



Trinity Corporate Finance Limited

Room 102B, 1/F, Building 5W,
Hong Kong Science Park,
New Territories,
Hong Kong.

16 October 2025

*To the Independent Board Committee and the Independent Shareholders of
Weichai Power Co., Ltd.*

Dear Sirs,

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the Non-exempt Continuing Connected Transactions and the relevant New Caps, details of which are set out in the letter from the Board (the “**Letter from the Board**”) in the Company’s supplemental circular dated 16 October 2025 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

The Board announced on 29 August 2025 that the Group entered into the New Framework Agreements in respect of the Non-exempt Continuing Connected Transactions as more particularly described in the Letter from the Board.

As the highest percentage ratio calculated in accordance with the Listing Rules for the Weichai Continuing Connected Transactions as set out in sections III., IV. and V. of the Letter from the Board exceeds the 5% Threshold on an aggregated basis, such Continuing Connected Transactions constitute Non-exempt Continuing Connected Transactions of the Company and their respective New Framework Agreement and proposed New Caps will be subject to the reporting and announcement requirements, the annual review requirements, and the Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules. The Non-exempt Continuing Connected Transactions and the proposed New Caps for the relevant period are subject to the approval of the Independent Shareholders at the EGM.

The Independent Board Committee, comprising the independent non-executive Directors, (namely, Ms. Jiang Yan, Mr. Chi Deqiang, Mr. Zhao Fuquan, Mr. Xu Bing and Mr. Tao Huaan) has been appointed to consider the Non-exempt Continuing Connected Transactions and the relevant New Caps, and to advise the Independent Shareholders as to whether the terms therein

are fair and reasonable and on how to vote on the relevant resolution(s) at the EGM, taking into account the recommendations of the Independent Financial Adviser. Trinity Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

As at the Latest Practicable Date, Trinity Corporate Finance Limited did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to the independence of Trinity Corporate Finance Limited. In the last two years, Trinity Corporate Finance Limited has acted as an independent financial adviser to the then independent board committee and independent shareholders of the Company in relation to the non-exempt continuing connected transactions announced on 30 August 2023 (details of which were set out in the circular of the Company dated 30 November 2023) and the non-exempt continuing connected transactions announced on 22 August 2024 (details of which were set out in the circular of the Company dated 31 October 2024). Apart from normal professional fees paid or payable to us in connection with such appointment, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other party to the transactions, therefore we consider such relationship would not affect our independence.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, the Directors and the management of the Company and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be true as at the Latest Practicable Date and should there be any material changes to our opinion after the despatch of the Circular and up to the date of the EGM, Shareholders would be notified as soon as practicable.

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We have not conducted any independent in-depth investigation into the business and affairs of the Group or any parties involved in the Non-exempt Continuing Connected Transactions.

In accordance with Rule 13.80 of the Listing Rules, to formulate our opinion, we have independently reviewed, inter alia, the 2024 annual report and 2025 interim results announcement of the Company, the historical transaction amounts, the Letter from the Board, the samples of transactions of the Company relating to the New Framework Agreements and the Group's future sales plan.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Non-exempt Continuing Connected Transactions and the relevant New Caps and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion regarding the Non-exempt Continuing Connected Transactions and the relevant New Caps, we have taken into account the following principal factors and reasons:

A. FINANCIAL PERFORMANCE OF THE COMPANY

As disclosed in the annual report of the Company for the financial year ended 31 December 2024, the Group's revenue increased by 0.8% as compared with that in the corresponding period of 2023 to approximately RMB215,691 million. Net profit attributable to the shareholders of the company amounted to approximately RMB14,278 million, representing an increase of approximately 27.3% as compared with that in the corresponding period of 2023.

According to the Company's interim results announcement for the six months ended 30 June 2025, the Company's revenue amounted to approximately RMB113,152 million, an increase of approximately 0.6% and net profit attributable to the shareholders of the Company amounted to approximately RMB5,643 million, a decrease of approximately 4.4% as compared with that in the corresponding period of 2024.

B. PRINCIPAL TERMS OF THE CONTINUING CONNECTED TRANSACTIONS

The Continuing Connected Transactions include the following which are Non-exempt Continuing Connected Transactions:

Name of connected person	Name of Group Company	Connected person's relationship with the Group	Nature of the connected transaction with the Group
1. Weichai Holdings (and its Associates)	The Company (and its subsidiaries)	Holder of 16.33% of the equity of the Company	(a) Sale of diesel engines, diesel engine parts and components, raw materials, semi-finished products, hydraulic products, excavators and other products and provisions of services by the Company (and its subsidiaries) to Weichai Holdings (and its Associates) (b) Purchase of vehicles, loaders, harvesters, diesel engines and parts and components, raw materials and other products and receiving of services by the Company (and its subsidiaries) from Weichai Holdings (and its Associates)
2. Weichai Freshen Air (and its subsidiaries)	The Company (and its subsidiaries)	The Company is the holder of 70% of the equity interest of Weichai Freshen Air. Ji'nan Power, a fellow subsidiary of the Company, is the holder of 30% of the equity interest of Weichai Freshen Air	(a) Sale of vehicle parts and components, engines, engine parts and components and other products and provision of services by the Company (and its subsidiaries) to Weichai Freshen Air (and its subsidiaries) (b) Purchase of vehicle parts and components, engine parts and components and other products and receiving of services by the Company (and its subsidiaries) from Weichai Freshen Air (and its subsidiaries)

Name of connected person	Name of Group Company	Connected person's relationship with the Group	Nature of the connected transaction with the Group
3. Weichai New Energy (and its subsidiaries)	The Company (and its subsidiaries)	The Company is the holder of 70% of the equity interest of Weichai New Energy. Sinotruk Hydrogen Energy, a fellow subsidiary of the Company, is the holder of 30% of the equity interest of Weichai New Energy	(a) Sale of raw materials of fuel cells and other products and provision of services by the Company (and its subsidiaries) to Weichai New Energy (and its subsidiaries) (b) Purchase of fuel cells and motors and other products and receiving of services by the Company (and its subsidiaries) from Weichai New Energy (and its subsidiaries)

A summary of the proposed New Caps for each of the Continuing Connected Transactions is set out below:

Connected person and details of the relevant Weichai Continuing Connected Transactions	Proposed New Caps			
	For the year ending	For the year ending	For the year ending	For the year ending
	31 December 2025	31 December 2026	31 December 2027	31 December 2028
	RMB	RMB	RMB	RMB

1. Weichai Holdings (and its Associates)

(a) Sale of diesel engines, diesel engine parts and components, raw materials, semi-finished products, hydraulic products, excavators and other products and provision of services by the Company (and its subsidiaries) to Weichai Holdings (and its Associates)	12,000,000,000 [#]	15,195,000,000 [#]	17,135,000,000 [#]	–
(b) Purchase of vehicles, loaders, harvesters, diesel engines and parts and components, raw materials and other products and receiving of services by the Company (and its subsidiaries) from Weichai Holdings (and its Associates)	8,000,000,000 [#]	9,000,000,000 [#]	10,000,000,000 [#]	–

Connected person and details of the relevant Weichai Continuing Connected Transactions	For the year ending 31 December 2025 RMB	Proposed New Caps		
		For the year ending 31 December 2026 RMB	For the year ending 31 December 2027 RMB	For the year ending 31 December 2028 RMB

2. Weichai Freshen Air (and its subsidiaries)

(a) Sale of vehicle parts and components, engines, engine parts and components and other products and provision of services by the Company (and its subsidiaries) to Weichai Freshen Air (and its subsidiaries)	–	400,000,000 [#]	600,000,000 [#]	800,000,000 [#]
(b) Purchase of vehicle parts and components, engine parts and components and other products and receiving of services by the Company (and its subsidiaries) from Weichai Freshen Air (and its subsidiaries)	–	4,300,000,000 [#]	4,450,000,000 [#]	4,500,000,000 [#]

3. Weichai New Energy (and its subsidiaries)

(a) Sale of raw materials of fuel cells and other products and provision of services by the Company (and its subsidiaries) to Weichai New Energy (and its subsidiaries)	300,000,000 [#]	500,000,000 [#]	700,000,000 [#]	–
(b) Purchase of fuel cells and motors and other products and receiving of services by the Company (and its subsidiaries) from Weichai New Energy (and its subsidiaries)	3,100,000,000 [#]	7,100,000,000 [#]	10,000,000,000 [#]	–

Notes:

1. A New Cap marked “#” means the proposed New Caps for the relevant Continuing Connected Transaction, on an aggregated basis, exceed the 5% Threshold and are subject to the approval by the Independent Shareholders.
2. For the purposes of ascertaining whether a Continuing Connected Transaction would exceed the 5% Threshold, the transactions under paragraphs 1.(a), 2.(a) and 3.(a) have been aggregated and the transaction under paragraphs 1.(b), 2.(b) and 3.(b) have been aggregated.

C. REVISION OF ANNUAL CAPS AND EXTENSION OF EXISTING CONTINUING CONNECTED TRANSACTIONS

DETAILS OF THE CONTINUING CONNECTED TRANSACTIONS AND THE RELEVANT NEW FRAMEWORK AGREEMENTS

Continuing connected transaction between Weichai Holdings (and its Associates) and the Group

The Company

The Company is principally engaged in the research and development, manufacture and sale of high-speed heavy-duty diesel engines and engine parts.

Weichai Holdings

Weichai Holdings is principally engaged in the management, investment and the provision of general services. Weichai Holdings is a substantial shareholder of the Company holding approximately 16.33% of the issued share capital of the Company, and is accordingly a connected person of the Company.

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, Weichai Holdings is wholly-owned by Shandong Heavy Industry. Shandong Heavy Industry is one of the leading automobile and equipment groups in the PRC, and in turn a state-owned enterprise organised under the laws of the PRC with limited liability, and is ultimately governed and controlled by the State-owned Assets Supervision and Administration Commission of Shandong Provincial Government (山東省人民政府國有資產監督管理委員會).

New Weichai Holdings Framework Agreements

Due to actual needs of production, operation and development of the Group, the Company expects that the Existing Caps for the year ending 31 December 2025 or the two years ending 31 December 2026 (as the case may be) for the Continuing Connected Transactions contemplated under the Existing Weichai Holdings Purchase Agreement and the Existing Weichai Holdings Sale Agreement will be insufficient. Further, the Group intends to continue to conduct the relevant transactions with Weichai Holdings (and its Associates) following the expiry of such agreements.

In view of the above, and in conjunction with a recent review conducted by the Company on the existing continuing connected transactions between the Group and the Weichai Holdings Group, the Board considers it appropriate to streamline such transactions by combining certain Weichai Continuing Connected Transactions of similar nature into one framework agreement, such that the Shareholders could be presented with a clearer picture of the relevant Weichai Continuing Connected Transactions entered into between the Group and the Weichai Holdings Group and, in turn, enable the Shareholders

to better appreciate the extent of and more easily understand the transactions between the Group and the Weichai Holdings Group on an aggregated basis.

Accordingly, the Company (for itself and on behalf of its subsidiaries) and Weichai Holdings (for itself and on behalf of the Weichai Holdings Group) entered into each of the New Weichai Holdings Framework Agreements on terms substantially the same as those of the Existing Weichai Holdings Framework Agreements (on a combined basis, as the case may be). Each of the New Weichai Holdings Framework Agreements has a term of three years commencing on 1 January 2025 and ending on 31 December 2027.

Set out below are the details of the New Weichai Holdings Framework Agreements.

- (a) *Sale of diesel engines, diesel engine parts and components, raw materials, semi-finished products, hydraulic products, excavators and other products and provision of services by the Company (and its subsidiaries) to Weichai Holdings (and its Associates)*

Reference is made to the announcements of the Company dated 30 August 2023 and 25 March 2024.

It is noted that (i) Weichai Combustion has been accounted for as a subsidiary of Weichai Holdings since August 2024, and (ii) Yangzhou Yaxing has been delisted from the Shanghai Stock Exchange since October 2024 and its shares shall be quoted on the National Equities Exchange and Quotations thereafter, Yangzhou Yaxing continues to be accounted for as a subsidiary of Weichai Holdings.

Considering that the Existing Weichai Holdings Sale Agreement, the Existing Weichai Combustion Sale Framework Agreements and the Existing Yaxing Sale Framework Agreements all relate to the sale of goods and services by the Group to the Weichai Holdings Group, the Board has resolved that, going forward, the transactions regulated under the above separate framework agreements shall be combined into one framework agreement, namely, the New Weichai Holdings Sale Agreement, so as to present the Shareholders with a more streamlined view of the continuing connected transaction involving the Group's sale of goods and services to the Weichai Holdings Group and, in turn, enable the Shareholders to better appreciate the extent of the Group's sale of products and services to the Weichai Holdings Group on an aggregated basis.

In order to facilitate the streamlining of the Continuing Connected Transactions between the Group and the Weichai Holdings Group in respect of the sale of products and services as mentioned above:

- (i) pursuant to the New Weichai Holdings Sale Agreement, subject to the New Weichai Holdings Sale Agreement becoming effective (namely, upon the necessary relevant Independent Shareholders' approval having been obtained such date referred to as the "**Effective Date (Sale)**"), the Existing Weichai Holdings Sale Agreement shall be terminated;
- (ii) a termination agreement has been entered into between the Company and Weichai Combustion on 29 August 2025 to early terminate each of the Existing

Weichai Combustion Sale Framework Agreements with effect from the Effective Date (Sale). For the avoidance of doubt, notwithstanding the early termination, transactions that have taken place before the Effective Date (Sale) shall continue to be governed under the Existing Weichai Combustion Sale Framework Agreements; and

- (iii) a termination agreement has been entered into between the Company, SFGC, Hande Axle and Yangzhou Yaxing on 29 August 2025 to early terminate each of the Existing Yaxing Sale Framework Agreements with effect from the Effective Date (Sale). For the avoidance of doubt, notwithstanding the early termination, transactions that have taken place before the Effective Date (Sale) shall continue to be governed under the Existing Yaxing Sale Framework Agreements.

Upon the New Weichai Holdings Sale Agreement becoming effective (namely, upon the necessary relevant Independent Shareholders' approval having been obtained), the transactions involving the sale of products and services under the Existing Weichai Holdings Sale Agreement, the Existing Weichai Combustion Sale Framework Agreements and the Existing Yaxing Sale Framework Agreements will be combined into, and governed under, the New Weichai Holdings Sale Agreement. Save for the said early termination per the above, all other terms of the Existing Weichai Combustion Supply Agreement and the Existing Weichai Yangzhou Framework Agreements shall remain unchanged and continue to govern the relevant transactions that have taken place before the Effective Date (Sale). Please refer to the Company's announcement dated 30 August 2023 and circular dated 30 November 2023 for details of the other principal terms of the Existing Weichai Combustion Supply Agreement, and the Company's announcement dated 25 March 2024 for details of the other principal terms of each of the Existing Weichai Yangzhou Framework Agreements.

The terms of the New Weichai Holdings Sale Agreement are substantially the same as those of the Existing Weichai Holdings Sale Agreement, the Existing Weichai Combustion Sale Framework Agreements and the Existing Yaxing Sale Framework Agreements on a combined basis.

The principal terms of the New Weichai Holdings Sale Agreement and the transactions contemplated thereunder are as follows:

Agreement:	New Weichai Holdings Sale Agreement
Date:	29 August 2025
Parties:	1. The Company 2. Weichai Holdings
Term:	1 January 2025 to 31 December 2027

Other terms and details:

Pursuant to the New Weichai Holdings Sale Agreement, the Company and its subsidiaries (as the case may be) shall sell diesel engines, diesel engine parts and components, raw materials, semi-finished products, hydraulic products, excavators and other products and provide the services (as the case may be) to Weichai Holdings and its Associates (as the case may be) at market prices and/or prices agreed according to the principle of fairness and reasonableness, for a term of three years ending 31 December 2027. Depending on the terms of the definitive agreements to be entered into by the parties, the relevant price for the relevant products and/or services shall, as the case may be, be settled on a monthly or quarterly basis or in accordance with the progress of the provision of the relevant products and/or services. Upon the expiry of the term of the agreement, the parties shall have an option to renew the agreement for a term of three years on a mutually agreed basis.

The price of the said products and services shall be determined according to the following mechanism: the sales department of the Group regularly conducts market research and analysis regarding specific products and/or services, in which a number of factors, including the overall market prices, market shares, ordering situation and performance of major competitors of such products and/or services, are comprehensively considered, and submits a price suggestion after its analysis to the Group's price management department, and the final prices are determined at arm's length negotiation among the parties. Such market research and analysis are normally conducted on at least an annual basis (with increased frequency when faced with fierce market competitions), and the relevant data relied on for such purposes is collected from the Group's sales units, distributors and ultimate end users with at least three quotations obtained from independent third parties. The price management department of the Group regularly reviews the reasonableness of prices and makes amendments when necessary. Further, the Directors are of the view that the payment terms for this Continuing Connected Transaction are fair and reasonable to the Company, given that such terms are comparable to those of the industry norm which usually imposes a settlement period of 30 to 90 days with adjustments made based on factors including the scale of cooperation and market position.

We have reviewed the market research conducted by the Company on the comparison of pricing by product and by business segment with other major players in the same industry and also the monthly report prepared by the Company on the impact of recent economic data and government policies on the industry outlook, which demonstrated how the Company ascertained the market price and the material terms during the price determination process.

In addition, we have reviewed seven samples of transactions conducted with the Company's related party, which are selected by the Company on a random basis covering each of the: 1. Existing Weichai Holdings Sale Agreement, 2. under the Existing Weichai Combustion Sale Framework Agreements – (a) Existing Weichai Combustion Supply Agreement, (b) Existing Weichai Combustion Lease Agreement, (c) Existing Weichai Combustion Logistics Agreement, 3. under the Existing Yaxing Sale Framework Agreements – (a) Existing Weichai Yangzhou Supply Framework Agreement, (b) Existing Transmissions Supply Framework Agreement, (c) Existing Axles Supply Framework Agreement; and such samples confirm that the relevant transaction prices were on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders. We consider that the selection criteria has adequately covered the transactions relating to the sale of the above products and services by the Company to Weichai Holdings and its Associates and the selected sample size is adequate, sufficient, fair and representative in concluding our view that the above pricing policy was properly followed. In this connection, we have reviewed the annual report of the Company for the year ended 31 December 2024 and note that the independent non-executive Directors of the Company have reviewed the internal control procedures put in place by the Company and the continuing connected transactions set out therein and have confirmed that the internal control procedures were adequate and effective, and that the continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole. We also note that the auditors of the Company was engaged to report on the Group's continuing connected transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised), "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information," and with reference to Practice Note 740, "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules," issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions referred to therein. Accordingly, we are of the view that the terms of the transactions between the Company and its related parties are fair and reasonable so far as the Company and the Independent Shareholders are concerned and the Company's internal control measures are able to ensure that the Continuing Connected Transactions are made on terms no less favourable to the Group as compared to those available to independent third parties, and the abovementioned methods and procedures under the pricing policies can ensure that the Continuing Connected Transactions are conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

The table below summarises the Existing Caps for the transactions contemplated under the Existing Weichai Holdings Sale Agreement, the Existing Weichai Combustion Sale Framework Agreements and the Existing Yaxing Sale Framework Agreements for the years from 2023 to 2026.

Existing Cap:	2023 RMB	2024 RMB	2025 RMB	2026 RMB
1. Existing Weichai Holdings Sale Agreement	6,900,000,000	6,503,000,000	6,725,000,000	7,102,000,000
2. Existing Weichai Combustion Sale Framework Agreements:				
(a) Existing Weichai Combustion Supply Agreement	680,000,000	896,000,000	906,000,000	935,000,000
(b) Existing Weichai Combustion Lease Agreement	9,000,000	14,000,000	14,000,000	14,000,000
(c) Existing Weichai Combustion Logistics Agreement	44,000,000	20,000,000	20,000,000	20,000,000
3. Existing Yaxing Sale Framework Agreements:				
(a) Existing Weichai Yangzhou Supply Framework Agreement	690,000,000	323,000,000	492,000,000	638,400,000
(b) Existing Transmissions Supply Framework Agreement	72,000,000	80,000,000	85,000,000	90,000,000
(c) Existing Axles Supply Framework Agreement	<u>101,000,000</u>	<u>70,000,000</u>	<u>80,000,000</u>	<u>90,000,000</u>
On an aggregated basis	<u>8,496,000,000</u>	<u>7,906,000,000</u>	<u>8,322,000,000</u>	<u>8,889,400,000</u>

The table below summarises (i) the actual transaction amounts involved for each of the two years ended 31 December 2024 (audited) and the six months ended 30 June 2025 (unaudited) for the Continuing Connected Transaction, being the transactions contemplated under the Existing Weichai Holdings Sale Agreement, the Existing Weichai Combustion Sale Framework Agreements and the Existing Yaxing Sale Framework Agreements, and (ii) the relevant utilisation rates for the year ended 31 December 2024 and the six months ended 30 June 2025 compared to the existing caps for the year ended 31 December 2024 and the year ending 31 December 2025 respectively:

	For the year ended 31 December 2023 RMB (audited)	For the year ended 31 December 2024 RMB (audited) (Historical utilisation rate %)	For the six months ended 30 June 2025 RMB (unaudited) (Historical utilisation rate %)
Actual transaction amount:			
1. Existing Weichai Holdings Sale Agreement	4,867,378,474 (70.54%)	6,438,139,046 (99.00%)	4,495,634,155 (66.85%)
2. Existing Weichai Combustion Sale Framework Agreements:			
(a) Existing Weichai Combustion Supply Agreement	649,203,297 (95.47%)	639,787,505 (71.40%)	163,801,982 (18.08%)
(b) Existing Weichai Combustion Lease Agreement (Note)	8,549,816 (94.98%)	9,743,362 (69.60%)	5,052,722 (36.09%)
(c) Existing Weichai Combustion Logistics Agreement (Note)	8,730,863 (19.84%)	4,633,803 (23.17%)	4,023,745 (20.12%)
3. Existing Yaxing Sale Framework Agreements:			
(a) Existing Weichai Yangzhou Supply Framework Agreement	92,766,751 (13.44%)	130,919,545 (40.53%)	74,895,433 (15.22%)
(b) Existing Transmissions Supply Framework Agreement	8,105,283 (11.26%)	49,259,165 (61.57%)	42,961,225 (50.54%)
(c) Existing Axles Supply Framework Agreement	20,298,637 (20.10%)	48,849,580 (69.79%)	24,825,637 (31.03%)
Approximate utilisation rate on an aggregated basis	5,655,033,121 (66.56%)	7,321,332,007 (92.60%)	4,811,194,899 (57.81%)

Note:

Given that the Existing Weichai Combustion Lease Agreement and Existing Weichai Combustion Logistics Agreement were not subject to the reporting requirements pursuant to the Listing Rules, the actual transaction amounts under such agreements as set out in the above table are unaudited figures disclosed for the purpose of completeness.

As at the Latest Practicable Date, the actual transaction amount for the transactions contemplated under each of the Existing Weichai Holdings Sale Agreement, the Existing Weichai Combustion Sale Framework Agreements and the Existing Yaxing Sale Framework Agreements has not exceeded the respective Existing Cap thereunder for the year ending 31 December 2025.

As illustrated above, we note that the historical utilisation rate on an aggregated basis for the financial year ended 31 December 2024 was very high, reaching approximately 92.60%; and the historical utilisation on an aggregated basis for the six months ended 30 June 2025 compared to the existing cap for the year ending 31 December 2025 is more than 50%, reaching approximately 57.81%. In other words, if the utilisation amount for the second half of 2025 is similar to the actual historical amount for the first six months of 2025, the utilisation rate for the year ending 31 December 2025 will reach approximately 115.62%, which means the Company will exceed the existing cap by 15.62%.

As discussed with the Company, we understand that, in light of the gradual recovery of the market in construction machinery products (e.g., excavators) since 2024, it is expected that there will be a further increase in the sales volume of diesel engines, diesel engine parts and components, raw materials, semi-finished products, hydraulic products and excavators by the Group to Weichai Holdings (and its Associates) in 2025.

By combining the transactions regulated under the Existing Weichai Holdings Sale Agreement, the Existing Weichai Combustion Sale Framework Agreements and the Existing Yaxing Sale Framework Agreements, being separate framework agreements of a similar nature (namely, relating to the sale of goods and services by the Group to the Weichai Holdings Group), into one framework agreement, the Group could continue its sale of goods and services to the Weichai Holdings Group in the same manner as stipulated under the Existing Weichai Holdings Sale Agreement, the Existing Weichai Combustion Sale Framework Agreements and the Existing Yaxing Sale Framework Agreements, whilst at the same time streamline the continuing connected transaction involving the Group's sale of goods and services to the Weichai Holdings Group and therefore provide a clearer and more consolidated picture as a whole for the Shareholders' consideration.

According to the Letter from the Board, for the six months ended 30 June 2025, the Group's actual transaction amount for the sale of products and services under the Existing Weichai Holding Sales Agreement, Existing Weichai Combustion Sale Framework Agreements and Existing Yaxing Sale Framework Agreement on a combined basis had already amounted to approximately RMB4,811 million, with the annualised transaction amount (calculated based on the actual transaction amount for the six months ended 30

June 2025) being approximately RMB9,622 million for the year ending 31 December 2025, which will be 16% more than the Existing Cap (on an aggregated basis) for the year ending 31 December 2025. Hence, Company estimates that the annual caps for this Continuing Connected Transaction for the two years ending 31 December 2026 will be insufficient.

According to statistics issued by the China Construction Machinery Association (中國工程機械工業協會), in the first half of 2025, major domestic excavator manufacturers in China collectively sold 120,520 units, representing a year-on-year increase of 16.8%, amongst which, domestic sales reached 65,637 units, representing an increase of 22.9% year-on-year, while exports reached 54,883 units, representing an increase of 10.2% year-on-year. This illustrates a general trend of improvement in market conditions and export performance on excavators and construction machinery. Further, with the commencement of operations of the Group's new construction machinery production line in Qingdao since 2024, the production and sales of construction machinery have increased continuously. Based on the Group's sales plan, the sale of construction machinery by the Group to the Weichai Holdings Group in 2025 is expected to amount to RMB4,300 million, which is expected to further increase to RMB6,000 million and RMB6,000 million in 2026 and 2027, respectively.

Accordingly, based on the Group's adjusted sales plan prepared based on the latest market development and on the assumption that the abovementioned trend of growth would continue throughout 2025, it is considered appropriate that the annual cap for the year ending 31 December 2025 be adjusted upwards by approximately 44.2% to the proposed New Cap of RMB12,000 million from the Existing Cap (on an aggregated basis) of RMB8,322 million for the year ending 31 December 2025, and the annual cap for the year ending 31 December 2026 be adjusted upwards by approximately 70.9% to the proposed New Cap of RMB15,195 million from the Existing Cap (on an aggregated basis) of RMB8,889.4 million for the year ending 31 December 2026 (i.e. representing an increase of approximately 26.6% as compared with the New Cap for the year ending 31 December 2025). In addition, the Company estimates that the transaction amount in respect of the Continuing Connected Transaction for the year ending 31 December 2027 will further grow by approximately 12.8% from that in the year 2026 to not exceeding RMB17,135 million, and such amount has accordingly been set as the proposed New Cap for the year ending 31 December 2027 for this Continuing Connected Transaction.

Based on our discussion with the Company, we understand that the above proposed New Caps have been estimated by the Company primarily based on (i) the relevant historical transaction amounts, (ii) the estimate of the number of diesel engines, diesel engine parts and components, raw materials, semi-finished products, hydraulic products, excavators and other products and services required by Weichai Holdings and its Associates (as the case may be) in view of the implementation of the Group's sales plan for the years 2025 to 2027, having taken into account the estimated market conditions and export performance as disclosed above, the average unit prices of the same, and the costs of the related services to be provided; (iii) the fact that since the Company commenced its supply of engines to Weichai Holdings and its Associates, the two parties have maintained close collaboration. It is anticipated that the demand for the Group's products and services from Weichai Holdings and its Associates will continue to grow; (iv) the fact that

the construction machinery market has shown signs of recovery, and the Group expects a further increase in sales of construction machinery products to Weichai Holdings and its Associates; and (v) a buffer of 10% in preparation of potential market fluctuations. We have reviewed the industry statistics issued by the China Construction Machinery Association (中國工程機械工業協會) to understand the market supply and demand as well as the pricing of the relevant goods and services for assessing the growth in transaction amounts expected by the Company and note the trend of improvement in market conditions and export performance on excavators and construction machinery. Also, we have reviewed the summary of the Group's sales plan for years 2025 to 2027 and confirm that the number of units of construction machinery expected to be sold by the Group to the Weichai Holdings Group in the respective years is on an increasing trend. Based on the above analysis, we are of the view that the setting of the proposed New Caps below is fair and reasonable.

The table below summarises the proposed New Cap for the Continuing Connected Transaction for the three years ending 31 December 2027:

	2025	2026	2027
	RMB	RMB	RMB
Proposed New Cap	12,000,000,000	15,195,000,000	17,135,000,000
Change from previous year (%)		26.63%	12.77%

We consider that, given the historical utilisation rate on an aggregated basis for the financial year ended 31 December 2024 was very high, reaching approximately 92.60%, and the historical utilisation rate on an aggregated basis for the six months ended 30 June 2025 compared to the existing cap for the year ending 31 December 2025 was already more than 50%, reaching approximately 57.81%, we therefore agree with the Company that the above increase in the proposed New Cap for the year ending 31 December 2025 is fair and reasonable. Also, as mentioned above, the summary of the sales plan of the Company we have reviewed confirms an increasing trend in the demand and therefore we are of the view that it is fair and reasonable for a further increase in the proposed New Caps of approximately 26.63% and 12.77% for the two years ending 31 December 2027 respectively in order to cater for the expected growth in sales in the respective years.

(b) Purchase of vehicles, loaders, harvesters, diesel engines and parts and components, raw materials and other products and receiving of services by the Company (and its subsidiaries) from Weichai Holdings (and its Associates)

Reference is made to the announcements of the Company dated 30 August 2022, 30 August 2023 and 22 August 2024.

It is noted that Weichai Combustion has been accounted for as a subsidiary of Weichai Holdings since August 2024.

Considering that the Existing Weichai Holdings Purchase Agreement, the Existing Weichai Holdings Services Agreement, the Existing Weichai Holdings Utility Services

Purchase Agreement and the Existing Weichai Combustion Purchase Agreement all relate to the purchase of products and services by the Group to the Weichai Holdings Group, the Board has resolved that, going forward, the transactions regulated under the above separate framework agreements shall be combined into one framework agreement, namely, the New Weichai Holdings Purchase Agreement, so as to present the Shareholders with a more streamlined view of the continuing connected transaction involving the Group's purchase of products and services from the Weichai Holdings Group and, in turn, enable the Shareholders to better appreciate the extent of the Group's purchase of products and services from the Weichai Holdings Group on an aggregated basis.

In order to facilitate the streamlining of the Continuing Connected Transactions between the Group and the Weichai Holdings Group in respect of the purchase of products and services as mentioned above:

- (i) pursuant to the New Weichai Holdings Purchase Agreement, subject to the New Weichai Holdings Purchase Agreement becoming effective (namely, upon the necessary relevant Independent Shareholders' approval having been obtained such date referred to as the "**Effective Date (Purchase)**") the Existing Weichai Holdings Purchase Agreement, the Existing Weichai Holdings Services Agreement and the Existing Weichai Holdings Utility Services Purchase Agreement shall be terminated; and
- (ii) a termination agreement has been entered into between the Company and Weichai Combustion on 29 August 2025 to early terminate the Weichai Combustion Purchase Agreement with effect from the Effective Date (Purchase). For the avoidance of doubt, notwithstanding the early termination, transactions that have taken place before the Effective Date (Purchase) shall continue to be governed under the Existing Weichai Combustion Purchase Framework Agreements.

Upon the New Weichai Holdings Purchase Agreement becoming effective (namely, upon the necessary relevant Independent Shareholders' approval having been obtained), the transactions involving the purchase of products and services under the Existing Weichai Holdings Purchase Agreement, the Existing Weichai Holdings Services Agreement, the Existing Weichai Holdings Utility Services Purchase Agreement and the Existing Weichai Combustion Purchase Agreement will be combined into, and governed under, the New Weichai Holdings Purchase Agreement. Save for the said early termination per the above, all other terms of the Existing Weichai Combustion Purchase Agreement shall remain unchanged and continue to govern the relevant transactions that have taken place before the Effective Date (Purchase). Please refer to the Company's announcement dated 22 August 2024 and circular dated 31 October 2024 for details of the other principal terms of the Existing Weichai Combustion Purchase Agreement.

The terms of the New Weichai Holdings Purchase Agreement are substantially the same as those of the Existing Weichai Holdings Purchase Agreement, the Existing Weichai Holdings Services Agreement, the Existing Weichai Holdings Utility Services Purchase Agreement and the Existing Weichai Combustion Purchase Agreement on a combined basis.

The principal terms of the New Weichai Holdings Purchase Agreement and the transactions contemplated thereunder are as follows:

Agreement: New Weichai Holdings Purchase Agreement

Date: 29 August 2025

Parties: 1. The Company
2. Weichai Holdings

Term: 1 January 2025 to 31 December 2027

Other terms and details:

Pursuant to the New Weichai Holdings Purchase Agreement, Weichai Holdings and its Associates (as the case may be) shall provide vehicles, loaders, harvesters, diesel engines and parts and components, raw materials and other products and provide services to the Company and its subsidiaries (as the case may be) at market prices, for a term of three years ending 31 December 2027. Upon the expiry of the term of the agreement, the parties shall have an option to renew the agreement for a term of three years on a mutually agreed basis. Depending on terms of the definitive agreements to be entered into by the parties pursuant to the New Weichai Holdings Purchase Agreement, the relevant price for the said products and/or services shall, as the case may be, be settled on a monthly or quarterly basis or in accordance with the progress of the provision of the relevant products and/or services.

The price of the said products and services shall be determined according to the following mechanism: the procurement department of the Company regularly conducts market research and analysis regarding specific products and/or services, in which a number of factors, including the overall market prices, market shares, ordering situation and performance of major competitors of such products and/or services are comprehensively considered, and submits a price suggestion after its analysis to the Group's price management department, and the final prices are determined at arm's length negotiation among the parties. Such market research and analysis are normally conducted on at least an annual basis (with increased frequency when faced with fierce market competitions), and the relevant data relied on for such purposes is collected from the Group's sales units, distributors and ultimate end users with at least three quotations obtained from independent third parties. The price management department of the Company regularly reviews the reasonableness of prices and makes amendments when necessary. Further, the Directors are of the view that the payment terms for this Continuing Connected Transaction are fair and reasonable to the Company, given that such terms are comparable to those of the industry norm which usually imposes a settlement period of 30 to 90 days with adjustments made based on factors including the scale of cooperation and market position.

We have reviewed the market research conducted by the Company on the comparison of pricing by product and by business segment with other major players in the same industry and also the monthly report prepared by the Company on the impact of recent economic data and government policies on the industry outlook, which demonstrated how the Company ascertained the market price and the material terms during the price determination process.

In addition, we have reviewed four samples of transactions conducted with the Company's related party, which are selected by the Company on a random basis covering each of the: 1. Existing Weichai Holdings Purchase Agreement, 2. Existing Weichai Holdings Services Agreement, 3. Existing Weichai Holdings Utility Services Purchase Agreement, 4. Existing Weichai Combustion Purchase Agreement; and such samples confirm that the relevant transaction prices were on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders. We consider that the selection criteria has adequately covered the transactions relating to the purchase of the above products and services by the Company from Weichai Holdings and its Associates and the selected sample size is adequate, sufficient, fair and representative in concluding our view that the above pricing policy was properly followed. In this connection, we have reviewed the annual report of the Company for the year ended 31 December 2024 and note that the independent non-executive Directors of the Company have reviewed the internal control procedures put in place by the Company and the continuing connected transactions set out therein and have confirmed that the internal control procedures were adequate and effective, and that the continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole. We also note that the auditors of the Company was engaged to report on the Group's continuing connected transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised), "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information," and with reference to Practice Note 740, "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules," issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions referred to therein. Accordingly, we are of the view that the terms of the transactions between the Company and its related parties are fair and reasonable so far as the Company and the Independent Shareholders are concerned and the Company's internal control measures are able to ensure that the Continuing Connected Transactions are made on terms no less favourable to the Group as compared to those available to independent third parties, and the abovementioned methods and procedures under the pricing policies can ensure that the Continuing Connected Transactions are conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

The table below summarises the Existing Caps for the transactions contemplated under the Existing Weichai Holdings Purchase Agreement, the Existing Weichai Holdings Services Agreement, the Existing Weichai Holdings Utility Services Purchase Agreement and the Existing Weichai Combustion Purchase Agreement for the three years ending 31 December 2025 or 31 December 2026 (as the case may be).

	2023	2024	2025	2026
	RMB	RMB	RMB	RMB
Existing Cap:				
1. Existing Weichai Holdings Purchase Agreement	2,180,000,000	3,140,000,000	4,110,000,000	–
2. Existing Weichai Holdings Services Agreement	53,000,000	61,000,000	63,000,000	–
3. Existing Weichai Holdings Utility Services Purchase Agreement	831,000,000 (Note)	524,000,000	550,000,000	577,000,000
4. Existing Weichai Combustion Purchase Agreement	7,570,000,000 (Note)	6,238,000,000	6,860,000,000	7,535,000,000
On an aggregated basis	<u>10,634,000,000</u>	<u>9,963,000,000</u>	<u>11,583,000,000</u>	<u>8,112,000,000</u>

Note:

The annual caps for the year ended 31 December 2023 in respect of (i) the transactions contemplated under utility services purchase agreement entered into between the Company and Weichai Holdings as disclosed in the Company's announcement dated 27 August 2020, and (ii) the transactions contemplated under purchase agreement entered into between the Company and Weichai Combustion as disclosed in the Company's announcement dated 27 August 2020, have been disclosed in the above table for the purpose of completeness.

The table below summarises (i) the actual transaction amounts involved for each of the two years ended 31 December 2024 (audited) and the six months ended 30 June 2025 (unaudited) for the Continuing Connected Transaction, being the transactions contemplated under the Existing Weichai Holdings Purchase Agreement, the Existing Weichai Holdings Services Agreement, the Existing Weichai Holdings Utility Services Purchase Agreement and the Existing Weichai Combustion Purchase Agreement, and (ii) the relevant utilisation rates for the year ended 31 December 2024 and the six months ended 30 June 2025 compared to the existing caps for the financial year ended 31 December 2024 and the financial year ending 31 December 2025 respectively:

	For the year ended 31 December 2023 RMB (audited)	For the year ended 31 December 2024 RMB (audited) (Historical utilisation rate %)	For the six months ended 30 June 2025 RMB (unaudited) (Historical utilisation rate %)
Actual transaction amount:			
1. Existing Weichai Holdings Purchase Agreement	1,311,189,086	2,448,007,420 (77.96%)	1,897,275,456 (46.16%)
2. Existing Weichai Holdings Services Agreement (<i>Note</i>)	30,612,513	58,804,918 (96.40%)	9,134,286 (14.50%)
3. Existing Weichai Holdings Utility Services Purchase Agreement	404,469,482	449,898,333 (85.86%)	182,519,428 (33.19%)
4. Existing Weichai Combustion Purchase Agreement	4,704,195,346	3,673,560,716 (58.89%)	1,422,122,143 (20.73%)
Approximate utilisation rate on an aggregated basis	6,450,466,427 (60.66%)	6,630,271,387 (66.55%)	3,511,051,313 (30.31%)

Note:

As the Existing Weichai Holdings Services Agreement is not subject to the reporting requirements under the Listing Rules, the actual transaction amounts under the agreement set out in the table above are unaudited figures disclosed for the purpose of completeness.

As at the Latest Practicable Date, the actual transaction amount for the transactions contemplated under each of the Existing Weichai Holdings Purchase Agreement, the Existing Weichai Holdings Services Agreement, the Existing Weichai Holdings Utility Services Purchase Agreement and the Existing Weichai Combustion Purchase Agreement has not exceeded the respective Existing Cap thereunder for the year ending 31 December 2025.

As illustrated above, the historical utilisation rates for the year ended 31 December 2024 were approximately 77.96%, 96.40%, 85.86% and 58.89% for the Existing Weichai Holdings Purchase Agreement, the Existing Weichai Holdings Services Agreement, the Existing Weichai Holdings Utility Services Purchase Agreement and the Existing Weichai Combustion Purchase Agreement respectively, with a historical utilisation rate of approximately 66.55% on an aggregated basis. The historical utilisation rates for the six months ended 30 June 2025 were approximately 46.16%, 14.50%, 33.19% and 20.73% for the Existing Weichai Holdings Purchase Agreement, the Existing Weichai Holdings Services Agreement, the Existing Weichai Holdings Utility Services Purchase Agreement and the Existing Weichai Combustion Purchase Agreement respectively, with a historical utilisation rate of approximately 30.31% on an aggregated basis, compared to the existing cap for the financial year ending 31 December 2025.

According to data from the China Association of Automobile Manufacturers (中國汽車工業協會), in the first half of 2025, China's new energy vehicle sales reached 5,878,000 units, amongst which, new energy passenger vehicle sales reached 5,524,000 units, representing a 34.3% year-on-year increase and a penetration rate of 50.4%, whilst new energy commercial vehicle sales reached 354,000 units, representing a 55.9% year-on-year increase and a penetration rate of 21.8%. In terms of overseas markets, based on the data from the European Automobile Manufacturers Association (歐洲汽車製造商協會), in the first half of 2025, European new energy passenger vehicle sales reached 1.782 million units, representing a year-on-year increase of 23.6% and a penetration rate of 26.1%. Further, sales growth of new energy vehicles has driven sustained expansion in demand for power batteries. According to the data from SNE Research, a market tracker, global power battery usage reached 401.3GWh from January to May 2025, marking a 38.5% year-on-year increase.

As discussed with the Company, we note that, in light of a continuous expansion of the new energy market and higher than expected increase in demand for new energy fuel cells in the first half of 2025, there will be a further increase in the purchase of relevant products and services by the Group from Weichai Holdings (and its Associates) in 2025.

By combining the transactions regulated under the Existing Weichai Holdings Purchase Agreement, the Existing Weichai Holdings Services Agreement, the Existing Weichai Holdings Utility Services Purchase Agreement and the Existing Weichai Combustion Purchase Agreement, being separate framework agreements of a similar nature (namely, relating to the purchase of products and services by the Group from the Weichai Holdings Group), into one framework agreement, the Group could continue its purchase of products and services from the Weichai Holdings Group in the same manner as stipulated under the Existing Weichai Holdings Purchase Agreement, the Existing Weichai Holdings Services Agreement, the Existing Weichai Holdings Utility Services Purchase Agreement and the Existing Weichai Combustion Purchase Agreement, whilst at the same time streamline the continuing connected transaction involving the Group's purchase of products and services from the Weichai Holdings Group and therefore provide a clearer and more consolidated picture as a whole for the Shareholders' consideration.

As shown in the table above, in respect of the Existing Weichai Holdings Purchase Agreement, for the six months ended 30 June 2025, the Group's actual transaction amount

for the purchase of products and services had already amounted to approximately RMB1.9 billion, which accounted for approximately 46% of the cap. Among the various products and services purchased under the Existing Weichai Holdings Purchase Agreement, it is expected that the procurement of new energy products, being one type of the products being purchased, will increase significantly in the second half of 2025, which will render the Existing Cap under the Existing Weichai Holdings Purchase Agreement insufficient. Within the actual transaction amount of approximately RMB1,900 million for the six months ended 30 June 2025 under the Existing Weichai Holdings Purchase Agreement, the procurement of new energy products amounted to approximately RMB630 million. It is expected that for the second half of 2025, the procurement of new energy products will increase significantly to RMB3,000 million, representing an increase of approximately RMB2,370 million compared to that for the first half of 2025. Thus, the transaction amount under the Existing Weichai Holdings Purchase Agreement for the full year 2025 is expected to reach approximately RMB6,170 million (calculated based on (i) the annualised transaction amount of RMB3,800 million calculated solely based on the actual transaction amount of RMB1,900 million for the six months ended 30 June 2025, and (ii) taking into consideration the expected additional increase in procurement of new energy products of RMB2,370 million in the second half of the year), which will be 50% more than the Existing Cap for the year ending 31 December 2025. Hence, the Company estimates that the annual caps for the continuing connected transaction under the Existing Weichai Holding Purchase Agreement for the year ending 31 December 2025 will be insufficient. On the other hand, for the Existing Weichai Holdings Services Agreement, the Existing Weichai Holdings Utility Services Purchases Agreement and the Existing Weichai Combustion Purchase Agreement, their respective actual transaction amount for the six months ended 30 June 2025 only amounted to approximately 14%, 33% and 21% of the respective Existing Cap under such agreements, and therefore, the annual transaction amounts under these agreements are expected to be less than originally anticipated when their respective Existing Caps were set. Accordingly, based on the Group's adjusted sales plan prepared based on the latest market development and on the assumption that the abovementioned trend of growth in new energy products would continue throughout 2025, and taking into consideration of the relatively low utilization rates of the Existing Weichai Holdings Services Agreement, the Existing Weichai Holdings Utility Services Purchases Agreement and the Existing Weichai Combustion Purchase Agreement, it is considered appropriate that the annual cap (on an aggregate basis) for the year ending 31 December 2025 be adjusted to the proposed New Cap of RMB8,000 million.

In addition, the Company estimates that the transaction amount in respect of the Continuing Connected Transaction for the two years ending 31 December 2027 will further grow by no more than 12.5% and 11.1% to not exceeding RMB9,000 million and RMB10,000 million, respectively, and such amounts have accordingly been set as the proposed New Caps for the two years ending 31 December 2027 for this Continuing Connected Transaction, which is shown in the table below.

We have reviewed the industry statistics issued by the China Association of Automobile Manufacturers (中國汽車工業協會) and the European Automobile Manufacturers Association (歐洲汽車製造商協會) to understand the market supply and demand as well as the pricing of the relevant goods and services for assessing the growth

in transaction amounts expected by the Company, and confirm the increasing trend of China's new energy vehicle sales and the growing trend of European new energy passenger vehicle sales respectively. Also, based on our discussion with the Company and our review of the summary of the adjusted sales plan of the Group for years 2025 to 2027, we understand that the above proposed New Caps for the three years ending 31 December 2027 have been estimated by the Company primarily based on (i) the relevant historical transaction amounts, (ii) its estimate of the transaction volume of the said purchases in view of the implementation of the Group's sales plan for the years 2025 to 2027, which in turn are based on the production volume, material cost, processing cost and the volume of diesel engines to be sold and exported for the three years ending 31 December 2027, (iii) the prospect of the diesel engine market as anticipated by the Company; and (iv) the expected continuing growth of the new energy fuel cell market and hence the significant increase in the Group's purchase demand from Weichai Holdings Group and its Associates, which justifies the reason for setting the proposed New Caps below. Based on the above analysis, we are of the view that the setting of the proposed New Caps below is fair and reasonable.

The table below summarises the proposed New Caps for the Weichai Continuing Connected Transaction for the three years ending 31 December 2027:

	2025	2026	2027
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Proposed New Cap	8,000,000,000	9,000,000,000	10,000,000,000
Change from previous year (%)		12.50%	11.11%

Based on our review of the Group's adjusted sales plan prepared based on the latest market development, and considering the expected annual actual transaction amount under the Existing Weichai Combustion Purchase Agreements will be less than originally expected, we consider that it is appropriate to adjust the annual cap (on an aggregate basis) for the year ending 31 December 2025 to the proposed New Cap of RMB8,000 million. Also, we are of the view that, given most of the historical utilisation rates for the financial year ended 31 December 2024 were relatively high, and the summary of the Group's adjusted sales plan we have reviewed confirms an increasing trend in the production volumes, it is fair and reasonable for a slight increase in the proposed New Caps of approximately 12.50% and 11.11% for the two years ending 31 December 2027 respectively in order to cater for the expected growth in purchases in the respective years.

D. RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

DETAILS OF THE CONTINUING CONNECTED TRANSACTIONS AND THE RELEVANT NEW FRAMEWORK AGREEMENTS

Continuing Connected Transactions between Weichai Freshen Air (and its subsidiaries) and the Group

The Company

The Company is principally engaged in the research and development, manufacture and sale of high-speed heavy-duty diesel engines and engine parts.

Weichai Freshen Air

Weichai Freshen Air was established on 16 August 2013 as a limited liability company in the PRC. Weichai Freshen Air is principally engaged in the research and development, design, production, sale and repair (excluding casting), transfer of air purification technology, consultancy and import and export trade of goods and technology permitted by the State.

Weichai Freshen Air has since 31 October 2022 become a non-wholly owned subsidiary of the Company, held as to 70% by the Company and 30% by Ji'nan Power. Ji'nan Power is a wholly owned subsidiary of Sinotruk HK. To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, Sinotruk HK is held as to approximately 51% by CNHTC, a commercial vehicle manufacturer, which is held as to 65% by Shandong Heavy Industry. Shandong Heavy Industry indirectly holds approximately 16.33% of the total issued share capital of the Company, and is a substantial shareholder and a connected person of the Company. Ji'nan Power, being a fellow subsidiary of the Company, is also a connected person of the Company. Therefore, Weichai Freshen Air is an associate of Ji'nan Power, and also a connected subsidiary of the Company pursuant to Rule 14A.16 of the Listing Rules, and, in turn, a connected person of the Company.

Sinotruk HK together with its subsidiaries primarily specialise in the research, development and manufacturing of heavy duty trucks, medium-heavy duty trucks, light duty trucks, etc. and related key assemblies, parts and components including engines, cabins, axles, steel frames and gearboxes as well as the provision of financial services. Sinotruk HK is a company whose shares are listed on the Main Board of the Stock Exchange.

Shandong Heavy Industry, one of the leading automobile and equipment groups in the PRC, is in turn a state-owned enterprise organised under the laws of the PRC with limited liability and is ultimately governed and controlled by the State-owned Assets Supervision and Administration Commission of Shandong Provincial Government (山東省人民政府國有資產監督管理委員會).

(a) Sale of vehicle parts and components, engines, engine parts and components and other products and provision of services by the Company (and its subsidiaries) to Weichai Freshen Air (and its subsidiaries)

Agreement: New Weichai Freshen Air Supply Agreement

Date: 29 August 2025

Parties: 1. The Company
2. Weichai Freshen Air

Term: 1 January 2026 to 31 December 2028

The terms of the New Weichai Freshen Air Supply Agreement are substantially the same as those of the Existing Weichai Freshen Air Supply Agreement.

Pursuant to the New Weichai Freshen Air Supply Agreement, the Company and/or other Group Company (as the case may be) shall sell vehicle parts and components, engines, engine parts and components and other products and provide services (as the case may be) to the Weichai Freshen Air Group at market prices, for a term of three years ending 31 December 2028. Upon the expiry of the term of the New Weichai Freshen Air Supply Agreement, the parties shall have an option to renew the same for a period of three years on a mutually agreed basis. Depending on the terms of the definitive agreements to be entered into by the parties, the relevant price for the relevant products and/or services shall, as the case may be, be settled on a monthly or quarterly basis or in accordance with the progress of the provision of the relevant products and/or services.

The price of the said products shall be determined according to the following mechanism: the sales department of the Company regularly conducts market research and analysis regarding specific products, in which a number of factors, including the overall market prices, market shares, ordering situation and performance of major competitors of such products, are comprehensively considered, and submits a price suggestion after its analysis to the Company's price management department, and the final prices are determined at arm's length negotiation among the parties. Such market research and analysis are normally conducted on at least an annual basis (with increased frequency when faced with fierce market competitions), and the relevant data relied on for such purposes is collected from the Group's sales units, distributors and ultimate end users with at least three quotations obtained from independent third parties. The price management department of the Company regularly reviews the reasonableness of prices and makes amendments when necessary. Further, the Directors are of the view that the payment terms for this Continuing Connected Transaction are fair and reasonable to the Company, given that such terms are comparable to those of the industry norm which usually imposes a settlement period of 30 to 90 days with adjustments made based on factors including the scale of cooperation and market position.

We have reviewed the market research conducted by the Company on the comparison of pricing by product and by business segment with other major players in the same industry and also the monthly report prepared by the Company on the impact of recent economic data and government policies on the industry outlook, which demonstrated how the Company ascertained the market price and the material terms during the price determination process.

In addition, we have reviewed three samples of transactions conducted with the Company's related party, which are selected by the Company by choosing one sample from each of the latest three financial years on a random basis, and such samples confirm that the relevant transaction prices were on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders. We consider that the selection criteria has adequately covered the transactions relating to the sale of the above products and services by the Company to the Weichai Freshen Air Group and the selected sample size is adequate, sufficient, fair and representative in concluding our view that the above pricing policy was properly followed. In this connection, we have reviewed the annual report of the Company for the year ended 31 December 2024 and note that the independent non-executive Directors of the Company have reviewed the internal control procedures put in place by the Company and the continuing connected transactions set out therein and have confirmed that the internal control procedures were adequate and effective, and that the continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole. We also note that the auditors of the Company was engaged to report on the Group's continuing connected transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised), "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information," and with reference to Practice Note 740, "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules," issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions referred to therein. Accordingly, we are of the view that the terms of the transactions between the Company and its related parties are fair and reasonable so far as the Company and the Independent Shareholders are concerned and the Company's internal control measures are able to ensure that the Continuing Connected Transactions are made on terms no less favourable to the Group as compared to those available to independent third parties, and the abovementioned methods and procedures under the pricing policies can ensure that the Continuing Connected Transactions are conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

The table below summarises the Existing Caps for the three years ending 31 December 2025 for this Continuing Connected Transaction:

	2023	2024	2025
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing Caps	310,000,000	520,000,000	830,000,000

The table below summarises (i) the actual transaction amounts involved for the two years ended 31 December 2024 and six months ended 30 June 2025 (unaudited) in respect of the Group's sale of relevant products and services to the Weichai Freshen Air Group, and (ii) the relevant utilisation rates for the two financial years ended 31 December 2024 and the six months ended 30 June 2025 compared to the Existing Caps for the three financial years ending 31 December 2025 respectively:

	For the year ended 31 December 2023 <i>RMB</i> (audited)	For the year ended 31 December 2024 <i>RMB</i> (audited)	For the six months ended 30 June 2025 <i>RMB</i> (unaudited)
Actual transaction amount	204,444,946	143,375,088	1,398,112
Approximate utilisation rate	65.95%	27.57%	0.17%

As at the Latest Practicable Date, the actual transaction amount for the transactions contemplated under the Existing Weichai Freshen Air Supply Agreement has not exceeded the respective Existing Cap thereunder for the year ending 31 December 2025.

As illustrated above, we note that the historical utilisation rate has decreased from approximately 65.95% for the year ended 31 December 2023 to approximately 27.57% for the year ended 31 December 2024 and was very low for the six months ended 30 June 2025, being approximately 0.17% compared to the Existing Cap for the year ending 31 December 2025.

As discussed with the Company, we note that in 2024, against the backdrop of a slowing economic growth, procurement volumes for post-processing products declined due to cyclical fluctuations, structural changes and technological factors, resulting in a substantial decrease in the Weichai Freshen Air Group's sales and in turn its procurement expenditures. With such decrease in demand from the Weichai Freshen Air Group, in particular, its reduction in undertaking testing projects, the Group's sales to the Weichai Freshen Air Group (including the supply of research and development services for testing projects) experienced a substantial decline in 2024. In the first half of 2025, the gross domestic product (GDP) of China grew by 5.2% quarter-on-quarter and 5.3% year-on-year cumulatively. The composite purchasing manager index (PMI) stood at 50.7%, while the manufacturing PMI index reached 49.7%. Nationwide fixed-asset investment increased by 2.8% year-on-year, and China's logistics industry prosperity index registered 50.8. The

Company considers that these macroeconomic indicators illustrates that China's economy maintained stable growth momentum and continued its weak recovery, and expect that the engine market is expected to remain fundamentally stable over the next three years.

Also, based on our discussion with the Company, we understand that the Board also noted the substantial decrease in the transaction amount for the six months ended 30 June 2025, which was mainly due to the dual pressure exerted by the macro economy as illustrated above and the maintenance of a high-level oil price which, in turn, adversely affected the diesel engine market and led to a decline in demand of the products and services supplied by the Group to Weichai Freshen Air for the relevant period. Further, in respect of the supply of research and development services by the Group to the Weichai Freshen Air Group, they are provided based on the progress of the testing projects conducted by the Weichai Freshen Air Group, and settlement will be made after completion of the relevant projects. In the first half of 2025, given that only a few testing projects had been completed, passed the acceptance inspection and reached the settlement stage, the fees paid by the Weichai Freshen Air Group to the Group for the relevant research and development services remained low, resulting in the actual transaction amount during the relevant period being relatively low. During the term of the Existing Weichai Freshen Air Supply Agreement, the payment terms under the Existing Weichai Freshen Air Supply Agreement in respect of the supply of research and development services have been complied with.

However, the Board is of the view that the potential of and the fundamentals for a long-term economic upturn have not changed for China. Market expectations and confidence are expected to recover due to the implementation of measures to stabilise the economy and boost consumption and the accelerated recovery of infrastructure investment. Hence, the Board expects that the exceptional decrease in 2025 will not continue as the market's demand is expected to revive from the second half of 2025 onwards. Under the influence of favourable factors such as the recovery of logistics and transportation support from infrastructure, the implementation of relevant supporting policies, and continual growth of export markets, the suppressed demand in industry will be released and the restoration of a trend of growth is expected in the second half of 2025.

According to the Ministry of Ecology and Environment, China will align with advanced European and American regulations to formulate National VII emission standards for light-duty and heavy-duty vehicles. The implementation of such standards will achieve, in around two years' time, emission control levels comparable to those in Europe and America, which is expected to result in synergistic reductions in both pollution and carbon emissions from motor vehicles. Based on such new National VII standards, the Weichai Freshen Air Group anticipates an increase in its research and development investment over the next three years, which is expected to result in an increase in its procurement of research and development services from the Group. Hence, the Company estimates that the transaction amounts in respect of the Continuing Connected Transaction for the three years ending 31 December 2028 will not exceed RMB400 million, RMB600 million and RMB800 million, respectively, and such amounts have accordingly been set as the proposed New Caps for this Continuing Connected Transaction.

Based on our discussion with the Company, we understand that the above proposed New Caps have been estimated by the Company primarily based on (i) the relevant historical transaction amounts, (ii) the expectation that the diesel engine market will revive for the years 2026 to 2028 and the demand of Weichai Freshen Air for the products and services supplied by the Group will return to a normal or even higher level in the future; and (iii) the expected increase in the estimated transaction amounts for the sale of relevant products and services in light of the implementation of the Group's sales plan for the years 2026 to 2028.

Taking into account the low utilisation rate of the relevant Existing Caps for the year 2024 and 2025, the Board proposed that the proposed New Cap for the year ending 31 December 2026 be adjusted downwards by more than 50% from the Existing Cap of RMB830 million for the year ending 31 December 2025. Further, taking into account and on the basis of all the aforesaid factors, it is estimated that the overall transaction amount of the said sale of products and services by the Group to Weichai Freshen Air will become RMB400 million for the year ending 31 December 2026, and further by approximately 50.0% and 33.3% for each of the years ending 31 December 2027 and 31 December 2028, respectively. The proposed New Caps for the two financial years ending 31 December 2028 reflect such expected increase as shown in the table below.

The table below sets out the proposed New Caps for the Continuing Connected Transaction for the three years ending 31 December 2028:

	2026	2027	2028
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Proposed New Caps	400,000,000	600,000,000	800,000,000
Change from previous year (%)		50.00%	33.33%

On the basis of the low historical utilisation rates and considering the expected demand to pick up in years 2026 to 2028, we agree with the Company that it is fair and reasonable to substantially reduce the proposed New Caps for the year ending 31 December 2026 to RMB400 million, from RMB830 million for the year ending 31 December 2025, due to low historical utilisation for the six months ended 30 June 2025 as shown above and the downward trend in 2024. Also, based on our review of the Group's sales plan for the years 2026 to 2028 and the market research conducted by the Company which demonstrated a growing trend of the diesel engine market for the years 2026 to 2028, we are of the view that it is fair and reasonable to set the proposed New Caps for each of the years ending 31 December 2027 and 31 December 2028 with an increase of approximately 50.0% and 33.3% respectively in order to cater for the expected growing demand of Weichai Freshen Air for the products and services supplied by the Group.

(b) Purchase of vehicle parts and components, engine parts and components and other products and receiving of services by the Company (and its subsidiaries) from Weichai Freshen Air (and its subsidiaries)

Agreement: New Weichai Freshen Air Purchase Agreement

Date: 29 August 2025

Parties: 1. The Company
2. Weichai Freshen Air

Term: 1 January 2026 to 31 December 2028

The terms of the New Weichai Freshen Air Purchase Agreement are substantially the same as those of the Existing Weichai Freshen Air Purchase Agreement.

Pursuant to the New Weichai Freshen Air Purchase Agreement, the Weichai Freshen Air Group shall supply vehicle parts and components, engine parts and components and other products and provide services to (as the case may be) the Company and/or other Group Company (as the case may be) at market prices, for a term of three years ending 31 December 2028. Upon the expiry of the term of the New Weichai Freshen Air Purchase Agreement, the parties shall have an option to renew the same for a period of three years on a mutually agreed basis. Depending on the terms of the definitive agreements to be entered into by the parties, the relevant price for the relevant products and/or services shall, as the case may be, be settled on a monthly or quarterly basis or in accordance with the progress of the provision of the relevant products and/or services.

The price of the said products and/or services shall be determined according to the following mechanism: the procurement department of the Company regularly conducts market research regarding specific products and/or services, in which a number of factors, including the overall market prices, market shares, ordering situation and performance of major competitors of such products and/or services, are comprehensively considered, and submits a price suggestion after its analysis to the Company's price management department, and the final prices are determined at arm's length negotiation among the parties. Such market research and analysis are normally conducted on at least an annual basis (with increased frequency when faced with fierce market competitions), and the relevant data relied on for such purposes is collected from the Group's sales units, distributors and ultimate end users with at least three quotations obtained from independent third parties. The price management department of the Company regularly reviews the reasonableness of prices and makes amendments when necessary. Further, the Directors are of the view that the payment terms for this Continuing Connected Transaction are fair and reasonable to the Company, given that such terms are comparable to those of the industry norm which usually imposes a settlement period of 30 to 90 days with adjustments made based on factors including the scale of cooperation and market position.

We have reviewed the market research conducted by the Company on the comparison of pricing by product and by business segment with other major players in the same industry and also the monthly report prepared by the Company on the impact of recent economic data and government policies on the industry outlook, which demonstrated how the Company ascertained the market price and the material terms during the price determination process.

In addition, we have reviewed three samples of transactions conducted with the Company's related party, which are selected by the Company by choosing one sample from each of the latest three financial years on a random basis, and such samples confirm that the relevant transaction prices were on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders. We consider that the selection criteria has adequately covered the transactions relating to the purchase of the above products and services by the Company from the Weichai Freshen Air Group and the selected sample size is adequate, sufficient, fair and representative in concluding our view that the above pricing policy was properly followed. In this connection, we have reviewed the annual report of the Company for the year ended 31 December 2024 and note that the independent non-executive Directors of the Company have reviewed the internal control procedures put in place by the Company and the continuing connected transactions set out therein and have confirmed that the internal control procedures were adequate and effective, and that the continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole. We also note that the auditors of the Company was engaged to report on the Group's continuing connected transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised), "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information," and with reference to Practice Note 740, "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules," issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions referred to therein. Accordingly, we are of the view that the terms of the transactions between the Company and its related parties are fair and reasonable so far as the Company and the Independent Shareholders are concerned and the Company's internal control measures are able to ensure that the Continuing Connected Transactions are made on terms no less favourable to the Group as compared to those available to independent third parties, and the abovementioned methods and procedures under the pricing policies can ensure that the Continuing Connected Transactions are conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

The table below summarises the Existing Caps for the three years ending 31 December 2025 for this Continuing Connected Transaction:

	2023	2024	2025
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing Caps	9,500,000,000	13,450,000,000	18,985,000,000

The table below summarises (i) the actual transaction amounts involved for the two years ended 31 December 2024 and six months ended 30 June 2025 (unaudited) in respect of the Group's purchase of relevant products and services from the Weichai Freshen Air Group, and (ii) the relevant utilisation rates for the two financial years ended 31 December 2024 and the six months ended 30 June 2025 compared to the Existing Caps for the two financial years ended 31 December 2024 and the financial year ending 31 December 2025:

	For the year ended 31 December 2023 <i>RMB</i> (audited)	For the year ended 31 December 2024 <i>RMB</i> (audited)	For the six months ended 30 June 2025 <i>RMB</i> (unaudited)
Actual transaction amount	5,251,994,062	3,683,245,835	1,790,446,667
Approximate utilisation rate	55.28%	27.38%	9.43%

As illustrated above, we note that the historical utilisation rate has decreased from approximately 55.28% for the year ended 31 December 2023 to approximately 27.38% for the year ended 31 December 2024 and was relatively low for the six months ended 30 June 2025, being approximately 9.43% compared to the Existing Cap for the year ending 31 December 2025.

As discussed with the Company, we understand that the above low historical utilisation rates were affected by the market environment, where the sales of engines had decreased slightly, and accordingly, the Group's purchase of products and services from the Weichai Freshen Air Group showed a trend of decrease in 2024 and 2025. Further, the Board also noted an unexpected substantial decrease in the transaction amount from 2024 to 2025, which was mainly due to the dual pressure exerted by the macro economy and the maintenance of a high-level oil price which, in turn, adversely affected the diesel engine market and led to a decline in demand of the products and services purchased from Weichai Freshen Air by the Group for the relevant period.

However, the Board is of the view that the potential of and the fundamentals for a long-term economic upturn have not changed for China. Market expectations and confidence are expected to recover due to the implementation of measures to stabilise the economy and boost consumption and the accelerated recovery of infrastructure investment. Under the influence of favourable factors such as the recovery of logistics and transportation support from infrastructure, the implementation of relevant supporting

policies, and continual growth of export markets, the suppressed demand in the industry will be released and the market for engines equipped with after treatment is expected to stabilise.

We note that in the first half of 2025, the gross domestic product (GDP) of China grew by 5.2% quarter-on-quarter and 5.3% year-on-year cumulatively. The composite purchasing manager index (PMI) stood at 50.7%, while the manufacturing PMI index reached 49.7%. Nationwide fixed-asset investment increased by 2.8% year-on-year, and China's logistics industry prosperity index registered 50.8. The Company considers that these macroeconomic indicators illustrates that China's economy maintained stable growth momentum and continued its weak recovery, and expect that the engine market is expected to remain fundamentally stable over the next three years. In light of the above, the Group's procurement plan for the coming years is also forecast with a overall trend of improvement, under which the Company estimates that the transaction amounts in respect of the Continuing Connected Transaction for the three years ending 31 December 2028 will not exceed RMB4,300 million, RMB4,450 million and RMB4,500 million, respectively, and such amounts have accordingly been set as the proposed New Caps for this Continuing Connected Transaction.

Based on our discussion with the Company, we understand that the above proposed New Caps have been estimated by the Company primarily based on (i) the relevant historical transaction amounts; (ii) the projected volume of such procurement and services following the implementation of the Group's 2026-2028 sales plan; and (iii) a buffer of 10% in preparation of potential market fluctuations.

Taking into account the low utilisation rates of the relevant Existing Caps for the years 2024 and 2025, the Board proposed that the proposed New Cap for the year ending 31 December 2026 be adjusted downwards by more than 70% from the Existing Cap of RMB18,985 million for the year ending 31 December 2025. Further, taking into account and on the basis of all the aforesaid factors, it is estimated that the overall transaction amount of the said purchase of products and services by the Group from Weichai Freshen Air will increase by approximately 20% for the year ending 31 December 2026 as compared with the annualised transaction amount in 2025 (calculated in accordance with the actual transaction amount for the six months ended 30 June 2025), and further by approximately 3.49% and 1.12% for each of the years ending 31 December 2027 and 31 December 2028, respectively. This is reflected by the percentage increase as shown in the table below.

The table below sets out the proposed New Caps for the Continuing Connected Transaction for the three years ending 31 December 2028:

	2026	2027	2028
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Proposed New Caps	4,300,000,000	4,450,000,000	4,500,000,000
Change from previous year (%)		3.49%	1.12%

We note the low historical utilisation rates of the relevant Existing Caps for the year ended 31 December 2024 and the six months ended 30 June 2025 and consider that it is fair

and reasonable to adjust from the Existing Cap of RMB18,985 million for the year ending 31 December 2025 to the proposed New Cap of RMB4,300 million for the year ending 31 December 2026, with a decrease of approximately 77.35% in order to reflect the lower than expected volume of procurement and services. Also, we have reviewed the summary of the sales plan of the Group for years 2026 to 2028 and confirm that there is only minimal increase in the expected sales in 2027 and 2028 and accordingly, we are of the view that the slight increase in the proposed New Caps of approximately 3.49% and 1.12% for the two years ending 31 December 2028 respectively is fair and reasonable.

E. NEW CONTINUING CONNECTED TRANSACTIONS

Continuing Connected Transactions between Weichai New Energy (and its subsidiaries) and the Group

The Company

The Company is principally engaged in the research and development, manufacture and sale of high-speed heavy-duty diesel engines and engine parts.

Weichai New Energy

Weichai New Energy is a non-wholly owned subsidiary of the Company and is principally engaged in research and development of new energy technology, automotive parts, motors and control systems and electromechanical coupling systems; engineering and technological research and experimental development; promotion services of new material technologies; Internet of Things technology services; manufacturing of automotive parts and accessories and testing machine; manufacturing and sales of fuel cells and motors; sales of new energy vehicle electrical accessories, plug-in hybrid engines and new energy vehicles. It is held as to 70% by the Company and 30% by Sinotruk Hydrogen Energy, which is a wholly owned subsidiary of CNHTC. CNHTC, a commercial vehicles manufacturer, which is held as to 65% by Shandong Heavy Industry. Shandong Heavy Industry indirectly holds approximately 16.33% of the total issued share capital of the Company, and is a substantial shareholder and a connected person of the Company. Therefore, Weichai New Energy is a connected subsidiary of the Company pursuant to Rule 14A.16 of the Listing Rules, and, in turn, a connected person of the Company.

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, Shandong Heavy Industry, one of the leading automobile and equipment groups in the PRC and a state-owned enterprise organised under the laws of the PRC with limited liability, is ultimately governed and controlled by the State-owned Assets Supervision and Administration Commission of Shandong Provincial Government (山東省人民政府國有資產監督管理委員會).

(a) Sale of raw materials of fuel cells and other products and provision of services by the Company (and its subsidiaries) to Weichai New Energy (and its subsidiaries)

Agreement: Weichai New Energy Supply Agreement

Date: 29 August 2025

Parties: 1. The Company
2. Weichai New Energy

Term: 1 January 2025 to 31 December 2027

Pursuant to the Weichai New Energy Supply Agreement, the Company (and/or other Group Company) (as the case may be) shall sell raw materials of fuel cells and other products, and provide services to the Weichai New Energy Group at market prices and settled on a monthly or quarterly basis (depending on the terms of the definitive agreements to be entered into by the parties), for a term of three years ending 31 December 2027, upon the expiry of which the parties may renew the term for another three years on a mutually agreed basis.

The price of the said products and/or services shall be determined according to the following mechanism: the sales department of the Company regularly conducts market research and analysis regarding specific products and/or services, in which a number of factors, including the overall market prices, market shares, ordering situation and performance of major competitors of such products and/or services, are comprehensively considered in order to formulate its pricing proposal which will be put before the price management department of the Company for approval, and the final prices are determined at arm's length negotiation among the parties. Such market research and analysis are normally conducted on at least an annual basis (with increased frequency when faced with fierce market competitions), and the relevant data relied on for such purposes is collected from the Group's sales units, distributors and ultimate end users with at least three quotations obtained from independent third parties. The price management department of the Company regularly reviews the reasonableness of prices and makes amendments when necessary. Further, the Directors are of the view that the payment terms for this Continuing Connected Transaction are fair and reasonable to the Company, given that such terms are comparable to those of the industry norm which usually imposes a settlement period of 30 to 90 days with adjustments made based on factors including the scale of cooperation and market position.

We have reviewed the market research conducted by the Company on the comparison of pricing by product and by business segment with other major players in the same industry and also the monthly report prepared by the Company on the impact of recent economic data and government policies on the industry outlook, which demonstrated how the Company ascertained the market price and the material terms during the price determination process.

In addition, we have reviewed three samples of transactions conducted with the Company's related party, which are selected by the Company by choosing one sample from each of the latest three financial years on a random basis, and such samples confirm that the relevant transaction prices were on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders. We consider that the selection criteria has adequately covered the transactions relating to the sale of the above products and services by the Company to Weichai New Energy and its subsidiaries and the selected sample size is adequate, sufficient, fair and representative in concluding our view that the above pricing policy was properly followed. In this connection, we have reviewed the annual report of the Company for the year ended 31 December 2024 and note that the independent non-executive Directors of the Company have reviewed the internal control procedures put in place by the Company and the continuing connected transactions set out therein and have confirmed that the internal control procedures were adequate and effective, and that the continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole. We also note that the auditors of the Company was engaged to report on the Group's continuing connected transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised), "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information," and with reference to Practice Note 740, "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules," issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions referred to therein. Accordingly, we are of the view that the terms of the transactions between the Company and its related parties are fair and reasonable so far as the Company and the Independent Shareholders are concerned and the Company's internal control measures are able to ensure that the Continuing Connected Transactions are made on terms no less favourable to the Group as compared to those available to independent third parties, and the abovementioned methods and procedures under the pricing policies can ensure that the Continuing Connected Transactions are conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2024 (audited) and the six months ended 30 June 2025 (unaudited) for the Continuing Connected Transaction:

	For the year ended 31 December 2023 RMB (audited)	For the year ended 31 December 2024 RMB (audited)	For the six months ended 30 June 2025 RMB (unaudited)
Actual transaction amount	26,907,160	78,556,181	17,093,820

Reference is made to the announcement of the Company dated 30 August 2023 and the circular of the Company dated 30 November 2023 in respect of certain continuing connected transactions under the Existing Weichai Holdings Sale Agreement pursuant to which the Company and its subsidiaries shall sell diesel engines, diesel engine parts and components, materials, semi-finished products, hydraulic products and related products and to provide related services to Weichai Holdings and its associates for the term of three years ending 31 December 2026 (“**Weichai Holdings Sale CCT**”). Reference is also made to the extraordinary general meeting of the Company held on 29 December 2023, pursuant to which the Existing Weichai Holdings Sale Agreement (with an annual cap of RMB6,725,000,000 for the year ending 31 December 2025) was approved.

As Weichai New Energy is an associate of Weichai Holdings, the Group’s sale of relevant products and services to the Weichai New Energy Group constitutes part of the transactions contemplated under the Existing Weichai Holdings Sale Agreement. As at the Latest Practicable Date, the approved annual cap for the year ending 31 December 2025 under the Existing Weichai Holdings Sale Agreement has not been exceeded having taking into account the relevant transactions between the Group and the Weichai New Energy Group.

Based on our discussion with the Company, we note that in the first half of 2025, the products and services supplied by the Group to the Weichai New Energy Group mainly comprise the supply of research and development services, which are provided based on the progress of the testing projects conducted by the Weichai New Energy Group, and settlement will be made after completion of the relevant projects. Given that during the first six months ended 30 June 2025, only a few testing projects had been completed, passed the acceptance inspection and reached the settlement stage, the fees paid by the Weichai New Energy Group to the Group for the relevant research and development services remained low, resulting in the actual transaction amount during the relevant period being relatively low.

As discussed with the Company, we also understand that, since 2025, due to the continued expansion of the new energy market and the growth of demand for new energy fuel cells exceeding expectations, for the first half of 2025, Weichai New Energy Group in fact recorded substantial sales growth for fuel cells and other products that it manufactured. The sales recorded by the Weichai New Energy Group for the six months ended 30 June 2025 already represented 78% of its full year sales in 2024. Driven by the dual carbon goals, the electrification process of vehicles is accelerating. Coupled with policies favouring new energy vehicles such as trade-in incentives, structural opportunities within the industry are becoming increasingly evident. Concurrently, as the total cost of ownership of new energy vehicles continues to improve, particularly in terms of the price differential between petrol and electricity (including maintenance costs), new energy commercial vehicles are progressively demonstrating their economic advantages. In view of the anticipated continuing growth in demand for new energy fuel cells from the second half of 2025 to 2027, demand for fuel cells and related products and services manufactured by Weichai New Energy Group is expected to maintain significant growth from 2025 to 2027 considering that the Weichai New Energy Group had achieved multi-dimensional breakthroughs in its new energy products, achieving rapid business

growth in the first half of 2025 which sales of fuel cells outperforming industry growth, and the Group will in the coming years continue to pursue strategic optimisation and enhance internal synergies to sustain rapid growth in its new energy operations. Weichai New Energy Group, as a key supplier to the Company, also plays a significant role in the Group's sales operations. By providing relevant research and development services to the Weichai New Energy Group, the Group would in turn enable the Weichai New Energy Group deliver higher-quality products and services to the Group. Consequently, Weichai New Energy Group's procurement demand for raw materials of fuel cells and related products and services is also expected to increase substantially during the same period.

In recent years, the new energy powertrain market has experienced sustained growth. The new energy powertrain technology has been upgrading continuously, and the market competition has been intense. In addition, national regulations and policies have been successively introduced, driving the upgrading and transformation of new energy powertrain systems. The new national standards to be implemented in 2026 mandate that fuel cells must "not catch fire or explode". The State Council required the establishment of a tracing mechanism to cover the full process of "production-sale-recall", and the target of more than 70% of standardised recycling rates of power fuel cells has been set for 2025. It is anticipated that the regulations over the new energy powertrain systems will be tightened in the future. Under the aforementioned market environment and regulatory developments, the Weichai New Energy Group is expected to increase its investments in research and development and its procurement of research and development from the Group. The Company estimates that the transaction amounts in respect of the Continuing Connected Transaction for the three years ending 31 December 2027 will not exceed RMB300 million, RMB500 million and RMB700 million, respectively, and such amounts have accordingly been set as the proposed New Caps for this Continuing Connected Transaction.

Based on our discussion with the Company, we understand that the above proposed New Caps have been estimated by the Company primarily based on (i) the relevant historical amounts, (ii) the expectation on the fuel cell market, and (iii) the expected increase in the estimated transaction amounts for the sale of relevant products and services in light of the Group's sales plan for the years 2025 to 2027.

Taking into account and on the basis of all the aforesaid factors, it is estimated that the overall transaction amount of the said sale of products and services by the Group to the Weichai New Energy Group on an annual basis will increase by approximately 66.7% and 40.0% for each of the two years ending 31 December 2027, respectively, which is reflected in the table below.

The table below summarises the proposed New Caps for the Continuing Connected Transaction for the three years ending 31 December 2027:

	2025	2026	2027
	RMB	RMB	RMB
Proposed New Caps	300,000,000	500,000,000	700,000,000
Change from previous year (%)		66.67%	40.00%

We note that Weichai New Energy Group recorded substantial sales growth for fuel cells and other products that it manufactured in the first half of 2025, which represented 78% of its full year sales in 2024; and the actual transaction amount for the year ended 31 December 2024 has increased significantly by approximately 191.95% as compared to the preceding year. Based on our review of the market research conducted by the Company which demonstrated an expected growth trend of the fuel cell market and the expected continuing increase in the demand for the fuel cells and related products and services manufactured by Weichai New Energy Group, we consider that it is fair and reasonable to set the proposed New Cap of RMB300 million for the year ending 31 December 2025 in order to cater for the expected continuing increase in the estimated transaction amounts for 2025. Also, we have reviewed the Group's sales plan for the years 2025 to 2027 and confirm that there is continuing significant increase in the expected sales volumes for each of the two years ending 31 December 2027 respectively and agree that the increase of approximately 66.7% and 40.0% for the proposed New Caps for the two years ending 31 December 2027 is fair and reasonable.

(b) Purchase of fuel cells and motors and other products and receiving of services by the Company (and its subsidiaries) from Weichai New Energy (and its subsidiaries)

Agreement:	Weichai New Energy Purchase Agreement
Date:	29 August 2025
Parties:	1. The Company 2. Weichai New Energy
Term:	1 January 2025 to 31 December 2027

Pursuant to the Weichai New Energy Purchase Agreement, the Company, and/or other Group Company (as the case may be) shall purchase fuel cells and motors and other products and receive services from the Weichai New Energy Group at market prices and settled on a monthly or quarterly basis (depending on the terms of the definitive agreements to be entered into by the parties), for a term of three years ending 31 December 2027, upon the expiry of which the parties shall have an option to renew the term for another three years on a mutually agreed basis.

The price of the said products and/or services shall be determined according to the following mechanism: the procurement department of the Company regularly conducts market research and analysis regarding specific products and/or services, in which a number of factors, including the overall market prices, market shares, ordering situation and performance of major competitors of such products and/or services, are comprehensively considered in order to formulate its pricing proposal which will be put before the price management department of the Company for approval, and the final prices are determined at arm's length negotiation among the parties. Such market research and analysis are normally conducted on at least an annual basis (with increased frequency when faced with fierce market competitions), and the relevant data relied on for such purposes is collected from the Group's sales units, distributors and ultimate end users

with at least three quotations obtained from independent third parties. The price management department of the Company regularly reviews the reasonableness of prices and makes amendments when necessary. Further, the Directors are of the view that the payment terms for this Continuing Connected Transaction are fair and reasonable to the Company, given that such terms are comparable to those of the industry norm which usually imposes a settlement period of 30 to 90 days with adjustments made based on factors including the scale of cooperation and market position.

We have reviewed the market research conducted by the Company on the comparison of pricing by product and by business segment with other major players in the same industry and also the monthly report prepared by the Company on the impact of recent economic data and government policies on the industry outlook, which demonstrated how the Company ascertained the market price and the material terms during the price determination process.

In addition, we have reviewed three samples of transactions conducted with the Company's related party, which are selected by the Company by choosing one sample from each of the latest three financial years on a random basis, and such samples confirm that the relevant transaction prices were on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders. We consider that the selection criteria has adequately covered the transactions relating to the purchase of the above products and services by the Company from Weichai New Energy and its subsidiaries and the selected sample size is adequate, sufficient, fair and representative in concluding our view that the above pricing policy was properly followed. In this connection, we have reviewed the annual report of the Company for the year ended 31 December 2024 and note that the independent non-executive Directors of the Company have reviewed the internal control procedures put in place by the Company and the continuing connected transactions set out therein and have confirmed that the internal control procedures were adequate and effective, and that the continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole. We also note that the auditors of the Company was engaged to report on the Group's continuing connected transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised), "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information," and with reference to Practice Note 740, "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules," issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions referred to therein. Accordingly, we are of the view that the terms of the transactions between the Company and its related parties are fair and reasonable so far as the Company and the Independent Shareholders are concerned and the Company's internal control measures are able to ensure that the Continuing Connected Transactions are made on terms no less favourable to the Group as compared to those available to independent third parties, and the abovementioned methods and procedures under the

pricing policies can ensure that the Continuing Connected Transactions are conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2024 (audited) and the six months ended 30 June 2025 (unaudited) for the Continuing Connected Transaction:

	For the year ended 31 December 2023 RMB (audited)	For the year ended 31 December 2024 RMB (audited)	For the six months ended 30 June 2025 RMB (unaudited)
Actual transaction amount	97,785,085	143,861,563	629,881,312

Reference is made to the announcement of the Company dated 30 August 2022 in respect of certain continuing connected transactions under the Existing Weichai Holdings Purchase Agreement, pursuant to which the Company and its subsidiaries shall purchase vehicles, parts and components of vehicles and related products, excavators, loaders, raw materials including gas and scrap metals etc., diesel engines and related products, and processing services from Weichai Holdings and its associates for a term of three years ending 31 December 2025 (“**Weichai Holdings Purchase CCT**”), and an annual cap of RMB4,110,000,000 for the year ending 31 December 2025 was set therein.

As Weichai New Energy is an associate of Weichai Holdings, the Group’s purchase of relevant products and services from the Weichai New Energy Group constitutes part of the transactions contemplated under the Existing Weichai Holdings Purchase Agreement. As at the Latest Practicable Date, the approved annual cap for the year ending 31 December 2025 under the Existing Weichai Holdings Purchase Agreement has not been not exceeded having taking into account the relevant transactions between the Group and the Weichai New Energy Group.

As discussed with the Company, we understand that, since 2025, due to the continued expansion of the new energy market and the growth of demand for new energy fuel cells exceeding expectations, for the first half of 2025, Weichai New Energy Group recorded substantial growth in sales to the Group of nearly 7.8 times the 2024 level for fuel cells and other products that it manufactured. The primary products procured by the Group from Weichai New Energy Group are new energy fuel cells and electric motor products. These products are crucial for supporting the subsequent production, sales, and product transition towards new energy heavy-duty trucks. Sourcing from the Weichai New Energy Group enables the Group to obtain stable, reliable, and high-quality products and services. In view of the anticipated continuing growth in demand for new energy fuel cells from the second half of 2025 to 2027, according to the sales plan of Weichai New Energy Group, its sales of relevant products and services to the Group are expected to maintain a trend of substantial growth from 2025 to 2027.

Based on our discussion with the Company, we also note that in recent years, the new energy powertrain industry has achieved rapid development. In respect of the domestic market, according to data from the China Association of Automobile Manufacturers (中國汽車工業協會), in the first half of 2025, China's new energy vehicle sales reached 5,878,000 units, representing a 35.5% year-on-year increase, amongst which, new energy passenger vehicle sales reached 5,524,000 units, representing a 34.3% year-on-year increase and a penetration rate of 50.4%, whilst new energy commercial vehicle sales reached 354,000 units, representing a 55.9% year-on-year increase and a penetration rate of 21.8%. It is anticipated that the new energy power market will sustain a continued growth in the future. The Group has therefore prioritised new energy as a key direction of its strategic development. During the first half of 2025, the Group's new energy business maintained a phase of sustained growth. However, based on the Group's business plan, in the second half of 2025, the Group will significantly increase its procurement expenditure on new energy through strategic optimisation and enhanced internal business synergy, and accordingly, it is estimated that Weichai New Energy Group's sales to the Group of the relevant products and services in the second half of 2025 will achieve an increase of three times compared to the first half of 2025.

The Company estimates that the transaction amounts in respect of the Continuing Connected Transaction for the three years ending 31 December 2027 will not exceed RMB3,100 million, RMB7,100 million and RMB10,000 million, respectively, and such amounts have accordingly been set as the proposed New Caps for this Continuing Connected Transaction.

Based on our discussion with the Company, we understand that the above proposed New Caps have been estimated by the Company primarily based on (i) the relevant historical amounts, (ii) the expectation on the fuel cell and motor market, and (iii) the expected increase in the estimated transaction amounts for the purchase of relevant products and services in light of the Group's sales plan for the years 2025 to 2027.

Taking into account and on the basis of all the aforesaid factors, under the assumption that Weichai New Energy Group's sales to the Group of the relevant products and services in the second half of 2025 achieve an increase of three times compared to the first half of 2025, the annualised transaction amount for the year ending 31 December 2025 (calculated based on the actual transaction amount for the six months ended 30 June 2025, and taking into consideration the expected increase in the second half of the year) will be approximately RMB3.1 billion. In addition, it is estimated that the growth rates of the overall transaction amount of the said purchase of products and services by the Group from Weichai New Energy Group for each of the two years ending 31 December 2027 will slightly decrease to approximately 129.0% and 40.8% respectively, which is shown in the table below.

The table below summarises the proposed New Caps for the Continuing Connected Transaction for the three years ending 31 December 2027:

	2025	2026	2027
	RMB	RMB	RMB
Proposed New Caps	3,100,000,000	7,100,000,000	10,000,000,000
Change from previous year (%)		129.03%	40.85%

We note that Weichai New Energy Group recorded substantial growth in sales to the Group in the first half of 2025 of nearly 7.8 times the 2024 level for fuel cells and other products that it manufactured; and the actual transaction amount for the year ended 31 December 2024 has increased significantly by approximately 47.12% as compared to the preceding year. Based on our review of the market research conducted by the Company including data from the China Association of Automobile Manufacturers (中國汽車工業協會), which demonstrated a growth trend of the new energy vehicle sales and the expected increase in the demand for the fuel cells and related products and services manufactured by Weichai New Energy Group, we consider that it is fair and reasonable to set the proposed New Cap of RMB3,100 million for the year ending 31 December 2025 in order to cater for the expected continuing increase in the estimated transaction amounts for the purchase of the relevant products and services in 2025. Also, we have reviewed the Group's sales plan for the years 2025 to 2027 and confirm that there is continuing significant increase in the expected purchases for each of the two years ending 31 December 2027 respectively and agree that the increase of approximately 129.03% and 40.85% for the proposed New Caps for the two years ending 31 December 2027 is fair and reasonable.

F. Reasons for and benefits of the Continuing Connected Transactions

1. Continuing Connected Transactions between Weichai Holdings (and its associates) and the Group

The Company is principally engaged in the research and development, manufacture and sale of high-speed, heavy-duty diesel engines. Prior to the incorporation of the Company and the listing of the Shares on the Stock Exchange, the Company has had business relationships with certain entities. Under the Listing Rules, such entities have become connected persons of the Company since the listing of the Company and the transactions between the Company and such entities constitute continuing connected transactions of the Company. In respect of the Weichai Continuing Connected Transactions between the Company and Weichai Holdings, since their production facilities are located in close proximity to each other and in view of the PRC government's policy not to duplicate construction of production and other facilities, such Weichai Continuing Connected Transaction has been continuing since the listing of the Company on the Stock Exchange.

According to the Letter from the Board, as the Company has conducted these Weichai Continuing Connected Transactions with the relevant entities for many years and

the Company has built up a long term strategic and solid business relationship with these entities, the Directors (including the independent non-executive Directors having considered our advice as the Independent Financial Adviser in respect of the Non-exempt Continuing Connected Transactions) consider it beneficial to the Company to continue to conduct the Weichai Continuing Connected Transactions in order to ensure and maximize operating efficiency and stability of the operations of the Company. The Directors (including the independent non-executive Directors having considered our advice as the Independent Financial Adviser in respect of the Non-exempt Continuing Connected Transactions) are not aware of any disadvantage to the Group in continuing to conduct the Weichai Continuing Connected Transaction.

In addition, the Board considers that the combination of certain Weichai Continuing Connected Transactions of similar natures into one framework agreement, namely, the New Weichai Holdings Sale Agreement and the New Weichai Holdings Purchase Agreement, would present Shareholders with a clearer picture of the relevant Weichai Continuing Connected Transactions entered into between the Group and the Weichai Holdings Group and, in turn, enable the Shareholders to better appreciate the extent of and more easily understand the transactions between the Group and the Weichai Holdings Group on an aggregated basis.

The termination agreements to the Existing Weichai Combustion Sale Framework Agreements, the Existing Yaxing Sale Framework Agreements and the Existing Weichai Combustion Purchase Agreement regarding the shortening of the term of the relevant agreement which is incidental to the entering into of the New Weichai Holdings Sale Agreement and the New Weichai Holdings Purchase Agreement as mentioned above, were made after arm's length negotiations between the relevant parties. We agree with the view of the Board that such terms are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and the aforesaid termination agreements have been entered into in the ordinary and usual course of business of the Group.

2. *Continuing Connected Transactions between Weichai Freshen Air (and its subsidiaries) and the Group*

Weichai Freshen Air had since its establishment in August 2013 been a wholly-owned subsidiary of the Company. Being a business operator within the Group that focuses on the research, design, sale and repair of air purification products for vehicles, the Weichai Freshen Air Group has constantly been supplying air purification products and relevant services to other members of the Group, and other members of the Group has constantly been providing research and development support and supplying products including engines and engine parts and components to Weichai Freshen Air. Given that Weichai Freshen Air has become a non wholly-owned connected subsidiary of the Company upon completion of the capital contribution on 31 October 2022, the abovementioned transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules thereafter, and such transaction have been governed under the Existing Weichai Freshen Air Framework Agreements as disclosed in the announcement of the Company dated 23 November 2022.

Following expiry of the Existing Weichai Freshen Air Framework Agreements, the parties intend to continue to carry out the existing transactions between the Weichai Freshen Air Group and the other members of the Group. The Board is of the view that (i) the purchase of air purification products and relevant services from the Weichai Freshen Air Group will enable the Group to secure a stable and reliable supply of quality air purification products and services, which is essential in supporting the development of the sales of the Group's engine products; and (ii) the provision of services including research and development support to the Weichai Freshen Air Group is also necessary in sustaining the Weichai Freshen Air Group's high quality development and production of relevant products, and in turn ensuring a stable supply of quality products and services to the Group. Further, given that the transactions between the Group and the Weichai Freshen Air Group constitute connected transactions of the Company with its connected subsidiary, the Board considered it appropriate for such transactions to continue to be governed under a separate framework agreement. In light of the above and taking into consideration that Weichai Freshen Air continues to be accounted for as a subsidiary of the Company and Weichai Freshen Air's financial results continue to be consolidated into the Company's consolidated financial statements, we agree with the view of the Board that it is beneficial to the Group to continue to conduct the Continuing Connected Transaction in order to ensure and maximise operating efficiency and stability of the operations of the Group as a whole.

3. *Continuing Connected Transactions between Weichai New Energy (and its subsidiaries) and the Group*

Weichai New Energy was established on 5 September 2017 as a subsidiary of the Company. Being a business operator within the Group that focuses on new energy business, it has constantly been supplying new energy products and services to other members of the Group, and other members of the Group has constantly been providing raw materials and auxiliary materials and technical development services to Weichai New Energy. Given that Weichai New Energy has become a connected subsidiary of the Company since 31 August 2023 following a capital contribution made by Sinotruk Hydrogen Energy, the abovementioned transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules thereafter.

As disclosed in the Letter from the Board, prior to the entering into of the Weichai New Energy Framework Agreements, the transactions between the Group and the Weichai New Energy Group constitute part of the transactions contemplated under the Existing Weichai Holdings Sale Agreement and the Existing Weichai Holdings Purchase Agreement, and have been governed by the Existing Weichai Holdings Sale Agreement and the Existing Weichai Holdings Purchase Agreement, respectively. Given the expected increase in the size of the transactions with the Weichai New Energy Group going forward with the Group's focus in fuel cell and new energy product operations, and the fact that the transactions between the Group and the Weichai New Energy Group constitutes a connected transaction of the Company with its connected subsidiary, the Board considers it more appropriate for such transactions to be governed under a separate framework agreement.

In order to continuing to carry out the existing transactions between the Weichai New Energy Group and the other members of the Group, the Board is of the view that (i)

the purchase of fuel cells and motors and other products and relevant services from the Weichai New Energy Group will enable the Group to secure a stable and reliable supply of quality new energy products and services, which is essential to the manufacturing and sales of the Group's new energy heavy duty trucks and the transformation of the Group's products; and (ii) as a key supplier unit of the Group, the Weichai New Energy Group is essential to the Group's sales operations, the provision of raw and auxiliary materials and technical development services to the Weichai New Energy Group is also necessary in sustaining the Weichai New Energy Group Group's high quality development and production of relevant products, and in turn ensuring a stable supply of quality products and services to the Group. In light of the above and taking into consideration that Weichai New Energy is accounted for as a subsidiary of the Company and Weichai New Energy's financial results is consolidated into the Company's consolidated financial statements, we agree with the view of the Board that it is beneficial to the Group to continue to conduct the Continuing Connected Transaction in order to ensure and maximise operating efficiency and stability of the operations of the Group as a whole.

Accordingly, based on the above reasons and benefits for the Continuing Connected Transactions, we consider that the Non-exempt Continuing Connected Transactions are entered into in the ordinary and usual course of business, on normal commercial terms or better, are fair and reasonable and are in the interests of the Company and the Independent Shareholders as a whole. We also consider the potential for the Company to maximize operating efficiency, obtain a secure source of revenue and potential synergistic benefits to be beneficial to the Company and the Independent Shareholders as a whole.

RECOMMENDATION

Having considered the principal factors and reasons referred to above, we are of the opinion that the terms of the Non-exempt Continuing Connected Transactions and the relevant New Caps are on normal commercial terms or better and in the ordinary and usual course of business of the Company and are fair and reasonable so far as the Independent Shareholders are concerned and the said terms are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we would advise the Independent Shareholders and the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to approve the terms of the Non-exempt Continuing Connected Transactions and the relevant New Caps at the EGM.

Yours faithfully,
For and on behalf of
Trinity Corporate Finance Limited

A handwritten signature in black ink, appearing to be 'Joanne Pong', written over a horizontal line.

Joanne Pong
Responsible Officer