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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: 3808)

REVISION OF ANNUAL CAPS OF EXISTING CONTINUING CONNECTED TRANSACTIONS

Revision of Annual Caps of Existing Continuing Connected Transactions

Reference is made to the 2015 AGM Circular and the 2016 AGM Circular relating to, among others, the (i) Existing Products Sales Continuing Connected Transactions and (ii) the Existing Parts Purchase Continuing Connected Transactions. As disclosed in the 2015 AGM Circular and the 2016 AGM Circular, each of the 2018 Products Sales Agreement and the 2018 Parts Purchase Agreement has a current term due to expire on 31 December 2018. The Existing Products Sales Continuing Connected Transactions and the Existing Parts Purchase Continuing Connected Transactions are subject to the Existing Products Sales Annual Caps and the Existing Parts Purchase Annual Caps, respectively, which were approved by Independent Shareholders in the 2016 AGM and the 2015 AGM, respectively.

The Company was informed by CNHTC that it is anticipated that more products and higher value items supplied by the Group under the Existing Products Sales Continuing Connected Transaction would be purchased from the Group due to an improved sales by CNHTC Group and accordingly, the Existing Products Sales Annual Cap will not be sufficient for the expected sales of the Group's products to CNHTC Group for the years ending 31 December 2017 and 2018. Further, due to an increase in the demand for the Group's products (which also includes the increased demand from CNHTC Group of the Group's products which are supplied to CNHTC Group under the Existing Products Sales Continuing Connected Transactions), more than 90% of the Existing Parts Purchase Annual Caps for 2017 had been utilized. The Company expects that the Group will require more Relevant Parts from CNHTC Group to support its production operation and hence, the Existing Parts Purchase Annual Caps will not be sufficient for the expected sales of the Group for the years ending 31 December 2017 and 2018. The Company therefore proposes to revise the Existing Products Sales Annual Caps to the Revised Products Sales Annual Caps, and the Existing Parts Purchase Annual Caps to the Revised Parts Purchase Annual Caps, and accordingly, the Company and CNHTC entered into the Supplemental Agreements on 23 October 2017 in connection therewith.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14A.54(2) of the Listing Rules, if the Company proposes to revise the Existing Products Sales Annual Caps and the Existing Parts Purchase Annual Caps, the Company will have to re-comply with the relevant provisions under Chapter 14A of the Listing Rules in relation to the relevant continuing connected transactions. As certain of the applicable percentage ratios (other than the profits ratio) of the Revised Products Sales Annual Caps, on an annual basis, exceed 0.1% but are less than 5%, the Revised Product Sales Annual Caps are subject to the reporting and announcement requirements but are exempted from the circular and the independent shareholders' approval requirements under the Listing Rules. Further, as certain of the applicable percentage ratios (other than the profits ratio) of the Revised Parts Purchase Annual Caps, on an annual basis, exceed 0.1% but are less than 5%, the Revised Parts Purchase Annual Caps are subject to the reporting and announcement requirements but are exempted from the circular and the independent shareholders' approval requirements under the Listing Rules.

Reference is made to the 2015 AGM Circular and the 2016 AGM Circular relating to, among others, the (i) Existing Products Sales Continuing Connected Transactions and (ii) the Existing Parts Purchase Continuing Connected Transactions. As disclosed in the 2015 AGM Circular and the 2016 AGM Circular, each of the 2018 Products Sales Agreement and the 2018 Parts Purchase Agreement has a current term due to expire on 31 December 2018. The Existing Products Sales Continuing Connected Transactions and the Existing Parts Purchase Continuing Connected Transactions are subject to the Existing Products Sales Annual Caps and the Existing Parts Purchase Annual Caps, respectively, which were approved by Independent Shareholders in the 2016 AGM and the 2015 AGM, respectively.

The Company was informed by CNHTC that it is anticipated that more products and higher value items supplied by the Group under the Existing Products Sales Continuing Connected Transaction would be purchased from the Group due to an improved sales by CNHTC Group and accordingly, the Existing Products Sales Annual Cap will not be sufficient for the expected sales of the Group's products to CNHTC Group for the years ending 31 December 2017 and 2018. Further, due to an increase in the demand for the Group's products (which also includes the increased demand from CNHTC Group of the Group's products which are supplied to CNHTC Group under the Existing Products Sales Continuing Connected Transactions), more than 90% of the Existing Parts Purchase Annual Caps for 2017 had been utilized. The

Company expects that the Group will require more Relevant Parts from CNHTC Group to support its production operation and hence, the Existing Parts Purchase Annual Caps will not be sufficient for the expected sales of the Group for the years ending 31 December 2017 and 2018. The Company therefore proposes to revise the Existing Products Sales Annual Caps to the Revised Products Sales Annual Caps, and the Existing Parts Purchase Annual Caps to the Revised Parts Purchase Annual Caps, and accordingly, the Company and CNHTC entered into the Supplemental Agreements on 23 October 2017 in connection therewith.

