



SOMERLEY CAPITAL LIMITED

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27 March 2024

To: The Independent H Shareholders

Dear Sirs,

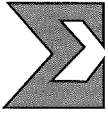
**(1) CONDITIONAL CASH OFFER BY UBS ON BEHALF OF
CIMC VEHICLES (GROUP) CO., LTD. TO BUY-BACK ALL THE
ISSUED SHARES OWNED BY MEMBERS HELD BY CIMC GROUP**



for the A Shares as it is the Company's intention to maintain the listing of the A Shares on the

is not required to make a comparable offer for the A Shares pursuant to PRC laws and regulations.

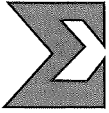
CMC Group (a holder of 708,442,475 A Shares, representing approximately 50.11% of



In formulating our opinion and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Company

material aspects as of the Latest Practicable Date and will remain so up to the time of the U

it



As at the Latest Practicable Date, the Company has 563,920,000 H Shares (representing approximately 27.95% of the total issued share capital of the Company) and 1,453,680,000 A Shares (representing approximately 72.05% of the total issued share capital of the Company) in issue.

1.1. Financial performance

Set out below are the summarised consolidated income statements of the Group for the three years ended 31 December 2021, 2022 and 2023 (“FY2021”, “FY2022” and “FY2023”,

TABLE 1: SUMMARISED CONSOLIDATED INCOME STATEMENTS OF THE GROUP AND ADJUSTED NET PROFIT

<i>(RMB million)</i>	FY2023 <i>(audited)</i>	FY2022 <i>(audited)</i>	FY2021 <i>(audited)</i>
Revenue	25,086.6	23,620.6	27,647.8
Gross profit margin	18.96%	13.28%	11.02%
Net profit attributable to Shareholders	2,455.7	1,118.0	900.7
Adjusted net profit attributable to Shareholders⁽¹⁾	1,605.9	951.4	752.0
Cash dividend per Share (RMB)	Nil	0.3	0.5 ⁽²⁾



product structure and offerings, the increase in sales of products with high margins, the implementation of innovative sales models and economies of scale derived from the

~~Group's operations, the increase in sales of products with high margins, the~~

Set out below are the segment revenue information of the Group by major regions for FY2021, FY2022 and FY2023, as extracted from FY2022 Annual Report and FY2023 Annual Results:

TABLE 2: SEGMENT REVENUE OF THE GROUP BY MAJOR REGIONS

FY2023		FY2022		FY2021	
% of	Cross	% of	Cross	% of	Cross



FY2023

Although recording a slight decrease of 2% in its revenue following the demand for semi-trailers in North America returning to normal in the second half of FY2023, North American market remained to be the Group's largest market in FY2023 by contributing 43% of the Group's total revenue. It has seen an uptick of 4% in the revenue generated from PRC market as the PRC economy gradually recovered and a substantial increase of 27% in that from European market in

FY2023 mainly due to the sustained high inflation and thus relatively high product prices.

The gross profit margins of the three major markets have been further improved in FY2023 with that of PRC market from 9.99% in FY2022 to 11.44% in FY2023, North American market from 16.22% in FY2022 to 25.76% in FY2023 and European market from 8.48% in FY2022 to 17.63% in FY2023. These

improvements, as advised by the Management, were mainly attributable to the increased selling prices in North American market, cost reduction and efficiency improvement.

Set out below are the segment revenue information of the Group by major products for FY2021, FY2022 and FY2023, as extracted from FY2022 Annual Report and FY2023 Annual Results:

TABLE 3: SEGMENT REVENUE OF THE GROUP BY MAJOR PRODUCTS

FY2023		FY2022		FY2021	
% of	Gross	% of	Gross	% of	Gross



FY2022

Global semi-trailers, which include ordinary semi-trailers and tank trailers, further increased their contribution to the Group's total revenue from 55% in FY2021 to 77% in FY2022 with an improved gross profit margin from 11.23% in FY2021 to 13.80% in FY2022. As advised by the Management, it was mainly due to the strong demand with increased selling prices for semi-trailers and economies of scale achieved through increased sales in North American market.

