Agreement (including the relevant proposed New 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 EGM.

Your attention is also drawn to the letter from the Independent Board Committee which is set out on pages 25 to 26 of this circular. The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the terms of the Capital Contribution Agreement and 2027 Deposit Services Agreement (including the relevant proposed New 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 Capital Contribution Agreement and 2027 Deposit Services Agreement (including the relevant proposed New Caps) and the transactions thereunder to be proposed at the EGM. For the views of the Disagreeing Directors in respect of the Capital Contribution Agreement and the 2027 Deposit Services Agreement, please refer to the section headed “Views of the Disagreeing Directors” in the letter from the Board contained in this circular.

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)

23 January 2025

To the Independent Shareholders

Dear Sir/Madam,

We refer to the circular (the “**Circular**”) of the Company dated 23 January 2025 of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

All of the Independent Non-executive Directors have been appointed as members of the Independent Board Committee to consider the Capital Contribution Agreement and 2027 Deposit Services Agreement (including the relevant proposed New 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. First Shanghai 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 5 to 24 of the Circular and the letter from the Independent Financial Adviser set out on pages 27 to 43 of the Circular.

Having considered the information set out in the letter from the Board, the terms of the Capital Contribution Agreement and 2027 Deposit Services Agreement and the advice of the Independent Financial Adviser in relation thereto, we are of the view that the Capital Contribution Agreement and 2027 Deposit Services Agreement are on normal commercial terms, and the 2027 Deposit Services Agreement is conducted in the ordinary and usual course of business of the Group; the terms of the Capital Contribution Agreement and 2027 Deposit Services Agreement (including the relevant proposed New 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. 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 Capital Contribution Agreement and the transactions contemplated thereunder are beneficial to the long-term business strategy of the Group.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Capital Contribution Agreement and 2027 Deposit Services Agreement (including the relevant proposed New 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

Zhang Zhong
Independent non-executive Director

Note: Dr. Liu Xiaolun and Mr. Liang Qing, both being independent non-executive Directors and members of the Independent Board Committee, have not made recommendations to the Independent Shareholders in respect of the voting of the resolutions in respect of the Capital Contribution Agreement and 2027 Deposit Services Agreement. For their respective views, please refer to the section headed “Views of the Disagreeing Directors” in the letter from the Board contained in the Circular.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter received from the Independent Financial Adviser setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the Capital Contribution Agreement, the 2027 Deposit Services Agreement and the transactions contemplated thereunder for inclusion in this circular.



FIRST SHANGHAI CAPITAL LIMITED

19th Floor, Wing On House
71 Des Voeux Road Central
Hong Kong

23 January 2025

*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 Sir or Madam,

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION —
CAPITAL CONTRIBUTION TO SHIG FINANCE CO
AND
(2) MAJOR AND CONTINUING CONNECTED TRANSACTION —
2027 DEPOSIT SERVICES AGREEMENT**

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Capital Contribution Agreement, the 2027 Deposit Services Agreement and the transactions contemplated thereunder, details of which are set out in the circular of the Company to the Shareholders dated 23 January 2025 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Circular.

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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 (a controlling shareholder of the Company) has proposed to integrate the resources of the two finance companies within its group, being SHIG Finance Co (a subsidiary of SHIG) and Sinotruk Finance Co (a subsidiary of the Company). Hence, 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 approximately RMB3,485 million 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 approximately RMB2,091 million to SHIG Finance Co. As at the Latest Practicable Date, 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, where SHIG Finance Co will be accounted for as an associated company of the Company. In addition, Sinotruk Finance Co will undertake voluntary liquidation to fully comply with the relevant PRC regulations and policies, which will involve the distribution of all its equity to its equity holders based on their respective shareholding.

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, on 11 November 2024, the Company also entered into the 2027 Deposit Services Agreement with SHIG Finance Co to govern the terms of the relevant transactions.

SHIG Finance Co is a subsidiary of SHIG, which is a controlling shareholder of the Company. Accordingly, SHIG and SHIG Finance Co are connected persons of the Company. As stated in the letter from the Board in the Circular (the “**Board Letter**”), the Capital Contribution Agreement, the 2027 Deposit Services Agreement and the transactions contemplated are subject to, among other things, approval by the Independent Shareholders at the EGM.

The Independent Board Committee, comprising all the 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 established to advise the Independent Shareholders in respect of the Capital Contribution Agreement, the 2027 Deposit Services Agreement and the transactions contemplated thereunder. We, First Shanghai Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

The Independent Shareholders should note that, within the past two years, we were previously engaged as independent financial adviser by the Company for several occasions regarding (i) certain continuing connected transactions with 潍柴控股集团有限公司 (Weichai Group Holdings Limited) (“**Weichai Holdings**”), which is a subsidiary of SHIG, as disclosed in the circular of the Company dated 2 December 2022; (ii) certain continuing connected transactions with CNHTC as disclosed in the circular of the Company dated 29 May 2023; (iii) certain continuing connected transactions with Weichai Holdings as disclosed in the circular of the Company dated 27 November 2023; and (iv) certain continuing connected transactions with Weichai Holdings as disclosed in the circular of the

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Company dated 29 November 2024 (collectively, the “**Previous Engagements**”). Apart from normal professional fees paid or payable to us in connection with the Previous Engagements, we did not have any other relationships or interests with the Company within the past two years from the Latest Practicable Date. Given (i) our independent role in the Previous Engagements; (ii) none of the members of our parent group is a direct party to the Capital Contribution Agreement, the 2027 Deposit Services Agreement and the transactions contemplated; (iii) apart from normal professional fees paid or payable to us in connection with the Previous Engagements and this engagement, no arrangement exists whereby we have received or will receive any fees or benefits from the Company; and (iv) our fee for the current engagement with the Company, in addition to those for the Previous Engagements, represents an insignificant percentage of our revenue, we consider that the Previous Engagements would not affect our independence, and we consider ourselves independent to form our opinion in respect of the Capital Contribution Agreement, the 2027 Deposit Services Agreement and the transactions contemplated thereunder.

BASIS OF OUR OPINION

In putting forth our opinion and recommendation, we have relied on the accuracy of the information and representations included in the Circular and provided to us by the management of the Group (the “**Management**”), and have assumed that all such information and representations made or referred to in the Circular and provided to us by the Management were true at the time they were made and continued to be true up to the Latest Practicable Date. We have also assumed that all statements of belief, opinion and intention made in the Circular were reasonably made after due enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Management and have been advised that no material facts have been withheld or omitted from the information provided and referred to in the Circular. We consider that we have reviewed sufficient information to reach an informed view and to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Management nor have we conducted any form of investigation into the business, affairs or future prospects of the Group and the SHIG Group (including SHIG Finance Co). We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with note 1 to Rule 13.80 of the Listing Rules.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion on the Capital Contribution Agreement, the 2027 Deposit Services Agreement and the transactions contemplated thereunder, we have taken into account the following principal factors and reasons:-

1.1 Background of the Group

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). We have reviewed the annual report of the Company for the year ended 31 December

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2023 (the “**2023 Annual Report**”) and the interim report of the Company for the six months ended 30 June 2024 (the “**2024 Interim Report**”) and we note that the sales of (i) heavy duty trucks; (ii) light duty trucks and others; and (iii) engines collectively accounted for over 98% of the total revenue of the Group for the year ended 31 December 2023 and for the six months ended 30 June 2024, while the remaining revenue was primarily from the provision of financial services. Sinotruk Finance Co is a 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 following table summarises the consolidated statement of profit or loss of the Group for each of the years ended 31 December 2022 and 2023 and the six months ended 30 June 2023 and 2024 with reference to the latest published annual report and interim report of the Company:-

	For the year ended		For the six months ended	
	31 December		30 June	
	2022	2023	2023	2024
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	<i>(Restated)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue	59,405	85,498	41,371	48,823
Gross profit	10,007	14,236	6,523	7,159
Profit for the period attributable to equity holders of the Company	1,673	5,318	2,358	3,294

We note that the financial performance of the Group improved in the most recent financial periods. In particular, the revenue of the Group recorded substantial annual growth in year 2023 primarily due to a recovery in the demand of heavy duty trucks, benefited from the steady improvement of the domestic macroeconomic economy and the increasing demand in overseas markets, as stated in the annual report.

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The following table summarises the consolidated balance sheet of the Group as at 31 December 2023 and 30 June 2024 with reference to the latest published interim report of the Company:-

	As at 31 December 2023	As at 30 June 2024
	<i>RMB million (Audited)</i>	<i>RMB million (Unaudited)</i>
Non-current assets	34,719	38,284
Current assets	87,067	94,456
Total assets	121,786	132,740
Current liabilities	72,530	83,290
Non-current liabilities	1,295	1,354
Total liabilities	73,825	84,644
Net assets attributable to equity holders of the Company	40,272	40,392
Non-controlling interests	7,689	7,704
Net assets	47,961	48,096

As at 30 June 2024, (i) the principal assets of the Group included trade, financing and bills receivables, which amounted to approximately RMB24,684 million; and (ii) the principal liabilities of the Group included trade and bills payables, which amounted to approximately RMB52,165 million. Net assets attributable to equity holders of the Company amounted to approximately RMB40,392 million as at 30 June 2024.

For further details of the financial information of the Group, please refer to the financial reports published by the Company.

1.2 Background of SHIG Finance Co

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. 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). SHIG Finance Co is currently a subsidiary of SHIG and it is principally engaged in the provision of finance company services to members of the SHIG Group.

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The following table summarises certain consolidated financial information of SHIG Finance Co for each of the years ended 31 December 2022 and 2023 and the seven months ended 31 July 2023 and 2024 as disclosed in the Board Letter and as advised by the Management:

	For the year ended 31 December		For the seven months ended 31 July	
	2022	2023	2023	2024
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
Revenue	1,052	914	506	608
Net profit before taxation	359	431	181	247
Net profit after taxation	269	323	136	185

With reference to the above, we note that SHIG Finance Co has been profitable for the recent financial periods.

