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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)**

- (1) NEW CONTINUING CONNECTED TRANSACTIONS**  
**(2) RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS**  
**(3) TERMINATION OF CONTINUING CONNECTED TRANSACTION**

**(1) NEW CONTINUING CONNECTED TRANSACTIONS**

**The 2020 MTB Parts Sales Agreement**

On 7 December 2017, the Company (for itself and on behalf of its subsidiaries) and MAN Truck & Bus (for itself and on behalf of its subsidiaries) entered into the 2020 MTB Parts Sales Agreement for a term of three years commencing from 1 January 2018 and ending on 31 December 2020 with terms substantially the same as the 2017 MTB Parts Sales Agreement, save for the Group will replace Sinotruk International Company to supply the Products to the MTB Group.

**The 2018 CNHTC Construction and Project Management Services Agreement**

On 7 December 2017, the Company (for itself and on behalf of its subsidiaries) and CNHTC (for itself and on behalf of its associates but excluding the Group) entered into the 2018 CNHTC Construction and Project Management Services Agreement for a term of one year commencing from 1 January 2018 and ending on 31 December 2018 with terms substantially the same as the 2018 Construction and Project Management Services Agreement, save for the CNHTC Group will replace Ji'nan Construction to provide construction and project management services to the Group, including but not limit to project management of land construction, decoration, installation and grid structure, works on the foundation, the structure and installation of various supporting facilities, improvement and modification of production equipment and facilities and other works the Group may direct.

### **The 2018 Deposits Taking Services Agreement**

On 7 December 2017, the Company (for itself and on behalf of its subsidiaries) and CNHTC (for itself and on behalf of its associates but excluding the Group) entered into the 2018 Deposits Taking Services Agreement for a term of one year commencing from 1 January 2018 and ending on 31 December 2018 with terms substantially the same as the 2017 Financial Services Agreement, save for the Group will replace Sinotruk Finance Company to provide deposits taking services to the CNHTC Group.

### **(2) RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS**

#### **The 2018 Financial Services Agreement**

On 7 December 2017, Sinotruk Finance Company and CNHTC (for itself and on behalf of its associates but excluding the Group) entered into the 2018 Financial Services Agreement for a term of one year commencing from 1 January 2018 and ending on 31 December 2018 with terms substantially the same as the 2017 Financial Services Agreement, under which the parties agreed that Sinotruk Finance Company will provide a range of financial services to the CNHTC Group including (i) bills discounting services (including bank bills and commercial notes held by or issued by CNHTC Group), (ii) unsecured loan services and (iii) entrustment loan arrangements.

### **LISTING RULES IMPLICATIONS**

MAN Truck & Bus is an indirect non wholly-owned subsidiary of Ferdinand Porsche which is a substantial shareholder of the Company. Accordingly, the transactions between the Group and the MTB Group as contemplated under the 2020 MTB Parts Sales Agreement constitute continuing connected transactions on the part of the Company.

CNHTC is a substantial shareholder of the Company. Accordingly, the transactions between the Group and the CNHTC Group as contemplated under the 2018 CNHTC Construction and Project Management Services Agreement, the 2018 Deposits Taking Services Agreement, and the transactions between Sinotruk Finance Company and the CNHTC Group as contemplated under the 2018 Financial Services Agreement constitute continuing connected transactions on the part of the Company.

As the transactions contemplated under the 2018 Deposits Taking Services Agreement, being the provision of deposits by the CNHTC Group to the Group, are conducted on normal commercial terms and no security over the assets of the Group is granted to the CNHTC Group in respect thereof, the transactions contemplated under the 2018 Deposits Taking Services Agreement are exempt from the reporting, annual review, announcement and the independent shareholders' approval requirements under Rule 14A.90 of the Listing Rules. Nevertheless, as one or more of the applicable percentage ratios (other than the profits ratio) of the annual cap of interest expenses contemplated under the 2018 Deposits Taking Services Agreement, on an annual basis, exceed 0.1% but are less than 5%, the interest payment transactions contemplated under the 2018 Deposits Taking Services Agreement are subject to the reporting and announcements requirements but are exempted from the circular and the independent shareholders' approval requirements under the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) of each of the 2020 MTB Parts Sales Agreement, the 2018 CNHTC Construction and Project Management Services Agreement and the 2018 Financial Services Agreement, on an annual basis, exceed 0.1% but are less than 5%, each of the 2020 MTB Parts Sales Agreement, the 2018 CNHTC Construction and Project Management Services Agreement and the 2018 Financial Services Agreement are subject to the reporting and announcement requirements but are exempted from the circular and the independent shareholders' approval requirements under the Listing Rules.