Truck bodies for specialty vehicles and chassis and tractor units which



Compared to FY2022, the Group's net profit attributable to Shareholders achieved a substantial year-on-year increase of 119.66% in FY2023 to arrive at RMB2,455.7 million, mainly due to (i) the Group's strong business performance in North America and

and business growth and improved profitability in other regions, and (ii)



1.2. Financial position

Set out below are the summarised consolidated balance sheets of the Group as at 31 December 2021, 2022 and 2023 as extracted from FY2022 Annual Report and FY2023 Annual Results:

TABLE 4: SUMMARISED CONSOLIDATED BALANCE SHEETS OF THE GROUP

<i>(RMB million)</i>	As at 31 December		
	2023 <i>(audited)</i>	2022 <i>(audited)</i>	2021 <i>(audited)</i>
Total equity attributable to Shareholders ("NAV")	14,808.9	12,699.8	11,738.9
NAV per Share (RMB) ^(Note)	7.34	6.29	5.82

Note: Calculated based on the NAV of the respective year divided by the number of Shares in issue at the end of the respective year.

The Group's NAV in FY2022 and FY2023 were RMB12,699.8 million and RMB14,808.9 million respectively, representing year-on-year increases of 8.2% and 16.6% as compared to the previous financial year respectively. The increases were mainly due to the increases in profit attributable to Shareholders in FY2022 and FY2023 respectively. As a result, the NAV per Share increased from RMB5.82 per Share in FY2021 to RMB6.29 per Share in FY2022 to



1.3. Industry overview

The Group is mainly engaged in the global production and sales of semi-trailers, truck bodies for specialty vehicles, and other vehicles or parts and components with production and sales of semi-trailers accounting for 75% of its total revenue for FY2023. North America and PRC are the two major markets for the Group, which have respectively contributed 43.3% and 34.4% of the total revenue of the Group in 2023 based on the FY2023 Annual Results. According to the 2023 Global OEM Ranking List (the “List”) published by Global Trailer (a business publication published by Prime Creative Media, Australia’s largest business-to-business publisher), the Company ranked first among semi-trailer manufacturers in the world

in terms of production output, for the eleventh year in a row.

Semi-trailer market in North America

North America comprises 7 countries, out of which United States accounts for majority of the total population. According to “United States Trailers” published by Americas Commercial Transportation Research Company (a recognised leading publisher of commercial vehicle industry data, market analysis and forecasting services in North America) in January 2024 (“ACT Report”), the trailers industry experienced demand-exceeding-capacity situation at the beginning of 2023, but supply-side improvements were countered by softening demand and increasing order cancellations during 2023. Dealers were awash with inventory and fleets chose to stay on the sidelines. Based on the ACT Report, the aggregate net orders and shipments of dry vans, reefers vans and chassis, being the major products of the Group, as advised by the Management, for FY2023 were



of the industry. Notably, there has been a consistent growth in logistics demand across multiple sectors, including agriculture, industry, consumption, and imports. This growth surpasses the previous year's performance, indicating a positive and encouraging trend within the logistics industry.

According to Statistics Communiqué of the PRC on the 2023 National Economic and Social Development published by National Bureau of Statistics of China, the highways freight volume in China for 2023 was 40.34 billion tons, representing a year-on-year increase of 8.7%. Semi-trailers are crucial for transporting goods by road. An industry analyst report published by Soochow Securities Co., Ltd. in 2023 indicates that the increase in domestic logistics demand is expected to correspondingly increase the demand for semi-trailers.

Comments

2023 compared to the previous year, largely due to softening demand and increasing order cancellations. Dealers have stocked up on inventory but fleets are increasingly conservative over further investments in trailers. The shipments volume in 2024 is expected to correspondingly decline, which would impact revenue recognition across the industry players. The Group has also experienced a slowdown in sales in North America in the second half of 2023 as compared to the corresponding period in previous year. According to the A.C.T. Report, the overall business environment and expectations for 2024



2. Principal terms of the H Share Buy-back Offer

The Offer is subject to the H Share Buy-back Offer will purchase all the H Shares



Major Conditions of the H Share Buy-back Offer and the Voluntary Withdrawal of Listing

The H Share Buy-back Offer and the Voluntary Withdrawal of Listing shall be subject to, among others, the following Conditions being fulfilled:

- (a) the passing of the resolution to be proposed at the H Shareholders Class

~~Meeting for approving the H Share Buy-back Offer and the Voluntary~~

Withdrawal of Listing, provided that:

- (i) the resolution is approved (by way of poll) by (x) at least two-third (2/3)



Intention of the Company

The Company intends to buy-back all the H Shares in issue other than those held by CIMC Group and its concert parties, and withdraw the listing of its H Shares from the Hong Kong Stock Exchange pursuant to the H Share Buy-back Offer. The Company

intends to maintain the listing status of the A Shares on the Shenzhen Stock Exchange.



4. Evaluation of the Offer Price

4.1. H Share analysis

(a) H Share price performance

Over the last 12 months, the performance of the H Shares on the Hong Kong

Stock Exchange during the period from 1 January 2021 up to and including the Latest Practicable Date (the “**Review Period**”), which covers recent major corporate actions including the listing of A Shares and the major market shift as discussed in sub-section headed “1.1 Financial performance” above, is considered to be sufficient to provide a general overview of recent market performance of H Shares. The H Share price performance during the Review



On 18 May 2021, the Company announced the publication of updated A Share prospectus, after which the closing price of the H Share rebounded from HK\$6.12 on 18 May 2021 to HK\$8.18 on 22 June 2021. After the announcement of the final determination on the Investigation on 4

July 2021 and the listing of the A Share on 8 July 2021, the H Share closing price erased gains and closed below the Offer Price of HK\$7.5 for a period of 21 months until 14 April 2023, despite that CIMC Group, the controlling Shareholder of the Company, had purchased in



(b) *Trading liquidity*

Set out below are the monthly total trading volumes of the H Shares and the percentages of such monthly total trading volume to the total issued H Shares and H Share public float of the Company during the Review Period:

TABLE 6: TRADING LIQUIDITY OF THE H SHARES

	Monthly total trading volume of the H Shares	Percentage of the monthly total trading volume of the H Shares to the total issued H Shares (Note 1)	Percentage of the monthly total trading volume of the H Shares to H Share public float (Note 2)
2021			
January	34,959,856	6.20%	12.53%
February	6,157,461	1.09%	2.21%
March	10,646,912	1.89%	3.82%
April	11,153,493	1.98%	4.00%
May	7,378,761	1.31%	2.65%
June	17,559,443	3.11%	6.30%
July	8,682,494	1.54%	3.11%
August	7,846,920	1.39%	2.81%
September	121,713,500	21.58%	68.23%
October	10,061,920	1.78%	5.64%
November	7,655,805	1.36%	4.31%
December	30,011,500	5.32%	17.35%
2022			
January	2,064,000	0.37%	1.20%
February	1,653,509	0.29%	0.96%
March	1,210,123	0.21%	0.70%
April	19,586,046	3.47%	11.35%
May	9,945,632	1.76%	5.88%
June	7,302,282	1.29%	4.37%
July	980,763	0.17%	0.59%
August	752,100	0.13%	0.45%
September	1,170,582	0.21%	0.70%
October	1,273,989	0.23%	0.76%



	Monthly total trading volume of the H Shares	Percentage of the monthly total trading volume of the H Shares to the total issued H Shares (Note 1)	Percentage of the monthly total trading volume of the H Shares to H Share public float (Note 2)
2023			
January	17,347,000	3.08%	11.82%
February	4,784,500	0.85%	3.26%
March	17,457,100	3.10%	11.90%
April	42,099,309	7.47%	28.69%
May	24,685,564	4.38%	16.82%
June	16,351,500	2.90%	11.14%
July	39,205,762	6.95%	26.72%
August	22,373,894	3.97%	15.25%
September	20,095,679	3.56%	13.70%
October	18,187,000	3.23%	12.40%
November ^(Note 3)	40,132,516	7.12%	27.35%
December	17,219,191	3.05%	11.74%
2024			
January	7,813,744	1.39%	5.33%
February	5,391,000	0.96%	3.67%
March			
(up to and including the Latest Practicable			

Source: Bloomberg and the Hong Kong Stock Exchange website

Notes:

(1) The percentage of the monthly total trading volume of the H Shares to the total issued H Shares is calculated as follows: (Monthly total trading volume of the H Shares / Total issued H Shares) x 100%



From January 2021 to August 2021, the monthly turnover of the H Shares stayed below 6.20% of the total issued H Shares and 12.53% of the H Share public float. From September 2021 to January 2023, as disclosed in the Company's voluntary announcements, CIMC Group being the controlling Shareholder of the Company purchased H Shares from time to time by way of block trades or centralised bidding in the open market. In particular, the purchases of H Shares made by CIMC Group in September 2021 and January 2023 accounted for more than 80% of the respective monthly turnover. Without taking into account the purchases of H Shares made by CIMC Group, the monthly turnover of the H Shares would drop below 15% of the H Share public float from September 2021 to January 2023. After the purchases of the H Shares



Price over/to the NAV per Share

Business of the Offer Price, we have reviewed, as set out in the table below, the H Share prices, the NAV and the prices over/(to) NAV per Share (based on the quarterly, interim and annual results announcements and during the Review Period:

(1) OF THE H SHARE PRICE OVER/TO THE NAV PER SHARE

Premium/ (Discount) of Share price over/(to) NAV per Share	2022			2023			2024		
	H Share price HK\$	NAV per share ⁽²⁾⁽³⁾ HK\$	Premium/ (Discount) of H Share price over/(to) NAV per Share	H Share price HK\$	NAV per share ⁽²⁾⁽³⁾ HK\$	Premium/ (Discount) of H Share price over/(to) NAV per Share	H Share price HK\$	NAV per share ⁽²⁾⁽³⁾ HK\$	Premium/ (Discount) of H Share price over/(to) NAV per Share
40.6%	5.83-6.60	6.97	(16.3)%-(5.2)%	4.79-5.25	6.61	(27.6)%-(20.6)%	6.86-6.96	7.78	(11.8)%-(10.5)%
24.8%	5.58-6.05	6.97	(19.9)%-(13.1)%	5.06-5.41	6.61	(23.5)%-(18.2)%	6.85-6.94	7.78	(11.9)%-(10.8)%
18.0%	4.70-5.65	7.13	(32.5)%-(18.9)%	5.93-6.94	7.09	(16.3)%-4.9%	6.88-7.35	8.06	(11.6)%-(5.5)%
(2.3)%	4.34-6.08	6.99	(37.9)%-(14.7)%	6.25-8.70	7.43	(11.9)%-22.6%			
4.5%	4.40-5.30	6.99	(37.1)%-(24.2)%	5.77-8.75	7.43	(22.3)%-17.8%			
21.6%	5.08-6.05	6.99	(27.4)%-(13.5)%	5.75-6.80	7.43	(22.6)%-(8.5)%			
16.5%	5.03-5.53	6.99	(28.1)%-(20.9)%	7.00-7.79	7.43	(5.8)%-4.8%			
10.4%	4.76-5.06	6.83	(31.9)%-(26.2)%	5.98-7.80	7.63	(21.6)%-5.0%			
12.4%	4.93-5.15	6.83	(27.8)%-(24.6)%	6.35-6.98	7.63	(16.8)%-(8.5)%			
(2.6)%	4.75-5.15	6.61	(30.5)%-(24.1)%	5.67-6.68	7.78	(27.1)%-(12.4)%			
(24.5)%	4.76-5.10	6.61	(28.0)%-(22.9)%	5.48-6.90	7.78	(29.5)%-(11.3)%			
(1.4)%	4.65-5.25	6.61	(29.7)%-(20.6)%	6.81-6.94	7.78	(12.4)%-(10.8)%			

Table Date for March 2024.

end of the respective month, which is calculated based on the Group's latest disclosed NAV and the number of Shares in issue and converted to HK\$ based on the average of offshore RMB exchange rates from the business days immediately preceding and the NAV per Share as announced by the Hong Kong Monetary Authority.

by way of interim and final results announcement since its listing, and quarterly results announcement in addition to interim/final



It is noted that the average premiums of A Share price over H Share price for 30, 60, 90, 180 and 360 trading days up to and including the Last Trading Day ranged from 90% to 100%.

