
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker, other licensed securities dealer under the Securities and Futures Ordinance, bank manager, solicitor, accountant or other professional adviser.

If you have sold or transferred all your shares in CIMC Vehicles (Group) Co., Ltd., you should at once hand this circular together with the proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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CIMC VEHICLES

CIMC Vehicles (Group) Co., Ltd.

中集車輛(集團)股份有限公司

(A P. ... R. ... C. w.)

(Stock Code: 1839)

**REVISION OF ANNUAL CAPS
FOR CONTINUING CONNECTED TRANSACTION;
AND
NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING
OF 2022**

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



A letter from the Board is set out on pages 7 to 19 of this circular. A notice convening the EGM to be held at Unit 1803, 18/F, Prince Plaza, Shekou, Nanshan District, Shenzhen, Guangdong, the PRC at 2:50 p.m. on Friday, 15 July 2022, is despatched to the Shareholders together with this circular.

Shareholders who intend to appoint a proxy to attend the EGM shall complete and return the appropriate proxy form in accordance with the instructions printed thereon. The proxy form must be signed by you or your attorney duly authorized in writing or, in case of a legal person, must either be executed under its seal or under the hand of its director or other attorney duly authorized to sign the same. If the proxy form is signed by an attorney of the appointer, the power of attorney authorizing that attorney to sign, or other document of authorization, shall be notarially certified.

In case of joint holders of any Share, any one of such joint holders may vote at the EGM, either personally or by proxy, in respect of such Shares as if he is solely entitled thereto. However, if more than one of such joint holders are present at the EGM, personally or by proxy, the vote of the joint shareholder whose name stands first in the register of members and who tenders a vote, whether personally or by proxy, will be accepted to the exclusion of the votes of other joint shareholder(s).

For H Shareholders, please return the proxy form together with any documents of authority to the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or the registered office of the Company in the PRC at No. 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, the PRC as soon as possible, and in any event not later than 24 hours before the time appointed for holding the EGM. Completion and return of the proxy form will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish.

24 June 2022

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“CIMC Enric”	CIMC Enric Holdings Limited (中集安瑞科控股有限公司), a limited liability company incorporated in the Cayman Islands on 28 September 2004, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 3899) and a non-wholly owned subsidiary of CIMC
“CIMC Group”	CIMC and its subsidiaries (excluding the Company and its subsidiaries)
“Circular”	the circular of the Company dated 13 September 2021 in relation to, among others, the entering into of the Procurement and Service Framework Agreement, the transactions contemplated thereunder and the proposed

DEFINITIONS

“H Share(s)”	overseas listed foreign ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each, which are listed and traded on the Main Board of the Hong Kong Stock Exchange
“H Shareholder(s)”	H Shareholder(s) of the Company
“HK\$” or “HK Dollar(s)”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	an independent board committee of the Board comprising all of the independent non-executive Directors
“Independent Financial Adviser”	Innovax Capital Limited, the independent financial adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Procurement and Service Framework Agreement and the transactions contemplated thereunder and the Revised Annual Caps
“Independent Shareholder(s)”	Shareholders who are not required to abstain from voting at the relevant EGM to be held to consider, and if thought fit, approve the Supplemental Procurement and Service Framework Agreement and the proposed Revised Annual Caps
“Latest Practicable Date”	21 June 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules of the Hong Kong Stock Exchange”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Listing Rules of the Shenzhen Stock Exchange”	the Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange (2020 Revision)

“Longyuan Investment”

Shenzhen Long Yuan Gang Cheng Investment and Development Co., Ltd. (深圳市龍源港城投資發展有限責任公司), a limited liability company established in the PRC on 14 December 2015

“Nanshan Group”

China Nanshan Development (Group) Co., Ltd. (中國南山開發(集團)股份有限公司), a limited liability company established in the PRC

“Ping An Decheng”

Shenzhen Ping An Decheng Investment Limited Ltd. .4517G21Tf1

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DEFINITIONS

“Revised Annual Caps”	the proposed increase of the Existing Annual Caps under the Supplemental Agreement for (i) goods procurement for the three years ending 31 December 2024 from RMB400 million to RMB1,150 million, RMB440 million to RMB1,350 million and RMB490 million to RMB1,450 million, respectively; and (ii) services received for the three years ending 31 December 2024 from RMB70 million to RMB450 million, RMB75 million to RMB550 million and RMB83 million to RMB550 million, respectively
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Taifu”	Shanghai Tai Fu Xiang Zhong Equity Investment Fund Partnership (Limited Partnership) (上海太富祥中股權投資基金合夥企業(有限合夥)), a limited liability partnership established in the PRC on December 18, 2015, is the Shareholder
“Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, comprising A Share(s) and H Share(s)
“Shareholder(s)”	the shareholder(s) of the Company
“Shenzhen Longhui”	Shenzhen Long Hui Gang Cheng Enterprise Management Center (Limited Partnership) (深圳市龍匯港城企業管理中心(有限合夥)), a limited liability partnership incorporated in the PRC on 11 May 2017, is the general partner of Xiangshan Huajin
“Shenzhen Longyuan”	Shenzhen Long Yuan Gang Cheng Enterprise Management Center (Limited Partnership) (深圳市龍源港城企業管理中心(有限合夥)), a limited liability partnership incorporated in the PRC on April 29, 2016, is the Shareholder
“Shenzhen Stock Exchange”	the Shenzhen Stock Exchange
“Substantial Shareholder(s)”	has the meaning ascribed to it under the SFO

“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“Supplemental Procurement and Service Framework Agreement” or “Supplemental Agreement”	the supplemental agreement to the Procurement and Service Framework Agreement proposed to be entered into by the Company with CIMC, which will be officially entered into, subject to the approval at the EGM, and will come into force upon signing after the approval of the

LETTER FROM THE BOARD

CIMC VEHICLES

CIMC Vehicles (Group) Co., Ltd.

中集車輛(集團)股份有限公司

(A Publicly Listed Company Incorporated in the People's Republic of China with its principal place of business in Hong Kong)

(Stock Code: 1839)

Executive Director:

Mr. Li Guiping (Chairman, Executive Director and President)

Registered Office:

No. 2 Gangwan Avenue,
Shekou,
Nanshan District,
Shenzhen, Guangdong,
the PRC

Non-executive Directors:

Mr. Mai Boliang (Chairman)
Mr. Zeng Han
Mr. Wang Yu
Mr. He Jin
Mr. Huang Haicheng

Principal Place of Business

in Hong Kong:

40th Floor, Dah Sing Financial Centre,
No. 248 Queen's Road East,
Wanchai,
Hong Kong

Independent Non-executive Directors:

Mr. Feng Jinhua
Mr. Fan Zhaoping
Mr. Cheng Hok Kai Frederick

24 June 2022

Dear Sir or Madam,

**REVISION OF ANNUAL CAPS
FOR CONTINUING CONNECTED TRANSACTION;
AND
NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING
OF 2022**

INTRODUCTION

The purpose of this circular is to provide you with, among other things, (i) further details of the Supplemental Procurement and Service Framework Agreement and the Revised Annual Caps; (ii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the Supplemental Procurement and Service Framework Agreement and the Revised Annual Caps; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Supplemental Procurement and Service Framework Agreement and the Revised Annual Caps; and (iv) the notice of the EGM.

LETTER FROM THE BOARD

REVISION OF THE ANNUAL CAPS UNDER THE PROCUREMENT AND SERVICE FRAMEWORK AGREEMENT

I. Background

References are made to the Announcements and the Circular of the Company in relation to, among others, the entering into of the Procurement and Service Framework Agreement, the transactions contemplated thereunder and the Existing Annual Caps. With reference to the Announcements and Circular, the Company proposed to enter into, among others, the Procurement and Service Framework Agreement on 25 August 2021 and obtained the approval from the Independent Shareholders in the first extraordinary general meeting of 2021 on 29 September 2021, pursuant to which, the Company entered into the Procurement and Service Framework Agreement with CIMC on 29 September 2021 for the procurement of products and services from CIMC Connected Persons from 1 January 2022 to 31 December 2024.

In light of the growth in the procurement amount of containers and logistic services driven by the increasing demand for the refrigerated trailers in the North American market, the Company expects that the connected transaction amount with CIMC Connected Persons will increase and the Existing Annual Caps for the transactions contemplated under the Procurement and Service Framework Agreement for the period from 1 January 2022 to 31 December 2024 may no longer be sufficient to support the business need of the Group in the future. Therefore, the Board proposes to enter into the Supplemental Agreement to revise and increase the Existing Annual Caps for the three years ending 31 December 2024.

An Independent Board Committee, comprising Mr. Feng Jinhua, Mr. Fan Zhaoping and Mr. Cheng Hok Kai Frederick, all of whom are independent non-executive Directors, has been formed to advise the Independent Shareholders as to the Supplemental Procurement and Service Framework Agreement and the transactions contemplated thereunder and the Revised Annual Caps. The letter from the Independent Board Committee setting out its advice and recommendations to the Independent Shareholders on the Supplemental Procurement and Service Framework Agreement and the transactions contemplated thereunder and the Revised Annual Caps is set out on pages 20 to 21 of this circular.

Innovax Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Procurement and Service Framework Agreement and the transactions contemplated thereunder and the Revised Annual Caps. The letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Supplemental Procurement and Service Framework Agreement and the transactions contemplated thereunder and the Revised Annual Caps is set out on pages 22 to 35 of this circular.

