

If you are in any doubt as to any aspect of this supplemental circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your overseas listed foreign shares (“H Shares”) in Weichai Power Co., Ltd., you should at once hand this supplemental circular 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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this supplemental circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this supplemental circular.

This supplemental circular is for information purposes only and does not constitute an invitation of offer to acquire, purchase or subscribe for the securities of Weichai Power Co., Ltd.



潍柴動力股份有限公司

WEICHAI POWER CO., LTD.

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2338)

SUPPLEMENTAL CIRCULAR TO THE AGM CIRCULAR

MAJOR AND CONTINUING CONNECTED TRANSACTIONS

Independent financial adviser to the independent board committee and the independent shareholders of Weichai Power Co., Ltd. in relation to the provision of deposit services under the New Financial Services Agreement



This supplemental circular should be read together with the AGM Circular issued by the Company to the Shareholders. A letter from the Board is set out on pages 5 to 16 of this supplemental circular.

A letter from the Independent Board Committee to the Independent Shareholders in relation to the provision of deposit services under the New Financial Services Agreement is set out on page 17 of this supplemental circular. A letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the provision of deposit services under the New Financial Services Agreement is set out on pages 18 to 34 of this supplemental circular.

A notice convening the AGM to be held at the Company's conference room at 197, Section A, Fu Shou East Street, High Technology Industrial Development Zone, Weifang, Shandong Province, the PRC on 13 June 2025 at 2:50 p.m. is set out in the AGM Circular. Whether or not you intend to be present at the said meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the H-share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (with respect to the holders of H Shares), no later than 24 hours before the time fixed for holding the relevant meeting or any adjournment thereof. Completion and delivery of the form of proxy will not prevent you from attending, and voting at, the relevant meeting or any adjournment thereof if you so wish. For holders of A Shares, please refer to the notice of the AGM published on the website of the Shenzhen Stock Exchange in respect of the eligibility of attendance, registration procedure, proxy and other relevant matters.

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	5
I. Introduction	6
II. Major and Continuing Connected Transactions	6
III. AGM	15
IV. Closure of Register of Holders of H Shares	15
V. Recommendations	15
VI. Further Information	16
LETTER FROM THE INDEPENDENT BOARD COMMITTEE ON THE MAJOR AND CONTINUING CONNECTED TRANSACTIONS	17
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON THE MAJOR AND CONTINUING CONNECTED TRANSACTIONS	18
APPENDIX I – FINANCIAL INFORMATION OF THE GROUP	35
APPENDIX II – GENERAL INFORMATION	39

DEFINITIONS

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

“5% Threshold”	the thresholds referred to in Rule 14A.76(2)(a) of the Listing Rules
“AGM”	the annual general meeting of the Company to be held on Friday, 13 June 2025, the notice of which is contained in the AGM Circular
“AGM Circular”	the circular of the Company dated 23 May 2025
“A Share(s)”	the A Share(s), being ordinary share(s) issued, in the capital of the Company with a RMB denominated par value of RMB1.00 each and are listed on the Shenzhen Stock Exchange
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Capital Contribution”	has the meaning as ascribed to it under the section headed “II. Major and Continuing Connected Transactions – 9. Information on the parties – Shandong Finance” in the letter from the Board contained in this supplemental circular
“Capital Contribution Announcement”	has the meaning as ascribed to it under the section headed “II. Major and Continuing Connected Transactions – 9. Information on the parties – Shandong Finance” in the letter from the Board contained in this supplemental circular
“China” or “PRC”	the People’s Republic of China
“Company”	潍柴动力股份有限公司 (Weichai Power Co., Ltd.), a company established in the PRC with limited liability
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company

DEFINITIONS

“Existing Financial Services Agreement”	the financial services agreement entered into between the Company and Shandong Finance on 30 March 2022
“Group”	the Company and its subsidiaries, and “Group Company” means any of the same
“H Share(s)”	the H Share(s), being the overseas listed foreign share(s) issued, in the capital of the Company with a RMB denominated par value of RMB1.00 each and are listed on the main board of the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	a committee of the Board comprising Ms. Jiang Yan, Mr. Chi Deqiang, Mr. Zhao Fuquan, Mr. Xu Bing and Mr. Tao Huaan, being the independent non- executive Directors
“Independent Financial Adviser”	Octal Capital Limited, the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the provision of deposit services under the New Financial Services Agreement
“Independent Shareholders”	Shareholders who are not required to abstain from voting at the AGM in respect of the provision of deposit services under the New Financial Services Agreement
“Latest Practicable Date”	20 May 2025, being the latest practicable date prior to the printing of this supplemental circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Cap(s)”	the annual cap(s) for the deposit services under the New Financial Services Agreement as set out in the section headed “II. Major and Continuing Connected Transactions – 4. Proposed annual caps and reasons – Deposit services” in the letter from the Board contained in this supplemental circular

DEFINITIONS

“New Financial Services Agreement”	the financial services agreement entered into between the Company and Shandong Finance on 27 March 2025
“NFRA”	the 國家金融監督管理總局 (National Financial Regulatory Administration), formerly the 中國銀行保險監督管理委員會 (China Banking and Insurance Regulatory Commission)
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shandong Finance”	山東重工集團財務有限公司 (Shandong Heavy Industry Group Finance Co., Ltd.*), a company established in the PRC with limited liability which is currently owned as to 37.5%, 31.25%, 12.5%, 12.5% and 6.25% by Shandong Heavy Industry, the Company, 濰柴重機股份有限公司 (Weichai Heavy-duty Machinery Co., Ltd.*), 山推工程機械股份有限公司 (Shantui Engineering Machinery Co., Ltd.*) and 陝西法士特齒輪有限責任公司 (Shaanxi Fast Gear Co., Ltd.*), respectively. For details of the equity holding of Shandong Finance following completion of the Capital Contribution, please refer to the Capital Contribution Announcement
“Shandong Heavy Industry”	山東重工集團有限公司 (Shandong Heavy Industry Group Co., Ltd.), a substantial shareholder and connected person of the Company holding the entire capital of Weichai Holdings, a subsidiary of the State-owned Assets Supervision and Administration Commission of Shandong Province
“Share(s)”	share(s) of RMB1.00 each in the capital of the Company
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	supervisor(s) of the Company

DEFINITIONS

“Weichai Holdings”

濰柴控股集團有限公司 (Weichai Group Holdings Limited*) (formerly known as 濰坊柴油機廠 (Weifang Diesel Engine Works*)), a legal person established in the PRC, a substantial shareholder of the Company and a connected person of the Company

“%”

per cent

* For identification purposes only

If there is any inconsistency between the Chinese name of the entities mentioned in this supplemental circular and their English translation, the Chinese version shall prevail.

LETTER FROM THE BOARD



潍柴動力股份有限公司

WEICHAI POWER CO., LTD.

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 2338)

Executive Directors:

Ma Changhai (*Chairman*)
Wang Decheng (*General Manager*)
Huang Weibiao
Sun Shaojun
Yuan Hongming
Ma Xuyao

Non-executive Directors:

Zhang Liangfu
Richard Robinson Smith
Michael Martin Macht

Independent Non-executive Directors:

Jiang Yan
Chi Deqiang
Zhao Fuquan
Xu Bing
Tao Huaan

Supervisors:

Wang Yanlei
Wang Xuewen
Zhao Yongchang

Registered office:

197, Section A
Fu Shou East Street
High Technology Industrial
Development Zone
Weifang
Shandong Province
The People's Republic of China

*Principal place of business
in Hong Kong:*

Room 2102-03
China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

23 May 2025

*To: Holders of H Shares
Holders of A Shares*

Dear Sir or Madam,

SUPPLEMENTAL CIRCULAR TO THE AGM CIRCULAR

MAJOR AND CONTINUING CONNECTED TRANSACTIONS

LETTER FROM THE BOARD

I. INTRODUCTION

Reference is made to the announcement of the Company dated 27 March 2025 in relation to the New Financial Services Agreement.

The purpose of this supplemental circular is to provide you with, among other things, further details on the deposit services under the New Financial Services Agreement and the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the deposit services under the New Financial Services Agreement.

II. MAJOR AND CONTINUING CONNECTED TRANSACTIONS

1. The background

Reference is made to the announcement of the Company dated 27 March 2025. As announced by the Board in such announcement, the Group entered into the New Financial Services Agreement on 27 March 2025, pursuant to which Shandong Finance has conditionally agreed to provide, inter alia, certain deposit services to the Company in accordance with the terms and conditions set out in the New Financial Services Agreement.

The Group shall utilise the services of Shandong Finance on a voluntary, non-exclusive basis and is not under any obligations to engage Shandong Finance for any particular service. Shandong Finance is a non-banking financial institution with the approval of the NFRA, which is merely one of a number of financial institutions providing financial services to the Group.

2. New Financial Services Agreement

Date: 27 March 2025

Parties: (1) the Company
(2) Shandong Finance

The transactions under the New Financial Services Agreement are non-exclusive and the Group has the right to decide whether it requires and accepts the financial services to be provided by Shandong Finance, and to have the discretion to engage other financial institutions to provide financial services with reference to its own business needs.

Effective date and term

The New Financial Services Agreement shall become effective on the execution date of the New Financial Services Agreement and has a term of three years ending 29 June 2028, subject to the approval at a Shareholders' meeting of the transactions contemplated under the New Financial Services Agreement and the New Caps.

LETTER FROM THE BOARD

Deposit services

Shandong Finance shall provide certain deposit services to the Group, the principal terms of which are as follows:

- (a) the interest rate for the deposit of the Group's funds with Shandong Finance shall be determined with reference to the relevant requirements of the People's Bank of China, and the actual interest rate shall be no less than the interest rate for the same type of deposit offered by other financial institutions in the PRC to members of the Group for the same period; and
- (b) the maximum daily balance (including interests) of the Group's deposit with Shandong Finance shall not exceed the following caps for each of the three years ending 29 June 2028:

	From 30 June 2025 to 29 June 2026 (RMB billion)	From 30 June 2026 to 29 June 2027 (RMB billion)	From 30 June 2027 to 29 June 2028 (RMB billion)
New Caps	40	40	40

Other terms of the Financial Services Agreement

In addition to the abovementioned deposit services, Shandong Finance has also agreed to provide the following financial services to the Group:

(1) Loan services

Shandong Finance shall provide certain loan services to the Group under the New Financial Services Agreement. As the said loan services to be provided by Shandong Finance to the Group are on normal commercial terms similar to or more favourable than those offered by other financial institutions for the provision of comparable services in the PRC and are for the benefit of the Group, and no security over the assets of the Group will be granted in respect of such loan services, the loan services to be provided by Shandong Finance to the Company under the New Financial Services Agreement are exempt from the reporting, announcement and independent shareholders' approval requirements under the Listing Rules according to Rule 14A.90 of the Listing Rules.

For completeness, the major terms of the said loan services to be provided by Shandong Finance to the Group are set out below for the Shareholders' information:

- (a) the loan services to be provided by Shandong Finance include the provision of loans, discounted notes and bill acceptance services, issuing of non-financing guarantee and the grant of credit facilities within the scope allowed by the laws, regulations and policies of the PRC;

LETTER FROM THE BOARD

- (b) the interest rate for the loan services to be provided by Shandong Finance to the Group shall, subject to the compliance of the relevant requirements of the People's Bank of China in relation to the interest of loans, not exceed the lowest interest rate for the same type and class of loan provided by other major commercial banks in the PRC to the Group for the same period;
- (c) the Group shall not be required to provide any security over its assets for the loan services; and
- (d) Shandong Finance shall provide a credit facility of up to RMB28 billion, RMB28 billion and RMB28 billion for each of the 12 months ending 29 June 2026, 29 June 2027 and 29 June 2028, respectively, to the Group and the amount of accumulated interest that shall accrue thereunder shall not exceed RMB0.87 billion, RMB0.87 billion and RMB0.87 billion for each of the 12 months ending 29 June 2026, 29 June 2027 and 29 June 2028, respectively.

(2) *Miscellaneous financial services*

Shandong Finance shall also provide certain other miscellaneous financial services to the Group under the New Financial Services Agreement. In respect of the provision of such financial services by Shandong Finance to the Group, as they are conducted on normal commercial terms or better to the Group, and the Group expects that all the percentage ratios (if applicable) of the relevant annual fees payable by the Group to Shandong Finance in aggregate will be below 0.1%, the provision of such financial services by Shandong Finance to the Group will be exempt from the reporting, announcement and independent shareholders' approval requirements under the Listing Rules according to Rule 14A.76 of the Listing Rules.

For completeness, the major terms of the provision of such financial services to be provided by Shandong Finance to the Group are set out below for the Shareholders' information:

- (a) the miscellaneous financial services include (i) settlement services to be provided by Shandong Finance to the Group, pursuant to which Shandong Finance will provide payment and receipt services as well as other ancillary services related to such settlement services and (ii) other financial services within the business scope of Shandong Finance which includes but not limited to financial advisory services, credit reference and related consultation services, and entrusted loan services; and

LETTER FROM THE BOARD

- (b) the fees to be charged by Shandong Finance for (i) the provision of the settlement services shall not exceed the service fee rates for the same type of services provided by other financial institutions in the PRC, and shall not be higher than the settlement fee rates charged by Shandong Finance from other members to the Group; and (ii) the other financial services shall not exceed the fair market price or the standard rates imposed according to the PRC regulations, and shall not be higher than the level of fees charged by other financial institutions in the PRC.

3. Existing annual caps and historical amount of deposit

Pursuant to the terms of the Existing Financial Services Agreement, the existing annual caps, i.e. the maximum daily balance (including interests) of the Company's deposit with Shandong Finance for each of the 12 months ended 29 June 2023, 29 June 2024, and for the 12 months ending 29 June 2025 were RMB34 billion, RMB37 billion and RMB40 billion, respectively.

The maximum daily balance (including interests) of the Company's deposit with Shandong Finance during each of the 12 months ended 29 June 2023, 29 June 2024, and the eight months ended 28 February 2025 were approximately RMB30.0 billion, RMB31.0 billion and RMB33.4 billion, respectively, and the utilisation rates of the existing annual caps for each of the 12 months ended 29 June 2023, 29 June 2024, and for the 12 months ending 29 June 2025 were approximately 88.2%, 83.8% and 83.5%, respectively.

Since 28 February 2025 and up to the Latest Practicable Date, the actual daily balance (including interests) of the Company's deposit with Shandong Finance had not exceeded the existing annual cap (i.e. maximum daily balance) of RMB40 billion for the 12 months ending 29 June 2025.

4. Proposed annual caps and reasons

Deposit services

The Board, having considered (i) the historical cash position of the Group; (ii) the expected growth of the business operations of the Group; and (iii) the expected amount of interest income from Shandong Finance, proposed that the maximum daily deposit balance (including interests) of the aggregated deposits placed by the Group with Shandong Finance pursuant to the New Financial Services Agreement shall not exceed the following caps for each of the three years ending 29 June 2028 (the "New Cap(s)"):

	From 30 June 2025 to 29 June 2026 (RMB billion)	From 30 June 2026 to 29 June 2027 (RMB billion)	From 30 June 2027 to 29 June 2028 (RMB billion)
New Caps	40	40	40

LETTER FROM THE BOARD

The Directors (including the independent non-executive Directors after considering the advice of the Independent Financial Adviser) consider that the above New Caps in respect of the deposit services are fair and reasonable.

Loan services and miscellaneous financial services

As disclosed above, the provision of loan services and miscellaneous financial services by Shandong Finance to the Company pursuant to the New Financial Services Agreement are exempt from the reporting, announcement and independent shareholders' approval requirements under the Listing Rules according to Rule 14A.90 and Rule 14A.76 of the Listing Rules, respectively.

5. Internal control procedures

To secure the Shareholders' interests, Shandong Finance has given certain undertakings under the New Financial Services Agreement and the Company has adopted certain internal control procedures. The Company has formulated the guidelines on monitoring the deposit risks with Shandong Finance (the "**Deposit Risks Guidelines**"). According to the Deposit Risks Guidelines, the Company has set up a deposit risk prevention leading group (the "**Risk Prevention Leading Group**") with the Chairman of the Board as group leader, the general manager and chief financial officer of the Company as vice group leaders, and the Board secretary and relevant personnel of the Financial Management Department of the Company as group members. The Risk Prevention Leading Group carries out deposit risks prevention and handling work, and is responsible of collecting and reviewing the financial information of Shandong Finance to prepare a risk assessment report on a semi-annual basis. Pursuant to the relevant internal control procedures:

1. Shandong Finance shall ensure that it is in strict compliance with the requirements of the relevant PRC financial laws and regulations;
2. prior to the Group depositing funds with Shandong Finance, it shall obtain the latest audited reports of Shandong Finance for the three preceding years as well as the financial statements of Shandong Finance for the latest period;
3. the monthly report or financial statements of Shandong Finance for each month will be provided to the Group;
4. during the period when deposits were made by the Group with Shandong Finance, the Company shall obtain and review Shandong Finance's monthly reports on a monthly basis, and further obtain and review Shandong Finance's audited annual report on an annual basis, in order to assess the business of Shandong Finance and its financial risk and position;
5. specific responsibilities have been assigned to finance settlement department and finance management department of the Company in performing daily review and cross-checking on the daily balance of the Group's deposits with Shandong Finance in order to avoid the deposits balance with Shandong

LETTER FROM THE BOARD

Finance exceeding the New Caps and to make sure that the deposits made by the Group are conducted on normal commercial terms and in accordance with the New Financial Services Agreement; and

6. the Company shall be notified within three business days upon the occurrence of circumstances that may cause harm to the security of the Group's deposits or on the occurrence of any other circumstances that may jeopardise the security of the Group's deposits and Shandong Finance undertakes to take proactive measures to resolve such circumstances or prevent the diffusion and spread of such risks. Circumstances that may cause harm to the security of the Group's deposits or may jeopardise the security of the Group's deposits include the bankruptcy or winding-up of Shandong Finance, the occurrence of bank runs, failure to repay debts as they fall due, loans of large amount falling overdue, advances on guarantees, serious failure of information systems, occurrence of robbery or fraud, directors or senior management of Shandong Finance being involved in serious disciplinary or criminal cases, or the occurrence of other force majeure events such as natural disaster.

The Board considers that the above undertakings given by Shandong Finance and internal control procedures adopted by the Company in respect of the transactions under the New Financial Services Agreement are appropriate and that they will give sufficient assurance to the Shareholders that the transactions under the New Financial Services Agreement will be appropriately monitored by the Company.

6. Letter from Shandong Finance

On 17 April 2025, Shandong Finance issued a letter to the Company, notifying the Company that during the term of the New Financial Services Agreement, Shandong Finance will:

- (a) in respect of the deposits placed by the Group with Shandong Finance pursuant to the New Financial Services Agreement, use its best endeavours and take all reasonable steps to ensure that Shandong Finance will use such deposits primarily for the purpose of facilitating the provision of funds transfer services for the Group (and in respect of any such funds that have not been utilised, Shandong Finance will deposit them with organisations such as major state-owned commercial banks and listed national joint stock limited commercial banks); and
- (b) bear all losses incurred due to Shandong Finance's failure to perform its obligations under the New Financial Services Agreement, including but not limited to the deposit amounts, interests and relevant expenses incurred, within ten working days of the occurrence of such failure.

LETTER FROM THE BOARD

7. Reasons for and benefits of the New Financial Services Agreement

The reasons for the Company to enter into the New Financial Services Agreement with Shandong Finance are as follows:

1. the interest rates offered by Shandong Finance for the deposit services, and the rates and fees charged by Shandong Finance for the loan services and miscellaneous financial services to be provided to the Company shall be equal to or more favourable than those offered or charged by other financial institutions in the PRC for the same type of financial services provided to the Company;
2. the activities of Shandong Finance are regulated by the NFRA and Shandong Finance provides services within its approved scope in accordance with its operational requirement; and
3. the Company currently directly holds 31.25%, and, through its 51% subsidiary, 陝西法士特齒輪有限責任公司 (Shaanxi Fast Gear Co., Ltd.*), is interested in 6.25%, equity interest in Shandong Finance, and upon completion of the Capital Contribution, the Company will directly hold 19.53%, and, through its 51% subsidiary, Shaanxi Fast Gear Co., Ltd., be interested in 3.91%, equity interest in Shandong Finance, hence, the Company will be able to continue to benefit from the profits of Shandong Finance.

The transactions under the New Financial Services Agreement shall facilitate the Group to increase the efficiency of fund utilisation, and reduce the cost of financing. It will not be detrimental to the interests of the Company and will not affect the independency of the Company.

The Directors (including the independent non-executive Directors after considering the advice of the Independent Financial Adviser) consider that the New Financial Services Agreement has been negotiated on arm's length basis and is on normal commercial terms. The terms of the New Financial Services Agreement, the transactions contemplated thereunder, the proposed New Caps in respect of the deposit services and the estimated fees payable for the related financial services are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Company approved the New Financial Services Agreement and the transactions contemplated thereunder in the Board meeting held on 27 March 2025. At the aforesaid Board meeting, Mr. Ma Changhai had abstained from voting in respect of the resolution approving such transactions in view of his position in Shandong Heavy Industry. Save as disclosed above, none of the Directors has a material interest in such transactions and is required to abstain from voting.

8. Listing Rules implications

Shandong Heavy Industry is a substantial shareholder of the Company holding approximately 16.32% of the issued share capital of the Company. As Shandong Heavy Industry holds 37.5% equity interest in Shandong Finance^(note), Shandong Finance is an associate of Shandong Heavy Industry and therefore a connected person of the Company under the Listing Rules. Accordingly, the New Financial Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As certain of the applicable percentage ratios calculated in accordance with the Listing Rules for the deposit services under the New Financial Services Agreement exceed 25% but all of which are less than 100%, the provision of the deposit services by Shandong Finance to the Group constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Further, as all of the applicable percentage ratios calculated in accordance with the Listing Rules for the deposit services under the New Financial Services Agreement for the three years ending 29 June 2028 exceed the 5% Threshold, the provision of the deposit services by Shandong Finance to the Group and the proposed New Caps for the relevant periods will be subject to the reporting, annual review, and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

It was proposed that the New Financial Services Agreement and the relevant New Caps shall be considered and, if thought fit, approved at the AGM.

Other than Weichai Holdings (which held 1,422,550,620 Shares representing approximately 16.32% of the issued Shares of the Company as at the Latest Practicable Date) and its associates, no Shareholder is required to abstain from voting in respect of such resolution in the AGM.

9. Information on the parties

The Company

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

Shandong Finance

Shandong Finance is principally engaged in the provision of enterprise group finance company services. As at the Latest Practicable Date, Shandong Finance is held as to 37.5%, 31.25%, 12.5%, 12.5% and 6.25% by Shandong Heavy Industry, the Company, 潍柴重機股份有限公司 (Weichai Heavy-duty Machinery Co., Ltd.*), 山推

LETTER FROM THE BOARD

工程機械股份有限公司 (Shantui Engineering Machinery Co., Ltd.*) and 陝西法士特齒輪有限責任公司 (Shaanxi Fast Gear Co., Ltd.*, a 51% subsidiary of the Company), respectively^(note).

Note: Reference is also made to the Company's announcement dated 11 November 2024 (the "**Capital Contribution Announcement**") in respect of certain capital contributions to be made to Shandong Finance (the "**Capital Contribution**"). Insofar as the Company is aware, as at the Latest Practicable Date, all relevant capital contributions have already been paid by the respective parties, and the Capital Contribution will be completed upon completion of the necessary filing and registration procedures with the relevant authorities. Please refer to the Capital Contribution Announcement for further details of the equity holding of Shandong Finance following completion of the Capital Contribution.

Weichai Heavy Machinery is principally engaged in the manufacture and sale of medium-speed diesel engines and diesel engine parts and components, power generator sets and related products, and the provision of repair processing services for machinery parts. Weichai Heavy-duty Machinery Co., Ltd. is a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 000880) and is held as to approximately 30.59% by its single largest shareholder, 濰柴控股集團有限公司 (Weichai Group Holdings Limited*), which is in turn a wholly-owned subsidiary of Shandong Heavy Industry.

Shantui Engineering Machinery Co., Ltd. is principally engaged in the research and development, production, sale, leasing, repair of, and the provision of technological consultation service in regard to construction work machinery, mining machinery, farmland basic construction machinery and harvesting machinery and the components. Shantui Engineering Machinery Co., Ltd. is a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 000680) and is accounted for as a subsidiary of Shandong Heavy Industry.

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, Shandong Heavy Industry, and hence Shandong Finance, are ultimately governed and controlled by the State-owned Assets Supervision and Administration Commission of Shandong Provincial Government (山東省人民政府國有資產監督管理委員會).

10. Financial effect of the deposit services under New Financial Services Agreement

The Directors are of the opinion that the provision of deposit services under the New Financial Services Agreement will not have material impact on the earnings, assets and liabilities of the Group.

LETTER FROM THE BOARD

III. AGM

The AGM will be held at the Company's conference room at 197, Section A, Fu Shou East Street, High Technology Industrial Development Zone, Weifang, Shandong Province, the PRC on 13 June 2025 (Friday) to consider and, if thought fit, approve, inter alia, the matters as set out in the notice convening the AGM set out in the AGM Circular.

It is a requirement of the Listing Rules that the voting at the AGM must be taken by poll.

The form of proxy for use at the AGM is enclosed with the AGM Circular. Holders of A Shares may use the forms of proxy published by the Company on the website of the Shenzhen Stock Exchange instead and refer to the procedures set out therein. Whether or not you intend to be present at such meeting, you are requested to complete the forms of proxy in accordance with the instructions printed thereon and return the same to Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (with respect to the holders of H Shares), no later than 24 hours before the time fixed for holding the AGM or any adjournment thereof.

Completion and delivery of the form of proxy will not prevent you from attending and voting at the relevant meeting or any adjournment thereof if you so wish.

IV. CLOSURE OF REGISTER OF HOLDERS OF H SHARES

The register of holders of H Shares of the Company will be closed from 10 June 2025 to 13 June 2025, both days inclusive, during which period no transfer of H Shares will be effected. In order to qualify for attending the AGM, all transfer documents of H Shares accompanied by the relevant share certificates must be lodged with Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 9 June 2025.

V. RECOMMENDATIONS

Having considered the reasons set out herein, the Directors, including the independent non-executive Directors (having considered the advice of the Independent Financial Adviser), are of the opinion that the terms of the deposit services under the New Financial Services Agreement and the relevant New Caps, are fair and reasonable, in the ordinary and usual course of business of the Group, on normal commercial terms (or better to the Group), and in the interests of the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolution regarding the same.

The Independent Board Committee comprising the independent non-executive Directors (namely, Ms. Jiang Yan, Mr. Chi Deqiang, Mr. Zhao Fuquan, Mr. Xu Bing and Mr. Tao Huaan) has been appointed to consider the terms of the deposit services under the New Financial Services Agreement and the relevant New Caps. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the deposit services under the New Financial Services Agreement and the relevant New Caps. Your attention is drawn to (i) the letters setting out the

LETTER FROM THE BOARD

advice from the Independent Board Committee to the Independent Shareholders, and (ii) the letters of advice from the Independent Financial Adviser setting out its advice to the Independent Board Committee and the Independent Shareholders in relation to the terms of the deposit services under the New Financial Services Agreement and the relevant New Caps, which are set out in this supplemental circular.

VI. FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this supplemental circular.

Yours faithfully,
For and on behalf of
the Board of Directors
Ma Changhai
Chairman

* *For identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE ON THE
MAJOR AND CONTINUING CONNECTED TRANSACTIONS



潍柴動力股份有限公司
WEICHAI POWER CO., LTD.

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 2338)

23 May 2025

To the Independent Shareholders
of Weichai Power Co., Ltd.

Dear Sir or Madam,

MAJOR AND CONTINUING CONNECTED TRANSACTIONS

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders of Weichai Power Co., Ltd. to consider the provision of deposit services by Shandong Finance to the Group under the New Financial Services Agreement and the relevant proposed New Caps (as defined in the supplemental circular of the Company dated 23 May 2025) (the “**Supplemental Circular**”), details of which are set out in the section headed “II. Major and Continuing Connected Transactions” in the “Letter from the Board” contained in the Supplemental Circular. Unless the context otherwise requires, terms defined in the Supplemental Circular shall have the same meanings when used in this letter.

Your attention is drawn to the “Letter from the Board”, the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the deposit services under the New Financial Services Agreement as set out in the “Letter from the Independent Financial Adviser on the Major and Continuing Connected Transactions” as well as other additional information set out in other parts of the Supplemental Circular.

Having taken into account the advice of, and the principal factors and reasons considered by the Independent Financial Adviser in relation thereto as stated in its letter, we consider that the terms of the deposit services provided by Shandong Finance to the Group under the New Financial Services Agreement and the relevant proposed New Caps are fair and reasonable, on normal commercial terms (or better to the Group) and in the ordinary and usual course of business of the Company, and in the interest of the Company and its shareholders as a whole. We therefore recommend that you vote in favour of the ordinary resolution to be proposed at the AGM to approve the provision of deposit services by Shandong Finance to the Group under the New Financial Services Agreement and the relevant New Caps.

Yours faithfully,
The Independent Board Committee

Ms. Jiang Yan
Independent
Non-executive Director

Mr. Chi Deqiang
Independent
Non-executive Director

Mr. Zhao Fuquan
Independent
Non-executive Director

Mr. Xu Bing
Independent
Non-executive Director

Mr. Tao Huaan
Independent
Non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON THE MAJOR AND CONTINUING CONNECTED TRANSACTIONS

The following is the full text of the letter of advice to the Independent Board Committee and the Independent Shareholders from Octal Capital Limited, the Independent Financial Adviser, which has been prepared for inclusion in this supplemental circular.



801-805, 8/F, Nan Fung Tower,
88 Connaught Road Central,
Hong Kong

23 May 2025

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

MAJOR AND CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the deposit services provided by Shandong Finance to the Group under the New Financial Services Agreement and the relevant proposed New Caps, particulars of which are set out in the letter from the Board of Directors (the “**Letter from the Board**”) of the supplemental circular to the Shareholders dated 23 May 2025 (the “**Supplemental Circular**”), of which this letter forms a part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as given to them under the definitions section of the Supplemental Circular.

The Group entered into the New Financial Services Agreement on 27 March 2025, pursuant to which Shandong Finance has conditionally agreed to provide, inter alia, certain deposit services to the Company in accordance with the terms and conditions set out in the New Financial Services Agreement. The Group shall utilise the services of Shandong Finance on a voluntary, non-exclusive basis and is not under any obligations to engage Shandong Finance for any particular service.

Shandong Heavy Industry is a substantial shareholder of the Company holding approximately 16.32% of the issued share capital of the Company. As Shandong Heavy Industry holds 37.5% equity interest in Shandong Finance, Shandong Finance is an associate of Shandong Heavy Industry and therefore a connected person of the Company under the Listing Rules. Accordingly, the New Financial Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON THE MAJOR AND CONTINUING CONNECTED TRANSACTIONS

As certain of the applicable percentage ratios calculated in accordance with the Listing Rules for the deposit services under the New Financial Services Agreement exceed 25% but all of which are less than 100%, the provision of the deposit services by Shandong Finance to the Group constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Further, as all of the applicable percentage ratios calculated in accordance with the Listing Rules for the deposit services under the New Financial Services Agreement for the three years ending 29 June 2028 exceed the 5% Threshold, the provision of the deposit services by Shandong Finance to the Group and the proposed New Caps for the relevant periods will be subject to the reporting, annual review, and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee comprising all independent non-executive Directors, namely Ms. Jiang Yan, Mr. Chi Deqiang, Mr. Zhao Fuquan, Mr. Xu Bing and Mr. Tao Huaan, has been formed by the Company to consider, and to advise the Independent Shareholders on the terms of the deposit services under the New Financial Services Agreement and the relevant New Caps. We, Octal Capital Limited, have been appointed as the Independent Financial Adviser to make recommendations to the Independent Board Committee and the Independent Shareholders on whether the terms of the deposit services under the New Financial Services Agreement and the relevant New Caps are fair and reasonable so far as the Independent Shareholders are concerned and are on normal commercial terms, and whether the entering into of the New Financial Services Agreement and the relevant New Caps are in the interests of the Company and the Shareholders as a whole and in the ordinary and usual course of business of the Group.

As at the Latest Practicable Date, we were not connected with the Group, Shandong Heavy Industry and Shandong Finance, or, where applicable, any of their respective substantial shareholders, directors or chief executives, or any of their respective associates pursuant to Rule 13.84 of the Listing Rules. During the last two years, there has been no other engagement entered into between the Company and us. We are therefore considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the provision of deposit services by Shandong Finance to the Group under the New Financial Services Agreement and the relevant proposed New Caps.

Apart from normal professional fees paid or payable to us by the Company in connection with this appointment, no arrangements exist whereby we will receive any fees or benefits from the Company or the directors, chief executive and substantial shareholders of the Company, the Group, Shandong Heavy Industry, Shandong Finance or any of their respective subsidiaries, associates or controlling shareholders that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent to act as the Independent Financial Adviser pursuant to Rule 13.84 of the Listing Rules.

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Supplemental Circular and have assumed that all information and representations made or referred to in the Supplemental Circular as provided by the management of the Company were true at the time they were made and continue to be true as at

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON THE MAJOR AND CONTINUING CONNECTED TRANSACTIONS

the Latest Practicable Date. We have also relied on our discussion with the management of the Company regarding the New Financial Services Agreement including the information and representations contained in the Supplemental Circular. We have also assumed that all statements of belief, opinion and intention made by the Directors and the management of the Company respectively in the Supplemental 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 Supplemental 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 Supplemental Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the management of the Company. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group, Shandong Heavy Industry, Shandong Finance or and any of their respective subsidiaries, associates or controlling shareholder(s), nor have we carried out any independent verification of the information supplied to us.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the New Financial Services Agreement, we have taken the following factors and reasons into consideration:

1. Background information of the Company and Shandong Finance

1.1. Information of the Group

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

Set out below is the financial information of the Company for the three years ended 31 December 2022 (“FY2022”), 2023 (“FY2023”) and 2024 (“FY2024”) extracted from the annual report of the Company for the year ended 31 December 2023 (the “2023 Annual Report”) and 31 December 2024 (“2024 Annual Report”) respectively:

	FY2022	FY2023	FY2024
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	(audited)	(audited)	(audited)
Revenue	175,158	213,958	215,691
Gross profit	32,147	45,116	48,386
Net profit	5,683	11,212	14,278

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON THE MAJOR AND CONTINUING CONNECTED TRANSACTIONS

Comparison between FY2022 and FY2023

As illustrated in the above table, revenue of the Group increased by approximately 22.2% from approximately RMB175,158 million for FY2022 to approximately RMB213,958 million for FY2023, primarily due to the Group seizing the opportunity of structural growth in the heavy-duty truck industry, actively deepening structural adjustments and making strong breakthroughs in strategic markets, resulting in rapid growth in the sales volume of the Group's related products. The gross profit of the Group increased by approximately 40.3% from approximately RMB32,147 million for FY2022 to approximately RMB45,116 million for FY2023. The increase was mainly due to the rebound in overall sales revenue, the dilution of fixed production costs and the increasing profitability of products.

The net profit of the Group increased by approximately 97.3% from approximately RMB5,683 million for FY2022 to approximately RMB11,212 million for FY2023, which was mainly attributable to the aforementioned increase in revenue.

Comparison between FY2023 and FY2024

The revenue of the Group for FY2024 remained at a similar level as compared to that for FY2023, amounted to approximately RMB215,691 million. Among which, the domestic business segments including powertrain and agricultural equipment segments witnessed varying degrees of revenue growth, while revenue from the complete vehicle and automotive parts and components segment declined slightly. For the overseas business segments, the revenue of KION Group AG during the period amounted to EUR11.5 billion, representing a year-on-year increase of 0.6%. The gross profit of the Group increased by approximately 7.2% from approximately RMB45,116 million for FY2023 to approximately RMB48,386 million for FY2024. The increase was mainly due to the product structure optimisation and the implementation of cost reduction and efficiency enhancement measures.

The net profit of the Group increased by approximately 27.3% from approximately RMB11,212 million for FY2023 to approximately RMB14,278 million for FY2024, which was mainly attributable to (i) the aforementioned increase in revenue; and (ii) the Group recorded profit on change of fair value of approximately RMB123 million for FY2024 as compared to loss on change of fair value of approximately RMB363 million for FY2023.

<p align="center">LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON THE MAJOR AND CONTINUING CONNECTED TRANSACTIONS</p>

	As at 31 December		
	2022	2023	2024
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Non-current assets	125,182	136,322	159,129
Cash and cash equivalents	70,842	92,857	72,067
– Incl: Cash deposited in the finance <i>company</i>	23,558	29,076	28,401
Other current assets	97,642	105,068	112,683
Current assets	168,484	197,925	184,750
Long-term borrowings	22,782	17,908	8,517
Other non-current liabilities	47,031	57,438	58,564
Non-current liabilities	69,813	75,346	67,081
Short-term loans	4,609	2,046	1,742
Other current liabilities	115,134	144,169	153,097
Current liabilities	119,743	146,215	154,839
Total assets	293,666	334,247	343,879
Total liabilities	189,556	221,561	221,920
Net current assets	48,741	51,710	117,669
Net assets	104,110	112,686	121,959

As at 31 December 2024, the Group had cash and cash equivalents of approximately RMB72,067 million, among of which, approximately RMB28,401 million was deposited in the finance company. As at 31 December 2024, the loans and borrowing of the Group in aggregate amounted to approximately RMB10,259 million, which accounted for approximately 4.6% of the total liabilities of the Group. The net assets of the Group increased from approximately RMB112,686 million as at 31 December 2023 to approximately RMB121,959 million as at 31 December 2024, representing an increase of approximately 8.2%.

<p align="center">LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON THE MAJOR AND CONTINUING CONNECTED TRANSACTIONS</p>

	FY2022	FY2023	FY2024
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	(audited)	(audited)	(audited)
Net cash (used in)/generated from operating activities	(2,349)	27,471	26,094
Net cash (used in) investing activities	(8,545)	(5,737)	(28,911)
Net cash generated from/(used in) financing activities	4,852	(13,029)	(13,838)
Net (decrease)/increase in cash and cash equivalents	(5,865)	8,859	(16,666)
Cash and cash equivalents at end of the year	62,761	71,620	54,954

Comparison between FY2022 and FY2023

The Group recorded net cash generated from operating activities of approximately RMB27,471 million for FY2023, representing an increase of approximately RMB29,820 million as compared to net cash used in operating activities of approximately RMB2,349 million for FY2022. The increase was primarily due to the increase in cash received from sales of goods or rendering of services.

The Group recorded net cash used in investing activities and financing activities of approximately RMB5,737 million and RMB13,029 million for FY2023, respectively. The Group recorded net increase in cash and cash equivalents of approximately RMB8,859 million for FY2023.

Comparison between FY2023 and FY2024

The Group recorded net cash generated from operating activities of approximately RMB26,094 million for FY2024, representing a decrease of approximately RMB1,377 million as compared to that for FY2023. The decrease was primarily due to the increase in cash paid for salary and tax.

The Group recorded net cash used in investing activities of approximately RMB28,911 million for FY2024, representing an increase of approximately RMB23,174 million as compared to that for FY2023. The increase in net cash used in investing activities was mainly due to the investment cost increased from approximately RMB40,100 million for FY2023 to approximately RMB93,938 million for FY2024. The Group recorded net cash used in financing activities of approximately RMB13,838 million for FY2024, similar to that for FY2023. The Group recorded net decrease in cash and cash equivalents of approximately RMB16,666 million for FY2024 mainly due to the increase in net cash used in investment activities.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON THE MAJOR AND CONTINUING CONNECTED TRANSACTIONS

1.2. *Information of Shandong Finance*

Shandong Finance is principally engaged in the provision of enterprise group finance company services.

As at the Latest Practicable Date, Shandong Finance is held as to 37.5%, 31.25%, 12.5%, 12.5% and 6.25% by Shandong Heavy Industry, the Company, 潍柴重機股份有限公司 (Weichai Heavy-duty Machinery Co., Ltd.*), 山推工程機械股份有限公司 (Shantui Engineering Machinery Co., Ltd.*) and 陝西法士特齒輪有限責任公司 (Shaanxi Fast Gear Co., Ltd.*, a 51% subsidiary of the Company), respectively^(note).

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, Shandong Heavy Industry, and hence Shandong Finance, are ultimately governed and controlled by the State-owned Assets Supervision and Administration Commission of Shandong Provincial Government (山東省人民政府國有資產監督管理委員會).

2. **Principal terms of the New Financial Services Agreement**

Principal terms of the New Financial Services Agreement are as follows:

Date : 27 March 2025

Parties : (1) the Company
(2) Shandong Finance

Effective date and term : The New Financial Services Agreement shall become effective on the execution date of the New Financial Services Agreement and has a term of three years ending 29 June 2028, subject to the approval at a Shareholders' meeting of the transactions contemplated under the New Financial Services Agreement and the New Caps.

* *For identification purposes only*

Note: Reference is made to the Company's announcement dated 11 November 2024 (the "**Capital Contribution Announcement**") in respect of certain capital contributions to be made to Shandong Finance (the "**Capital Contribution**"). Insofar as the Company is aware, as at the Latest Practicable Date, all relevant capital contributions have already been paid by the respective parties, and the Capital Contribution will be completed upon completion of the necessary filing and registration procedures with the relevant authorities. Please refer to the Capital Contribution Announcement for further details of the equity holding of Shandong Finance following completion of the Capital Contribution.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON THE MAJOR AND CONTINUING CONNECTED TRANSACTIONS

Deposit services : Shandong Finance shall provide certain deposit services to the Group, the principal terms of which are as follows:

- (a) the interest rate for the deposit of the Group's funds with Shandong Finance shall be determined with reference to the relevant requirements of the People's Bank of China, and the actual interest rate shall be no less than the interest rate for the same type of deposit offered by other financial institutions in the PRC to members of the Group for the same period; and
- (b) the maximum daily balance (including interests) of the Group's deposit with Shandong Finance shall not exceed the following caps for each of the three years ending 29 June 2028:

	From 30 June 2025 to 29 June 2026 (RMB billion)	From 30 June 2026 to 29 June 2027 (RMB billion)	From 30 June 2027 to 29 June 2028 (RMB billion)
New Caps	40	40	40

From our examination of both the Existing Financial Services Agreement and the New Financial Services Agreement, we noted that (i) the terms of the deposit services contemplated under the New Financial Services Agreement do not have material difference in comparison with the Existing Financial Services Agreement; (ii) the Group shall utilise the services of Shandong Finance on a voluntary, non-exclusive basis and is not under any obligations to engage Shandong Finance for any particular service; and (iii) the transactions under the New Financial Services Agreement are non-exclusive and the Group has the right to decide whether it requires and accepts the financial services to be provided by Shandong Finance, and to have the discretion to engage other financial institutions to provide financial services with reference to its own business needs.

3. Reasons for and benefits of entering into the New Financial Services Agreement

According to the Letter from the Board, the reasons for the Company to enter into the New Financial Services Agreement with Shandong Finance are as follows:

1. the interest rates offered by Shandong Finance for the deposit services, and the rates and fees charged by Shandong Finance for the loan services and miscellaneous financial services to be provided to the Company shall be equal to or more favourable than those offered or charged by other financial institutions in the PRC for the same type of financial services provided to the Company;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON THE MAJOR AND CONTINUING CONNECTED TRANSACTIONS

2. the activities of Shandong Finance are regulated by the NFRA and Shandong Finance provides services within its approved scope in accordance with its operational requirement; and
3. the Company currently directly holds 31.25%, and, through its 51% subsidiary, 陝西法士特齒輪有限責任公司 (Shaanxi Fast Gear Co., Ltd.*) ("**Shaanxi Fast Gear**"), is interested in 6.25%, equity interest in Shandong Finance, and upon completion of the Capital Contribution, the Company will directly hold 19.53%, and, through its 51% subsidiary, Shaanxi Fast Gear Co., Ltd., be interested in 3.91%, equity interest in Shandong Finance, hence, the Company will be able to continue to benefit from the profits of Shandong Finance.

The Directors consider that the transactions under the New Financial Services Agreement shall facilitate the Group to increase the efficiency of fund utilisation and reduce the cost of financing, while it will also not be detrimental to the interests of the Company and will not affect the independency of the Company.

As mentioned in the section headed "2. Principal Terms of the New Financial Services Agreement" above, the interest rate for the deposit of the Group's funds with Shandong Finance shall be determined with reference to the relevant requirements of the People's Bank of China, and the actual interest rate shall be no less than the interest rate for the same type of deposit offered by other financial institutions in the PRC to members of the Group for the same period. Based on our enquiry with the management of the Company, the Group made numerous term deposits with Shandong Finance of small balances in FY2024 and the three months ended 31 March 2025 (the "**Relevant Period**") with fixed interest rate while the remaining balances of the deposits previously placed with Shandong Finance are current deposits with no change in interest rate. In view of the above, we have obtained and reviewed two samples of term deposit records of the Group with amount of over RMB200 million placed with Shandong Finance during the Relevant Period and confirmed that the interest rates of such deposits were no less than the prevailing highest interest rate for the same type of deposit offered by commercial banks in the PRC during the same period. As the selected samples represent the largest amount of term deposits placed by the Group with Shandong Finance during the Relevant Period, we are of the view that the selected samples are fair and representative to assess the fairness and reasonableness of the pricing policy of deposit services under the New Financial Services Agreement. In view of the interest rates offered by Shandong Finance are no less favourable than other commercial banks in the PRC, the Group was able to earn a higher interest income for the same type of deposit during the same period. In addition, as the Group is able to utilise the deposit service provided by Shandong Finance on a voluntary basis and is not under any obligations to place any deposit with Shandong Finance under the New Financial Services Agreement, the entering into of the New Financial Services Agreement could provide additional flexibility to the Group in managing its idle cash to earn higher interest income should Shandong Finance offer a more favorable interest rate than other financial institutions in the market.

Shandong Finance has been providing the deposit service to the Group historically, thus it has developed a deep understanding of the capital needs and business operations of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON THE MAJOR AND CONTINUING CONNECTED TRANSACTIONS

In view of the stability and reliability of the deposit services in previous years, Shandong Finance is well-positioned to serve the financial needs of the Group and it is expected that it will be cost-efficient, expedient and beneficial for the Group to use the deposit services provided by Shandong Finance. As advised by the management of the Group, the Group expects that given the Group's historical business arrangement with Shandong Finance, the Group would generally have more efficient communication channels with Shandong Finance as compared with other domestic commercial banks or financial institutions.

With reference to the announcement of the Company dated 27 March 2025, the Company had set out the guideline in relation to monitoring the deposit risks with Shandong Finance (the **"Deposit Risks Guideline"**). According to the Deposit Risks Guideline, the Company should set up a deposit risk prevention leading group (the **"Risk Prevention Leading Group"**) which should be led by the chairman of the Board. The Risk Prevention Leading Group is responsible for collecting and reviewing the financial information of Shandong Finance to prepare a risk assessment report on a semi-annual basis. The risk assessment report for the year 2024 has been published by the Company on 27 March 2025 (the **"2024 Risk Assessment Report"**). We have reviewed the 2024 Risk Assessment Report and noted that the Company has reviewed the background and the internal control structure of Shandong Finance. The 2024 Risk Assessment Report also highlighted that (i) Shandong Finance is a non-bank financial institution approved by the NFRA and obtained its financial license in 2012; (ii) Shandong Finance has established a risk governance framework in accordance with the Guidelines for Comprehensive Risk Management of Banking Financial Institutions published by China Banking and Insurance Regulatory Commission, which features a clear organisational structure with well-defined roles and responsibilities for risk management and internal control; (iii) Shandong Finance adhered to prudent operating principles, strictly complying with the Company Law of the PRC, the Banking Supervision Law of the PRC, the Enterprise Accounting Standards, the Measures for the Administration of Financial Companies of Enterprise Groups, relevant national financial laws and regulations, and its Articles of Association; (iv) Shandong Finance has fulfilled capital adequacy ratio and investment ratio which are the financial ratio requirements as listed out in the Measures for the Administration of Financial Companies of Enterprise Groups published by China Banking and Insurance Regulatory Commission; and (v) Shandong Finance has not experienced any major incidents, including deposit runs, inability to pay due debts, overdue large-scale loans, guarantee advances, severe information system failures, robberies or fraud, or serious disciplinary or criminal cases involving directors or senior management since its establishment. Furthermore, Shandong Finance's auditor has not identified any material deficiencies in its internal control. Therefore, having considered that Shandong Finance has a good standing in terms of its risk profile and financial position, we concur with the management of the Company that the liquidity risks to the Group in placing deposit with Shandong Finance is considered to be low.

According to the Letter from the Board, on 17 April 2025, Shandong Finance issued a letter to the Company, confirming its commitments under the New Financial Services Agreement. Shandong Finance agreed to use its best efforts to ensure that deposits placed by the Group would be primarily used to facilitate fund transfer services for the Group. Any unused funds deposited by the Group to Shandong Finance would be deposited with organisations such as major state-owned commercial banks and listed national joint stock limited commercial banks. Additionally, Shandong Finance undertook to bear any losses arising from its failure to fulfill its obligations under the New Financial Services Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON THE MAJOR AND CONTINUING CONNECTED TRANSACTIONS

Further, as the Group has an equity investment in Shaanxi Fast Gear which indirectly holds 6.25% (3.91% upon completion of the Capital Contribution) equity interests in Shandong Finance, the availability of the idle cash from the Group for the deposit services would be beneficial to Shandong Finance, the Group could in turn be benefited from the potential increase in net profit and the value appreciation of Shandong Finance from the Group's equity investment.

Accordingly, we consider that the deposit services under the New Financial Services Agreement are on normal commercial terms or better and are fair and reasonable and are in the interests of the Company and the Independent Shareholders as a whole.

4. The New Caps

4.1. The existing annual caps

The table below sets forth the existing annual caps for each of the twelve months ended 29 June 2023 and 29 June 2024, and for the twelve months ending 29 June 2025 and the highest historical deposit balances placed by the Company with Shandong Finance for each of the twelve months ended 29 June 2023 and 29 June 2024, and for the eight months ended 28 February 2025 (the "Review Period") under the Existing Financial Services Agreement:

	For the twelve months ended 29 June 2023 (RMB billion)	For the twelve months ended 29 June 2024 (RMB billion)	For the twelve months ending 29 June 2025 (RMB billion)
Existing annual caps	34.0	37.0	40.0
	For the twelve months ended 29 June 2023	For the twelve months ended 29 June 2024	For the eight months ended 28 February 2025
The highest historical deposit balances placed by the Company with Shandong Finance	30.0	31.0	33.4 ¹
Utilisation rate	88.2%	83.8%	83.5%

Note 1: The amount representing the highest historical deposit balances placed by the Company with Shandong Finance during the 8 months ending 28 February 2025.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON THE MAJOR AND CONTINUING CONNECTED TRANSACTIONS

According to the above table, we noted that the relevant utilisation rates of the existing annual caps under the Existing Financial Services Agreement were approximately 88.2%, 83.8% and 83.5% for the Review Period, respectively, which were relatively stable and substantially utilised over the Review Period.

4.2. The Pricing Policy of the New Caps

As set out in the Letter from the Board, the interest rates for the deposit of the Group's funds with Shandong Finance shall be determined with reference to the relevant requirements of the People's Bank of China (the "PBOC"), and the actual interest rate shall be no less than the interest rate for the same type of deposit offered by other financial institutions in the PRC to members of the Group for the same period. Moreover, we understand that the deposit interest rates offered by Shandong Finance to the Group shall comply with benchmark deposit interest rates promulgated by the PBOC from time to time (if any) for financial institutions such as Shandong Finance.

We understand that the PBOC has promulgated the benchmark deposit interest rates (the "PBOC Rates") to serve as a benchmark for commercial banks in the PRC to make reference to when determining their deposit interest rates to offer to their customers. As such, we are of the view that it is fair and reasonable to refer to the PBOC Rates as the benchmark when comparing deposit interest rates offered by Shandong Finance. Set out below is a summary of our research of the PBOC Rates currently in effect and the deposit interest rates currently offered by Shandong Finance.

	Current PBOC Rates (per annum)	Current Rates offered by Shandong Finance (per annum)	Deposit Rates quoted by other two commercial banks (per annum)
Current Deposits	0.35%	0.20%	0.10%
Term Deposits			
3 months	1.10%	1.35%	0.80% – 0.85%
6 months	1.30%	1.55%	1.00% – 1.10%
1 year	1.50%	1.65%	1.10% – 1.30%
2 years	2.10%	1.70%	1.20% – 1.35%
3 years	2.75%	2.15%	1.50% – 1.55%

We noted that the interest rates currently offered by Shandong Finance for 3-months, 6-months and 1-year term deposits are higher than the standard deposit rates promulgated by the PBOC, while the interest rates offered by Shandong Finance for current deposits, 2-year and 3-year term deposits are lower than that promulgated by the PBOC. We were advised by the management of the Company that since the PBOC Rates were announced on 24 October 2015 and no further update has been announced, the PBOC Rates serve as a reference for financial institutions such as Shandong Finance in setting the deposit rates with adjustment subject to the commercial decision of the financial institutions.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON THE MAJOR AND CONTINUING CONNECTED TRANSACTIONS

For our due diligence purposes, we have further obtained from the Company the quotations of the deposit interest rates obtained by the Company from two independent commercial banks in the PRC. We noted that the two independent commercial banks included a principal bank of the Group which is a state-owned bank of the PRC and a commercial bank with its shares listed on the Shanghai Stock Exchange. In view that the two quotations were obtained from (i) a bank with state-owned background which the Group principally maintained its banking relationship with; and (ii) a commercial bank with considerable size, we considered that the two quotations are fair and representative. Upon comparison, we noted that the current interest rates offered by Shandong Finance to the Group during the same period for deposits of the same type and same deposit period are higher than those quoted by the other two independent commercial banks.

Moreover, we noted that the Company will review the pricing terms of the deposit services and will only use the deposit services if the terms quoted by Shandong Finance are no less favourable than the terms quoted by such two other independent commercial banks.

Based on the above factors, we are of the view that the deposit interest rates to be offered by Shandong Finance will be in line with or higher than the deposit interest rates offered by independent financial institutions for comparable deposits of comparable periods pursuant to the New Financial Services Agreement.

4.3. Basis and assumptions in determining the New Caps

As set out in the Letter from the Board, the New Caps for each of the three years ending 29 June 2028 are as follow:

	From 30 June 2025 to 29 June 2026 (RMB billion)	From 30 June 2026 to 29 June 2027 (RMB billion)	From 30 June 2027 to 29 June 2028 (RMB billion)
New Caps	40	40	40

We have discussed with the management of the Company regarding the bases and assumptions in determining the New Caps, and we understand that the New Caps are determined with reference to (i) the historical cash position of the Group; (ii) the expected growth of the business operations of the Group; and (iii) the expected amount of interest income from Shandong Finance.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON THE MAJOR AND CONTINUING CONNECTED TRANSACTIONS

In assessing the fairness and reasonableness of the New Caps, we have taken into account the following factors:

- (i) For the twelve months ended 29 June 2023 and 2024 and the eight months ended 28 February 2025, the highest daily closing balances of deposits (including interests accrued on such balances) of the Group with Shandong Finance were approximately RMB30.0 billion, RMB31.0 billion and RMB33.4 billion, respectively, which represented approximately 75%, 77.5% and 83.5% of the New Caps set at the amount of RMB40 billion, respectively. Therefore, the New Caps are comparable to the historical highest closing balances during the Review Period;
- (ii) the existing annual caps of RMB34.0 billion, RMB37.0 billion and RMB40.0 billion for the twelve months ended 29 June 2023 and 2024 and the twelve months ending 29 June 2025 under the Existing Financial Services Agreement were utilised as to approximately 88.2%, 83.8% and 83.5% respectively for the Review Period, the New Caps set at the amount of RMB40 billion would provide more flexibility to the Group in managing its idle cash;
- (iii) as mentioned in the 2024 Annual Report, by strengthening technological innovation, proactively capturing market opportunities, and maximising operational potential to effectively overcome the pressure from the industry's low-growth environment, the Company's revenue in FY2024 increased by 0.8% as compared with that in FY2023 to approximately RMB215,691 million while the net profit attributable to the shareholders of the Company in FY2024 amounted to approximately RMB11,403 million, representing an increase of approximately 26.5% as compared with that in FY2023. Such key performance indicators demonstrated comprehensive improvement which sustained the momentum of high-quality and stable development. The continuing expansion of the Group's business would lead to larger operational cash inflows to the Group, hence driving up the needs for the Group's deposit services with Shandong Finance. Based on our discussion with the management of the Company, the Group expected the New Caps of RMB40 billion would be sufficient to meet such requirement; and
- (iv) as the latest deposit interest rates offered by Shandong Finance (i.e. 0.20% to 2.15%) was higher than those offered by other two independent commercial banks (i.e. ranged from 0.10% to 1.55%), with the New Caps being set at RMB40 billion, this increased the flexibility of the Group to allocate more idle cash to be deposited with Shandong Finance and earn more interest income from it.

The New Caps are set at RMB40 billion for each of the three years ending 29 June 2028, which is the same as the existing annual caps for the twelve months ending 29 June 2025. According to the 2024 Annual Report, the net profit of the Group for FY2024 increased by approximately 27.3% as compared with that in FY2023 to approximately RMB14,278 million. Although we noted the cash and cash equivalents of the Group

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON THE MAJOR AND CONTINUING CONNECTED TRANSACTIONS

decreased to approximately RMB72,067 million as at 31 December 2024, such decrease was mainly due to the repayment of the loans and borrowings. Taking into account the increase in the Group's profit and the decrease in the amount of loans and borrowings in FY2024, the cashflow pressure of the Group in the future may be reduced. Hence, the increase in the cash reserves of the Group in the future could be deposited in financial institutions including Shandong Finance to earn more interest income which is in the interests of the Company and the Shareholders as a whole. Further, according to the New Financial Services Agreement, the Group is not obligated to accept the financial services to be provided by Shandong Finance. Therefore, the entering into of the New Financial Services Agreement and the New Caps could provide the Group with an extra platform to deposit its idle funds with more flexibility while the Group could earn more interest income from it.

Having considered the above, we are of the view that the New Caps under the New Financial Services Agreement are fair and reasonable so far as the Company and Independent Shareholders are concerned.

5. Internal control procedures

To secure the Shareholders' interests, Shandong Finance has given certain undertakings under the New Financial Services Agreement and the Company has adopted certain internal control procedures. The Company has formulated the Deposit Risks Guidelines, under which the Company has set up the Risk Prevention Leading Group with the Chairman of the Board as group leader, the general manager and chief financial officer of the Company as vice group leaders, and the Board secretary and relevant personnel of the Financial Management Department of the Company as group members. The Risk Prevention Leading Group carries out deposit risks prevention and handling work, and is responsible for collecting and reviewing the financial information of Shandong Finance to prepare a risk assessment report on a semi-annual basis. Pursuant to the relevant internal control procedures:

- (i) Shandong Finance shall ensure that it is in strict compliance with the requirements of the relevant PRC financial laws and regulations;
- (ii) prior to the Group depositing funds with Shandong Finance, it shall obtain the latest audited reports of Shandong Finance for the three preceding years as well as the financial statements of Shandong Finance for the latest period;
- (iii) the monthly report or financial statements of Shandong Finance for each month will be provided to the Group;
- (iv) during the period when deposits were made by the Group with Shandong Finance, the Company shall regularly obtain and review Shandong Finance's monthly reports and audit reports on a monthly basis, and further obtain and review Shandong Finance's audited annual report on an annual basis, in order to assess the business of Shandong Finance and its financial risk and position;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON THE MAJOR AND CONTINUING CONNECTED TRANSACTIONS

- (v) specific responsibilities have been assigned to finance settlement department and finance management department of the Company in performing daily review and cross-checking on the daily balance of the Group's deposits with Shandong Finance in order to avoid the deposits balance with Shandong Finance exceeding the New Caps and to make sure that the deposits made by the Group are conducted on normal commercial terms and in accordance with the New Financial Services Agreement; and
- (vi) the Company shall be notified within three business days upon the occurrence of circumstances that may cause harm to the security of the Group's deposits or on the occurrence of any other circumstances that may jeopardise the security of the Group's deposits and Shandong Finance undertakes to take proactive measures to resolve such circumstances or prevent the diffusion and spread of such risks. Circumstances that may cause harm to the security of the Group's deposits or may jeopardise the security of the Group's deposits include the bankruptcy or winding-up of Shandong Finance, the occurrence of bank runs, failure to repay debts as they fall due, loans of large amount falling overdue, advances on guarantees, serious failure of information systems, occurrence of robbery or fraud, directors or senior management of Shandong Finance being involved in serious disciplinary or criminal cases, or the occurrence of other force majeure events such as natural disaster.

As advised by the management of the Company, the Company has adopted a set of internal control measures which includes assigning specific responsibilities to finance settlement department and finance management department of the Company in performing daily review and cross-checking on the daily balance of the Group's deposits with Shandong Finance in order to avoid the deposits balance with Shandong Finance exceeding the New Caps and to make sure that the deposits made by the Group are conducted on normal commercial terms and in accordance with the New Financial Services Agreement.

The management of the Company further advised that, the auditors of the Company will conduct annual review on the transactions contemplated under the New Financial Services Agreement and the New Caps in respect of the deposit services in accordance with the Listing Rules. The independent non-executive Directors will also provide annual confirmations in the annual reports of the Company in respect of the transactions contemplated under the New Financial Services Agreement to ensure that such transactions are entered into on normal commercial terms, fair and reasonable, and carried out pursuant to its contractual terms.

For our due diligence purpose, we have obtained and reviewed the auditors' review report and the annual confirmation of the independent non-executive Directors for the year ended 31 December 2024 and no irregularities were noted.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON THE MAJOR AND CONTINUING CONNECTED TRANSACTIONS

In view of the above, in particular, (i) there are sufficient internal control and risk management measures in place to ensure that the deposits to be placed with Shandong Finance will not exceed the New Caps in accordance with the New Financial Services Agreement; (ii) the auditors of the Company and the independent non-executive Directors had not identify any issue in relation to the deposit services under the Existing Financial Services Agreement; and (iii) there had not been any record of non-compliance on the relevant laws and regulations of the PRC by Shandong Finance as advised by the management of the Company, we are of the view that there are sufficient internal control and risk management measures in place to govern and monitor the proposed continuing connected transactions under the New Financial Services Agreement and safeguard the interests of the Independent Shareholders.

RECOMMENDATION

Having considered the above principal factors and reasons, we considered that the terms of the deposit services provided by Shandong Finance to the Group under New Financial Services Agreement and the relevant proposed New Caps are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Company so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we would recommend the Independent Shareholders, and advise the Independent Board Committee to recommend to the Independent Shareholders, to vote in favor of the ordinary resolution to be proposed at the AGM to approve the provision of deposit services by Shandong Finance to the Group under the New Financial Services Agreement and the relevant New Caps.

Yours faithfully

For and on behalf of

Octal Capital Limited

Alan Fung

Managing Director

Louis Chan

Director

Note:

Mr. Alan Fung has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2003. Mr. Fung has more than 30 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of mergers and acquisitions, connected transactions and transactions subject to the compliance to the Takeovers Code of listed companies in Hong Kong.

Mr. Louis Chan has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2008. Mr. Chan has more than 20 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of mergers and acquisitions, connected transactions and transactions subject to the compliance to the Takeovers Code of listed companies in Hong Kong.

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 December 2022, 2023, 2024 is disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.weichaipower.com):

- the Company's annual report for the year ended 31 December 2022 published on 27 April 2023 (pages 127 to 460)
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042703689.pdf>)
- the Company's annual report for the year ended 31 December 2023 published on 18 April 2024 (pages 132 to 476)
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0418/2024041801640.pdf>)
- the Company's annual report for the year ended 31 December 2024 published on 29 April 2025 (pages 134 to 477)
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0429/2025042903525.pdf>)

2. INDEBTEDNESS

Borrowings

As at the close of business on 31 March 2025, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this supplemental circular, the Group had outstanding interest-bearing bank borrowings of approximately RMB19,127 million as follows:

	As at 31 March 2025 <i>RMB million</i>
Current bank borrowings	3,132
Non-current bank borrowings due within one year	3,344
Non-current bank borrowings	12,651

The bank borrowings and other borrowings are either secured or unsecured, with details as follows:

	As at 31 March 2025 <i>RMB million</i>
Secured:	74
Unsecured:	19,053

As at 31 March 2025, RMB8,610 million of the Group's borrowings were guaranteed, comprising guarantees made by the Company in favour its subsidiary's borrowings.

As at 31 March 2025, the Group had total available bank credit facilities amounting to approximately RMB196,717 million, of which approximately RMB147,025 million remained unutilized.

Collateral

As at 31 March 2025, certain bank loans of the Group were secured by the pledge of the following:

	As at 31 March 2025 <i>RMB million</i>
Property, plant and equipment	74

Liabilities under acceptance

As at 31 March 2025, the liabilities under acceptance of the Group amounted to approximately RMB30,597 million.

Company bonds issued

As at 31 March 2025, the Group issued company bonds of approximately RMB7,762 million.

Contingent liabilities

(1) Confirmation risks

Shaanxi Heavy-duty Motor Co., Ltd., a subsidiary of the Company, entered into a tri-party cooperation agreement with distributors and endorsing bank. Distributors will deposit guarantee money of 15% to 40% to the bank and apply for establishment of bank acceptance bill for the purchase of products of Shaanxi Heavy-duty Motor Co., Ltd. according to the amount of credit facility provided by the bank. Shaanxi Heavy-duty Motor Co., Ltd. assumes security obligation in favour of the distributors for the difference

between amount of notes and guarantee money. Products are delivered to distributors and revenue is recognized when Shaanxi Heavy-duty Motor Co., Ltd. receives the bank acceptance bills from the distributors. As at 31 March 2025, outstanding acceptance bills amounted to RMB388 million.

(2) Business related to finance lease company

Regarding the outright product sales to distributors in cash by Shaanxi Heavy-duty Motor Co., Ltd., a subsidiary of the Company, Shaanxi Heavy-duty Motor Co., Ltd. entered into a cooperation agreement with Shanzhong Finance Leasing Co., Ltd. It is agreed by and between the two parties that Shanzhong Finance Leasing Co., Ltd. shall provide finance lease service to distributors or ultimate customers of Shaanxi Heavy-duty Motor Co., Ltd. Shaanxi Heavy-duty Motor Co., Ltd. shall guarantee repurchase of physical assets upon presentation in respect of the failure of the lessee under the finance lease (ultimate customers) to pay the instalment payments and interests under the finance lease and the distributors are not able to perform repurchase obligations, on condition that product quality required by Shaanxi Heavy-duty Motor Co., Ltd. is satisfied. As at 31 March 2025, risk exposure in respect of possible repurchase guarantee was RMB1,939 million.

Weichai Lovol Intelligent Agricultural Technology Co., Ltd. (“Weichai Lovol”) signed a cooperation agreement with Huiyin Finance Leasing Co., Ltd. for the agricultural equipment products sold by Weichai Lovol, a subsidiary of the Company, for which Huiyin Finance Leasing Co., Ltd. provides financial leasing services. Both parties agreed that if, under the direct sales model, the lessee (end customer) fails to pay the rent and interest agreed under the financial lease contract in full as scheduled, Weichai Lovol shall perform the repurchase obligation; and if, under the distribution model, the lessee (end customer) fails to pay the rent and interest agreed under the financial lease contract in full as scheduled and the relevant distributor fails to perform the repurchase obligation, Weichai Lovol shall perform the repurchase obligation. As at 31 March 2025, risk exposure in respect of possible guarantee for joint liabilities was RMB1,530 million.

The Directors confirm that there are no material changes in the indebtedness or contingent liabilities of the Group since 31 March 2025.

Save as disclosed herein, the Group did not have any material outstanding loan capital or debt securities or non-convertible notes issued or authorised or otherwise created but unissued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases or finance lease commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

The Directors are of the opinion that, taking into account of the Group’s available financial resources including internally generated cash flows, credit facilities and cash on hand, the Group has sufficient working capital for its present requirements, that is, for at least 12 months from the date of this supplemental circular.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Looking ahead to 2025, China's economy will maintain its overarching principle of pursuing advancement amidst stability. The government will intensify unconventional counter-cyclical regulation through more proactive and targeted macroeconomic policies and support high-quality development under the concerted efforts of fiscal and monetary measures, with domestic demand revitalisation, scientific innovation, and industrial upgrading serving as core drivers.

Hence, in 2025, the Company will proactively innovate, accelerate transformation, and consolidate its core competitive advantages and foster new growth drivers while reinforcing the Group's efforts, seeking breakthroughs, and maximising efficiency to achieve high-quality annual operational goals. The Group will deepen market segment focus and achieve budget targets. The Group will implement precision marketing, accelerate R&D, and secure efficient delivery and service assurance to ensure sustained product competitiveness, stable sales growth, and enhanced customer satisfaction. Through optimising product mix and shifting from homogeneous price competition to high-end technology competition, the Group will strive to increase market share, percentage of high-end products, and profitability across all sectors. Efforts will also be made to strengthen the Group's core advantages in powertrain systems to support global leadership in complete vehicles and machinery. While pursuing reforms and transformative upgrades, the Group will cultivate high-quality strategic growth. In addition to consolidating the Group's traditional strengths, the Group will advance five key strategic initiative, including (i) aggressively expand its new energy business, (ii) prioritise breakthroughs in large-diameter engine technology, (iii) aim to seize strategic opportunities in overseas markets, (iv) bolster the aftermarket business, and (v) accelerate digital-intelligent transformation.

5. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, they are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Company were made up.

1. RESPONSIBILITY STATEMENT

This supplemental circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules 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 supplemental 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 supplemental circular misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and Supervisors in the shares, underlying shares and debentures of the Company notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (as if it were applicable also to the Supervisors of the Company) were as follows:

Interests in the Shares of the Company

Name of director	Capacity	Number of "A" shares held	Number of "H" shares held	Percentage of the issued share capital of the Company
Wang Decheng	Beneficial owner	800,000	–	0.01%
Sun Shaojun	Beneficial owner	13,684,324 (Note 1)	–	0.16%
Yuan Hongming	Beneficial owner	1,000,440	–	0.011%
	Interest held by spouse	444	–	0.000005%
		<u>1,000,884</u>		<u>0.011%</u>

Notes:

1. These shares were derived from the previous domestic shares of the Company. The domestic shares were ordinary shares issued by the Company, with a Renminbi denominated par value of RMB1.00 each, which were subscribed for and paid up in Renminbi or credited as fully paid up. These shares became A shares of the Company upon the A share listing of the Company on the Shenzhen Stock Exchange.
2. All the shareholding interests listed in the above table are “long” position.
3. The percentages disclosed in the above table were calculated based on the total number of issued shares of the Company as at the Latest Practicable Date, i.e. 8,715,671,296 shares (comprised of 6,772,631,296 A shares and 1,943,040,000 H shares).

Interests in the shares of associated corporations of the Company

Name of director	Name of associated corporation	Nature of interest	Class and number of securities interested or deemed to be interested	Approximate percentage interest in the entire issued share capital of associated corporation
Richard Robinson Smith	KION Group AG (“KION”)	Beneficial owner	50,000 ordinary shares	0.04%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, the chief executive nor the supervisors had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or was recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers.

The register of substantial Shareholders maintained by the Company pursuant to Section 336 of the SFO (including interests filed with the Stock Exchange) shows that as at the Latest Practicable Date, the following persons (other than the Directors, the chief executive and the supervisors) had the following interests and short positions (if any) in the shares and underlying shares of the Company:

Name	Capacity	Long/ Short position	Number of A shares	Percentage of share capital comprising only A shares	Number of H shares	Percentage of share capital comprising only H shares	Percentage of total issued share capital
Weichai Group Holdings Limited	Beneficial owner	Long	1,422,550,620	21.00%	–	–	16.32%
Shandong Heavy Industry Group Co., Ltd. (Note 1)	Interest of corporation controlled by you	Long	1,422,550,620	21.00%	–	–	16.32%
Brandes Investment Partners, LP (Note 3)	Investment manager	Long	–	–	78,578,612	16.18%	3.60%
Lazard Emerging Markets Equity Portfolio (Note 4)	Investment manager	Long	–	–	23,707,500	5.86%	1.30%
Barclays PLC (Note 3)	Person having a security interest in shares	Long	–	–	525,552	0.11%	0.02%
	Interest of corporation controlled by you	Long	–	–	25,453,050	5.24%	1.17%
					<u>25,978,602</u>	<u>5.35%</u>	<u>1.19%</u>
	Interest of corporation controlled by you	Short	–	–	24,102,475	4.96%	1.10%
Morgan Stanley (Note 2)	Interest of corporation controlled by you	Long	–	–	49,335,508	5.08%	1.13%
	Interest of corporation controlled by you	Short	–	–	42,078,545	4.33%	0.96%
Pzena Investment Management, LLC	Investment manager	Long	–	–	171,391,446	8.82%	1.96%
	Beneficial owner	Long	–	–	<u>464,318</u>	<u>0.02%</u>	<u>0.01%</u>
					<u>171,855,764</u>	<u>8.84%</u>	<u>1.97%</u>

Name	Capacity	Long/ Short position	Number of A shares	Percentage of share capital comprising only A shares	Number of H shares	Percentage of share capital comprising only H shares	Percentage of total issued share capital
JP Morgan Chase & Co.	Beneficial owner	Long	–	–	29,387,177	1.51%	0.34%
	Investment manager	Long	–	–	58,010,145	2.99%	0.67%
	Person having a security interest in shares	Long			6,512,397	0.34%	0.07%
	Approved lending agent	Long	–	–	62,750,773	3.23%	0.72%
					<u>156,660,492</u>	<u>8.06%</u>	<u>1.80%</u>
Citigroup Inc.	Beneficial owner	Short	–	–	25,613,234	1.35%	0.30%
	Interest of corporation controlled by you	Long	–	–	3,168,101	0.16%	0.04%
	Approved lending agent	Long	–	–	114,299,205	5.88%	1.31%
					<u>117,467,306</u>	<u>6.05%</u>	<u>1.35%</u>
	Interest of corporation controlled by you	Short	–	–	2,756,836	0.14%	0.03%
Black Rock, Inc.	Interest of corporation controlled by you	Long	–	–	101,777,509	5.24%	1.17%
	Interest of corporation controlled by you	Short	–	–	4,888,000	0.25%	0.06%
Lazard Asset Management LLC	Investment manager	Long	–	–	97,282,596	5.01%	1.12%

Notes:

1. Shandong Heavy Industry Group Co., Ltd., a subsidiary of State-owned Assets Supervision and Administration Commission of Shandong Province, held the entire share capital of Weichai Group Holdings Limited (formerly known as Weifang Diesel Engine Works).
2. The number of H shares reported above held by the relevant substantial shareholder does not take into consideration the Company's bonus share issuance on 21 July 2017 as there is no disclosure of interest obligation under the SFO where there is no change in percentage of shareholdings for a substantial shareholder.

3. The number of H shares reported above held by the relevant substantial shareholder does not take into consideration the Company's bonus share issuance on 20 August 2015 and 21 July 2017 as there is no disclosure of interest obligation under the SFO where there is no change in percentage of shareholdings for a substantial shareholder.
4. The number of H shares reported above held by the relevant substantial shareholder does not take into consideration the Company's bonus share issuance on 17 August 2012, 20 August 2015 and 21 July 2017 as there is no disclosure of interest obligation under the SFO where there is no change in percentage of shareholdings for a substantial shareholder.

Save as disclosed above, the Company had not been notified of any other relevant interests or short positions in the issued share capital of the Company as at the Latest Practicable Date.

As at the Latest Practicable Date, so far as is known to the Directors, the following Directors held offices in the substantial Shareholders set out above:

Name of Director	Positions held in Weichai Holdings	Positions held in Shandong Heavy Industry
Ma Changhai	Chairman, general manager	Deputy general manager
Wang Decheng	Vice chairman	–
Huang Weibiao	Director	–

3. ARRANGEMENTS AND MATTERS CONCERNING DIRECTORS

- (a) None of the Directors has entered into any service contract with the Group, which is not expiring or determinable by the Group within one year without payment of compensation (other than the payment of statutory compensation).
- (b) As at the Latest Practicable Date, none of the Directors was interested, directly or indirectly, in any assets which, since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up, had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.
- (c) As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date and entered into by the Group and which was significant in relation to the business of the Group.
- (d) As at the Latest Practicable Date, none of the Directors or their respective close associates had any interest in a business which competed or might compete with the business of the Company.

4. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance nor was any litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

5. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2024, the date to which the latest audited consolidated financial statements of the Group were made up.

6. EXPERT

- (a) The following is the qualification of the expert which has given opinion or advice which is contained in this supplemental circular:

Name	Qualification
Octal Capital Limited	A corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

- (b) As at the Latest Practicable Date, the Independent Financial Adviser did not have any shareholding in the Company or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any interest, direct or indirect, in any assets which had, since the date to which the latest published audited consolidated financial statements of the Group were made up, been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.
- (c) The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this supplemental circular with the inclusion herein of its letter and references to its name in the forms and contexts in which they appear. The letter of the Independent Financial Adviser contained herein were issued on 23 May 2025 and was made by the Independent Financial Adviser for incorporation in this supplemental circular.

7. MATERIAL CONTRACTS

The following contracts (not being a contract entered into in the ordinary course of business) have been entered into by member(s) of the Group within the two years immediately preceding the date of this supplemental circular and are or may be material:

- (a) a share transfer agreement entered into between the Company, 中國重型汽車集團有限公司 (China National Heavy Duty Truck Group Company Limited*) (“**CNHTC**”) and Shengrui Transmission on 5 June 2023 in respect of the disposal of 38% of the issued shares of Shengrui Transmission by the Company to CNHTC at a consideration of RMB760,091,400; and
- (b) a capital contribution agreement entered into between Sinotruk (Hong Kong) Limited, 山東重工集團有限公司 (Shandong Heavy Industry Group Co., Ltd.*), the Company, 濰柴重機股份有限公司 (Weichai Heavy-duty Machinery Co., Ltd.*), 山推工程機械股份有限公司 (Shantui Engineering Machinery Co., Ltd.), 陝西法士特齒輪有限公司 (Shaanxi Fast Gear Co. Ltd.) (“**SFGC**”), and 山東重工集團財務有限公司 (Shandong Heavy Industry Group Finance Co., Ltd.*) (“**Shandong Finance**”) on 11 November 2024 in respect of the making of capital contributions to Shandong Finance in an aggregate amount of RMB5,575.68 million, pursuant to which the Company and SFGC (a 51% subsidiary of the Company) shall in aggregate contribute RMB653.4 million.

8. DOCUMENTS ON DISPLAY

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

- (i) the New Financial Services Agreement;
- (ii) the letter from the Independent Financial Adviser, the text of which is set out in this supplemental circular; and
- (iii) the letter of consent from the Independent Financial Adviser referred to in the section headed “6. Expert” in Appendix II to this supplemental circular.

* For identification purposes only

9. MISCELLANEOUS

- (a) The company secretary of the Company is Ms. Hu Yunyun, who is an intermediate accountant (中級會計師) in the PRC and a member of the Association of Chartered Certified Accountants.
- (b) The H-share registrar of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (c) In the event of any inconsistency, the English text of this supplemental circular shall prevail over the Chinese text.