Shares for 30, 90 and 120 trading days up to and including the Latest Practicable Date, the implied H Share would value from HK\$5.17 – 5.65 per H Share. The Offer Price of HK\$7.5 is higher than those implied values derived from the recent closing prices of A Shares and their premiums over H Share prices before Rule 3.7 Announcement.

Comments

The Offer Price of HK\$7.5 per H Share represents a premium of approximately 17.55% over the Company's IPO price of HK\$6.38 and premiums of about 15.92% to 25.42% over the closing price of the H Share on the Last Trading Day and the average closing price of the H Share for 5, 10, 30, 60 and 90 trading days (up to and including the Last Trading Day) before the release of the Rule 3.7 Announcement. Furthermore, the Offer Price of HK\$7.5 has been higher than the closing prices of the H shares in 746 trading days out of a total of 794 trading days during the Review Period. The H Share closing prices could be influenced by the Group's business performance or merger and acquisition activities as evidenced by the plunge following trade restrictions imposed by the United States in 2021 and rebound after the one-off disposal gain as discussed above. The purchases of H Shares made by CIMC Group (the controlling Shareholder of the Company) during the Review Period, however, seemed to have limited impact on the H Share closing price. The Offer Price is 5.8% higher than the NYM per Share as at 21 December



4.2 Comparable companies

The Group is mainly engaged in the global production and sales of semi-trailers, truck bodies for specialty vehicles, and other vehicles or parts and components with a market capitalization of HK\$10.0 billion as at the Last Trading Day. According to the FY2023 Annual



Company (stock code)	Place of listing	PER ⁽¹⁾ (times)	PBR ⁽²⁾ (times)
	Highest	7.29	1.83
	Lowest	4.34	0.60
	Average	5.38	1.11
	Median	4.51	0.91
<i>Secondary Comparable Companies:</i>			
Sinotruk (Hong Kong) Limited (3808.HK)	Hong Kong	14.31	1.10
Dongfeng Motor Group Company Limited (489.HK)	Hong Kong	4.72	0.18
Guangzhou Automobile Group Co., Ltd. (2238.HK & 601238.SH)	Hong Kong and PRC	7.27	0.31
Great Wall Motor Company Limited (2333.HK & 601633.SH)	Hong Kong and PRC	22.70	1.47
Geely Automobile Holdings Limited (175.HK)	Hong Kong	15.84	1.04
BAIC Motor Corporation Limited (1958.HK)	Hong Kong	5.85	0.31
	Highest	22.70	1.47
	Lowest	4.72	0.18
	Average	11.78	0.74
	Median	10.79	0.68
<i>Primary and Secondary Comparable Companies:</i>			
	Highest	22.70	1.83
	Lowest	4.34	0.18
	Average	9.65	0.86
	Median	7.27	0.91
The Company (1839.HK & 301039.SZ) based on the Offer Price of HK\$7.5	Hong Kong and PRC	8.66 ⁽⁴⁾⁽⁵⁾	0.94 ⁽⁵⁾

Source: The List, Bloomberg, the websites of the Comparable Companies and the Hong Kong Stock Exchange

Notes:

- The PERs of the Comparable Companies and the Company are calculated based on their respective market capitalisation as at the Last Trading Day divided by their respective profit attributable to the shareholders for the trailing 12-month period ended 30 June 2023/FY2023 as referenced from their respective latest published annual/interim reports/results.



2. The PBRs of the Comparable Companies and the Company are calculated based on their respective market capitalization as of the Last Trading Day divided by their respective net assets attributable to the

shareholders as referenced from their respective latest published financial reports/results.