As of the date of this announcement, neither the Existing Products Sales Annual Caps nor the Existing Parts Purchase Annual Caps for the year ending 31 December 2017 has been exceeded.

Revised Annual Caps

The revised annual caps under the Supplemental Agreements are as follows:

	For the year ending 31 December 2017	For the year ending 31 December 2018
Revised Products Sales Annual Caps	RMB1,330,000,000	RMB1,330,000,000
Revised Parts Purchase Annual Caps	RMB1,350,000,000	RMB1,350,000,000

Basis for the Revised Annual Caps

The revised annual caps were determined in accordance with the following bases:

Revised Product Sales Annual Caps

- (i) amount of the Existing Products Sales Continuing Connected Transactions for the nine months ended 30 September 2017;
- (ii) the Existing Products Sales Annual Caps; and
- (iii) the latest estimated demand for the Group's products supplied under the Existing Products Sales Continuing Connected Transactions to CNHTC based on the anticipated increased demand of CNHTC communicated to the Company for the fifteen months ending 31 December 2018.

Revised Parts Purchase Annual Caps

- (i) the amount of the Existing Parts Purchase Continuing Connected Transactions for the nine months ended 30 September 2017;
- (ii) the Existing Parts Purchase Annual Caps; and
- (iii) the latest estimated demand for the Relevant Parts based on the revised anticipated demand for the Group's products for the fifteen months ending 31 December 2018.

Listing Rules implications

Pursuant to Rule 14A.54(2) of the Listing Rules, if the Company proposes to revise the Existing Products Sales Annual Caps and the Existing Parts Purchase Annual Caps, the Company will have to re-comply with the relevant provisions under Chapter 14A of the Listing Rules in relation to the relevant continuing connected transactions. As certain of the applicable percentage ratios (other than the profits ratio) of the Revised Products Sales Annual Caps, on an annual basis, exceed 0.1% but are less than 5%, the Revised Product Sales Annual Caps are subject to the reporting and announcement requirements but are exempted from the circular and the independent shareholders' approval requirements under the Listing Rules. Further, as certain of the applicable percentage ratios (other than the profits ratio) of the Revised Parts Purchase Annual Caps, on an annual basis, exceed 0.1% but are less than 5%, the Revised Parts Purchase Annual Caps are subject to the reporting and announcement requirements but are exempted from the circular and the independent shareholders' approval requirements under the Listing Rules.

General

The Directors (including the independent non-executive Directors but excluding the relevant Interested Director) are of the view that both the Existing Products Sales Continuing Connections Transactions and the Existing Parts Purchase Continuing Connected Transactions have been entered into, and will be carried out, in the ordinary and usual course of business of the Group and on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and both the Revised Products Sales Annual Caps and the Revised Parts Purchase Annual Caps are fair and reasonable.

The Revised Products Sales Annual Caps, the Revised Parts Purchase Annual Caps and the Supplemental Agreements have all been approved by the Board on 23 October 2017. Save for the Interested Director who has abstained from voting on the relevant Board resolutions approving the Revised Products Sales Annual Caps, the Revised Parts Purchase Annual Caps and the Supplemental Agreements, none of the Directors has abstained from voting on the relevant Board resolutions approving the Revised Products Sales Annual Caps, the Revised Parts Purchase Annual Caps and the Supplemental Agreements.

INFORMATION ON THE COMPANY AND THE GROUP

The Company is principally engaged in investment holding and trading of trucks. The Group is principally engaged in the research, development and manufacturing heavy duty trucks, medium-heavy duty trucks and light duty trucks and related key parts and components including engines, cabins, axles, steel frames and gearbox as well as the provision of financial services.

INFORMATION ON CNHTC

CNHTC is a state-owned enterprise organized under the laws of the PRC with limited liability. It is the controlling shareholder of the Company. As at the date of this announcement, CNHTC holds the entire issued share capital of Sinotruk (BVI) Limited, which in turn is the holder of approximately 51% of the Company's issued Shares. The CNHTC Group is principally engaged in heavy duty truck manufacturing.