LETTER FROM THE BOARD

II. Principal Terms of the Procurement and Service Framework Agreement (as amended and supplemented by the Supplemental Agreement)

Parties: CIMC (on behalf of CIMC Connected Persons, and as the supplier); and

the Company (on behalf of the Group, and as the purchaser)

Term: The Procurement and Service Framework Agreement was entered into on 29 September 2021 and will be valid for a term of three years.

Subject to the approval of the First Extraordinary General Meeting of 2022, the Supplemental Agreement will come into force upon signing after the approval at the EGM and will be valid for the three years ending 31 December 2024.

Scope of cooperation: CIMC Connected Persons will supply, including but not limited to, raw materials, containers, truck chassis and vehicle parts and components and logistics services to the Group.

Pricing policy: In order to ensure that the terms of transactions in respect of the procurement by the Group of products and services by the Group from CIMC Connected Persons complies with the consensus and arm's length principles, and that the transaction terms under the agreement are on normal commercial terms or better, the Group will take the following measures:

1.1 The Group will regularly contact CIMC Connected Persons, to keep abreast of market developments and the price trend of products and services.

1.2 The Group will review, evaluate and compare the quotations or proposals obtained, in consideration of other factors, such as continuity of business cooperation, product quality and suitability, payment period, end customer selection and provision of after-sales service, so as to ensure that the transaction is in the best interests of the Group and the Shareholders as a whole.

LETTER FROM THE BOARD

1.3 In pricing, the Group will take into consideration, the following factors:

1.3.1 In the case of procurement of raw materials, containers, truck chassis and vehicle parts and components: if market prices of similar raw materials, containers, truck chassis and vehicle parts and components are available, market prices and quotations from CIMC Connected Persons will be taken into consideration; if no relevant market prices of similar products are available, raw material, labor and other production related costs arising from procurement or production of relevant raw materials, parts and components will be taken into consideration, and the procurement costs will be calculated, based on expected reasonable profit margin plus cost. Based on the above considerations, the procurement of the products is calculated at unit cost.

In the case of procurement of services: The fees of logistics services will be charged on the basis of the volume, size and weight of the semi-trailers, truck bodies or components and parts to be shipped, custodial requirements, and delivery and handling requirements. In determining the prices, the Group will also take into consideration the market prices of similar services. When the Group procures relevant services in its ordinary and usual course of business, it determines the relevant procurement terms through negotiations based on the categories and scale of the procurement. The Group implements various internal approval and monitoring procedures, including obtaining quotations from independent suppliers of similar services and take into consideration the assessment criteria (including price, quality, suitability, payment terms, and time required for the provision and delivery of the products and services) before entering into any new procurement arrangement with CIMC Connected Persons, and reviewing such quotes, together with the offer from CIMC Connected Persons.

After considering the above factors, the purchase prices payable by the Group to CIMC Connected Persons shall be close to the market prices or shall not exceed prices for transactions with independent third parties.

LETTER FROM THE BOARD

III. Historical Amount

The actual historical transaction amounts for the year ended 31 December 2021 and for the transactions conducted under the Procurement and Service Framework Agreement for the period between 1 January 2022 and 30 April 2022 are as follows:

	For the year ended 31 December 2021 <i>(RMB'000)</i>	From 1 January 2022 to 30 April 2022 <i>(RMB'000)</i> (.....)
Goods procurement	620,249	204,759
Services received	114,406	65,699
	<hr/>	<hr/>
Total	<u>734,655</u>	<u>270,458</u>

The actual transaction amounts and utilization rates of the annual caps for the transactions conducted under the Procurement and Service Framework Agreement for the period ended 30 April 2022 are as follows:

	For the period ended 30 April 2022 <i>(RMB'000)</i> (.....)
Existing Annual Cap	470,000
Actual transaction amount – Goods procurement	204,759
Actual transaction amount – Services received	65,699
Actual transaction amount – Total	270,458
Utilization rate	57.5%
Annualized transaction amount	811,374
Utilization rate (based on annualized amount)	172.6%

As set out above, the utilization rate of the Existing Annual Cap for the four months ended 30 April 2022 is 57.5%. The estimated utilization rate is approximately 172.6% based on the annualized transaction amount which is higher than the Existing Annual Cap for the year ending 31 December 2022.

As a result, the Existing Annual Caps for the transactions contemplated under the Procurement and Service Framework Agreement for the three years ending 31 December 2024 may no longer be sufficient to support the business need of the Group in the future. The Board proposes to enter into the Supplemental Agreement to revise and increase the Existing Annual Caps for the three years ending 31 December 2024.

IV. Revised Annual Caps

The aggregate annual transaction amount of goods procurement and services received under the Procurement and Service Framework Agreement (as amended and supplemented by the Supplemental Agreement) for the three years ending 31 December 2024 shall not exceed

LETTER FROM THE BOARD

- (2) In respect of V.(1) above, according to the annual production plan and shipment plan of the Group and with reference to the average shipping price in the market, it is estimated that the amount of logistics service to be received from CIMC Connected Persons in 2022 will be approximately RMB410.2 million.
- (3) Steel is one of the major raw materials for the manufacturing of the Group's products and can be procured from both CIMC Connected Persons and independent suppliers. With the continuous growth in the prices of raw materials, CIMC Connected Persons take advantage of their huge procurement volume to form a centralized procurement platform, providing more competitive prices. Pursuant to the purchase plan of the Group, the Group expects that the amount of steel purchased from CIMC Connected Persons will increase. The Group plans to purchase steel products from CIMC Connected Persons at quotations or on commercial terms no less favourable than those offered by independent suppliers. The relevant purchase plan is made based on the business negotiation between the Group and CIMC Connected Persons. It is estimated that the steel procurement in 2022 will be approximately RMB460.0 million.

VI. Reasons for the Revised Annual Caps

As the pandemic is becoming a norm in North America, the adoption of a series of policies to stimulate the economy has been seen. In November 2021, the United States launched a large-scale infrastructure plan of US\$1.2 trillion, which further stimulated the market of semi-trailers and logistics and transportation equipment, and the demand for refrigerated trailers in the North American market increased significantly. According to a report issued by Americas Commercial Transportation Research Company (“ACT”), a US trailer research organization, in April 2022, ACT forecasts a 165% annual increase in net orders for the US refrigerated trailer market in 2022.

The Group is one of the major suppliers of refrigerated trailers in the North American market. In 2021, the Group completed the construction of the refrigerated trailers assembly plant in Sarnia, Ontario, Canada. In the same year, the Group completed the construction of the refrigerated trailer automated production plant in Monon, Indiana, USA. Through pilot production and other integration measures taken in the first three quarters of 2021, the two plants have enhanced the Group's production capacity and the order delivery ability in the North American market, and have enhanced the ability to stay close to the needs of end customers and to shorten the delivery time, making it easier for the Group to secure orders for refrigerated trailers from North American customers.

The orders for refrigerated trailers in the North American market secured by the Group continued to increase from the fourth quarter of 2021 to the end of April 2022. The Group expects the production of refrigerated trailers in 2022 will increase by more than 40% as compared to 2021. The increase in production of such vehicles will drive the logistics freight demands of the Group, which in turn will promote the increase in the demand for containers.

LETTER FROM THE BOARD

In view of the above, due to the impact of the pandemic, the container leasing market is expected to be in short supply, and the Group needs to purchase containers to meet its logistics and transportation needs. The Group expects to meet its logistics and transportation needs by increasing the proportion of containers purchase from CIMC Connected Persons rather than through container leasing.

In addition, since the fourth quarter of 2021, there has been a continuous shortage of freight spaces and a continuous growth in shipping prices. Since founded in the second half of 2021, the shipowners and carriers of CIMC Connected Persons have leased the entire ships with its own resources, and therefore have more sufficient freight spaces. They can provide more freight spaces more flexibly for the Group to meet stable shipping needs and some urgent transportation needs with quotations or commercial terms no less favourable than those offered by independent suppliers.

In light of the above, taking into consideration of the surge in demand of the Group's refrigerated trailers in North American market which drives the Group's procurement of containers and logistics services, among others, from CIMC Connected Persons and the purchase plan of the Group, the anticipated total transaction amount between the Company and CIMC under the Procurement and Service Framework Agreement is expected to increase. The Directors expect that the Existing Annual Caps may no longer be sufficient for the three years ending 31 December 2024 and it is necessary to revise and increase the Existing Annual Caps and the Directors have therefore proposed to revise and increase the Existing Annual Caps for the continuing connected transaction contemplated thereunder.

VII. Benefit of the Transactions

The Group has always procured and will continue to procure products and services from CIMC Connected Persons as such procurement meets the daily operational needs of the Group in its ordinary course of business while CIMC Connected Persons have been providing the Group with such products and services with standard and quality commensurate with the requisite safety and quality standard of the Group and can meet the needs of the Group efficiently and reliably. In addition, as CIMC Connected Persons and the Group are subsidiaries of CIMC Group, it is expected that both parties' deeper understanding of their respective operations in previous cooperation should make the products and services provided by CIMC Connected Persons more rapid and efficient than those provided by other independent third parties. Furthermore, as shipowners and carriers of CIMC Connected Persons that provide certain logistics services to the Group have sufficient freight spaces, they can provide more freight spaces more flexibly for the Group to meet urgent transportation needs. Therefore, although the Group can obtain similar logistics services from independent suppliers, the logistics services provided by CIMC Connected Persons are more flexible than those provided by other independent third parties in meeting the logistics and transportation needs of the Group.