### **(3) TERMINATION OF CONTINUING CONNECTED TRANSACTION**

#### **2018 Construction and Project Management Services Agreement**

On 7 December 2017, the Company and Ji'nan Construction entered into the Termination Agreement, pursuant to which the 2018 Construction and Project Management Services Agreement will be terminated and replaced by the 2018 CNHTC Construction and Project Management Services Agreement with effect from 1 January 2018.

## NEW CONTINUING CONNECTED TRANSACTIONS

### **The 2020 MTB Parts Sales Agreement**

Reference is made to the Company's announcement dated 8 September 2015 relating to the 2017 MTB Parts Sales Agreement.

On 7 December 2017, the Company (for itself and on behalf of its subsidiaries) and MAN Truck & Bus (for itself and on behalf of its subsidiaries) entered into the 2020 MTB Parts Sales Agreement for a term of three years commenced from 1 January 2018 and ending on 31 December 2020 with terms substantially the same as the 2017 MTB Parts Sales Agreement, save for the Group will replace Sinotruk International Company to supply the Products to the MTB Group.

Pursuant to the 2020 MTB Parts Sales Agreement, separate agreements will be entered into by the Group and the MTB Group which will further provide the details of the products to be sold including the payment terms, product specifications, delivery time and quantity. The payment terms for each batch of products shall be based on normal commercial terms or industry practices provided that full payment shall be made within 90 days from the date of bill of lading.

#### *Pricing*

Pursuant to the 2020 MTB Parts Sales Agreement, the Group will supply the Products to the MTB Group stipulated therein on terms which are equivalent to those the Group offers to independent third parties. The basis of determining the prices for the Products to be supplied under the 2020 MTB Parts Sales Agreement is determined based on:

- (i) for off-the-shelf products

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

(ii) for unique and proprietary products

Since there is no prevailing market price for such products, a cost plus profit margin approach is adopted for determining the prices for such parts. The profit margins of the products to be provided under the 2020 MTB Parts Sales Agreement are between 5% to 25% which were determined with reference to the historical profit margins of similar products sold by automobile manufacturers owned by the SASAC to independent third parties and were summarized in 「企業績效評價標準值 2017」(Overall Enterprises Performance Appraisal Index — 2017\*) published by the SASAC in September 2017 (the “**Performance Appraisal Index**”).

國務院國資委財務監督與考核局 (Financial Administration and Appraisal Bureau of SASAC\*) prepared the Performance Appraisal Index in accordance with the relevant national regulations of the PRC and complied the performance indicators including the profit margins of different industries including the automobile industry in 2016. These performance indicators were determined by mathematical statistics methods with reference to the financial statements of the state-owned enterprises of the relevant industries, the statistics data provided by the relevant statistics authorities of the PRC and the objective analysis of the operation status of the various industries of national economy in the PRC in 2016. The sales profit margins published in the Performance Appraisal Index are neither government-prescribed price nor guidance price. For the past three years, sales profit margins of the parts applicable to the 2020 MTB Parts Sales Agreement remain in the range of 5% to 25%.

#### *Historical transaction values*

The following table shows the historical transaction values under the 2017 MTB Parts Sales Agreement:

	<b>Actual value for the year ended 31 December 2015 RMB'000</b>	<b>Actual value for the year ended 31 December 2016 RMB'000</b>	<b>Actual value for the ten months ended 31 October 2017 RMB'000</b>
Parts sales	15,391	33,462	36,808

### *Proposed caps*

The following table shows the proposed annual caps for the transactions contemplated under the 2020 MTB Parts Sales Agreement:

	<b>For the year ending 31 December</b>		
	<b>2018</b>	<b>2019</b>	<b>2020</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Parts sales	291,000	489,000	765,000

The proposed annual caps for the three years ending 31 December 2020 were determined based on:

- (i) the historical transaction value under the 2017 MTB Parts Sales Agreement for the ten months ended 31 October 2017;
- (ii) the preliminary indication by the MTB Group on the demand of the Products under the 2020 MTB Parts Sales Agreement; and
- (iii) allowance for any unexpected increase in demand and selling prices during the term of the 2020 MTB Parts Sales Agreement.

### *Reasons for and benefits of entering into the 2020 MTB Parts Sales Agreement*

The 2017 MTB Parts Sales Agreement entered into between Sinotruk International Company and MAN Truck & Bus will expire on 31 December 2017. The MTB Group has been purchasing parts such as cabins, axles and engines, components, semi-finished products, etc. which are manufactured based on the technology of the MAN Group from Sinotruk International Company since 2014. The Group intends to continue such transactions with the MTB Group. At the same time, the Group intends to expand the scope of cooperation by allowing more members of the Group to participate in the aforesaid arrangements and accordingly entered into the 2020 MTB Parts Sales Agreement for itself and on behalf of its subsidiaries.

The 2020 MTB Parts Sales Agreement was entered into by the parties thereto as a master agreement to govern and regulate the supply of the Products to the MTB Group. According to the preliminary indication by the MTB Group, the MTB Group will increase its demand on parts such as cabins, axle, engines, components, semi-finished products, etc. from the Group from 2018 which will optimize the utilization rate of the Group's production facilities, increase the sales of parts manufactured by the Group and hence will provide business growth opportunity to the Group.

## **The 2018 CNHTC Construction and Project Management Services Agreement**

Reference is made to the Company's announcement dated 27 March 2015 relating to, among others, the 2018 Construction and Project Management Services Agreement.

On 26 March 2015, the Company (for itself and on behalf of its subsidiaries) and Ji'nan Construction, being an indirect wholly-owned subsidiary of CNHTC, entered into the 2018 Construction and Project Management Services Agreement for a term of three years commencing from 1 January 2016 and ending on 31 December 2018, under which the parties agreed that Ji'nan Construction will provide construction and project management services to the Group. The scope of services includes, among others, project management of land construction, decoration, installation and grid structure, works on the foundation, the structure and installation of various supporting facilities and other works the Group may direct.

On 7 December 2017, the Company (for itself and on behalf of its subsidiaries) and CNHTC (for itself and on behalf of its associates but excluding the Group) entered into the 2018 CNHTC Construction and Project Management Services Agreement for a term of one year commencing from 1 January 2018 and ending on 31 December 2018 with terms substantially the same as the 2018 Construction and Project Management Services Agreement, save for CNHTC Group will replace Ji'nan Construction to provide construction and project management services to the Group, including but not limit to project management of land construction, decoration, installation and grid structure, works on the foundation, the structure and installation of various supporting facilities, improvement and modification of production equipment and facilities, and other works the Group may direct.

Pursuant to the terms of the 2018 CNHTC Construction and Project Management Services Agreement, specific terms of construction and project management services will be further determined by the parties in separate agreements on a case-by-case basis. The payment terms for specific services will be based on normal commercial terms or industry practices provided that full payment shall be made within 45 days upon confirmation of the services fees by both parties.

## *Pricing*

Pursuant to the terms of the 2018 CNHTC Construction and Project Management Services Agreement, the CNHTC Group will provide to the Group construction and project management services on terms no less favourable than those the CNHTC Group offers to independent third parties. The basis of determining the prices for the services to be provided under the 2018 CNHTC Construction and Project Management Services Agreement is determined based on:

- (i) by reference to the price stipulated by the PRC government or the guidance price provided by the PRC Government at the places of the services required;
- (ii) if (i) above is not available, by reference to the prevailing market price of the same or substantially similar services by domestic independent suppliers at the places of the services required;
- (iii) if (i) and (ii) above are not available, by reference to the prevailing market price of the same or substantially similar services by independent suppliers of relevant industry; and
- (iv) if (i), (ii) and (iii) above are not available, by reference to the costs plus a reasonable profit margin which will be referenced to the average profit margin of similar services suppliers at the places of the services required and the historical prices. The Group has rights to verify the costs of each service incurred by the CNHTC Group and to request the CNHTC Group to provide the details of and reasons to incur such costs and the supporting documents.

### *Historical transaction values and proposed caps*

The following table shows the historical transaction values under the 2018 Construction and Project Management Services Agreement and the proposed annual cap for the transactions under the 2018 CNHTC Construction and Project Management Services Agreement:

	<b>Actual value for the year ended 31 December 2016 RMB'000</b>	<b>Actual value for the ten months ended 31 October 2017 RMB'000</b>	<b>Proposed annual cap for the year ending 31 December 2018 RMB'000</b>
Construction and project management services fee	22,800	18,354	169,000

The proposed annual cap for the year ending 31 December 2018 was determined based on:

- (i) the actual transaction values under the 2018 Construction and Project Management Services Agreement for the year ended 31 December 2016 and the ten months ended 31 October 2017;
- (ii) the estimated constructions works to be conducted in view of the Group's overall technology upgrading and production capability enhancement projects in 2018; and
- (iii) the assumption that the CNHTC Group will take most of the open tenders in 2018.

### *Reasons for and benefits of entering into the 2018 CNHTC Construction and Project Management Services Agreement*

The Directors have reviewed the schedules and progress of the modification and the planned expansion of the production plants and equipment of the Group for 2018 and estimates that (i) there will be a larger capital expenditure in 2018 as some construction projects that have not yet completed in 2017 will be extended to 2018, (ii) certain production expansion plans which were scheduled to commence in previous years but have not yet started will be implemented in 2018, and (iii) some new construction projects such as Construction Work of Phase III Laboratory Base of the Research and Development Centre of Heavy Duty Vehicles Engineering Technologies in the National High-Tech Zone will be carried out in 2018. The

selection of suppliers of most of the construction and project management services of the Group are conducted through open tenders in which the CNHTC Group will participate. In case that the CNHTC Group gets the most of these tenders, the CNHTC Group will provide more construction and project management services to the Group. At the same time, CNHTC had established some new subsidiaries which may provide construction and project management services to the Group and thus requested the Company to enter into another master agreement by allowing more members of the CNHTC Group to participate in the aforesaid arrangements. Accordingly, CNHTC entered into the 2018 CNHTC Construction and Project Management Services Agreement for itself and on behalf of its associates but excluding the Group.

The 2018 CNHTC Construction and Project Management Services Agreement was entered into by the parties thereto as a master agreement to govern and regulate the construction works to be conducted under the Group's various projects for enhancement of production capability of heavy duty trucks, medium-heavy duty trucks and light duty trucks. It is expected that the relevant construction works under the 2018 CNHTC Construction and Project Management Services Agreement will be beneficial to the Group by enhancing the production capability and thus the Group is able to enhance its production and sales of heavy duty trucks, medium-heavy duty trucks and light duty trucks to meet the market demand, expand the market share and maintain continuous development of the Group.

### **The 2018 Deposits Taking Services Agreement**

Reference is made to the Company's announcements dated 27 March 2015 and the Company's circular dated 29 May 2015 relating to, among others, the 2017 Financial Services Agreement.

On 7 December 2017, the Company (for itself and on behalf of its subsidiaries) and CNHTC (for itself and on behalf of its associates but excluding the Group) entered into the 2018 Deposits Taking Services Agreement for a term of one year commencing from 1 January 2018 and ending on 31 December 2018 with terms substantially the same as the 2017 Financial Services Agreement, save for the Group will replace Sinotruk Finance Company to provide deposits taking services to the CNHTC Group.

Pursuant to the 2018 Deposits Taking Services Agreement, separate agreements will be entered into by the Eligible Members and the CNHTC Group which will further specify the deposits taking services to be provided including the payment terms, services specifications and the general terms. The Eligible Members shall pay interest expenses to the CHNTC Group in relation to the deposits taking services once every three months or such other interval as provided in the separate agreements.

## *Pricing*

The Eligible Members will provide to the CNHTC Group the deposits taking services under the 2018 Deposits Taking Services Agreement on terms no more favourable than those available to independent third parties. In general, the interest rate for the deposits taking services by the Eligible Members to the CNHTC Group will be determined on the following basis, with reference to the prevailing local market conditions:

(i) in the PRC:

with reference to the base interest rate published by the PBOC on its website from time to time and within the maximum interest rate limit set by the relevant industry association or similar organization for comparable deposits; and

(ii) locations other than the PRC:

with reference to the recommended or guided deposits rates published by the domestic monetary authorities, the average deposits rates and within the maximum interest rate limit recommended by domestic financial institutions for comparable deposits from time to time.

## *Historical transaction values and proposed cap*

The following table shows the historical transaction values under the 2017 Financial Services Agreement and the proposed annual cap for the transactions contemplated under the 2018 Deposits Taking Services Agreement:

	<b>Actual value for the year ended 31 December 2016 RMB'000</b>	<b>Actual value for the ten months ended 31 October 2017 RMB'000</b>	<b>Proposed annual cap for the year ending 31 December 2018 RMB'000</b>
deposits taking services:			
maximum day-end balance	644,440	967,642	1,500,000
interest expenses	3,858	4,009	50,000

The proposed annual caps for the year ending 31 December 2018 were determined based on:

(i) maximum day-end balance:

- (a) historical amounts of deposits placed by the CNHTC Group with Sinotruk Finance Company;
- (b) historical amounts of deposits placed by the CNHTC Group with other commercial banks; and
- (c) the amounts of normal trade transactions including parts purchase, parts sales, products purchase and products sales transactions, the deposit amounts required for the settlement of these trade balances and extra deposits for the short term liquidity and treasury needs of the CNHTC Group, and the deposits amounts required for repayment of the discounted bills and unsecured loans under the 2018 Financial Services Agreement.

(ii) interest expense:

the expected interest income calculated on the assumption that a maximum day-end balance of RMB1,500,000,000 will be deposited with the Eligible Members and estimated interest rates of similar services provided by general commercial banks which are referenced to these prevailing market interest rates and the expected increase in these reference rates during the term of the 2018 Deposits Taking Services Agreement.

*Reasons for and benefits of entering into the 2018 Deposits Taking Services Agreement*

The 2017 Financial Services Agreement entered into between Sinotruk Finance Company and CNHTC will expire on 31 December 2017. The Group intends to continue with the provision of such financial services to the CNHTC Group. At the same time, the Company intends to expand the scope of cooperation by allowing more Eligible Members of the Group to participate in the aforesaid arrangements. Accordingly, the Company entered the 2018 Deposits Taking Services Agreement for itself and on behalf of its subsidiaries.

The 2018 Deposit Taking Services Agreement was entered into by the parties thereto as a master agreement to govern and regulate the deposit taking services to be provided by the Eligible Members to the CNHTC Group. The Group has been providing certain financial services to the CNHTC Group. Requests have been made by the CNHTC Group to the Group to provide a wide range of financial services to optimize the cash flow management and capital efficiency of the CNHTC Group. The provision of deposits taking services to the CNHTC Group will expand the customer base of the Eligible Members and will hence provide significant growth opportunity to the Eligible Members.

## **RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS**

### **The 2018 Financial Services Agreement**

Reference is made to the Company's announcements dated 27 March 2015 and the Company's circular dated 29 May 2015 relating to, among others, the 2017 Financial Services Agreement.

On 7 December 2017, Sinotruk Finance Company and CNHTC (for itself and on behalf of its associates but excluding the Group) entered into the 2018 Financial Services Agreement for a term of one year commencing from 1 January 2018 and ending on 31 December 2018 with terms substantially the same as the 2017 Financial Services Agreement, under which the parties agreed that Sinotruk Finance Company will provide a range of financial services to the CNHTC Group including (i) bills discounting services (including bank bills and commercial notes held by or issued by CNHTC Group), (ii) unsecured loan services and (iii) entrustment loan arrangements.

Pursuant to the 2018 Financial Services Agreement, separate agreements will be entered into by Sinotruk Finance Company and the CNHTC Group which will further specify the services to be provided including the payment terms and services specifications and the general terms are as follows:

- (i) bills discounting services: Sinotruk Finance Company shall upon deduction of the interest income in relation to the bills discounting services pay to the CNHTC Group the face value of the bank bills and commercial notes;
- (ii) unsecured loan services: the CNHTC Group shall pay interest income to Sinotruk Finance Company in relation to the loans granted to the CNHTC Group once a month or such other interval as provided in separate agreements. Principal amounts of the loans shall be repaid with outstanding interests upon maturity of the loans; and

(iii) entrustment loan arrangements: a member of the CNHTC Group shall provide fund to Sinotruk Finance Company and lend such fund via Sinotruk Finance Company to another member of the CNHTC Group. Sinotruk Finance Company shall not bear any credit risk of such fund under the entrustment loan arrangements. The CNHTC Group shall pay fee income to Sinotruk Finance Company in relation to the entrustment loan arrangements upon drawdown of the entrustment loan.

In addition, Sinotruk Finance Company will provide settlement services to the CNHTC Group which are ancillary services to and necessary for the provision of the financing services under the 2018 Financial Services Agreement without charging the CNHTC Group extra fees.

### *Pricing*

Sinotruk Finance Company will provide to the CNHTC Group the financial services under the 2018 Financial Services Agreement on terms no more favourable than those available to independent third parties. In general, the payment for the financial services by the CNHTC Group to Sinotruk Finance Company will be determined on the following basis, with reference to the prevailing local market conditions:

- (i) bills discounting services: the interest rates for such services are determined with reference to the interest rates of similar services provided by general commercial banks in the PRC ;
- (ii) unsecured loan services: the interest rates for such services are determined with reference to the base interest rates quoted by The People's Bank of China and the interest rates of similar services provided by general commercial banks in the PRC from time to time with similar terms of services; and
- (iii) entrustment loan arrangements: the service fees for such arrangements are referenced to those fees charged by general commercial banks in the PRC from time to time with similar terms of the entrustment loan arrangements.

### *Historical transaction values and proposed cap*

The following table shows the historical transaction values under the 2017 Financial Services Agreement and the proposed annual cap for the transactions contemplated under the 2018 Financial Services Agreement:

	<b>Actual value for the year ended 31 December 2016 RMB'000</b>	<b>Actual value for the ten months ended 31 October 2017 RMB'000</b>	<b>Proposed annual cap for the year ending 31 December 2018 RMB'000</b>
bills discounting services:			
maximum day-end balance	Nil	Nil	100,000
interest income	Nil	Nil	6,000
unsecured loan services:			
maximum day-end balance	500,000	500,000	780,000
interest income	12,654	13,844	40,800
entrustment loan arrangements:			
fee income	339	197	1,500

The proposed annual cap for the year ending 31 December 2018 was determined based on:

(i) bills discounting services

- maximum day-end balance: the demand of the bill discounting services from the operation and future expansion of business of the CNHTC Group; and
- interest income: the expected interest income calculated at the full utilization of the proposed annual cap in respect of the maximum day-end balance of the bills discounting services and estimated interest rates of similar services provided by general commercial banks in the PRC which are referenced to these prevailing market interest rates and estimated increase in these reference rates during the term of the 2018 Financial Services Agreement.

(ii) unsecured loan services

- maximum day-end balance: the estimated amount of the idle cash after the satisfaction of the funding needs of the Group members and the suppliers, together with the consideration of the cash flow requirement of the CNHTC Group in 2017, the projected cash flow requirement of the CNHTC Group and the funding requirements of its general trade transactions including parts purchase, parts sales, products purchase and products sales transactions in 2018; and
- interest income: the expected interest income calculated at the full utilization of the proposed annual cap in respect of the maximum day-end balance of the unsecured loan services and estimated interest rates of similar services provided by general commercial banks in the PRC which are referenced to the prevailing interest rates quoted by The People's Bank of China and the prevailing interest rates of similar services provided by general commercial banks in the PRC and estimated increase in these reference rates during the term of the 2018 Financial Services Agreement.

(iii) entrustment loan arrangements

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

*Reasons for and benefits of entering into the 2018 Financial Services Agreement*

The 2017 Financial Services Agreement entered into between Sinotruk Finance Company and CNHTC will expire on 31 December 2017. Sinotruk Finance Company intends to continue with the provision of such financial services with the CNHTC Group.

The 2018 Financial Services Agreement was entered into by the parties thereto as a master agreement to govern and regulate the financial services to be provided by Sinotruk Finance Company to the CNHTC Group. Sinotruk Finance Company has been providing certain financial services to the CNHTC Group. Requests have been made by the CNHTC Group to Sinotruk Finance Company to provide a wide range of financial services to optimize the cash flow management and capital efficiency of the CNHTC Group. The provision of financial services to the CNHTC Group will expand the customer base of Sinotruk Finance Company and will hence provide significant growth opportunity to Sinotruk Finance Company.

## **Listing Rules implications**

MAN Truck & Bus is an indirect non wholly-owned subsidiary of Ferdinand Porsche which is a substantial shareholder of the Company. Accordingly, the transactions between the Group and the MTB Group as contemplated under the 2020 MTB Parts Sales Agreement constitute continuing connected transactions on the part of the Company.

CNHTC is a substantial shareholder of the Company. Accordingly, the transactions between the Group and the CNHTC Group as contemplated under the 2018 CNHTC Construction and Project Management Services Agreement, the 2018 Deposits Taking Services Agreement, and the transactions between Sinotruk Finance Company and the CNHTC Group as contemplated under the 2018 Financial Services Agreement constitute continuing connected transactions on the part of the Company.

As the transactions contemplated under the 2018 Deposits Taking Services Agreement, being the provision of deposits by the CNHTC Group to the Group, are conducted on normal commercial terms and no security over the assets of the Group is granted to the CNHTC Group in respect thereof, the transactions contemplated under the 2018 Deposits Taking Services Agreement are exempt from the reporting, annual review, announcement and the independent shareholders' approval requirements under Rule 14A.90 of the Listing Rules. Nevertheless, as one or more of the applicable percentage ratios (other than the profits ratio) of the annual cap of interest expenses contemplated under the 2018 Deposits Taking Services Agreement, on an annual basis, exceed 0.1% but are less than 5%, the interest payment transactions contemplated under the 2018 Deposits Taking Services Agreement are subject to the reporting and announcements requirements but are exempted from the circular and the independent shareholders' approval requirements under the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) of each of the 2020 MTB Parts Sales Agreement, the 2018 CNHTC Construction and Project Management Services Agreement and the 2018 Financial Services Agreement, on an annual basis, exceed 0.1% but are less than 5%, each of the 2020 MTB Parts Sales Agreement, the 2018 CNHTC Construction and Project Management Services Agreement and the 2018 Financial Services Agreement 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 MAN Interested Directors for approving the resolutions regarding the 2020 MTB Parts Sales Agreement and the CNHTC Interested Director for approving the resolutions regarding the 2018 CNHTC Construction and Project Management Services Agreement, the 2018 Deposits Taking Services Agreement and the 2018 Financial Services Agreement) are of the view that each of the New and Renewal Continuing Connected Transaction Agreements has 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 the terms and the relevant proposed caps of each of the New and Renewal Continuing Connected Transaction Agreements are fair and reasonable. Each of the New and Renewal Continuing Connected Transaction Agreements has been approved by the Board on 7 December 2017. Save for the MAN Interested Directors who have abstained from voting on the relevant Board resolutions approving the 2020 MTB Parts Sales Agreement and the transactions contemplated thereunder and the CNHTC Interested Director who has abstained from voting on the relevant Board resolutions approving the 2018 CNHTC Construction and Project Management Services Agreement, the 2018 Deposits Taking Services Agreement and the 2018 Financial Services Agreement and the transactions contemplated thereunder, none of the other Directors has abstained from voting on the relevant Board resolutions approving each of New and Renewal Continuing Connected Transaction Agreements.

## **TERMINATION OF CONTINUING CONNECTED TRANSACTION**

Reference is made to the Company's announcement dated 27 March 2015 (the "**Announcement**") relating to, among others, the 2018 Construction and Project Management Services Agreement. Unless otherwise defined herein, capitalized terms used herein shall have the same meanings as such terms are defined in the Announcement.

As mentioned in the paragraph headed "The 2018 CNHTC Construction and Project Management Services Agreement" of this announcement, the CNHTC Group will replace Ji'nan Construction to provide construction and project management services to the Group in 2018. Accordingly, on 7 December 2017, the Company and Ji'nan Construction entered into the Termination Agreement, pursuant to which the 2018 Construction and Project Management Services Agreement will be terminated and replaced by the 2018 CNHTC Construction and Project Management Services Agreement with effect from 1 January 2018. Neither party is required to pay any compensation or penalty to the other party in respect of the early termination of the 2018 Construction and Project Management Services Agreement. The Directors (including the independent non-executive Directors but excluding the CNHTC

Interested Director) are of the view that the terms of the Termination Agreement are on normal commercial terms and are fair and reasonable and in the interest of the Company and the Shareholders as a whole. As the continuing connected transactions under the 2018 Construction and Project Management Services Agreement will be terminated pursuant to the terms of the Termination Agreement, the Company is subject to the announcement requirement under Rule 14A.35 of the Listing Rules.

## **INFORMATION ON THE COMPANY, THE GROUP AND SINOTRUK FINANCE COMPANY**

The Company is principally engaged in investment holding and trading of trucks. The Group is principally engaged in the research, development and manufacturing of 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. Sinotruk Finance Company has been established with the approval from relevant PRC government authorities to function as an authorized non-bank financial institution.

## **INFORMATION ON FERDINAND PORSCHE, MAN TRUCK & BUS AND THE MTB GROUP**

Ferdinand Porsche is a corporation incorporated under the laws of Austria and the substantial shareholder of the Company. As at the date of this announcement, MAN Finance and Holding S.A., being the holder of 25% of the entire issued share capital of the Company plus one Share and MAN Truck & Bus are wholly-owned subsidiary of MAN SE which are in turn non-wholly owned subsidiaries of Ferdinand Porsche. Both MAN Truck & Bus and the MTB Group are principally engaged in the commercial vehicles business.

## **INFORMATION ON CNHTC AND THE CNHTC GROUP**

CNHTC is a state-owned enterprise organized under the laws of the PRC with limited liability and 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 entire issued share capital of the Company. 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:

“2017 Financial Services Agreement”	the financial services agreement entered into between Sinotruk Finance Company and CNHTC (for itself and on behalf of its associates but excluding the Group) on 26 March 2015, under which Sinotruk Finance Company agreed to provide a range of financial services to CNHTC Group
“2017 MTB Parts Sales Agreement”	the parts sales agreement entered into between Sinotruk International Company as supplier and MAN Truck & Bus as purchaser on 8 September 2015, under which Sinotruk International Company agreed to supply the Products to MAN Truck & Bus and its subsidiaries, MAN Trucks India Pvt. Ltd. and JV MAN Auto-Uzbekistan LLC.
“2018 CNHTC Construction and Project Management Services Agreement”	the construction and project management services agreement entered into between the Company (for itself and on behalf of its subsidiaries) and CNHTC (for itself and on behalf of its associates but excluding the Group) on 7 December 2017, under which the CNHTC Group agreed to provide construction and project management services to the Group
“2018 Construction and Project Management Services Agreement”	the construction and project management services agreement entered into between the Company (for itself and on behalf of its subsidiaries) and Ji’nan Construction on 26 March 2015, under which Ji’nan Construction agreed to provide construction and project management services to the Group
“2018 Deposits Taking Services Agreement”	the deposits taking services agreement entered into between the Company (for itself and on behalf of its subsidiaries) as service provider and CNHTC (for itself and on behalf of its associates but excluding the Group) as service user on 7 December 2017, under which the Eligible Members agreed to provide deposits taking services to the CNHTC Group

“2018 Financial Services Agreement”	the financial services agreement entered into between Sinotruk Finance Company and CNHTC (for itself and on behalf of its associates but excluding the Group) on 7 December 2017, under which Sinotruk Finance Company agreed to provide financial services, including provision of bills discounting services, unsecured loan services and arrangement of entrusted loans to the CNHTC Group
“2020 MTB Parts Sales Agreement”	the parts sales agreement entered into the Company (for itself and on behalf of its subsidiaries) as supplier and MAN Truck & Bus (for itself and on behalf of its subsidiaries) as purchaser on 7 December 2017 under which the Group agreed to supply the Products to the MTB 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)
“CNHTC Interested Director”	Mr. Ma Chunji, an executive Director and chairman of the Board, who is also a director and chairman of CNHTC

“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
“Eligible Member(s)”	the member(s) of the Group being qualified to provide deposits taking services lawfully at the place where deposits taking services are transacted
“Ferdinand Porsche”	Ferdinand Porsche Familien-Privatstiftung, a corporation incorporated under the laws of Austria and the substantial shareholder of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Ji’nan Construction”	中國重汽集團濟南建設有限公司 (CNHTC Ji’nan Construction Co., Ltd.*), a limited liability company established in the PRC and an indirectly wholly-owned subsidiary of CNHTC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MAN Group”	MAN SE and its subsidiaries

“MAN Interested Directors”	including (i) Mr. Andreas Hermann Renschler, a non-executive Director, who is also a member of the board of management of Volkswagen AG, responsible for the commercial vehicle group, the chief executive officer of Volkswagen Truck & Bus GmbH and a member of the board of directors of Navistar International Corporation; (ii) Mr. Joachim Gerhard Drees, a non-executive Director, who is also a member of the executive board of Volkswagen Truck & Bus GmbH, the chief executive officer of MAN SE and the chief executive officer of MAN Truck & Bus AG; (iii) Mr. Matthias Gründler, a non-executive Director, who is also a member of the board and the chief financial officer at Volkswagen Truck & Bus GmbH in Braunschweig, Germany where he is responsible for finance and business development as well as a member of the board of directors of Navistar International Corporation; and (iv) Mr. Franz Neundlinger, an executive Director, who is currently employed by MAN Truck & Bus Österreich AG. Volkswagen AG, Volkswagen Truck & Bus GmbH, MAN SE, MAN Truck & Bus and MAN Truck & Bus Österreich AG are the indirectly non-wholly owned subsidiaries of Ferdinand Porsche. Ferdinand Porsche and its subsidiaries held approximately 16.6% of the issued share capital of Navistar International Corporation.
“MAN SE”	MAN SE, a company incorporated under the laws of Germany, being an indirect non-wholly owned subsidiary of Ferdinand Porsche and the shares of which are listed on the German Stock Exchange in Germany (stock code: ISIN DE 0005937007, WKN 593700)
“MAN Truck & Bus”	MAN Truck & Bus AG, a company incorporated under the laws of Germany and is a wholly-owned subsidiary of MAN SE
“MTB Group”	MAN Truck & Bus and its subsidiaries

“New and Renewal Continuing Connected Transaction Agreements”	the 2020 MTB Parts Sales Agreement, the 2018 CNHTC Construction and Project Management Services Agreement, the 2018 Deposits Taking Services Agreement and the 2018 Financial Services Agreement
“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
“Products”	raw materials, auxiliary materials, parts and spare parts, semi-finished products for production and operation and moulds for the purposes of production of these spare parts, etc.
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholders”	holder(s) of the Shares
“Sinotruk Finance Company”	中國重汽財務有限公司(Sinotruk Finance Co., Ltd.*), a limited liability company established in the PRC and a non-wholly owned subsidiary of the Company
“Sinotruk International Company”	中國重汽國際有限公司(Sinotruk International Co., Ltd.* and previously known as 中國重汽集團進出口有限公司 (Sinotruk Import & Export Co., Ltd.*)), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Termination Agreement”

the agreement entered into between the Company and Ji’nan Construction on 7 December 2017 pursuant to which the 2018 Construction and Project Management Services Agreement will be terminated and replaced by the 2018 CNHTC Construction and Project Management Services Agreement with effect from 1 January 2018

“%”

per cent

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

Hong Kong, 7 December 2017

*As at the date of this announcement, the eight executive Directors 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 are Mr. Andreas Hermann Renschler, Mr. Joachim Gerhard Drees and Mr. Matthias Gründler; and the six independent non-executive Directors are Dr. Lin Zhijun, Mr. Chen Zheng, Mr. Yang Weicheng, Dr. Wang Dengfeng, Mr. Zhao Hang and Mr. Liang Qing.*

\* *For identification purposes only.*