DEFINITIONS

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

“2015 AGM”	the annual general meeting of the Company held on 29 June 2015
“2015 AGM Circular”	the Shareholders' circular of the Company dated 29 May 2015
“2016 AGM”	the annual general meeting of the Company held on 27 June 2016
“2016 AGM Circular”	the Shareholders' circular of the Company dated 26 May 2016

“2018 Parts Purchase Agreement”	the parts purchase agreement entered into between CNHTC (for itself and on behalf of its associates but excluding the Group) as supplier and the Company (for itself and on behalf of its subsidiaries) as purchaser on 26 March 2015, under which CNHTC Group agreed to supply raw materials, parts, components, semi-finished products, etc. to the Group
“2018 Products Sales Agreement”	the products sales agreement entered into between the Company (for itself and on behalf of its subsidiaries) as supplier and CNHTC (for itself and on behalf of its associates but excluding the Group) as purchaser on 26 March 2015, under which the Group agreed to supply products including trucks, chassis, semi-tractor trucks etc. to CNHTC Group
“Board”	the board of Directors
“CNHTC”	中國重型汽車集團有限公司 (China National Heavy Duty Truck Group Company Limited*), a state-owned enterprise organized under the laws of the PRC with limited liability, being the controlling shareholder (as defined in the Listing Rules) of the Company
“CNHTC Group”	CNHTC and its associates (but excluding the Group)
“Company”	Sinotruk (Hong Kong) Limited (中國重汽(香港)有限公司), a company incorporated in Hong Kong with limited liability whose Shares are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Existing Parts Purchase Annual Caps”	the existing annual caps applicable to the Existing Parts Purchase Continuing Connected Transactions under the 2018 Parts Purchase Agreement for the applicable period ending on 31 December 2018, which were approved by the Independent Shareholders in the 2015 AGM
“Existing Parts Purchase Continuing Connected Transactions”	the existing transactions between the Group and the CNHTC Group under or pursuant to the 2018 Parts Purchase Agreement

“Existing Products Sales Annual Caps”	the existing annual caps applicable to the Existing Products Sales Continuing Connected Transactions under the 2018 Products Sales Agreement for the applicable period ending on 31 December 2018, which were approved by the Independent Shareholders in the 2016 AGM
“Existing Products Sales Continuing Connected Transactions”	the existing transactions between the Group and the CNHTC Group under or pursuant to the 2018 Products Sales Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders other than CNHTC and its associates
“Interested Director”	Mr. Ma Chunji, an executive Director and chairman of the Board, who is also a director of CNHTC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Relevant Parts”	parts purchased or to be purchased by the Group from CNHTC Group pursuant to the 2018 Parts Purchase Agreement
“Revised Parts Purchase Annual Caps”	the revised annual caps proposed for the 2018 Parts Purchase Agreement for the years ending 31 December 2017 and 2018, details of which are set out in the paragraph headed “Revised Annual Caps” of this announcement
“Revised Products Sales Annual Caps”	the revised annual caps proposed for the 2018 Products Sales Agreement for the years ending 31 December 2017 and 2018, details of which are set out in the paragraph headed “Revised Annual Caps” of this announcement
“RMB”	Renminbi, the lawful currency of the PRC

“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholders”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreements”	the supplemental agreements dated 23 October 2017 between the Company and CNHTC in relation to the upward revision of the Existing Products Sales Annual Caps to the Revised Products Sales Annual Caps, and the Existing Parts Purchase Annual Caps to the Revised Parts Purchase Annual Caps
“%”	per cent

By Order of the Board
Sinotruk (Hong Kong) Limited
Ma Chunji
Chairman

Ji’nan, PRC, 23 October 2017

As at the date of this announcement, the eight executive directors of the Company are Mr. Ma Chunji, Mr. Cai Dong, Mr. Tong Jingen, Mr. Wang Shanpo, Mr. Kong Xiangquan, Mr. Liu Wei, Mr. Liu Peimin and Mr. Franz Neundlinger; the three non-executive directors of the Company are Mr. Andreas Hermann Renschler, Mr. Joachim Gerhard Drees and Mr. Matthias Gründler; and the six independent non-executive directors of the Company are Dr. Lin Zhijun, Mr. Chen Zheng, Mr. Yang Weicheng, Dr. Wang Dengfeng, Mr. Zhao Hang and Mr. Liang Qing.

* *For identification purposes only.*