LETTER FROM THE BOARD

Having considered the relevant basis as disclosed above, including the orders on hand for refrigerated trailers secured by the Group in the North American market, the production plan and shipment plan of the Group, the proportion and amount of containers to be purchased from CIMC Connected Persons, the purchase plan of the Group (including steel procurement from CIMC Connected Persons and logistics services received from CIMC Connected Persons), as well as the advice of the Independent Financial Adviser, the Directors (including the independent non-executive Directors) are of the opinion that it is in the interests of the Group to enter into the Supplemental Agreement and to revise the Existing Annual Caps to the Revised Annual Caps. The Procurement and Service Framework Agreement (as amended and supplemented by the Supplemental Agreement) is entered into in the ordinary and usual course of business of the Group, and the existing terms of the Procurement and Service Framework Agreement (as amended and supplemented by the Supplemental Agreement) and the Revised Annual Caps are determined on normal commercial terms based on arm's length negotiations between the Group and CIMC, with reference to and comparing, CIMC's offers or quotations for related products and services with quotations of independent suppliers and/or market price, and is fair and reasonable in the interests of the Group and the Shareholders as a whole.

VIII. Internal Control Measures

In order to ensure that the terms under the Procurement and Service Framework Agreement (as amended and supplemented by the Supplemental Agreement) are fair and reasonable, and no less favorable to the Group than terms available to or from independent third parties, and the connected transactions are carried out on normal commercial terms, the Group has adopted the following internal control procedures.

The Group has adopted and implemented a management system on connected transactions. Under such system, the Audit Committee will be responsible for regular review on an annual basis on compliance with relevant laws, regulations, the Group's policies, the Listing Rules of the Hong Kong Stock Exchange and the Shenzhen Stock Exchange in respect of the continuing connected transactions. In addition, the Board, the Audit Committee and various internal departments of the Company (including but not limited to the finance department of the Company, the procurement departments of subsidiaries, and the Board secretary's office) are jointly responsible for evaluating the terms under the Procurement and Service Framework Agreement (as amended and supplemented by the Supplemental Agreement) in relation to the continuing connected transactions, in particular, the fairness of the pricing policies and annual caps under the Procurement and Service Framework Agreement (as amended and supplemented by the Supplemental Agreement).

Before entering into any individual procurement contract with CIMC Group and after receipt of the procurement quotation from CIMC Group, the procurement departments of subsidiaries will obtain from independent third parties, quotations for the same quantities of identical or similar raw materials, truck chassis, containers, vehicle parts and components, and logistics services, so as to determine relevant market prices. Meanwhile, the Group will also take into consideration the counterparty's corporate background, reputation and credibility, product quality, ability to customize parts and components and the corresponding savings in the Group's time and transaction costs.

LETTER FROM THE BOARD

The Board, the Audit Committee and the finance department of the Company will also regularly monitor the implementation and the transaction progress under the Procurement and Service Framework Agreement (as amended and supplemented by the Supplemental Agreement). In addition, the management of the Company also regularly reviews the pricing policies under the Procurement and Service Framework Agreement (as amended and supplemented by the Supplemental Agreement).

Independent non-executive Directors and auditors will conduct annual review of the continuing connected transactions under the Procurement and Service Framework Agreement (as amended and supplemented by the Supplemental Agreement) and provide annual confirmation to ensure that, in accordance with the Listing Rules of the Hong Kong Stock Exchange and the Shenzhen Stock Exchange, the abovementioned transactions are conducted pursuant to the terms of the Procurement and Service Framework Agreement (as amended and supplemented by the Supplemental Agreement), normal commercial terms and the pricing policies.

IX. Directors' and Supervisors' Confirmation

The Supplemental Agreement was approved by the Directors at the Board meeting held on 2 June 2022. The Directors (other than the Independent Non-executive Directors who have expressed their opinion in a separate letter which has been included in the circular to the Independent Shareholders based on the recommendations from the Independent Financial Adviser) and Supervisors are of the view that the Supplemental Agreement and the Revised Annual Caps are fair and reasonable, the transactions contemplated thereunder are and will be entered into in the ordinary and usual course of business of the Group, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

As each of Mr. Mai Boliang, Mr. Wang Yu, Mr. Zeng Han, Mr. He Jin and Ms. Wang Jinghua is the Director or Supervisor and hold different positions in CIMC and/or its certain subsidiaries, they are deemed to have material interests in the transactions contemplated under the Supplemental Agreement, and therefore abstained from voting on the resolution on the Supplemental Agreement, the transactions contemplated thereunder and the Revised Annual Caps. Save for the above disclosed, other Directors and Supervisors are not interested in the transactions contemplated under the Supplemental Agreement.

X. Information about the Parties

The Group

The Group is the world's leading sophisticated manufacturer of semi-trailers and special vehicles, and engages in the manufacture, sales and after-sales market services of seven major categories of semi-trailers in global major markets. In the China market, the Group is a competitive and innovative manufacturer of truck bodies for specialty vehicles, as well as a manufacturer of light van truck bodies.

LETTER FROM THE BOARD

CIMC

CIMC is a joint stock company with limited liability established in the PRC, the H Shares and A Shares of which are listed on the Main Board of the Hong Kong Stock Exchange and the Shenzhen Stock Exchange, respectively. CIMC Group is principally engaged in the manufacture of containers, road transportation vehicles, airport facilities and logistics equipment/fire and rescue equipment, energy/chemical and liquid food equipment, offshore engineering, logistics service and recycled load business, etc. In addition, CIMC Group is also engaged in finance and asset management and other businesses.

XI. Implications of the Listing Rules of the Hong Kong Stock Exchange

As at the Latest Practicable Date, CIMC and its associates directly and indirectly hold approximately 55.67% of the shares of the Company and are Controlling Shareholders. Therefore, CIMC is a connected person of the Company and the transactions contemplated under the Procurement and Service Framework Agreement (as amended and supplemented by the Supplemental Agreement) constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules of the Hong Kong Stock Exchange. As the highest applicable percentage ratio in respect of the Revised Annual Caps under Supplemental Agreement exceeds 5%, the transactions contemplated under the Procurement and Service Framework Agreement (as amended and supplemented by the Supplemental Agreement) constitute non-exempt continuing connected transaction of the Company and are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules of the Hong Kong Stock Exchange.

XII. Implications of Listing Rules of the Shenzhen Stock Exchange

As at the Latest Practicable Date, CIMC and persons acting in concert with it directly and indirectly hold approximately 55.67% of the shares of the Company and are Controlling Shareholders. Pursuant to the Listing Rules of the Shenzhen Stock Exchange, CIMC and persons acting in concert with it are related parties of the Company. Therefore, the transactions under the Procurement and Service Framework Agreement (as amended and supplemented by the Supplemental Agreement) constitute related transactions of the Company. As the highest applicable percentage ratio in respect of the Revised Annual Caps under the Supplemental Agreement in aggregate calculated pursuant to the Listing Rules of the Shenzhen Stock Exchange are more than 5%, the transactions contemplated under the Supplemental Agreement shall be submitted at the General Meeting for consideration, pursuant to the Listing Rules of the Shenzhen Stock Exchange. The related transactions are also not a major asset restructuring under the Measures for the Administration of Material Asset Reorganization of Listed Companies (《上市公司重大資產重組管理辦法》) and thereby exempted from approval by the relevant authorities.

LETTER FROM THE BOARD

GENERAL MATTERS

Save as disclosed above, all other information relating to the Procurement and Service Framework Agreement set out in Announcements and the Circular remain unchanged. This circular is supplemental to and should be read in conjunction with the Announcements and the Circular, and in that connection, the Announcements and the Circular shall continue to be valid for all purposes save as disclosed above.

NOTICE OF THE EGM

The EGM will be held at Unit 1803, 18/F, Prince Plaza, Shekou, Nanshan District, Shenzhen, Guangdong, the PRC at 2:50 p.m. on Friday, 15 July 2022. Notice of the EGM is set out on pages 43 to 45 of this circular.

VOTING BY POLL AT THE EGM

Pursuant to Rule 13.39(4) of the Listing Rules of the Hong Kong Stock Exchange, the resolution as set out in the notice of the EGM must be taken by poll.

As at the Latest Practicable Date, CIMC and China International Marine Containers (Hong Kong) Limited, the wholly owned subsidiary of CIMC, directly and indirectly held 1,123,205,975 Shares, representing approximately 55.67% of the total issued share capital of the Company, they are deemed to have a material interest in the transactions contemplated under the Supplemental Procurement and Service Framework Agreement. Therefore, they shall be required to abstain from voting on the resolution of the continuing connected transaction at the EGM.

Save as disclosed above, to the best knowledge of the Directors, as at the Latest Practicable Date, no Shareholders is required to abstain from voting in respect of the ordinary resolution at the EGM.