Comments

Both the PER and PBR implied by the Offer Price are either higher or within the
range of those of (i) the Dividend Companies which are engaged in similar



ACQUISITION PRECEDENTS

Company name (stock code)	Premium or (discount) represented by offer/cancellation price on/over			to closing share price/average share		Premium or (discount) represented by offer/cancellation price over/to latest NAV per share/adjusted NAV per share ⁽⁵⁾
	Last full trading day ⁽³⁾	5-trading day ⁽⁴⁾	10-trading day ⁽⁴⁾	60-trading day ⁽⁴⁾	90-trading day ⁽⁴⁾	
Sinofest Technology Group Limited (1297)	29.4%	30.4%	31.2%	22.5%	15.0%	(78.9)%
Weiqiao Textile Company Limited (2698)	104.7%	104.9%	102.7%	142.9%	147.5%	(78.3)%
Haitong International Securities Group Limited (665)	114.1%	111.1%	108.2%	122.2%	124.5%	(39.3)%
Pine Care Group Limited (1989)	(1.1)%	0.7%	0.9%	8.9%	22.9%	(7.9)%
Lansen Pharmaceutical Holdings Limited (503)	26.8%	24.1%	22.5%	15.4%	20.8%	22.1%
CST Group Limited (985)	61.3%	24.4%	21.4%	(1.4)%	(14.9)%	(60.7)%
Dali Foods Group Company Limited (3799)	37.9%	36.4%	39.4%	21.8%	18.7%	151.7%
Poly Culture Group Corporation Limited (3636)	77.6%	112.5%	125.2%	129.8%	129.0%	(30.9)%



	price on/over ⁽¹⁾					Premium or (discount) represented by offer/cancellation price over/to closing share price/average share price			Premium or (discount) represented by offer/cancellation price over/to latest NAV per share/adjusted NAV per share ⁽⁵⁾
	5-trading day ⁽⁴⁾	10-trading day ⁽⁴⁾	30-trading day ⁽⁴⁾	60-trading day ⁽⁴⁾	90-trading day ⁽⁴⁾	5-trading day ⁽⁴⁾	10-trading day ⁽⁴⁾	30-trading day ⁽⁴⁾	90-trading day ⁽⁴⁾
%	55.8%	61.0%	52.9%	38.5%	34.4%				(46.5)%
%	20.7%	19.4%	19.0%	16.2%	12.7%				(60.1)%
%	66.6%	61.5%	55.3%	49.9%	54.6%				(47.4)%
%	5.0%	5.0%	5.0%	5.0%	8.7%				(60.2)%
%	58.7%	63.7%	67.3%	64.2%	65.1%				(6.0)%
%	100.0%	106.2%	107.3%	102.0%	91.4%				(63.8)%
%	10.1%	9.3%	10.8%	24.2%	27.2%				(27.5)%
%	48.4%	47.6%	39.4%	33.3%	29.9%				(80.2)%
%	49.6%	48.3%	45.8%	52.2%	53.5%				(55.4)%



	represented by offer/cancellation price over/to closing share price/average share price on/over ⁽¹⁾				represented by offer/cancellation price over/to latest NAV per share/adjusted NAV per share ⁽⁵⁾	
	Trading day ⁽⁴⁾	10-trading day ⁽⁴⁾	30-trading day ⁽⁴⁾	60-trading day ⁽⁴⁾	90-trading day ⁽⁴⁾	
	75.9%	81.9%	70.1%	58.7%	48.1%	(52.8)%
	29.2%	28.8%	31.4%	36.9%	42.1%	(41.9)%
	90.7%	110.3%	139.4%	152.8%	155.7%	(14.8)%
	53.2%	150.5%	138.5%	134.2%	127.3%	(2.9)%
	07.7%	107.7%	96.4%	107.7%	92.9%	(13.6)%
	24.5%	29.1%	25.8%	29.0%	41.1%	70.9%
	49.2%	49.4%	44.2%	55.1%	59.4%	12.5%



Company name (stock code)	Premium or (discount) represent Last full trading day ⁽³⁾	5-trading day ⁽⁴⁾	60-trading day ⁽⁴⁾	90-trading day ⁽⁴⁾	Premium or (discount) represented by offer/cancellation price over/to latest NAV per share/adjusted NAV per share ⁽⁵⁾
Shanghai Jin Jiang Capital Company Limited (2006)	56.6%	63.2%	85.6%	86.8%	8.8%
Razer Inc. (1337)	55.8%	58.4%	59.3%	51.6%	487.5%
Yorkey Optical International (Cayman) Ltd. (2788)	99.8%	102.2%	101.4%	101.4%	6.3%
Dragon Crown Group Holdings Limited (935)	8.5%	7.6%	20.8%	28.0%	34.7%
C.P. Pokphand Co. Ltd. (43)	19.8%	22.3%	33.7%	30.7%	7.5%
Hop Hing Group Holdings Limited (47)	73.9%	74.7%	62.9%	61.0%	57.8%
Suchuang Gas Corporation Limited (1430)	2.9%	19.6%	26.3%	26.3%	96.9%
Good Friend International Holdings Inc. (2398)	50.0%	73.8%	49.0%	38.9%	(20.2)%
Nature Home Holding Company Limited (2083)	39.3%	38.2%	30.8%	38.2%	(23.1)%