Based on the financial information extracted from the audited consolidated financial statements of SHIG Finance Co, the financial position of SHIG Finance Co as at 31 December 2023 and 31 July 2024 were as follows:

	As at 31 December 2023	As at 31 July 2024
	<i>RMB million</i> <i>(Audited)</i>	<i>RMB million</i> <i>(Audited)</i>
Total assets	39,204	38,579
Net assets	3,620	3,847

With reference to the above, we note that SHIG Finance Co recorded net assets of approximately RMB3,847 million as at 31 July 2024.

1.3 Background to and reasons for the transactions

According to 《企業集團財務公司管理辦法》(The Measures for the Administration of Finance Companies of Enterprise Groups) issued by the Original CBIRC (the “**Government Measure**”) in October 2022, 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. 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 the Voluntary Liquidation; (ii) the Company along with the existing equity holders of SHIG Finance Co will each make a contribution to SHIG Finance Co; and (iii) SHIG Finance Co will provide relevant financial

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services to the Group that will constitute continuing connected transactions of the Group, where the said arrangements are expected to (i) achieve the 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; and (iii) maintain or strengthen the Group's economic interest in the finance segment with the implementation of the Capital Contribution.

We understand the view of the Disagreeing Directors stemmed from their reservations in the decision of the Company to proceed with the Voluntary Liquidation. In respect of this, we note that the Voluntary Liquidation of Sinotruk Finance Co is mainly because (i) the qualifications of certain minority equity holders of Sinotruk Finance Co does not meet the requirements of the National Financial Regulatory Administration as disclosed in the Board Letter; and (ii) the aforesaid issue concerning the minority equity holders cannot be resolved shortly based on our discussion with the Management, however the National Financial Regulatory Administration had requested SHIG to integrate SHIG Finance Co and Sinotruk Finance Co by the end of 2024, where the National Financial Regulatory Administration recommended the relevant provincial government to push forward the Voluntary Liquidation of Sinotruk Finance Co. Based on our review of the shareholding structure of Sinotruk Finance Co and the Government Measure and our understanding on the equity holding structure issue and the timeframe requested by the National Financial Regulatory Administration, we consider the Voluntary Liquidation of Sinotruk Finance Co, being part and parcel of the arrangements to cope with the Government Measure, to be an acceptable approach.

In the event that the resolution in respect of the Capital Contribution is not approved by the Independent Shareholders at the EGM, (i) given that the Group will not hold any equity interest in SHIG Finance Co, the Company will not be able to share the net income generated from its corresponding equity interest in SHIG Finance Co; (ii) given the Voluntary Liquidation is not inter-conditional upon the Capital Contribution, the Voluntary Liquidation of Sinotruk Finance Co will still be proceeded with, where Sinotruk Finance Co would cease operation; and (iii) the Group would not be able to procure sufficient financial services from SHIG Finance Co, which are on terms no less favourable as compared to those offered by other third party financial services providers. As detailed in the Board Letter, given the scale of operations of SHIG Finance Co in the absence of the Capital Contribution will not be sufficient to fully support the business operations of the Group, most of the financial services required by the Group will be provided by third party financial services providers, where obtaining financing from different third party financial service providers might pose additional challenges to the Group especially in obtaining financing support, and might also result in higher financing costs.

Having considered, in particular, (i) the Capital Contribution Agreement and the 2027 Deposit Services Agreement are part and parcel of the arrangements to cope with the Government Measure that is resulting in the Voluntary Liquidation of Sinotruk Finance Co (a subsidiary of the Company); (ii) the 2027 Deposit Services Agreement allows the Group to have a flexible mean, but not an obligation, to procure required financial services from SHIG Finance Co; (iii) the Capital Contribution Agreement can better ensure the Group to have continual access to the required financial services from SHIG Finance Co; (iv) the Capital Contribution Agreement allows the Group to enjoy the gains of investment from SHIG Finance Co, which will become an associate of the Company; (v) the Voluntary Liquidation is an acceptable approach as the qualifications of certain minority equity holders of Sinotruk Finance Co do not meet the requirements of the National Financial Regulatory Administration; and (vi) the terms of the Capital Contribution Agreement and the 2027 Deposit

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Services Agreement are fair and reasonable as discussed below, we are of the view that, despite the entering into of the Capital Contribution Agreement is an investing activity and not conducted in the ordinary and usual course of business of the Group, the entering into of the 2027 Deposit Services Agreement is in the ordinary and usual course of business of the Group and that the Capital Contribution Agreement, the 2027 Deposit Services Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

2. Principal terms of the Capital Contribution Agreement

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:

	Capital contribution to be made (RMB)	Contribution to registered capital (RMB)	Contribution to capital reserve (RMB)
Existing shareholders:			
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
Subtotal	2,090,880,000	900,000,000	1,190,880,000
The Company	3,484,800,000	1,500,000,000	1,984,800,000
Total	5,575,680,000	2,400,000,000	3,175,680,000

Note: Weichai Power, Weichai Heavy Machinery, Shantui Co, SFGC, the Company and SHIG Finance Co are all subsidiaries of SHIG as at the Latest Practicable Date. Following the Capital Contribution, the chairman of the board of SHIG Finance Co will be nominated by SHIG, which we consider to be fair and reasonable as all the shareholders of SHIG Finance Co are SHIG and its subsidiaries.

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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:

	Approximate 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
Existing shareholders:		
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%
Subtotal	100.00%	62.50%
The Company	—	37.50%
Total	100.00%	100.00%

As at the Latest Practicable Date, the Group does not have any equity interest in SHIG Finance Co. Pursuant to the Capital Contribution Agreement, the Company will make a capital contribution of approximately RMB3,485 million, whereas the existing equity holders of SHIG Finance Co will make a capital contribution in the aggregate amount of approximately RMB2,091 million, to SHIG Finance Co. The Capital Contribution in the total amount of approximately RMB5,576 million (the “**Total Contribution Amount**”) shall be paid in cash by the relevant parties to SHIG Finance Co within ten working days after the satisfaction of the conditions precedent set out in the Board Letter. Upon completion of the Capital Contribution, the Company will be interested in 37.5% of the total equity interest in SHIG Finance Co, where SHIG Finance Co will be accounted as an associated company of the Company. After the Capital Contribution being made, the registered capital of SHIG Finance Co will be increased from RMB1,600 million to RMB4,000 million. For details of the conditions precedent to the Capital Contribution Agreement, please refer to the Board Letter.

According to the articles of association of SHIG Finance Co, any proposed transfer of equity interest in SHIG Finance Co to any person shall be consented to by more than two thirds of the existing equity holders of 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. We understand such restriction is in line with the Government Measure.

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A. Capital contribution under the Capital Contribution Agreement

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, among other things, the appraised value of the entire equity interest of SHIG Finance Co as at the Valuation Date using the asset-based approach as appraised by the Valuer (the "**Valuation**") of approximately RMB3,857 million (the "**Appraised Value**"), less the dividend paid after the Valuation Date in the amount of approximately RMB196 million (the "**Post Dividend**") and adding the expected increase in equity value of SHIG Finance Co in the amount of approximately RMB56 million during the period between the Valuation Date and the completion of the Capital Contribution (the "**NAV Increase**"), resulting in the expected value of the entire equity interest of SHIG Finance Co of approximately RMB3,717 million (the "**Expected Equity Value**"). 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.

We note that (i) the Expected Equity Value of approximately RMB3,717 million adding the Total Contribution Amount of approximately RMB5,576 million would result in a post contribution value of approximately RMB9,293 million (the "**Post Contribution Value**"); and (ii) the Post Contribution Value multiplied by the 37.5% equity interest in SHIG Finance Co to be held by the Group would result in the amount of the capital contribution to be made by the Company of approximately RMB3,485 million.

In respect of the Valuation, we have reviewed the valuation report prepared by the Valuer. We have discussed with the Valuer regarding the methodology of and the principal bases and assumptions adopted for the Valuation. We understand that the common valuation approaches are the market approach, the asset-based approach and the income approach. We are advised by the Valuer that the asset-based approach was adopted because the nature of business and thus the value of SHIG Finance Co is highly correlated to the amount of net asset value, such as the amount of capital available, whereas (i) the market approach was not the most appropriate primarily because there was no sufficient comparable transactions; and (ii) the income approach was also not the most appropriate primarily because the business of SHIG Finance Co is more correlated to the amount of net asset value as aforementioned. We also understand the principal assumptions included trading assumption (assuming the appraised assets are being traded in the market), open market assumption, going-concern assumption and continuing operations assumptions. We have interviewed the Valuer as to its expertise and we have obtained knowledge about the qualifications and experience of the Valuer. We have also independently reviewed the latest list of valuers published on the website of 中國證券監督委員會 and we note that the Valuer is on the list. We further note that, based on announcements and circulars published on the website of the Stock Exchange, various companies listed in Hong Kong had also made reference to the valuations of the Valuer. We have further reviewed the engagement letter of the Valuer in respect of the Valuation and we understood the scope of work of the Valuer was appropriate as far as the Valuation is concerned. We are satisfied that the Valuer has the requisite qualifications, expertise and experience to perform its professional appraisal work. Based on our discussion with the Valuer and also with the Management, (i) we understand that, apart from independent valuation engagements, the Valuer has no other current or prior relationships with the Company, other parties to the Capital Contribution Agreement or any of their core connected

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persons; and (ii) we are not aware the Company or other parties to the Capital Contribution Agreement has made any formal or informal representation to the Valuer which is not in accordance with our knowledge. During the course of discussion with the Valuer and our review of the Valuation, we did not identify any major factor which caused us to doubt the fairness and reasonableness of the Valuation. In addition, based on our review of the valuation report, the financial statements of SHIG Finance Co (such as cross checking figures with those in the valuation report), the information in the Circular and our discussion with the Valuer and the Management, we were not aware of any matter that caused us to doubt (i) the accuracy and completeness of information relied on by the Valuer; and (ii) the reasonableness of any representations made by the Company or the party of the transaction to the Valuer.

For our further assessment of the Valuation, we have compared the Appraised Value with the net asset value of SHIG Finance Co as of the Valuation Date, where we note that the Appraised Value is approximately equal to the net asset value of SHIG Finance Co, with a mere difference of less than 0.3%. Moreover, we also note that the valuation result based on income approach attempted by the Valuer only resulted in a slight difference of approximately 1.55% as compared with the adopted asset-based approach.

In addition, we have attempted to perform a price ratio analysis (i.e. price to earning ratio and price to book ratio), but (i) we were not able to identify any listed company which is an intra-group finance company similar to SHIG Finance Co and we do not consider commercial finance companies to be comparable to SHIG Finance Co for the purpose of a price ratio analysis primarily because, according to the Government Measure, SHIG Finance Co is principally only allowed to provide financial services to members within the same group but not to the general public, hence we consider the business of SHIG Finance Co (particularly its operation, development and prospect) to be materially different from commercial finance companies; and (ii) based on publications made by listed companies on the website of the Stock Exchange, we were also not able to identify sufficient information for us to perform an analysis on comparable transactions performed by listed companies acquiring additional equity interest in an intra-group finance company within the most recent year.

In respect of the Post Dividend, we have reviewed (i) the resolution of SHIG Finance Co in relation to the declaration of the Post Dividend dated 10 September 2024 to the then shareholders of SHIG Finance Co; and (ii) records of payment made in September 2024 to the then shareholders of SHIG Finance Co. In respect of the NAV Increase of approximately RMB56 million, we have discussed with the Company and we were advised that the NAV Increase is to account for the expected increase in net assets from 31 July 2024 to the expected completion date of the Capital Contribution of around December 2024, being a period of approximately at least four months and thus representing an average increase of no more than approximately RMB14 million per month. We have reviewed the financial information of SHIG Finance Co, where we note that (i) SHIG Finance Co recorded net profit after taxation of approximately RMB185 million for the seven months ended 31 July 2024, representing a monthly average of approximately RMB26 million; and (ii) SHIG Finance Co recorded net asset value of approximately RMB3,620 million as at 31 December 2023 and approximately RMB3,847 million as at 31 July 2024, representing a monthly average increase of approximately RMB32 million. Having considered (i) the Company did not and would not receive the Post Dividend, which would reduce the net asset value of SHIG Finance Co; (ii) the monthly average of the NAV Increase (i.e. not more than approximately RMB14 million) is no higher than the recent monthly

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average net profit and the monthly average increase in net asset value; and (iii) the NAV Increase represents only approximately 1.5% of the Expected Equity Value, we consider the reduction of the Post Dividend and the addition of the NAV Increase to arrive at the Expected Equity Value as a basis to calculate the capital contribution amount to be acceptable.

Taking into account, in particular, (i) the amount of the capital contribution to be made by the Company equals the Post Contribution Value (being the Expected Equity Value adding the Total Contribution Amount) multiplied by the 37.5% equity interest in SHIG Finance Co to be held by the Group; (ii) the Expected Equity Value is derived from the Appraised Value, less the Post Dividend and adding the NAV Increase; (iii) our review of the Appraised Value, where we did not identify any major factor which caused us to doubt the fairness and reasonableness of the principal bases and assumptions adopted for the Valuation; (iv) our further assessment which we noted that the Appraised Value is approximately equal to the net asset value of SHIG Finance Co as of the Valuation Date, with a mere difference of less than 0.3%; (v) our analysis of the NAV Increase and that the NAV Increase represents only approximately 1.5% of the Expected Equity Value; and (vi) the reasons and benefits of the Capital Contribution Agreement as aforementioned, we consider the capital contribution to be made by the Company under the Capital Contribution Agreement to be on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

B. Possible financial impacts of the Capital Contribution Agreement

Upon completion of the Capital Contribution, the Company will be interested in 37.5% of the total equity interest in SHIG Finance Co, where SHIG Finance Co will be accounted for as an associated company of the Company under equity method and its financial statements will not be consolidated in the financial statements of the Company as advised by the Management.

(a) Earnings

The Group recorded profit attributable to equity holders of the Company of approximately RMB5,318 million for the year ended 31 December 2023. On the other hand, the net profit after taxation of SHIG Finance Co was approximately RMB323 million for the year ended 31 December 2023. Upon completion of the Capital Contribution, any profit and loss of SHIG Finance Co will be proportionately disclosed as “share of profits and losses of associates” on the consolidated statement of profit or loss of the Company as advised by the Management. Given the profitable track record of SHIG Finance Co, the capital contribution to SHIG Finance Co could have a positive effect to the results of the Group if SHIG Finance Co remains profitable in future.

(b) Net assets

Net assets attributable to equity holders of the Company amounted to approximately RMB40,392 million as at 30 June 2024. On the other hand, SHIG Finance Co recorded net assets of approximately RMB3,847 million as at 31 July 2024. Upon completion of the Capital Contribution, the shareholding interest in SHIG Finance Co will be recorded as “investments in associates” on the consolidated statement of financial position of the Company as advised by the Management.

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(c) Working capital

The Group had cash and cash equivalents and restricted cash of approximately RMB21,004 million and net current assets of approximately RMB11,166 million as at 30 June 2024. The capital contribution to be made by the Company of approximately RMB3,485 million is expected to be funded by the internal financial resources of the Group.

After primarily taking into account, (i) the relatively small scale of SHIG Finance Co as compared with the Group in terms of net profit and net assets, the capital contribution is not expected to have any immediate material impact to the Group; (ii) the profitable track record of SHIG Finance Co, where the capital contribution to SHIG Finance Co could have a positive effect to the results of the Group if SHIG Finance Co remains profitable in future; (iii) the Group has sufficient internal financial resources to fund its capital contribution; and (iv) the terms of the Capital Contribution Agreement are on normal commercial terms and are fair and reasonable as aforementioned, we consider the potential financial effects of the Capital Contribution Agreement and the transactions contemplated thereunder to be acceptable.

C. Fairness and reasonableness of the terms of the Capital Contribution Agreement

Having considered, in particular, (i) the capital contribution to be made by the Company under the Capital Contribution Agreement is fair and reasonable based on our workdone and analysis above; and (ii) the potential financial effects of the Capital Contribution Agreement as discussed above, we are of the view the terms of the Capital Contribution Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

3.1 Principal terms of the 2027 Deposit Services Agreement

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 proposed 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.

The SHIG Finance Group will provide to the Group the deposit services pursuant to the 2027 Deposit Services Agreement, where 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.

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We understand the relevant internal control measures (details of which are set out in the Board Letter) include but not limited to (i) before the Group conducts financial business such as deposits 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; and (ii) 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.

We are advised by the Management that 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, where there is no such historical transaction.

Having considered, in particular, (i) the interest rate for the deposits of the Group's funds with the SHIG Finance Group shall be no less than the interest rate 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 (ii) the internal control measures of the Group, particularly the review and comparison of the interest rate offered by major commercial banks or financial institutions in the PRC, we are of the view that (i) the Group has sufficient internal control measures for governing the terms of the 2027 Deposit Services Agreement from time to time; and (ii) the terms of the 2027 Deposit Services Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

3.2 Annual caps of the 2027 Deposit Services Agreement

The following table shows (i) the historical transaction amounts, being the historical maximum day-end balances for the deposit services provided by Sinotruk Finance Co (a subsidiary of the Company as at the Latest Practicable Date) to the Group for the two years ended 31 December 2023 and nine months ended 30 September 2024; and (ii) 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:

	Historical transaction amount [#]			Proposed New Caps		
	For the year ended		For the nine	For the year ending		
	31 December		months ended	31 December		
	2022	2023	30 September	2025	2026	2027
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Maximum day-end balance for the deposit services	34,846	40,444	42,060	44,000	50,500	57,000

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Note: The historical transaction amount is the deposit of the Group with Sinotruk Finance Co (being a subsidiary of the Company as at the Latest Practicable Date and will undertake the Voluntary Liquidation as discussed in the section headed “1.3 Background to and reasons for the transactions” above in this letter).

We have reviewed the relevant historical actual transaction amounts and the proposed New Caps and we note that:

- the proposed New Cap of RMB44,000 million for the year ending 31 December 2025 is comparable with the historical transaction amount for the nine months ended 30 September 2024 of approximately RMB42,060 million, with a difference of less than 5%; and
- the proposed New Caps for each of the years ending 31 December 2026 and 2027 represents an annual growth of approximately 15% and 13%, respectively, where we further note that such growth rates are in line with (i) the achieved annual growth rate of the historical transaction amount for the latest financial year of approximately 16% for the year ended 31 December 2023; and (ii) the recent year on year growth of the revenue of the Group for the six months ended 30 June 2024 of approximately 18%.

We understand from the Board Letter that the business scale of the Group and thus the potential demand of deposit services is expected to increase given, among other things, (i) government policies have been consistently promoting the retirement and replacement of aged vehicles; and (ii) the Group has been consolidating and improving its product competitiveness and product portfolios.

We note that recent relevant government policies include (i) the notice 《關於促進汽車消費的若干措施》 (Various Measures for the Promotion of Vehicle Consumption) jointly published on 20 July 2023 by various PRC government authorities including 國家發展和改革委員會 (National Development and Reform Commission), where we understand the government policies would stimulate the demand of commercial vehicles through, among other things, the abolishment of aged commercial vehicles and the strengthening of vehicle consumption financial services; and (ii) the notice 《推動大規模設備更新和消費品以舊換新行動方案》 published on 7 March 2024 by 中華人民共和國國務院 (State Council of the People’s Republic of China), where we understand the government policies would stimulate the demand of commercial vehicles through the encouragement of renewal of the aged ones. We have further reviewed the World Economic Outlook Update dated January 2025 and published by the International Monetary Fund, where we understand the real gross domestic product of the PRC is projected to continue to grow, with an expected annual growth of approximately 4.6% for 2025 and approximately 4.5% for 2026. Based on the aforesaid, we understand (i) the favourable measures (including the abolishment of aged commercial vehicles to boost market demand) in our aforementioned reviewed government policies; and (ii) the stable macro-economic environment are supportive factors for the expected growth represented by the proposed New Cap.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have also reviewed the interim report of the Company for the six months ended 30 June 2024, where we understand that the Group will strive to perform well in, among other areas, (i) focus on key domestic markets and accelerate the introduction of new products; and (ii) focus on mainstream models and enhance the core competitiveness of new energy products. We further note that the revenue of the Group achieved a year on year growth of approximately 18% for the six months ended 30 June 2024 and an annual growth of approximately 44% for the year ended 31 December 2023. Based on the aforesaid, we understand (i) the ongoing business development of the Group; and (ii) the recent improvements in the financial results of the Group are supportive factors for the expected growth represented by the proposed New Cap.

In respect of the credibility of SHIG Finance Co, we understand (i) SHIG Finance Co is ultimately state-owned as 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), where all the shareholders of SHIG Finance Co are and will continue to be subsidiaries of SHIG following the Capital Contribution; (ii) the Company will become the single largest shareholder of SHIG Finance Co upon completion of the Capital Contribution; and (iii) SHIG Finance Co has been able to meet the financial ratios required by the PRC regulatory authorities as advised by the Management. Moreover, as detailed in the Board Letter, regarding the relevant internal control measures of the Group, the Group will, among other things, (i) 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; and (ii) 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, where the Company shall take relevant actions to withdraw all deposit in the event that the relevant risks cannot be eliminated.

Taking into account, in particular, (i) the proposed New Caps allows the Group to have a flexible mean, but not an obligation, to place deposits with the SHIG Finance Group; (ii) SHIG Finance Co is ultimately state-owned; (iii) the proposed New Cap for the year ending 31 December 2025 is comparable with the historical transaction amount for the nine months ended 30 September 2024; (iv) the annual growths represented by the proposed New Caps for each of the years ending 31 December 2026 and 2027 are in line with the achieved annual growth rate of the historical transaction amount for the latest financial year and the recent year on year growth rate of the revenue of the Group for the six months ended 30 June 2024; (v) the supportive government policies and the stable macro-economic environment; and (vi) the ongoing business development of the Group, we consider the proposed New Caps to be fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the opinion that, (i) despite the entering into of the Capital Contribution Agreement is an investing activity and not conducted in the ordinary and usual course of business of the Group, the entering into of the 2027 Deposit Services Agreement is in the ordinary and usual course of business of the Group; and (ii) the Capital Contribution Agreement, the 2027 Deposit Services Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. We are also of the view that the terms of the Capital Contribution Agreement and the 2027 Deposit Services Agreement are on normal commercial terms and, together with the relevant proposed New Caps, are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves advise, the Independent Shareholders to vote in favour of the ordinary resolutions to approve the Capital Contribution Agreement, the 2027 Deposit Services Agreement and the transactions contemplated thereunder at the EGM.

Yours faithfully,
For and on behalf of
First Shanghai Capital Limited

Kenneth Yam
Executive Director

Roger Tang
Director

Note: Mr. Kenneth Yam has been a Responsible Officer and Mr. Roger Tang has been a Representative of Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Both of them have extensive experience in the corporate finance industry and have participated in the provision of independent financial advisory services for numerous connected transactions involving listed companies in Hong Kong.

The following text provides a summary of the Valuation Report prepared by the Valuer for the purpose of the Capital Contribution.

Engaged by SHIG Finance Co., Ltd. (山東重工集團財務有限公司), in accordance with the laws, regulations, the Asset Valuation Standards, and the principle of independence, objectivity and fairness, Shandong Zhengyuan Hexin Asset Appraisal Co., Ltd. (山東正源和信資產評估有限公司) has performed an assessment of the market value of the entire equity interest of SHIG Finance Co., Ltd. as at 31 July 2024 involved in the economic activity of the proposed capital contribution to SHIG Finance Co., Ltd. using the asset-based approach and the income approach pursuant to required appraisal procedures. Details of the asset valuation are set forth below:

(I) VALUATION PURPOSE

The purpose of this valuation is to express a professional opinion on the market value of the entire equity interest of SHIG Finance Co., Ltd. at the valuation reference date as a reference for the economic activity of the proposed capital contribution to SHIG Finance Co., Ltd.

(II) SUBJECT AND SCOPE OF VALUATION

The subject of this valuation is the value of the entire equity interest in SHIG Finance Co., Ltd., and the scope of this valuation includes all assets and liabilities of SHIG Finance Co., Ltd. as of 31 July 2024 (the valuation reference date).

(III) TYPE OF VALUE

The value determined in this valuation is market value, which is the estimated value of the valuation subject on the valuation reference date in a regular and fair transaction between a voluntary purchaser and a voluntary vendor, each acting reasonably and without being forced.

(IV) VALUATION REFERENCE DATE

The valuation reference date for this project is 31 July 2024.

(V) VALUATION METHOD

This valuation has been performed by using the asset-based approach and the income approach pursuant to applicable laws, regulations and Asset Valuation Standards based on the actual conditions of the valuation subject, relevant market transaction information and current market prices, with reference to the historical cost of the assets in question on the premise of going concern, continued use of the assets and open market.

Selection of valuation methods

According to relevant requirements of the asset appraisal industry, valuers and appraisal professionals should, in performing the appraisal of enterprise value, select one or more basic valuation methods as appropriate by analysing the applicability of three basic valuation methods, including the income approach, the market approach and the cost approach (asset-based approach) on the basis of relevant conditions such as the purpose and subject of valuation, type of value and information gathered. In general, the enterprise value may be assessed using the market approach, cost approach or income approach.

1. Market approach

The market approach in the valuation of enterprises refers to the approach in which the valuation subject shall be compared with comparable listed companies or transactions so as to determine the value of the valuation subject. The valuer shall fully assess suitability of the market approach based on adequacy and reliability of the operational and financial data collected on comparable companies, as well as the number of comparable companies to be collected. The market approach consists of the method of comparing with comparable listed companies and the method of comparing with comparable transactions.

As the appraised target is an unlisted company and China's exchange markets for equity in unlisted companies are underdeveloped, the number of comparable transactions is limited. Moreover, few listed companies similar to the appraised target can match it in terms of operational direction, asset value, business scale and other factors. As a result, when using general cases, excessive correction would be required such that the valuation under this project will be distorted by reference cases. Hence, the market approach is considered as not applicable to this valuation.

2. Income approach

The income approach in the valuation of enterprises refers to the approach in which the expected income shall be capitalized or discounted so as to determine the value of the valuation subject. The asset valuer shall fully assess suitability of the income approach based on the historical operations of the enterprise, predictability of future income, and adequacy of collected information.

The Valuer, based on the detailed analysis of the accounting statements and operating data of the appraised target for the previous year, conducts interviews and market research with the management, and obtain the profit forecast data and relevant basis of the income approach. The income approach is adopted for this valuation based on the comprehensive analysis, and the main reasons and basis are as follows.

- Judgment on the overall situation

Based on the comprehensive analysis of various aspects of SHIG Finance Co., Ltd., including its historical development, the industry in which it operates, asset size, profitability, and market share, the Valuer considers that the assets for this valuation feature the following characteristics:

- (1) The assets for evaluation are operating assets with clearly established and good titles, and the enterprise is in a position to continue as a going concern;
 - (2) The assets for evaluation constitute assets with future income being measurable by monetary value, which means that the revenue, the corresponding costs and charges and other income and expenditure can be measured by monetary value;
 - (3) The risks to which the assets for evaluation are exposed can be measured by monetary value. The enterprise is mainly exposed to industrial risks, operational risks and financial risks, all of which are measurable by monetary value.
- Judgment on the purpose of evaluation

The purpose of this valuation is to evaluate the value of all the shareholders' equity interests of SHIG Finance Co., Ltd., providing reference for its shareholders in respect of the proposed capital increase. The evaluation must objectively and truthfully reflect the market fair value of SHIG Finance Co., Ltd. Instead of simply summing up the value of the individual asset, the overall value underlying the scale of operation, industry status and mature management mode shall be reflected in a comprehensive manner. This means that the enterprise shall be treated as an organic system, and the value of all the shareholders' equity interests shall be represented by overall profitability.

- Judgment on the financial statements

Based on the accounting statements and operating data provided by SHIG Finance Co., Ltd., the company's revenue is sustainable and its profitability can be reasonably estimated. The management of the appraised enterprise can provide historical data and future forecast data of the company's operating and income status, based on which the valuer conducts necessary analysis, judgement and adjustment, and consider the relevant forecast is generally reasonable.

3. Cost approach

The cost approach, also called the asset-based approach, refers to the approach in which, based on the balance sheet of the appraised target on the valuation reference date, the value of assets and liabilities on and off the balance sheet shall be evaluated so as to determine the value of the valuation subject.

According to the purpose of this valuation, the assets of the appraised enterprise and data collection, the accounting of assets and liabilities is sound, the historical data of major assets is well preserved and all assets have the conditions for continuous use. All the required economic and technical parameters can be obtained with sufficient data, therefore conditions are met for using the asset-based approach for evaluation.

(VI) VALUATION CONCLUSION AND VALID TERM

1. Valuation conclusion under asset-based approach

This valuation of the market value of the entire equity interest in SHIG Finance Co., Ltd. has been performed by using the asset-based approach and the income approach pursuant to applicable laws, regulations and Asset Valuation Standards based on the actual conditions of the valuation subject, relevant market transaction information and current market prices with reference to the historical cost of the assets in question on the premise of continued use of the assets and open market. The appraised result is **RMB3,857,274,300 (in words: Renminbi Three Billion and Eight Hundred and Fifty-Seven Million and Two Hundred and Seventy-Four Thousand and Three Hundred only)**. The details are set out below:

Assets: RMB38,578,788,500 in carrying amount, and RMB38,589,261,100 in appraised value, which represents an increase of RMB10,472,600 with an appreciation rate of 0.03%.

Liabilities: RMB34,731,986,800 in carrying amount, and RMB34,731,986,800 in appraised value, which represents an increase of RMB0.00 with an appreciation rate of 0.00%.

Net assets: RMB3,846,801,700 in carrying amount, and RMB3,857,274,300 in appraised value, which represents an increase of RMB10,472,600 with an appreciation rate of 0.27%. Details are set forth in the table below:

Summary of valuation conclusion of SHIG Finance Co., Ltd. (Asset-based approach)

Unit: RMB0'000

Item		Carrying value	Valuation value	Appreciation/ depreciation	Appreciation/ depreciation rate (%)
		A	B	C=B-A	D= (B-A) /A*100
Total assets	1	3,857,878.85	3,858,926.11	1,047.26	0.03
of which: Cash and deposits with central bank	2	199,745.50	199,745.50	—	—
Deposits with banks and non-bank financial institutions	3	1,659,496.08	1,659,496.08	—	
Placements with banks and non-bank financial institutions	4	—		—	
Financial assets held for trading	5	246,994.95	246,994.95	—	
Financial assets held under resale agreements	6	545,900.64	545,900.64	—	
Interest receivable	7	—	—	—	
Loans and advances to customers	8	915,546.07	915,546.07	—	—

Item		Carrying value	Valuation value	Appreciation/ depreciation	Appreciation/ depreciation rate (%)
		A	B	C=B-A	D= (B-A) /A*100
Other debt investment	9	262,904.73	262,904.73	—	
Long-term equity investments	10	—	—	—	
Investment properties	11	—	—	—	
Repossessed assets	12			—	
Fixed assets	13	1,895.18	2,981.50	1,086.31	57.32
Construction in progress	14	308.58	313.15	4.57	
Buildings	15			—	
Machinery and Equipment	16			—	
Intangible assets	17	5,750.37	5,750.37	—	0.000
of which: Land use rights	18			—	
Long-term deferred expenses	19	78.66	35.04	-43.63	-55.46
Deferred income tax assets	20	19,209.79	19,209.79	—	
Other assets	21	48.31	48.31	—	—
Total liabilities	22	3,473,198.68	3,473,198.68	—	—
Net assets	23	384,680.17	385,727.43	1,047.26	0.27

2. Valuation conclusion under income approach

The valuation result of the market value of the entire equity interest in SHIG Finance Co., Ltd. using the income approach is: RMB3,846,801,700 in carrying amount, and RMB3,917,176,500 in appraised value, which represents an increase of RMB70,374,800 with an appreciation rate of 1.83%.

3. Comprehensive analysis of appraisal conclusions

3.1 Difference analysis of appraisal conclusions

Using the asset-based approach and the income approach separately to evaluate SHIG Finance Co., Ltd. as a whole, the market value of the entire equity interest in SHIG Finance Co., Ltd. is estimated to be RMB3,857,274,300 under the asset-based approach, and RMB3,917,176,500 under the income approach, which represents an increase of RMB59,902,200 or 1.55% as compared with the former. The difference is due to the fact that the asset-based approach objectively reflects the current fair value of the assets on the enterprise's balance sheet, whereas the income approach measures the value of the assets by assessing the future income it can generate, factoring in the contribution of the entire asset portfolio's income potential.

3.2 Determination of the appraisal conclusions

The purpose of this valuation is to provide value reference for the economic activities of the proposed capital contribution to SHIG Finance Co., Ltd. by its shareholders. Reasons for using valuation results by asset-based approach in this valuation as the value of the entire equity interest of shareholders of SHIG Finance Co., Ltd. are as follows:

Value nature of monetary and financial services industry

Enterprises engaged in monetary and financial industry are restricted by the central bank monetary policies, especially the regulatory indications of the industry, such as deposit-reserve ratio and capital adequacy ratio, etc., in their course of operation; having analysed on the market performance of the listed companies in monetary and financial industry, we found that their value are most related to their net assets, which has the highest linear fitting degree, and the valuation results by asset-based approach can better reflect the market value of the appraised target on the valuation reference date.

4. The Value of the Entire Equity Interest of Shareholders in SHIG Finance Co., Ltd.

After implementing valuation procedures including onsite inspection, market research, request for confirmation, evaluation and estimation, the result derived from the asset-based approach is adopted as the final valuation result of the market value of the entire equity interest of Shareholders in SHIG Finance Co., Ltd. as at 31 July 2024 (the valuation reference date), which is **RMB3,857,274,300 (in words: Renminbi Three Billion and Eight Hundred and Fifty-Seven Million and Two Hundred and Seventy-Four Thousand and Three Hundred Only)**. Details of the valuation conclusion are as follows:

Summary of valuation conclusion of SHIG Finance Co., Ltd.

Unit: RMB0'000

Item		Carrying value	Valuation value	Appreciation/ depreciation	Appreciation/ depreciation rate (%)
		A	B	C=B-A	D= (B-A) /A*100
Total assets	1	3,857,878.85	3,858,926.11	1,047.26	0.03
of which: Cash and deposits with central bank	2	199,745.50	199,745.50	—	—
Deposits with banks and non-bank financial institutions	3	1,659,496.08	1,659,496.08	—	
Placements with banks and non-bank financial institutions	4	—		—	
Financial assets held for trading	5	246,994.95	246,994.95	—	

Item		Carrying value	Valuation value	Appreciation/ depreciation	Appreciation/ depreciation rate (%)
		A	B	C=B-A	D= (B-A) /A*100
Financial assets held under resale agreements	6	545,900.64	545,900.64	—	
Interest receivable	7	—	—	—	
Loans and advances to customers	8	915,546.07	915,546.07	—	—
Other debt investment	9	262,904.73	262,904.73	—	
Long-term equity investments	10	—	—	—	
Investment properties	11	—	—	—	
Repossessed assets	12			—	
Fixed assets	13	1,895.18	2,981.50	1,086.31	57.32
Construction in progress	14	308.58	313.15	4.57	
Buildings	15			—	
Machinery and Equipment	16			—	
Intangible assets	17	5,750.37	5,750.37	—	0.000
of which: Land use rights	18			—	
Long-term deferred expenses	19	78.66	35.04	-43.63	-55.46
Deferred income tax assets	20	19,209.79	19,209.79	—	
Other assets	21	48.31	48.31	—	—
Total liabilities	22	3,473,198.68	3,473,198.68	—	—
Net assets	23	384,680.17	385,727.43	1,047.26	0.27

5. Valid term of the valuation conclusion

Under the circumstance that there are no significant changes in the macro-economy, industry environment, the appraised target, and the price standards of major assets, the valuation result is typically valid for one year, from 31 July 2024 (the valuation reference date) to 30 July 2025. However, when there are major changes in the macro-economy, industry environment, the appraised target, and the price standards of major assets, and such changes have a material effect on the valuation conclusion, the client should promptly engage a appraisal agency to re-determine the valuation value.

(VII) SPECIFIC MATTERS

- In accordance with the Notice on Several Tax Policies for Implementing the Pilot Program of Levying Value-Added Tax in lieu of Business Tax on the Transportation Industry and Some Modern Service Industries (Cai Shui [2013] No.37) jointly issued by the Ministry of Finance and the State Administration of Taxation, input tax on acquired vehicles can be deducted. In evaluating the transport vehicle assets, the valuation value excludes the value-added tax, but does not take into account the effect of other relevant tax factors that may arise from this matter on the valuation value in respect of transport vehicles acquired before August 2013. Report users are hereby reminded to pay attention to the effect of such a matter on the valuation conclusion in this Valuation Report.

2. This valuation conclusion does not take into account the possible effects of relevant taxes arising from the appreciation or depreciation in valuation. All taxes involved in the subject shall be collected by the tax authority in accordance with the provisions of the national tax law when the purpose of the valuation is achieved, and shall be borne by the taxpayer specified in the tax law. The specific tax amount has not been adjusted in the Valuation Report. When the purpose of this valuation is achieved, all taxes shall be subject to the figures verified by the competent tax authority. If the amount verified by the competent tax authority does not match the book record, the valuation conclusion shall be adjusted accordingly.

(VIII) SCOPE OF WORK PERFORMED BY THE VALUER

After undertaking the appraisal assignment, Shandong Zhengyuan Hexin Asset Appraisal Co., Ltd. (山東正源和信資產評估有限公司) immediately organised an asset appraisal team, developed an appraisal plan and formally entered the site to conduct the appraisal work. In accordance with the provisions of national laws, administrative regulations and Asset Valuation Standards, the Valuer has carried out proper appraisal procedures for the assets included in the appraisal scope, with details as follows:

I. Specifying the Basic Matters of the Business

- (1) learning from the client whether there are other users of the report other than the client, and understanding the users of the Valuation Report and their relationship with the client;
- (2) understanding the economic behavior related to the appraisal business and defining the appraisal purpose;
- (3) understanding the basics of the valuation subject and the specific types, distributions and characteristics of the assets included in the appraisal scope; understanding the industry, legal environment, accounting policies and equity position of the appraised target;
- (4) determining the value type based on the evaluation purpose and reaching an agreement with the client regarding the meaning of the specific value type;
- (5) assisting the client in determining the valuation reference date on the principle that the conclusion of the appraisal can be effectively served for the purpose of the appraisal;
- (6) clarifying the scope and restrictions on the use of the Valuation Report, and obtaining client's understanding;
- (7) negotiating with the client to determine when and how the Valuation Report will be delivered;
- (8) negotiating with the client to determine the total fee of valuation service, the payment schedule and methods;
- (9) other important matters that need to be specified, such as the collaboration and coordination between the client and the appraised target.

II. Entering into Business Engagement Contract

The Valuer conducted a comprehensive analysis and evaluation on the professional capabilities, independence and business risks based on the specific conditions of the valuation business. The Valuer entered into an asset valuation engagement contract with the client which sets out the liabilities and obligations to be assumed by each party.

III. Preparation of Asset Valuation Plan

After undertaking the assignment, the project leader prepared the asset appraisal plan. Specific steps, time schedules, personnel arrangements and technical schemes for on-site surveys, collection of evaluation data, evaluation and estimation, preparation and submission of evaluation reports were arranged and planned and reported to the relevant person in charge of the evaluation institution for review and approval before implementation.

IV. Conducting On-site Valuation Surveys

1. Main contents of on-site valuation surveys

To ensure the accuracy of the asset verification, the Valuer has developed a detailed due diligence plan and checklist, which mainly includes:

- (1) The background of economic conduct of this valuation is primarily the explanation of the client and the appraised target on matters of this valuation;
- (2) Legal conditions in relation to the going concern of the valuation subject primarily include that of the valuation subject's articles of association, investment agreements, contracts and others;
- (3) Conditions in relation to the valuation subject's land and property rights;
- (4) Accounting system, fixed assets depreciation method and others undertaken by the valuation subject;
- (5) Tax rates, tax expenses and taxation conditions of the valuation subject;
- (6) Conditions of related transactions in the last few years;
- (7) SHIG Finance's business analysis: public-oriented, private-oriented, credit cards and others;
- (8) Conditions including SHIG Finance's loan scale, deposit and loan interest rates, management fees, occupied facilities and premises (depreciation and amortization), costs of staff wages and benefits in the last few years;

- (9) SHIG Finance's business plans and strategies in the next few years, including market expansion, sales strategies, cost control, financing, investment plans, future income/cost structures and their changes;
- (10) General conditions of SHIG Finance's key competitors, including total assets, net assets, scale of deposits and loans, operating income, non-performing loan ratio, core capital adequacy ratio and market share;
- (11) SHIG Finance's main operational risks, including credit risk, liquidity risk, market risk, operational risk, compliance risk, legal risk and reputation risk;
- (12) Audited balance sheets, profit and loss statements, cash flow statements, operating income breakdowns and cost breakdowns in recent years;
- (13) Other conditions in relation to this valuation.

2. Process of asset verification and due diligence

The asset verification and due diligence of this valuation is conducted at the operating premises of the main businesses of the holder of the relevant property rights of the valuation subject. The method adopted is mainly to investigate and review conditions of the holder of the relevant property rights of the valuation subject including its operating situation, management conditions and capabilities, historical operating conditions, operating income, costs, period costs and their composition. In particular, items affecting the pricing of the valuation including the operating scale of its main businesses, the charging standards and related costs have been investigated in details and financial data including relevant accounting statements and books have been reviewed. The company's operating conditions and other matters are being comprehended through communication with the management and financial staff of the company. Market investigation and research including the gathering of macro industry information of relevant industries as well as financial information and market data of comparable companies were further conducted in addition to asset verification and due diligence.

3. Due diligence procedures

To be in line with the above-mentioned contents and objectives of due diligence, based on the characteristics of the project, the following due diligence procedures have been implemented in coordination with the holder of the relevant property rights of the valuation subject:

- (1) Interview with the key departments of the holder of the relevant property rights of the valuation subject

Based on the organisation structure and management model of the holder of the relevant property rights of the valuation subject, the Valuer interviewed the key departments of the holder of the relevant property rights of the valuation subject to understand the conditions of the business and financial developments of the holder of the relevant property rights of the valuation subject, as well as its financial and accounting policies, development plans and others.

- (2) Investigation of condition of business segments of the holder of the relevant property rights of the valuation subject

The Valuer took samples for all business segments of the holder of the relevant property rights of the valuation subject that is included in the scope of valuation, and investigate the mode of operation, operating income, scale of production, source and types of investment returns, etc.

- (3) Other methods

Matters under appraisal by the income approach is noted by means of the internet, magazines, statistics reports, statistical yearbooks and others.

V. Collection and Collation of Information for the Valuation

The Valuer works to understand the information of the valuation subject through various methods including communications with the client and the appraised target and the provision of guidance for them to check the valuation subject. Meanwhile, it actively collects the information on the valuation subject and other asset valuation information for this evaluation, and collects additional valuation information as required depending on the progress of the project under appraisal, whereby the Valuer can understand the state of operation of the appraised target and the assets for valuation and its status quo, help the appraised target to collect relevant operational and basic financial data in a timely manner, check the assets appraisal form against the relevant financial statements, general ledgers and subsidiary ledgers of the appraised target, verify relevant information and take necessary measures to ensure the reliability of sources of information.

The information for the valuation mainly includes the evidence of title and evidence of pricing of the valuation subject. The evidence of title is directly provided by the enterprise, while the evidence of pricing for this valuation includes information on original cost of asset purchase and construction provided by the enterprise and relevant market price information searched by the Valuer.

VI. Formation of Conclusions on Valuation Estimates

1. Valuation and estimation by valuation professionals

- (1) Valuation and estimation under the asset-based approach

The estimates under the asset-based approach were obtained by using appropriate valuation methods for each class of assets in accordance with the relevant conditions such as the valuation subject, valuation type and information collection, conducting necessary analysis, summary and compiling for such collected valuation information, performing analysis, calculation and judgment with corresponding formulas and parameters to generate the estimates of all assets.

- (2) Valuation and estimation under the income approach

- ① Financial analysis

The Valuer analysed the historical operations of the operating entity engaging in the principal activities of the appraised target, the composition of its revenue, costs and expenses and reasons for changes therein, as well as its profitability and development trends.

② Operating analysis

The Valuer analysed the comprehensive strengths, management, profitability, development potential and competitive advantage of the operating entity engaging in the principal activities of the appraised target.

③ Review of earning forecast

The Valuer reviewed the earning forecast for future periods prepared by the appraised target in accordance with the financial and development plans and potential market advantages of the operating entity engaging in the principal activities of the appraised target, coupled with the analysis of economic conditions and market development.

④ Determination of the estimates under the income approach

The estimates under the income approach were obtained by forming the valuation result of operating assets through analysis, calculation and judgment using formulas and parameters corresponding to the review of the earning forecast for future periods, taking into account non-operating assets and liabilities.

2. Comprehensive analysis and determination of preliminary valuation results

The project leader conducted a comprehensive analysis on the estimates made by the valuation professionals, and the significant issues were reported to the department leader who then arranged relevant parties to discuss the same. Without prejudice to the independent judgment on the final valuation opinion, the project leader made necessary communications with the client or relevant parties authorised by the client on the content of the Valuation Report, so as to form the preliminary appraisal results.

VII. Preparation and Issue of the Valuation Report

Following the valuation, estimation and comprehensive analysis, in accordance with the requirements under laws, regulations and Asset Valuation Standards, a preliminary asset valuation report was prepared and reviewed internally before the final asset valuation report was submitted to the client as agreed under the asset valuation engagement contract.

VIII. Consolidation and Filing of Valuation Records

During and after the performance of the above evaluation procedures, work papers, the asset valuation report and other related materials were consolidated and compiled as asset valuation files for record.

The Valuer has performed proper valuation procedures during onsite due diligence and valuation estimation, and has not discovered any item where the limitation on valuation procedures has a material impact on the value of the appraised target.

(IX) VALUATION ASSUMPTIONS**1. General Assumptions**

- (1) Assumption of trading: it is assumed that all the assets to be appraised are in trade, and the Valuer performed the valuation of the assets by simulating market with conditions such as the transaction conditions of the assets.
- (2) Assumption of open market: it is assumed that for assets traded, or to be traded in the market, the parties to the transaction are on an equal footing and have access to sufficient market information and time to make informed decisions about the function, use and price of the assets. The open market assumption assumes that assets can be bought and sold openly in the market.
- (3) Assumption of going concern of the enterprise: with respect to the actual condition of the assets as of the valuation reference date, it is assumed that the business will continue to operate and will continue to be used legally and effectively in accordance with its current use and in the manner, scale, frequency and environment in which it is used, and that there will be no significant changes in the foreseeable period of use.
- (4) Assumption of continuous use of the assets: it is firstly assumed that the assets to be appraised (including assets in use and spare assets) are in use; secondly, based on relevant data and information, it is assumed that the assets in use will continue to be used in the same location and for the same purpose.
- (5) It is assumed that there are no significant changes in the relevant laws, regulations, and policies in force in the country, or in the national macroeconomic situation, as well as the political, economic, and social environment of the region in which the assets are located. It is also assumed that there are no other significant adverse effects caused by unpredictable and force majeure factors.
- (6) It is assumed that there are no significant changes in interest rates, exchange rates, tax bases and rates, and policy levies.
- (7) It is assumed that the information and materials provided by the client, or appraised target are true, legal and complete.
- (8) It is assumed that there are no other man-made force majeure events or unforeseen factors that have a material adverse effect on the enterprise.

2. Special Assumptions

- (1) It is assumed that the operators of appraised target are responsible, and the management is able to perform their duties.
- (2) It is assumed that appraised target fully complies with all relevant laws and regulations.

- (3) It is assumed that the accounting policies to be adopted in the future by appraised target are in all material aspects generally consistent with the accounting policies adopted at the time of the compilation of this Valuation Report.
- (4) It is assumed that on the basis of the existing management style and standard, the business scope and manner of operation of appraised target are consistent with the current direction.
- (5) It is assumed that the process of acquiring and obtaining the assets under appraisal is in compliance with relevant national laws and regulations.
- (6) It is assumed that the assets under appraisal are free from material defects, liabilities and restrictions incidental to their value.
- (7) It is assumed that there are no significant factors adversely affecting the value of the relevant assets under appraisal.
- (8) It is assumed that the cash flows of appraised target after valuation reference date are even cash inflow and even cash outflow.
- (9) The existing equity capital is used as a base for the Valuation and the impact of the capital contribution to the operation of appraised target is not considered.
- (10) It is assumed that subject to industry regulatory requirements, the statutory surplus reserve withdrawn on the basis of net profit and the remaining operating profit after the general risk provision are fully distributed to shareholders.
- (11) The premiums or discounts arising from factors such as controlling interests and minority interests are not taken into account, nor is the impact of liquidity on the appraised target's value considered.
- (12) The effect of transaction taxes from changes in ownership on the appraised target is not taken into account.
- (13) The possible taxes associated with the difference between the book value and the appraised value are not considered.

(X) KEY INPUTS FOR THE VALUATION

Key inputs affecting the asset-based approach are valuation conclusions of loans and advances and assets in the category of buildings.

- Valuation of the grant of loans and advances

The Valuer took samples for loans and advances granted, and carried out examination of credit assets according to the list of samples. Then, the Valuer used loan risk classification methodology to categorise the quality of the loan and determine the likelihood that borrowers will repay the principal and interest in time and in full. SHIG Finance Co., Ltd., based on the

actual situation of loans, classified loans into five categories: normal, special mention, sub-standard, doubtful and loss loans, and made provision for loan impairment. The Valuer estimated reasonably the loan impairment loss with reference to the five-tier classification. The appraised value of the loans granted by the company represents the net of the carrying amount of loans after deducting provision for impairment, being: appraised value of loans = carrying amount - impairment loss assessed.

- Valuation of fixed assets - buildings

According to the Practice Standards for Assets Appraisal — Real Estate (《資產評估執業準則 — 不動產》), the current valuation approaches include market comparison approach, income approach, cost approach and hypothetical development approach. Should conditions allow the application of market comparison approach to valuation, market comparison approach should serve as the main approach. Profit-making properties should be valued via income approach as one of the valuation approaches. However, the income approach is greatly affected by the future profitability of assets, asset quality, asset management ability, and operating risks, and due to the impact of the COVID-19 epidemic in recent years, the rental value of the commercial property market is far lower than its market value, resulting in a serious inversion of the income value. The property income value of the rental market cannot correctly reflect the market value of property, so the income approach is not applicable for valuation; for valuation of properties with investment and development or redevelopment potential, hypothetical development approach should serve as one of the valuation approaches. The properties in the scope of this valuation do not belong to the properties with investment and development or redevelopment potential, so the hypothetical development approach is not applicable; the cost approach refers to the method of deducting the various losses of value of the assessed asset on top of its current replacement cost, to determine the value of the assessed asset. This only considers the current construction cost of the property, and regional factors, prosperity, environmental factors and other factors that have a greater impact on the value cannot be reflected, so the cost approach is not applicable.

According to the information collected, because transportation is convenient, and facilities are complete in the area where this valuation subject is located, the market is well developed, and there are similar property transactions, the price information of property reflected in the market is true, accurate and normal, so the market approach is used as the valuation approach. For various decoration and renovation projects, they will be evaluated together in the office building.

The market approach refers to the approach of estimating an objective and reasonable price or value for the valuation subject by comparing the valuation subject with similar properties that have been traded around the time of valuation and making appropriate adjustments to the known prices of these similar properties. Its calculation formula is:

The appraised value of property = adjusted unit price of property × floor area of the house

Adjusted unit price of property = Σ (comparable unit price of property × weight)

Comparable unit price of property = transaction unit price of comparable samples × adjustment for the condition of the transaction × adjusted transaction date × adjusted condition of property

The valuation process of market comparison approach is as follows:

- ① Collect sample transactions, specifically including: parties of the transaction, and the transaction purpose, property conditions of sample transaction, the price, date and payment methods of the transaction.
- ② Select three comparable samples (i.e. the transaction samples used for comparison and reference) from the above collected ones, based on the principles that the sample transactions are similar to the valuation subject's property, the transaction dates are close to the valuation reference date, the transaction prices are normal price or can be adjusted to a normal price.
- ③ Establish the comparable basis for price, i.e. convert the transaction prices of these samples, to establish the comparable basis for price, and unify the expression and connotation.
- ④ Adjustment of the transaction condition

The transaction prices of the comparable samples may be normal or abnormal. As the Valuer was required to evaluate the market value of the valuation subject, if the transaction price of the comparable sample was not the normal price, it shall be normalised, so that it can be adjusted to be the comparable price of the valuation subject.

- ⑤ Adjustment of the transaction date

The transaction price of each comparable sample is the price on the transaction date, and the price of the valuation subject is the price on the valuation reference date. The prices may differ due to the changes in market conditions of real estate when the transaction date is not the valuation reference date. Adjustment of the transaction date is to adjust the price of a comparable sample on its transaction date to be a price on the valuation reference date.

- ⑥ Adjustment of the property condition: including location adjustment, physical condition adjustment and ownership adjustment.
 - a. location adjustment: upward (or downward) adjustment to the value is mainly based on the difference in respect of location between the valuation subject and the comparable samples, such as proximity to commercial service centers, concentration of commercial services, infrastructure and public facilities, traffic accessibility, environmental quality, etc.
 - b. physical condition adjustment: upward (or downward) adjustment to the value is mainly based on the difference in respect of physical condition between the valuation subject and the comparable samples, such as road access, street frontage, parking convenience, structural, degree of depreciation, layout, orientation, building size, renovation level, facilities and equipment, etc.

- c. ownership adjustment: when making adjustments to the ownership, the price of a comparable sample under its current ownership should be adjusted to a price under the same ownership of the valuation subject, and the adjustments should include upward (or downward) adjustment to the value in respect of the difference of the ownership, such as planning permissions, land use term, joint ownership, usufructuary rights, security interest, lease or occupancy, tax arrears, restrictions on rights such as seizure, and encumbrances on title, etc.

- ⑦ Adjustments above are made to the prices of selected comparable samples to generate a comprehensive figure according to specific conditions as the benchmark price, which is then adjusted to be an adjusted unit price according to the benchmark price and weighting factors.

- ⑧ The market value of the valuation subject's real estate is calculated by multiplying the adjusted unit price by its floor area.

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 December 2021, 2022 and 2023 is disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sinotruk.com):

- the Company's annual report for the year ended 31 December 2021 published on 29 April 2022 (pages 84 to 216)
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0429/2022042900009.pdf>)
- the Company's annual report for the year ended 31 December 2022 published on 28 April 2023 (pages 94 to 224)
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0428/2023042800815.pdf>)
- the Company's annual report for the year ended 31 December 2023 published on 30 April 2024 (pages 99 to 220)
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0430/2024043000878.pdf>)
- the Company's interim report for the six months ended 30 June 2024 published on 30 September 2024 (pages 53 to 92)
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0930/2024093000482.pdf>)

2. INDEBTEDNESS

As at the close of business on 30 November 2024, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this circular, the details of the Group's indebtedness are as follows:

(i) Bank borrowings

The Group had secured and guaranteed borrowings of approximately RMB472 million which were secured by the Group's properties, plants and equipment at carrying amount of approximately RMB526 million. The Group also had unsecured and unguaranteed borrowings of approximately RMB4,297 million.

(ii) Lease liabilities

The Group had lease liabilities at carrying amount of RMB11 million.

(iii) Contingent liabilities

The Group had referred certain customers to other finance leasing companies to finance them to purchase the Group's trucks and undertaken the repurchase obligations to these finance leasing companies in the event of these borrowers' default in instalment repayments and payment of interest and, if appropriate, other guarantors such as dealers were unable to repay on behalf of the borrowers. As at 30 November 2024, the Group had outstanding repurchase obligations at approximately RMB859 million.

Save as disclosed above, and apart from intra-group liabilities and normal trade payables and contract liabilities in the ordinary course of business, as at the close of business on 30 November 2024, the Group did not have any debt securities issued or outstanding, or authorised or otherwise created but unissued, or any term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, loans, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, lease liabilities, mortgages or charges, other contingent liabilities or guarantees outstanding.

3. WORKING CAPITAL

The Directors are of the opinion that, taking into account the Group's available financial resources including internally generated cash flows, credit facilities and cash on hand, the Group has sufficient working capital for its present requirements, that is, for at least 12 months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Benefitting from the overall improvement of main macroeconomic indicators and the implementation of various consumption-boosting measures such as policies promoting replacement of vehicles and new energy commercial vehicles, the domestic demand of the commercial vehicle industry has shown recovery continuously. Given the high demand for replacement of vehicles, the rising penetration rates of new energy commercial vehicles and the consistent overseas demand, the commercial vehicle industry is expected to have a stable growth. Looking forward, the Group will focus on key domestic markets by accelerating the introduction of new products, expand the export markets which it enjoys traditional advantages by enhancing its networks and services and focusing on high-end markets, and keep upgrading mainstream models and grasping opportunities in new energy market.

5. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, they are not aware of 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 consolidated financial statements of the Company were made up.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes 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 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 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:

Long Positions*The Company's ordinary Shares*

Name of Director	Nature of interest	Number of underlying Shares interested pursuant to the share award scheme	Approximate percentage of shareholding in the class
Mr. Liu Zhengtao	Beneficial owner	500,000	0.02
Mr. Liu Wei	Beneficial owner	500,000	0.02
Ms. Li Xia	Beneficial owner	350,000	0.01

Associated corporation — ordinary A shares in Weichai Power (a fellow subsidiary of the Company)

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. Wang Chen	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	Beneficial owner		1,408,106,603	51%
PFPS	Interest in controlled corporation	(b)	690,248,336	25%
Ferdinand Porsche Familien-Holding GmbH	Interest in controlled corporation	(c), (l)	690,248,336	25%
Ferdinand Alexander Porsche GmbH	Interest in controlled corporation	(d)	690,248,336	25%
Familie Porsche Beteiligung GmbH	Interest in controlled corporation	(e), (m)	690,248,336	25%
Porsche Automobil Holding SE	Interest in controlled corporation	(f), (n)	690,248,336	25%
Volkswagen AG	Interest in controlled corporation	(g)	690,248,336	25%
Volkswagen Finance Luxemburg S.A.	Interest in controlled corporation	(h)	690,248,336	25%
Volkswagen International 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) 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.
- (c) 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.
- (d) 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.
- (e) 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.
- (f) 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.
- (g) 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.
- (h) Volkswagen Finance Luxemburg S.A. holds 100% voting interest in Volkswagen International Luxemburg S.A. Volkswagen Finance Luxemburg S.A. is deemed to have interest in all the Shares held (or deemed to be held) by Volkswagen International Luxemburg S.A. under the SFO.
- (i) Volkswagen International Luxemburg S.A. holds 89.72% voting interest in TRATON SE. Volkswagen International 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%
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	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%
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 a director, the deputy secretary of the party committee and the general manager of SHIG, the secretary of the party committee and chairman of the board of directors of CNHTC; Mr. Liu Zhengtao was the deputy secretary of the party committee, director and general manager of CNHTC; Mr. Wang Chen was the executive deputy general manager of CNHTC; Mr. Liu Wei was deputy general manager of CNHTC; Ms. Li Xia was the deputy general manager and financial controller of CNHTC; Mr. Cheng Guangxu was the deputy general manager of Weichai Power; Ms. Han Xing was the head of the Ji'nan Branch of MAN Truck and Bus Trading (China) Co., Ltd. and the strategy representative of MAN Truck & Bus SE in China; 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. Liu Zhengtao, Mr. Wang Chen, Mr. Liu Wei and Ms. Li Xia would have been required to abstain from voting, (ii) between the Group and the Weichai Group in which Mr. Wang Zhijian would have been required to abstain from voting, and (iii) between the Group and TRATON SE (and its associates), in which Ms. Han Xing, 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) and the relevant Supplemental Agreement (as defined in the announcement of the Company dated 25 March 2024)
 - (ii) the 2026 CNHTC Purchase of Goods Agreement (as defined in the announcement of the Company dated 31 March 2023) and the relevant Supplemental Agreement (as defined in the announcement of the Company dated 25 March 2024)
 - (iii) the 2026 Provision of Financial Services Agreement (as defined in the announcement of the Company dated 31 March 2023) and the relevant Supplemental Agreement (as defined in the announcement of the Company dated 25 March 2024)
 - (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)
 - (vi) the 2025 Weichai Parts Purchase Agreement (as defined in the announcement of the Company dated 29 October 2024)
- (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	Director, deputy secretary of the party committee and general manager of SHIG, the secretary of the party committee, and chairman of the board of directors of CNHTC
Mr. Liu Zhengtao	Director, deputy secretary of the party committee and the general manager of CNHTC
Mr. Wang Chen	Executive deputy general manager of CNHTC

Name of Director	Positions held
Mr. Liu Wei	Deputy general manager of CNHTC
Ms. Li Xia	Deputy general manager and financial controller of CNHTC
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 EXPERTS AND CONSENTS

The following is the qualification of the experts who had given opinion or advice which is contained in this circular:

Name	Qualification
First Shanghai Capital Limited	A license corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO
山東正源和信資產評估有限公司 (Shandong Zhengyuan Hexin Asset Appraisal Co., Ltd.*)	An independent professional valuer in the PRC

As at the Latest Practicable Date, the Independent Financial Adviser and the Valuer 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 and the Valuer 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.

Each of the Independent Financial Adviser and the Valuer has given and has not withdrawn its written consent to the issue of this 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 23 January 2025 and the Valuation Report from which summary contained in Appendix I herein was extracted was issued on 16 October 2024, both of which were made for incorporation in this circular.

10. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Kwok Ka Yiu, who holds an MBA degree from the University of Hong Kong and is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.
- (b) The share registrar of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712—1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (c) This circular has been prepared in both English and Chinese. In the case of any discrepancy, the English text shall prevail.

11. MATERIAL CONTRACTS

The following contracts (not being a contract entered into in the ordinary course of business) have been entered into by member(s) of the Group within the two years immediately preceding the date of this circular and are or may be material:

- (a) a capital contribution agreement entered into between 中國重汽集團濟南動力有限公司 (Sinotruk Ji'nan Power Co., Ltd.*) (“**Ji'nan Power**”, a subsidiary of the Company), Weichai Power Co., Ltd., 濰柴雷沃智慧農業科技股份有限公司 (Weichai Lovol Intelligent Agricultural Technology Co., Ltd.*), 山推投資有限公司 (Shantui Investment Co., Ltd.*), Zhongtong Bus Holding Co., Ltd. and 濰柴智能科技有限公司 (Weichai Intelligent Technology Co., Ltd.*) (“**Intelligent Technology**”) on 20 September 2023, pursuant to which Ji'nan Power has agreed to make a capital contribution in the amount of RMB400,000,000 to Intelligent Technology; and
- (b) an equity transfer agreement entered into between Ji'nan Power, China National Heavy Duty Truck Group Company Limited and 重油高科電控燃油噴射系統有限公司 (Chongyou Gaoke Fuel System Co., Ltd.*) (“**Chongyou Gaoke**”) on 30 January 2024, pursuant to which Ji'nan Power has agreed to sell, and CNHTC has agreed to acquire, 40% of the equity interest in Chongyou Gaoke at the consideration of RMB505,374,000.

12. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.sinotruk.com>) from the date of this circular up to and including the date of the EGM:

- (a) the Capital Contribution Agreement;
- (b) the 2027 Deposit Services Agreement;
- (c) the letter from the Independent Financial Adviser, the text of which is set out in this circular; and
- (d) the letter of consent from the Independent Financial Adviser referred to in the section headed “9. Qualification of experts and consents” in Appendix III to this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING



SINOTRUK (HONG KONG) LIMITED

中國重汽(香港)有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 03808)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Sinotruk (Hong Kong) Limited (the “Company”) will be held at 3:00 p.m. on Friday, 14 February 2025 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, Nexus Building, 41 Connaught Road Central, Hong Kong (as the additional meeting venue) for the purposes of passing the following resolutions, with or without amendments, as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

To consider and, if thought fit, pass (with or without modification) the following resolutions as ordinary resolutions of the Company:

1. **“THAT:**

- A. the execution of the Capital Contribution Agreement (as defined in the circular of the Company dated 23 January 2025 (the “Circular”)) be and hereby ratified, confirmed and approved;
- B. all transactions contemplated under Capital Contribution Agreement be and are hereby approved; and
- C. any Director be and is hereby authorised to do all acts and execute and deliver (whether under seal) all such documents for and on behalf of the Company as he/she considers necessary or desirable in connection with the Capital Contribution Agreement and the transactions contemplated thereunder.”

2. **“THAT:**

- A. the execution of the 2027 Deposit Services Agreement (as defined in the Circular) be and is hereby ratified, confirmed and approved;
- B. all transactions contemplated under the 2027 Deposit Services Agreement and the proposed annual caps therefor for the three years ending 31 December 2027 as set out in the Circular be and are hereby approved; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- C. any Director be and is hereby authorised to do all acts and execute and deliver (whether under seal) all such documents for and on behalf of the Company as he/she considers necessary or desirable in connection with the 2027 Deposit Services Agreement, the transactions contemplated thereunder and the proposed annual caps for the three years ending 31 December 2027.”

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

Ji'nan, the PRC, 23 January 2025

As at the date of this notice, the board of the Company consists of seven executive directors of the Company including Mr. Wang Zhijian, Mr. Liu Zhengtao, Mr. Wang Chen, Mr. Wang Dechun, Mr. Liu Wei, Ms. Li Xia and Ms. Han Xing; 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.

Notes:

1. A member entitled to attend and vote at the meeting of the Company is entitled to appoint one or more proxies to attend and on a poll vote on his behalf. A proxy need not be a member of the Company.
2. In order to be valid, a proxy form and the power of attorney or other authorisation (if any) under which it is signed, or a notarially certified copy of such power of attorney or authorisation, must be deposited at the share registrar of the Company, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude any member from attending and voting in person at the meeting or any adjourned meeting should he/she so wishes.
3. The EGM of the Company will be held on Friday, 14 February 2025 and the register of members of the Company will be closed from Tuesday, 11 February 2025 to Friday, 14 February 2025 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify to attend and vote in the EGM, holders of the Company's 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, 10 February 2025.
4. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she/it were solely entitled thereto, but if more than one of such joint holders are present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
5. The proxy form for use at the EGM is enclosed with the Circular.
6. No corporate gifts, refreshments or drinks will be distributed.