PROXY FORM

Shareholders who intend to attend the EGM by proxy are required to complete and return the proxy form(s), in accordance with the instructions printed thereon as soon as possible and in any event not later than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the proxy form(s) will not preclude you from attending and voting in person at such meeting(s) or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

For H Shareholders, the proxy form, and if the proxy form is signed by a person under a power of attorney or other authority on behalf of the appointer, a notarially certified copy of that power of attorney or other authority, must be delivered to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, or the registered office of the Company in the PRC at No. 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, the PRC, not less than 24 hours before the time appointed for holding the EGM in order for such documents to be valid.

CLOSURE OF REGISTER OF MEMBERS OF H SHARES

In order to determine the entitlement to attend and vote at the EGM, the register of members of Shares of the Company will be closed from Tuesday, 12 July 2022 to Friday, 15 July 2022 (both days inclusive), during which period no transfer of H Shares will be registered. Shareholders whose names appear on the register of members at the close of business on Tuesday, 12 July 2022 are entitled to attend and vote at the EGM.

In order to determine the identity of Shareholders who are entitled to attend and vote at the EGM, all Share transfers accompanied by the relevant share certificates must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders), not later than 4:30 p.m. on Monday, 11 July 2022.

You are urged to complete and return the proxy form whether or not you intend to attend the EGM. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM (or any subsequent meetings following the adjournments thereof) should you wish to do so.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the resolution set out in the notice of EGM for Shareholders' consideration and approval is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolution to be proposed at the EGM.

On behalf of the Board
CIMC Vehicles (Group) Co., Ltd.
Li Guiping
E. D.

W. I. B. C. S. P. S. F. A.

CIMC VEHICLES

CIMC Vehicles (Group) Co., Ltd.

中集車輛(集團)股份有限公司

(A P. R. C. w.)
(Stock Code: 1839)

24 June 2022

I. S.

Dear Sir or Madam,

REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTION

We refer to the circular of the Company dated 24 June 2022, of which this letter forms a part. Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in this circular.

We have been appointed to form the Independent Board Committee to consider and advise the Independent Shareholders as to our opinion on, whether the Supplemental Procurement and Service Framework Agreement, the WrransaSuppls394.4(FJ-temp122,)-3736-20.1reun2857736-26TD736-20.1

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favor of the ordinary resolution to be proposed at the EGM so as to approve the resolution regarding Supplemental Procurement and Service Framework Agreement, the transactions contemplated thereunder and the Revised Annual Caps.

Yours faithfully,
For and on behalf of
The Independent Board Committee
CIMC Vehicles (Group) Co., Ltd.

Mr. Feng Jinhua

Independent Director

Mr. Fan Zhaoping

Independent Director

**Mr. Cheng Hok Kai
Frederick**

Independent Director

..... w. I C L
I B C I S
.....



LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Directors currently expect that the highest applicable percentage ratios calculated for the purpose of Chapter 14A of the Listing Rules in respect of the Revised Annual Caps exceeds 5%, the transactions contemplated under the Procurement and Service Framework Agreement (as amended and supplemented by the Supplemental Agreement) constitute non-exempt continuing connected transaction of the Company and are subject to the reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules of the Hong Kong Stock Exchange.

As each of Mr. Mai Boliang, Mr. Wang Yu, Mr. Zeng Han, Mr. He Jin and Ms. Wang Jinghua is the Director or Supervisor, and hold various positions in CIMC and/or certain of its subsidiaries, they are deemed to have material interests in the transactions contemplated under the Supplemental Agreement, and therefore abstained from voting on the resolutions on the Supplemental Agreement, the transactions contemplated thereunder and the Revised Annual Caps. Save for the above disclosed, other Directors and Supervisors are not interested in the transactions contemplated under the Supplemental Agreement.

The EGM will be convened by the Company at which resolutions will be proposed to seek approval from the Independent Shareholders for the Supplemental Agreement and the Revised Annual Caps. CIMC and China International Marine Containers (Hong Kong) Limited are required to abstain from voting at the EGM on the relevant resolutions to be proposed to approve the Supplemental Agreement and the Revised Annual Caps.

An independent board committee, comprising Mr. Feng Jinhua, Mr. Fan Zhaoping and Mr. Cheng Hok Kai Frederick, all of whom are independent non-executive Directors, has been formed to advise the Independent Shareholders as to the Supplemental Agreement and the Revised Annual Caps.

We, Innovax Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Supplemental Agreement (including the Revised Annual Caps) and the transaction contemplated thereunder. As at the Latest Practicable Date, we are not connected with the Directors, chief executive and substantial Shareholders of the Company or CIMC Group or any of their respective subsidiaries or associates and are therefore considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. During the last two years, we were engaged as an independent financial adviser to the Company in respect of the deposit service framework agreement, the procurement and service framework agreement (referred to as the Procurement and Service Framework Agreement in this Circular), the provision of products and services framework agreement, the financial guarantee framework agreement and the Jiansu Wanjing procurement framework agreement and the transactions contemplated thereunder and the proposed annual caps (details can be referred to in the announcement of the Company dated 25 August 2021), under which we were required to express our opinion on and to give recommendations to the independent non-executive directors of the Company in respect of the relevant transactions. During the last two years, we were engaged as an independent financial adviser to CIMC in respect of (i) the continuing connected transactions (details can be referred to in the announcement of the CIMC Group dated 17 June 2022); (ii) the discloseable and connected transaction (details can be referred to in the announcement of the CIMC Group dated 6 August 2020 and the circular of

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the CIMC Group dated 16 September 2020); and (iii) the discloseable and connected transaction in relation to the disposal of equity interests in target company and capital increase and deemed disposal of target company (details can be referred to in the announcement of the CIMC Group dated 23 November 2020 and the circular of the CIMC Group dated 7 December 2021). Under these engagements, we were required to express our opinion on and to give recommendations to the independent board committee and the independent shareholders of CIMC Group in respect of the relevant transactions. During the last two years, we were also engaged as an independent financial adviser to CIMC Enric in respect of the revision of annual caps for existing continuing connected transactions under the master sales agreement and the master procurement agreement (details can be referred to in the announcement of CIMC Enric dated 4 November 2021), under which we were required to express our opinion on and to give recommendations to the independent non-executive directors of CIMC Enric in respect of relevant transactions.

Apart from normal professional fees payable to us by the Company, CIMC and CIMC Enric in connection with these appointments, no arrangement exists whereby we have received or will receive any fees or benefits from the Company or the Directors, chief executive and substantial Shareholders of the Company or CIMC Group or CIMC Enric or any of their respective subsidiaries or associates or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of Listing Rules of the Hong Kong Stock Exchange.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular were true, accurate and complete in all material respects at the time they were made and continue to be true, accurate and complete in all material respects at the date of this Circular and continue to be so up to the date of the EGM, and Independent Shareholders will be informed of any material change of information in the Circular as soon as possible up to the date of the EGM. We have also relied on our discussion with the management of the Company and its representatives (the “**Management**”) regarding the Group, the Supplemental Agreement and the transactions contemplated thereunder, including the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the Management and its representatives respectively in the Circular were reasonably made after due enquiry.

We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Management and its representatives. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group, or their respective associates, nor have we carried out any independent verification of the information supplied.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the fairness and reasonableness in respect of the Procurement and Service Framework Agreements (as amended and supplemented by the Supplemental Agreement) and the transactions contemplated thereunder, we have taken into consideration the following principal factors and reasons:

A. Background information

1. Information on the Group

With reference to the Board Letter, the Group primarily engages in the manufacture and sale of semi-trailers and truck bodies for specialty vehicles, and markets and sells an extensive range of semi-trailers and truck bodies in China, North America, Europe and other regions, covering over 40 countries.

Set forth below are the summary of the financial performance of the Group for the years ended 31 December 2019, 2020 and 2021 and the financial position of the Group as at 31 December 2019, 2020 and 2021, as extracted from the Company's annual reports for the year ended 31 December 2020 (the "FY2020 Annual Report") and 31 December 2021 (the "FY2021 Annual Report").

	For the year ended/As at 31 December		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
	(.....)	(.....)	(.....)
Revenue	23,220,206	26,247,156	27,647,763
<i>S</i>	21,399,288	24,218,127	24,825,307
<i>S</i>	1,501,220	1,654,516	2,000,011
<i>O</i>	319,698	374,513	822,445
Profit for the year	1,326,461	1,269,347	987,663
Net assets	10,220,674	10,448,699	12,386,574

As extracted from FY2020 Annual Report, the Group's revenue increased from approximately RMB23,220.2 million for the year ended 31 December 2019 to approximately RMB26,247.2 million for the year ended 31 December 2020, representing an increase of approximately RMB3,027.0 million or 13.0%. Such increase was mainly attributable to the increase in sales of semi-trailer trucks in China, driven by the new development pattern of "the domestic circulation as the mainstay and the domestic and international dual circulation promoting each other" as proposed by the PRC government, which has provided broad development room for the logistics and transportation market and the sophisticated manufacturing industry in China.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group's profit for the year decreased from approximately RMB1,326.5 million for the year ended 31 December 2019 to approximately RMB1,269.3 million for the year ended 31 December 2020, representing a decrease of approximately RMB57.1 million or 4.3%. Such decrease was mainly due to (i) the net impairment losses on financial assets and financial guarantee contracts; (ii) the foreign exchange losses; and partially offset by (iii) the increase in revenue as discussed above.

As extracted from FY2021 Annual Report, the Group's revenue increased from approximately RMB26,247.2 million for the year ended 31 December 2020 to approximately RMB27,647.8 million for the year ended 31 December 2021, representing an increase of approximately RMB1,400.6 million or 5.3%. Such increase was mainly due to the increase in sales of global semi-trailer and parts and components of semitrailers and specialty vehicles, mainly from the North American market and European market.

The Group's profit of the year, however, decreased from approximately RMB1,269.3 million for the year ended 31 December 2020 to approximately RMB987.7 million for the year ended 31 December 2021, representing a decrease of approximately RMB281.7 million or 22.2%. Such decrease was mainly due to (i) the decrease in gross profit margin primary attributable to the increase in raw material prices, overbuying resulting from the transition of emission standards and the increase in ocean freight charge; and (ii) the decrease in other income and investment income.

2. *Business development of the Group*

As extracted from the FY2021 Annual Report, in the PRC, the continuous implementation of environmental protection policies, the governance of the phenomenon of “oversizing and overloading”, the continuous growth of infrastructure investment, and the improvement of construction of urban logistics, distribution and transportation networks and cold chain infrastructure have accelerated the upgrading and iteration of semi-trailers and the transformation of the road transportation equipment industry to new energy, which in turn have brought new opportunities to semi-trailer and special vehicle manufacturers. As the pandemic is becoming a new norm, the global economic growth gradually picked up, and the global automobile manufacturing industry, logistics, and transportation demand gradually revived, the demand for semi-trailers and special vehicles is expected to be released. According to the “Global Trailer” 2021's top global OEM ranking list for semi-trailer manufacturers, the Company ranked first in the world for nine consecutive years in terms of production volume in 2021. The Company is expected to seize future market opportunities and maintain competitiveness through continuing to exert its leadership in the semi-trailer and special vehicle manufacturer market in the future and adhering to its core measure of “sophisticated manufacturing”.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. Information on CIMC

With reference to the Board Letter, CIMC is a joint stock company established in the PRC with limited liability, with its H Shares listed on the Main Board of the Hong Kong Stock Exchange and A Shares listed on the Shenzhen Stock Exchange. CIMC Group is a world-leading equipment and solution provider in the logistics and energy industries and is principally engaged in the manufacture of containers, road transportation vehicles, energy, chemical and liquid food equipment, offshore engineering equipment, logistics service and airport facilities equipment.

B. The Supplemental Agreement, the continuing connected transactions contemplated thereunder and the Revised Annual Caps

1. Background, reasons for and benefits of the Procurement and Service Framework Agreement (as amended and supplemented by the Supplemental Agreement)

With reference to the Company's announcement dated 25 August 2021, the FY2021 Annual Report and our discussion with the Management, the Group has always procured and will continue to procure products and services from CIMC Connected Persons as such procurement meets the daily operational needs of the Group in its ordinary course of business while CIMC Connected Persons have been providing the Group with such products and services with standard and quality commensurate with the requisite safety and quality standard of the Group and can meet the needs of the Group efficiently and reliably. In addition, as CIMC Connected Persons and the Group are subsidiaries of CIMC Group, it is expected that both parties' deeper understanding of their respective operations in previous cooperation should make the products and services provided by CIMC Connected Persons more rapid and efficient than those provided by other independent third parties.

As advised by the Management, with regard to the above transactions with CIMC Connected Persons, considering the future development strategies and business plan of the Group, primarily including (1) the surge in demand of the Group's refrigerated trailers in the North American market which drives the Group's procurement of raw materials, containers and logistics services, among others, from CIMC Connected Persons; and (2) the Group's purchase plan with CIMC Connected Persons, the demand for the procurement of the products and services from CIMC Connected Persons by the Group is expected to surge. As the anticipated total transaction amount between the Company and CIMC under the Procurement and Service Framework Agreement is expected to increase, the Directors expect that the Existing Annual Caps may no longer be sufficient for the three years ending 31 December 2024 and therefore propose to revise and increase the Existing Annual Caps for the continuing connected transaction contemplated thereunder.

Based on the above, we are of the view that entering into the Procurement and Service Framework Agreement (as amended and supplemented by the Supplemental Agreement) is commercially reasonable and is part of the Company's ordinary course of business, and is in the interest of the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. *Principal terms of the Supplemental Agreement*

For the principal terms of the Procurement and Service Framework Agreement, please refer to the Board Letter. In particular, a set of pricing policies has been set out in the Procurement and Service Framework Agreement to ensure the fairness of pricing of products and services procured from CIMC Connected Persons which primarily involves the consideration and comparison of the offer or quotations provided by the CIMC Group in respect of relevant products and services against the quotations provided by independent suppliers and/or the market prices, if applicable. In respect of the Supplemental Agreement, it is expected to be entered into between the Company, as buyer and on behalf of the Group, and CIMC, as seller and on behalf of the CIMC Connected Persons, subject to the approval at the EGM. Pursuant to the Supplemental Agreement, the Existing Annual Caps as set out in the Procurement and Service Framework Agreement are expected to be amended per below:

	For the year ending 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<i>Existing Annual Caps</i>			
Goods procurement	400,000	440,000	490,000
Services received	70,000	75,000	83,000
	<u>470,000</u>	<u>515,000</u>	<u>573,000</u>
Total	<u>470,000</u>	<u>515,000</u>	<u>573,000</u>
 <i>Revised Annual Caps</i>			
Goods procurement	1,150,000	1,350,000	1,450,000
Services received	450,000	550,000	550,000
	<u>1,600,000</u>	<u>1,900,000</u>	<u>2,000,000</u>
Total	<u>1,600,000</u>	<u>1,900,000</u>	<u>2,000,000</u>

Except for the revision of Existing Annual Caps to the Revised Annual Caps, the Supplemental Agreement does not make any other amendments to the Procurement and Service Framework Agreement in all material respects. We have reviewed the Procurement and Service Framework Agreement and the Supplemental Agreement.

As advised by the Management, to secure the interests of the Shareholders, the Company adopted certain internal control procedures and risk management measures for the procurement of products and services from CIMC Connected Persons. Details of the internal control procedures and risk management measures are set out in the Board Letter. In particular, before entering into any individual procurement contract with CIMC Group and after receipt of the quotation from CIMC Group, the procurement departments of respective member companies of the Group will obtain from independent third parties, the quotations for identical or similar products and services, so as to determine relevant market prices. Meanwhile, the Group will also take into consideration the counterparty's corporate background, reputation and credibility, product quality, ability to customize parts and components and the corresponding savings in the Group's time and transaction costs. Such internal control policy is commensurate to the pricing policies as set out in the Procurement and Service Framework Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We consider that the effective implementation of the internal control procedures and risk management measures would help ensure fair pricing of the procurement of products and services according to the pricing policies. We also discussed with the finance staff of the Company and understood that the financial department's staff are aware of the internal control procedures and risk management measures and comply with relevant internal control procedures and risk management measures when conducting transactions contemplated under the Procurement and Service Framework Agreement (as amended and supplemented by the Supplemental Agreement). In respect of the above, we have reviewed samples of transactions between the Group and CIMC Connected Persons as contemplated under the Procurement and Service Framework Agreement and the samples of transactions between the Group and independent suppliers for similar products and services, if applicable. We noted that the relevant transactions between the Group and CIMC Connected Persons were conducted at normal commercial terms and/or no less favorable to the terms offered by the independent suppliers. We have also reviewed the samples of relevant internal control procedures and risk management measures, in particular, the assessment performed by the Group in respect of the price and suitability of the products or services provided by CIMC Connected Persons and by independent suppliers, to ensure relevant internal control procedures and risk management measures have been implemented.

Based on the above, we are of the view that the principal terms of the Procurement and Service Framework Agreement (as amended and supplemented by the Supplemental Agreement) are of normal commercial terms, and are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interest of the Group and Shareholders as a whole.

3. *Revised Annual Caps*

The following table sets out the respective Existing Annual Caps and the Revised Annual Caps for each of the three years ending 31 December 2024 as set out in the Procurement and Service Framework Agreement and the Supplemental Agreement, respectively:

	For the year ending 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<i>Existing Annual Caps</i>			
Goods procurement	400,000	440,000	490,000
Services received	70,000	75,000	83,000
	<u>470,000</u>	<u>515,000</u>	<u>573,000</u>
Total	<u>470,000</u>	<u>515,000</u>	<u>573,000</u>
<i>Revised Annual Caps</i>			
Goods procurement	1,150,000	1,350,000	1,450,000
Services received	450,000	550,000	550,000
	<u>1,600,000</u>	<u>1,900,000</u>	<u>2,000,000</u>
Total	<u>1,600,000</u>	<u>1,900,000</u>	<u>2,000,000</u>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As set out in the above table, the relevant annual caps for each of the three years ending 31 December 2024 are proposed to increase from RMB470.0 million, RMB515.0 million and RMB573.0 million to RMB1,600.0 million, RMB1,900.0 million and RMB2,000.0 million, respectively. In assessing whether the Revised Annual Caps are reasonable, we have discussed with the Management regarding the underlying bases and assumptions. According to the Management, the Revised Annual Caps are estimated based on the historical transaction amount and the future development strategies and business plan of the Group; primarily including (1) the significant increase in demand for the Group's refrigerated trailers in the North American market, which has driven the Group's purchase of raw materials, containers, and logistics services from CIMC Connected Persons; and (2) the Group's purchase plan, in particular, the Group's expected increase in purchase of steel, among others, from the CIMC Connected Persons. Details are as follows:

(.) *H* *P* *S* *F* *A*

The table below sets forth the utilization rate of annual caps for the year ended/ending 31 December 2021 and 31 December 2022, in respect of the transactions contemplated under the Procurement and Service Framework Agreement:

	For the year ended 31 December 2021 (RMB'000) (.....)	For the year ending 31 December 2022 (RMB'000) (.....)
Relevant annual caps	820,000	470,000
Historical transaction amounts		
<i>G</i>	620,249	204,759 ^{N... I}
<i>S</i>	114,406	65,699 ^{N... I}
	734,655	270,458 ^{N... I}
Utilization rates	89.6%	57.5%
Annualized historical transaction amounts (RMB'000)	734,655	811,374
Utilization rates (based on annualized amounts)	89.6%	172.6%

N... I: Represents the amount for the four months ended 30 April 2022.

As set out in the table above, the utilization rate of Existing Annual Cap for the four months ended 30 April 2022 was 57.5%. If the utilization rate was calculated using the annualized transaction amount, it is expected to be approximately 172.6%, which will exceed the amount of Existing Annual Cap set for the year ending 31 December 2022. As

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

advised by the Management, the higher utilization rate for the four months ended 30 April 2022 was mainly due to (1) the increased demand for the Group's refrigerated trailers in the North American market, which drove the Group's purchase from CIMC Connected Persons; and (2) the Group's increase in the amount of steel purchases from CIMC Connected Persons. As mentioned above, we have reviewed samples of the Group's transactions with CIMC Connected Persons and with independent suppliers, including the Group's assessment on the price and suitability of products or services from CIMC Connected Persons and from independent suppliers. Based on our observations and as advised by the Management, the terms of the Group's procurement of products or services from CIMC Connected Persons are on normal commercial terms, or no less favourable than the terms of procurement from independent suppliers. Based on our further discussion with the Management, the Group expects that the above reasons leading to the higher utilization rate of annual cap for the four months ended 30 April 2022 would continue, and the expected purchases from the CIMC Connected Persons of CIMC would amount to approximately RMB1,600.0 million, RMB1,900.0 million and RMB2,000.0 million for 2022, 2023 and 2024, respectively, as further elaborated in the paragraphs headed "(ii) Future development strategies and business plan of the Group" below in this section. Based on the above, it is not unreasonable for the Company to increase the Existing Annual Caps.

(..) F G .

As advised by the Management, when considering the Revised Annual Cap, the Group mainly considered its future development strategies and business plan, primarily including (1) the significant increase in demand for the Group's refrigerated trailers in the North American market, which has driven the Group's purchase of raw materials, containers, and logistics services from CIMC Connected Persons; and (2) the Group's purchase plan, in particular, the Group's expected increase in purchase of steel, among others, from the CIMC Connected Persons.

In 2021, the Group's sales in North America amounted to RMB5,041.9 million with van semi-trailers as the primary product. The sales amount of van semi-trailers in 2021 reached RMB1,952.8 million, representing an increase of approximately 11.0% over 2020. Apart from van semi-trailers, another major product of the Group in North America is refrigerated trailers, whose sales amounted to RMB1,516.2 million in 2021, having a significant increase of 122.3% compared to 2020. As stated in the FY2021 Annual Report, the rapid growth in sales of refrigerated trailers is attributable to the "US\$1.2 trillion infrastructure bill" launched in November 2021, which stimulates the local economy and revives the US semi-trailer and logistics transportation equipment market. In addition, the pandemic has reshaped the consumption habits of consumers in North America, increasing the demand for e-commerce logistics and releasing the demand for semi-trailers.

According to the list of sales orders on hand as provided by the Management, as at 30 April 2022, the orders on hand for refrigerated trailers in the North American market that involve the procurement of products and services from CIMC Connected Persons have exceeded US\$530.9 million or RMB3,540.8 million. In response to these orders, the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Group expects the relevant vehicle production in 2022 to increase by more than 40% as compared to 2021. Such increase in vehicle production will require the shipping of 4,500 containers in 2022. In this regard, the Group expects to procure logistics services of approximately RMB410.2 million from CIMC Connected Persons for the transportation of these containers in 2022. In respect of containers, the Group expects to acquire containers of approximately RMB444.8 million from CIMC Connected Persons to meet the logistics freight demand, including the demand brought by the increase in relevant vehicle production, rather than through container leasing, taking into consideration (1) the expected insufficiency of container leasing space as affected by the pandemic; and (2) the fact that the Group is able to sell the containers locally at a price not lower than its cost after the completion of the relevant logistics transportation. In view of the foregoing, the Group expects that the purchases of products and services from CIMC Connected Persons in 2022 will increase to approximately RMB1,140.0 million, representing an increase of 39.0% as compared to the Existing Annual Caps for 2022. Such amount mainly includes the increase in raw materials (except for steel, which is elaborated in the following paragraph), containers and logistics service procurement. In response to the aforementioned Management's expectation, we (1) reviewed the list of sales orders on hand and samples of these orders; (2) discussed with the Management regarding the increase in vehicle production on logistics freight demand; (3) reviewed the relevant supporting documents related to various assumptions adopted by the Management, including the bill of materials, bill of lading, customs declaration form and pictures showing the packing of semi-finished goods in containers; (4) reviewed the samples of the Group's recent purchases of containers and logistics services; and (5) reviewed the evidence showing that the Group sold the container at a price at or above cost.

In addition to the above expected increase in purchase from the CIMC Connected Persons, the Group, as part of its purchase plan, expects to increase the amount of steel purchase from CIMC Connected Persons. As advised by the Management, steel is one of the major raw materials for the manufacturing of the Group's products and is sourced from both CIMC Connected Persons and independent suppliers. In addition, since steel is a homogeneous product, the Group in general would select suppliers according to their best offer price. After the business discussions between the Group and the CIMC Connected Persons, it is expected that the CIMC Connected Persons could supply the amount of steel equivalent to approximately RMB460.0 million to the Group in 2022 and the Group plans to purchase the same from them when their offer price is no less favourable than those from independent suppliers. The increase in purchase of steel from CIMC Connected Persons is expected to reduce the purchase of steel from independent suppliers. As further advised by the Management, the Group will ensure the transaction terms with CIMC Connected Persons are at normal commercial terms, or no less favourable than those with independent suppliers and the Revised Annual Caps grant more flexibility to the Group to procure steel at a favourable price. We have also reviewed samples of transactions between the Group and CIMC Connected Persons under the Purchase and Services Framework Agreement and samples of transactions between the Group and independent suppliers for the procurement of steel. Based on our observations, the terms of the Group's procurement of steel from CIMC Connected Persons are on normal commercial terms, or no less favourable than the terms of procurement from independent suppliers. We have also reviewed samples of records of relevant internal

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control and risk management procedures, including records of the Group's assessment on the price and suitability of products from CIMC Connected Persons and from independent suppliers, to ensure that the relevant internal control procedures and risk management measures are adequately implemented.

Based on the above, we do not consider it unreasonable for the Company to increase its annual cap.

(...) 2023 2024

The Revised Annual Caps are expected to increase by RMB300.0 million or 18.75% and RMB100.0 million or 5.26% in 2023 and 2024, respectively, as compared to the previous year. As advised by the Management, these increases are mainly due to the potential growth in demand for refrigerated trailers in the North American market and the Group's expectation to gradually increase the purchases of steel from CIMC Connected Persons. Pursuant to the research data from Markets and Markets¹, the global semi-trailer market is expected to grow at a CAGR of 5.6% between 2020 and 2025, and the North American market is expected to be the largest semi-trailer market among them. Therefore, it is not unreasonable for the Group to forecast the potential growth of its refrigerated trailers in the North American market. As further advised by the Management, the Company adopted a more prudent approach in estimating the growth of the annual cap in 2024. Based on the foregoing, we consider that the annual increase of the Revised Annual Cap is not unreasonable.

Taking into account of the fact that (i) the Existing Annual Caps could not satisfy the business needs of the Group; (ii) the Group have considered its actual business situation and future development when estimating the transaction amount with CIMC Connected Persons, we are of the view that the Revised Annual Caps for the three years ending 31 December 2024 are fair and reasonable as far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

4. Ongoing compliance of Listing Rules

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which:

- (i) the proposed annual caps for the continuing connected transactions contemplated under the Procurement and Service Framework Agreements (as amended and supplemented by the Supplemental Agreement) will not be exceeded;

¹ Relevant research data from Markets and Markets is extracted from: <https://www.marketsandmarkets.com/Market-Reports/semi-trailer-market-136867745.html>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (ii) the independent non-executive Directors must, in accordance with the Listing Rules, review annually the continuing connected transactions contemplated under the Procurement and Service Framework Agreements (as amended and supplemented by the Supplemental Agreement) and confirm in the Company's annual report whether such continuing connected transactions have been entered into (a) in the ordinary usual course of business of the Group; (b) on normal commercial terms or better; and (c) according to the agreements governing them on terms that are fair and reasonable and in the interest of the Shareholders as a whole;
- (iii) the Company must engage the auditor of the Company, in accordance with the Listing Rules of the Hong Kong Stock Exchange, to report on the continuing connected transactions annually and the auditor must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the continuing connected transactions: (a) have not been approved by the Board; (b) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group; (c) were not entered into, in all material respects, in accordance with the relevant agreement(s) governing such continuing connected transactions; and (d) have exceeded the proposed annual caps;
- (iv) the Company must promptly notify the Hong Kong Stock Exchange and publish an announcement if the independent non-executive Directors and/or the auditors cannot confirm the matters set out in the points (ii) and/or (iii) above respectively;
- (v) the Company must allow, and ensure that CIMC Connected Persons allows, the auditors of the Company sufficient access to their records for the purpose of the auditors' reporting on the continuing connected transactions contemplated under the Procurement and Service Framework Agreements (as amended and supplemented by the Supplemental Agreement);
- (vi) The Company must state in the annual report whether the auditors of the Company have confirmed the matters stated in Rule 14A.56 of the Listing Rules; and
- (vii) the Company must comply with the applicable provisions of the Listing Rule governing continuing connected transactions in the event that the total amount of the continuing connected transactions contemplated under the Procurement and Service Framework Agreements and the Supplemental Agreement exceeds the proposed annual caps, or that there is any material amendment to the terms of the Procurement and Service Framework Agreements and the Supplemental Agreement.

With the stipulation of the above requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the procurement of good and services from CIMC Connected Persons and hence the interest of the Independent Shareholders would be safeguarded.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that the terms of Procurement and Service Agreement (as amended and supplemented by the Supplemental Agreement) for the Revised Annual Caps of continuing connected transactions contemplated thereunder are in ordinary course of business of the Group, on normal commercial terms, and are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favor of the resolutions to be proposed at the EGM to approve the Supplemental Agreement and the transactions contemplated thereunder and the Revised Annual Caps and we recommend the Independent Shareholders to vote in favor of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Innovax Capital Limited

Richard Chu
M D

Peter Ng
D

M: Richard Chu and Peter Ng are licensed persons under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and regarded as responsible officers of Innovax Capital Limited. Richard Chu and Peter Ng have over 15 years and 10 years of experience in corporate finance industry, respectively.

I. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, include particulars given in compliance with the Listing Rules of the Hong Kong Stock Exchange for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

II. DISCLOSURE OF INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, the interests and/or short positions of the Directors, Supervisors and chief executive of the Company (the “Chief Executive”) in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Hong Kong Stock Exchange under Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which they are taken or deemed to have under such provisions of the SFO, or which are required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO, or otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Name of Director	Nature of interest	Class of Shares	Number of Underlying Shares Held	Long Position/Short Position	Approximate Percentage of the Relevant Class of Shares	Approximate Percentage of the Total Issued Share Capital of the Company
Li Guiping	Interest in controlled corporation (Note 1)	A Share	120,037,500	Long position	8.26%	5.95%
Wang Yu	Interest in controlled corporation (Note 2)	A Share	96,877,500	Long position	6.66%	4.80%

Note 1:

- Mr. Li Guiping is an executive Director, Chief Executive Officer and President of the Company. Mr. Li is the general partner of Shenzhen Longhui, a general partner of Xiangshan Huajin and is interested in 47.37% of the shares, therefore he is deemed to be interested in 96,877,500 A Shares held by Xiangshan Huajin. Mr. Li is interested in 80% of the equity interest of Longyuan Investment, a general partner of Shenzhen Longyuan, and therefore he is also deemed to be interested in 23,160,000 A Shares held by Shenzhen Longyuan.
- Mr. Wang Yu is a non-executive Director of the Company. Mr. Wang is interested in 26.32% of the shares of Shenzhen Longhui, a general partner of Xiangshan Huajin, and therefore is also deemed to be interested in 96,877,500 A Shares held by Xiangshan Huajin.

Long Positions in the Shares/Underlying Shares of Associated Corporations

Save as disclosed below, as at the Latest Practicable Date, none of any Director, Supervisor and chief executive of the Company held the interest in the underlying Shares of the Company.

Associated Corporation	Class of Shares Held in the Associated Corporation	Name of Director	Capacity	Number of Shares/ underlying Shares held	Approximate Percentage of the Relevant Class of Shares
CIMC	A Share	Mai Boliang	Beneficial owner (N. 1)	593,643	0.04% (N. 2)
CIMC Enric	Ordinary Share	Mai Boliang	Beneficial owner (N. 1)	7,260,000	0.36% (N. 3)
		Wang Yu	Beneficial owner (N. 1)	400,000	0.02% (N. 3)
China Jiangsu Vanguard Trailer Rental Co., Ltd. (江蘇掛車幫租賃有限公司)	Domestic Shares	Li Guiping	Interest in controlled corporation (N. 4)	10,000,000	4.26%
Shenzhen SF-Trailer.net Technology Co., Ltd. (深圳市星火車聯科技有限公司)	Domestic Shares	Li Guiping	Interest in controlled corporation (N. 5)	1,200,000	17.14%

N. 1 :

1. Mr. Mai Boliang and Mr. Wang Yu are non-executive Directors of the Company. As at the Latest Practicable Date, Mr. Mai Boliang held 593,643 A Shares in issue of CIMC Group, and Mr. Mai and Mr. Wang held 7,260,000 and 400,000 ordinary shares of CIMC Enric respectively. CIMC and CIMC Enric are associated corporations of the Company.
2. The approximate percentage of shareholding is calculated based on the total issued A share capital of 1,535,121,660 shares of CIMC as at the latest Practicable Date.
3. The approximate percentage of shareholding is calculated based on the total issued ordinary share capital of 2,028,277,588 shares of CIMC Enric as at the latest Practicable Date.
4. Mr. Li Guiping is an executive Director, Chief Executive Officer and President of the Company. As Mr. Li has a 24% equity interest in Shenzhen Huixin Enterprise Management Center (Limited Partnership) (深圳匯信企業管理中心(有限合夥)), Mr. Li Guiping discloses his 4.26% equity interest in China Jiangsu Vanguard Trailer Rental Co., Ltd.

5. Mr. Li Guiping is an executive Director, Chief Executive Officer and President of the Company. Mr. Li has a 4.8% equity interest in Shenzhen Yuanxin Investment Partnership (Limited Partnership) (深圳源欣投資合夥企業(有限合夥)), and therefore he discloses his interest in 17.14% of the shares of Shenzhen SF-Trailernet Technology Co., Ltd. (深圳市星火車聯科技有限公司) which is held by the Company as to 28% of its shares.

III. DISCLOSURE OF SHAREHOLDINGS OF THE SUBSTANTIAL SHAREHOLDERS AND OTHER PARTIES UNDER THE SFO OF HONG KONG

As at the Latest Practicable Date, to the knowledge of Directors, the following persons other than the Directors, Supervisors and Chief Executive had interests and/or short positions in the Shares and underlying Shares of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept pursuant to Section 336 of the SFO:

Name of Shareholder	Nature of interest	Class of Shares	Number of Shares	Long Position/ Short Position	Approximate Percentage of the Relevant Class of Shares	Approximate percentage of the total issued Share Capital of the Company
CIMC	Beneficial owner	A Shares	728,443,475	Long position	50.11%	36.10%
	Interest in controlled corporation ⁽¹⁾	H Shares	394,762,500	Long position	70.00%	19.57%
Ping An Decheng	Interest in controlled corporation ⁽²⁾	A Shares	329,439,025	Long position	22.66%	16.33%
Ping An Financial	Interest in controlled corporation ⁽²⁾	A Shares	329,439,025	Long position	22.66%	16.33%
Ping An Life Insurance	Interest in controlled corporation ⁽⁴⁾	A Shares	329,439,025	Long position	22.66%	16.33%
Ping An Group	Interest in controlled corporation ⁽²⁾	A Shares	329,439,025	Long position	22.66%	16.33%
CIMC Hong Kong	Beneficial owner	H Shares	394,762,500	Long position	70.00%	19.57%
Shanghai Taifu	Beneficial owner	A Shares	167,836,525	Long position	11.55%	8.32%
Chi Xiao	Interest in controlled corporation ⁽³⁾	A Shares	167,836,525	Long position	11.55%	8.32%
Nanshan Group	Interest in controlled corporation ⁽³⁾	A Shares	167,836,525	Long position	11.55%	8.32%
Taizhou Taifu	Beneficial owner	A Shares	161,602,500	Long position	11.12%	8.01%

Name of Shareholder	Nature of interest	Class of Shares	Number of Shares	Long Position/ Short Position	Approximate Percentage of the Relevant Class of Shares	Approximate percentage of the total issued Share Capital of the Company
Ping An Health Partnership	Interest in controlled corporation ⁽⁴⁾	A Shares	161,602,500	Long position	11.12%	8.01%
Shenzhen Sidao Branch Investment Co., Ltd. (深圳市思道科投資有限公司)	Interest in controlled corporation ⁽⁴⁾	A Shares	161,602,500	Long position	11.12%	8.01%
Shenzhen Pingan Yuanxin Investment Development Holdings Co., Ltd. (深圳市平安遠欣投資發展控股有限公司)	Interest in controlled corporation ⁽⁴⁾	A Shares	161,602,500	Long position	11.12%	8.01%
Xiangshan Huajin	Beneficial owner	A Shares	96,877,500	Long position	6.66%	4.80%
Shenzhen Longhui	Interest in controlled corporation ⁽⁵⁾	A Shares	96,877,500	Long position	6.66%	4.80%
Hong Kong Tiancheng Investment & Trading Co. Limited	Beneficial owner	H Shares	42,556,500	Long position	7.55%	2.11%
Shandong Linglong Tire Co., Ltd.	Interest in controlled corporation ⁽⁶⁾	H Shares	42,556,500	Long position	7.55%	2.11%
Linglong Group Co., Ltd. (玲瓏集團有限公司)	Interest in controlled corporation ⁽⁶⁾	H Shares	42,556,500	Long position	7.55%	2.11%
Wang Xicheng	Interest in controlled corporation ⁽⁶⁾	H Shares	42,557,500	Long position	7.55%	2.11%
Citigroup Inc.	Interest in controlled corporation	H Shares	20,000	Long position	0.004%	0.001%
			20,500	Short Position	0.004%	0.001%
GIC Private Limited	Approved lending agent	H Shares	37,588,218	Long position	6.67%	1.86%
	Investment manager	H Shares	35,588,000	Long position	6.31%	1.76%

Notes:

- (1) CIMC Hong Kong is a wholly owned subsidiary of CIMC and therefore CIMC is deemed to be interested in H Shares held by CIMC Hong Kong. As at the Latest Practicable Date, CIMC Hong Kong held 394,285,500 H Shares.
- (2) Ping An Decheng is the general partner of Shanghai Taifu and Taizhou Taifu and therefore is deemed to be interested in A Shares held by Shanghai Taifu and Taizhou Taifu in the Company. Ping An Decheng is wholly owned by Ping An Financial which is ultimately controlled by Ping An Group and therefore both Ping An Financial and Ping An Group are deemed to be interested in A Shares held by Shanghai Taifu and Taizhou Taifu.
- (3) Chi Xiao is a limited partner of Shanghai Taifu which holds a 59.51% equity interest in it and therefore is deemed to be interested in the A Shares held by Shanghai Taifu. Chi Xiao is wholly owned by Nanshan Group and therefore Nanshan Group is also deemed to be interested in A Shares held by Shanghai Taifu in the Company.
- (4) Ping An Life Insurance and Ping An Health Partnership are limited partners of Taizhou Taifu, respectively holding 47.62% and 38.33% equity interests in it, and therefore are deemed to be interested in A Shares held by Taizhou Taifu. Shenzhen Sidao Branch Investment Co., Ltd. (深圳市思道科投資有限公司), a wholly owned subsidiary of Shenzhen Pingan Yuanxin Investment Development Holdings Co., Ltd. (深圳市平安遠欣投資發展控股有限公司), holds a 46.59% equity interest in Ping An Health Partnership, and therefore is deemed to be interested in A Shares of the Company held by Taizhou Taifu. Ping An Life Insurance holds a 40.36% equity interest in Shanghai Taifu, and therefore is deemed to be interested in A Shares held by Shanghai Taifu in the Company.
- (5) Shenzhen Longhui is the general partner of Xiangshan Huajin and holds 37.35% of the equity interest of Xiangshan Huajin, and therefore it is deemed to be interested in 96,877,500 A Shares held by Xiangshan Huajin.
- (6) Mr. Wang Xicheng is interested in 51% of the shares of Linglong Group Co., Ltd. (玲瓏集團有限公司) which in turn holds 42.50% of the equity interest of Shandong Linglong Tire Co., Ltd.. Hong Kong Tiancheng Investment & Trading Co. Limited is also a wholly owned subsidiary of Shandong Linglong Tire Co., Ltd., and therefore all of them are deemed to be interested in the H Shares held by Hong Kong Tiancheng Investment & Trading Co. Limited. In addition, Mr. Wang Xicheng holds 51% of the equity interest of Elite Faith Trading Limited and therefore Mr. Wang Xicheng is also deemed to be interested in 1,000 H Shares held by Elite Faith Trading Limited.

As at the Latest Practicable Date, so far as the Directors are aware, save as disclosed above, no person (other than a Director, Supervisor or senior management of the Company) had an interest or short position in the Shares according to the register of interests in shares and short positions kept by the Company pursuant to Section 336 of the SFO.

IV. INTEREST OF DIRECTORS AND SUPERVISORS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors, Supervisors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

V. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

As at the Latest Practicable Date, none of the Directors or the Supervisors had any existing or proposed service contracts with any member of the Group in which a more than one year's notice or payment of compensation (other than statutory compensation) shall be given by the latter when termination.

VI. DIRECTORS AND SUPERVISORS' INTEREST IN ASSET OR CONTRACTS

As at the Latest Practicable Date, none of the Directors and Supervisors had: (i) any direct or indirect interests in any asset which had been, since 31 December 2021, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or lease to any member of the Group; and (ii) any subsisting material interest in any contract or arrangement as at the Latest Practicable Date which is significant in relation to the business of the Group.

VII. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors and Supervisors were not aware of any material adverse change in the financial or trading positions of the Group since 31 December 2021, the date to which the latest published audited consolidated financial statements of the Group were made up.

VIII. EXPERT'S QUALIFICATIONS AND CONSENTS

The followings are the qualifications of the experts who have given opinions or advice which are contained in this circular:

Name	Qualification
Innovax Capital Limited	a licensed corporation under the SFO to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities

Innovax Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its respective letter or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Innovax Capital Limited did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, and had no direct or indirect interests in any assets which had been acquired or disposed of by or leased to any member of the Group since 31 December 2021 (the date to which the latest published audited combined financial statements of the Company were made up) or proposed to be acquired, disposed of or leased to.

IX. DOCUMENTS ON DISPLAY

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

1. The Existing Procurement and Service Framework Agreement; and
2. The Supplemental Procurement and Service Framework Agreement.

NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2022

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CIMC VEHICLES

CIMC Vehicles (Group) Co., Ltd.

中集車輛(集團)股份有限公司

(A P R C w)

(Stock Code: 1839)

NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2022

NOTICE IS HEREBY GIVEN that the first extraordinary general meeting of 2022 (the “**EGM**”) of CIMC Vehicles (Group) Co., Ltd. (the “**Company**”) will be held at Unit 1803, 18/F, Prince Plaza, Shekou, Nanshan District, Shenzhen, Guangdong, the People’s Republic of China (the “**PRC**”) at 2:50 p.m. on Friday, 15 July 2022 for the purpose of considering and, if thought fit, passing the following resolution. Unless otherwise defined, capitalized terms used in this notice shall have the same meanings as defined in the circular (the “**Circular**”) of the Company dated 24 June 2022.

ORDINARY RESOLUTION

1. To consider and approve the proposal on the revision of estimated caps of the continuing connected/ordinary related party transactions with CIMC and its connected/related parties for years of 2022-2024.

On behalf of the Board
CIMC Vehicles (Group) Co., Ltd.

Li Guiping

E D

Shenzhen, the PRC
24 June 2022

NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2022

N. . . :

1. For the purpose of holding the EGM, the register of members of H Shares of the Company will be closed from Tuesday, 12 July 2022 to Friday, 15 July 2022 (both days inclusive), during which period no transfer of Shares will be registered.

In order to be qualified to attend and vote at the EGM, for H Shareholders, all transfer documents accompanied by the relevant share certificates must be lodged with the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Monday, 11 July 2022.

The Shareholders whose names appear on the register of members of the Company on Tuesday, 12 July 2022 are entitled to attend and vote at the EGM.

2. Votes on the resolution to be proposed at the EGM shall be taken by way of poll.
3. Shareholders who are entitled to attend and vote at the EGM may appoint one or more proxies to attend and vote on their behalf. A proxy need not be a shareholder of the Company.
4. The instrument appointing a proxy must be in writing under the hand of a Shareholder or his attorney duly authorised in writing. If the Shareholder is a legal person, that the instrument shall be affixed with the seal of the legal person or signed by its legal representative or the proxy authorized by a resolution of its Board or other decision-making bodies.
5. In order to be valid, the proxy form must be deposited, for H Shareholders, to the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or to the registered office of the Company in the PRC at No. 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, the PRC not less than 24 hours before the time appointed for holding the EGM. If the proxy form is signed by a person under a power of attorney or other authority, a notarially certified copy of that power of attorney or other authority shall be deposited at the same time to the same place as mentioned in the proxy form. Completion and return of the proxy form will not preclude shareholders from attending and voting in person at the EGM or any adjourned meetings should they so wish.
6. Shareholders shall produce their identity documents and supporting documents in respect of the Shares held when attending the EGM. If corporate shareholders appoint authorised representative to attend the EGM, the authorised representative shall produce his/her identity documents and a notarially certified copy of the relevant authorisation instrument signed by the board of directors or other authorised parties of the corporate Shareholders or other notarially certified documents allowed by the Company. Proxies shall produce their identity documents and the proxy form signed by the Shareholders or their attorney when attending the EGM.
7. The EGM is expected to take for less than half a day. Shareholders or their proxies attending the EGM shall be responsible for their own travel and accommodation expenses.
8. Contact details of the H Share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, are as follows:

Address: 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Telephone: (+852) 2862 5555
Fax No.: (+852) 2865 0990

9. Contact details of the registered office of the Company in the PRC are as follows:

Address: No. 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, the PRC
Telephone No.: (0755) 2669 1130
Email: ir_vehicles@cimc.com

NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2022

A, B, M. M.
B **, M. L. G *, M. H **, M. **, M. H. J. **, M. H.
H **, M. F. J. ***, M. F. **, M. C. H. K.
F ***,

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