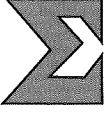
Price/average share	Premium or (discount) represented by offer/cancellation price over to latest NAV per share/adjusted NAV per share ⁽⁵⁾
90-trading day ⁽⁴⁾	
143.5%	(49.0)%
7.4%	63.7%
71.8%	0.0%
113.6%	(10.1)%
42.9%	400.0%
57.4%	201.6%
4.4%	20.2%
61.6%	7.8%

over to closing s

Trading day ⁽⁴⁾	60
27.6%	
(0.7)%	
47.0%	
107.4%	
25.0%	
46.8%	
18.0%	
34.0%	

cancellation price on/over

1%	
3%	
1%	
3%	
1%	
3%	
1%	
3%	



2017 2018 2019 2020 2021 2022 2023 2024

average share

90-trading
day⁽⁴⁾

57.4%

104.1%

20.3%

100.0%

127.0%

155.7%

(14.9)%

60.5%

52.6%

15.9%



Exchange

document or if such d
closing price per share

t or Rule 3.7 announc

respective offer/sche

the offer/cancellation

calculated based on the offer/cancellation price divided by the closing
ods.

earlier.

at full trading day prior to the release of the initial announcement.

per share (or adjusted NAV per share, if available) quoted from the



(a) Premiums or (discounts) over/to the prevailing share prices

The ranges of the premiums or (discounts) represented by the offer/cancellation price of the Privatisation Precedents are very wide. They are (1.1)%-160.9%, 0.0%-153.2%, 0.0%-150.5%, (0.7)%-139.4%, (1.4)%-152.8%, (14.9)%-155.7% over/to their respective share closing price on the last full trading day and 5-, 10-, 30-, 60-, and 90-trading day average share closing price, respectively. The premiums of 15.9%-25.4% represented by the Offer Price over the closing Share prices on the Last Trading Day and average closing prices for various trading periods all fall within the ranges of those of the Privatisation Precedents.

Among the companies involved in the Privatisation Precedents, Xiezhong is principally engaged in manufacture and sales of automotive heating, ventilation and cooling systems and related components and the operation of 4S dealership stores in the PRC and the premiums

~~represented by the offer/cancellation price over/to the share closing price on the last full trading day and~~





Given that (i) the premiums represented by the Offer Price over the closing Share price on the Last Trading Day and average closing prices for various trading periods fall within the ranges of those of the Privatisation Precedents; and (ii) the discount represented by the Offer Price to the NAV per Share is within the range of the Privatisation Precedents and narrower than those represented by the closing price of the H Share during the majority of the days of the Review Period as discussed in the section 4 above; and (iii) offer/cancellation prices pitched at discounts to NAV per share are not ruled out in privatisation transactions during the Review Period, we consider the terms of the H Share Buy-back Offer are generally in line with the market.

DISCUSSION

The Company, listed on the Hong Kong Stock Exchange in July 2019 and the Shenzhen Stock Exchange in July 2021, is principally engaged in manufacturing of semi-trailers and specialty vehicles with semi-trailers accounting for over 70% of its revenue in 2023. It was



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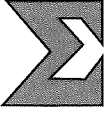
challenging for the Group to maintain its overall gross profit margin or profitability in view of the sluggish North American market going forward.

The Offer Price is HK\$7.5 per H Share, being higher than the IPO price of HK\$6.38 and the closing price of the H Shares in 746 trading days out of a total of 704 trading days during



OPINION AND RECOMMENDATION

Having taken into account the principal factors and reasons set out in our letter, we



Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED

Jenny Leung
Director

Ms. Jenny Leung is a licensed person registered with the SFC and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activities. She has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong.