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If you have sold or transferred all your shares of the Company, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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**WEICHAI**

**潍柴动力股份有限公司**

**WEICHAI POWER CO., LTD.**

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

**(Stock Code: 2338)**

**(1) PROPOSED PAYMENT OF CASH DIVIDENDS,  
PROPOSED BONUS SHARES ISSUE AND  
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION,  
(2) PROPOSED ADOPTION OF THE AMENDMENTS TO THE RULES OF  
PROCEDURES AND TERMS OF REFERENCE,  
(3) RE-ELECTION OF CERTAIN DIRECTORS AND SUPERVISORS AND  
ELECTION OF NEW DIRECTORS,  
(4) GENERAL MANDATE TO ISSUE H SHARES,  
AND  
(5) NOTICES OF ANNUAL GENERAL MEETING AND CLASS MEETINGS**

A letter from the Board is set out on pages 5 to 26 of this circular.

Notices convening the AGM and the Class Meetings to be held at Section A, 197, Fu Shou East Street, High Technology Industrial Development Zone, Weifeng, Shandong Province, the PRC on 29 June 2012 at 9:00 a.m. are set out on pages 69 to 84 of this circular. Whether or not you intend to be present at the said meeting(s), you are requested to complete the accompanying forms of proxy in accordance with the instructions printed thereon and return the same to the branch 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) or the registered office of the Company at Securities Department, 197, Section A, Fu Shou East Street, High Technology Industrial Development Zone, Weifang, Shandong Province, the PRC (postal code: 261061) (with respect to the holders of A 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.

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## DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held on Friday, 29 June 2012, the notice for which is contained in this circular
“A Share(s)”	the A Share(s), being ordinary share(s) issued and/or to be issued as part of the New Shares (as the context may require), in the capital of the Company with a RMB denominated par value of RMB1.00 each and are listed or proposed to be listed (as the case may be) on the Shenzhen Stock Exchange
“A Shareholders’ Class Meeting”	the class meeting of the holders of A Shares to be convened and held on Friday, 29 June 2012 for the purpose of approving the proposed Cash Dividends and Bonus Shares Issue
“Articles of Association”	the articles of association of the Company
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“Board Committees”	the Audit Committee, Nomination Committee, Remuneration Committee and Strategic Development and Investment Committee
“Bonus Shares Issue”	the proposed issue of the New Shares to the Shareholders (subject to fractional entitlements and the restriction on issue to Overseas Shareholders as mentioned in this circular) by way of capitalisation of the retained earnings of the Company on the basis of two New Shares for every ten existing Shares held by the Shareholders on the Record Date
“Cash Dividends”	has the meaning ascribed thereto under the section headed “Proposed Payment of Cash Dividends” in this circular
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

## DEFINITIONS

“China” or “PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Class Meeting(s)”	the H Shareholders’ Class Meeting and/or the A Shareholders’ Class Meeting (as the case may be)
“Company”	潍柴动力股份有限公司 (Weichai Power Co., Ltd.), a company established under the laws of the PRC
“Company Law”	the Company Law (公司法) of the PRC adopted at the Fifth Session of the Standing Committee of the Eighth National People’s Congress on 29 December 1993 and effective from 1 July 1994, as amended, supplemented or otherwise modified from time to time
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate to issue H Share(s) to be granted to the Board at the AGM
“Group”	the Company and its subsidiaries (as defined in the Hong Kong Listing Rules)
“H Share(s)”	the H Share(s), being the overseas listed foreign share(s) issued and/or to be issued as part of the New Shares (as the context may require), in the capital of the Company with a RMB denominated par value of RMB1.00 each and are listed or proposed to be listed (as the case may be) on the main board of the Hong Kong Stock Exchange
“H Shareholders’ Class Meeting”	the class meeting of the holders of H Shares to be convened and held on Friday, 29 June 2012 for the purpose of approving the proposed Cash Dividends and Bonus Shares Issue
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

## DEFINITIONS

“Latest Practicable Date”	11 May 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“New A Shares”	the new A Shares to be allotted and issued pursuant to the Bonus Shares Issue
“New H Shares”	the new H Shares to be allotted and issued pursuant to the Bonus Shares Issue
“New Shares”	the new Shares to be allotted and issued pursuant to the Bonus Shares Issue
“Nomination Committee”	the nomination committee of the Board
“Overseas Shareholder(s)”	the holder(s) of H Share(s) whose address(es) as stated in the register of holders of H Shares is/are outside Hong Kong
“Record Date”	means the record date to be determined by the Board by reference to which entitlements to the payment of the Cash Dividends and the Bonus Shares Issue will be determined
“Regulations”	the Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定) issued by the State Council of the PRC on 4 August 1994, as amended, supplemented or otherwise modified from time to time
“Remuneration Committee”	the remuneration committee of the Board
“RMB”	Renminbi, the lawful currency of the PRC
“Rules of Procedures”	the rules of procedures of the Board
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	share(s) of RMB1.00 each in the capital of the Company
“Shareholder(s)”	the holder(s) of Share(s)

## DEFINITIONS

“Strategic Development and Investment Committee”	the strategic development and investment committee of the Board
“Supervisor(s)”	supervisor(s) of the Company
“Terms of Reference”	terms of reference of the Board Committees



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*Executive Directors:*

Tan Xuguang (Chairman)  
Xu Xinyu  
Sun Shaojun  
Zhang Quan

*Non-executive Directors:*

Zhang Fusheng  
Liu Huisheng  
Yao Yu  
Yeung Sai Hong  
Chen Xuejian  
Li San Yim  
Julius G. Kiss  
Han Xiaoqun  
Gu Linsheng  
Li Shihao  
Liu Zheng

*Independent non-executive Directors:*

Zhang Xiaoyu  
Koo Fook Sun, Louis  
Fang Zhongchang

*Supervisors:*

Sun Chengping  
Jiang Jianfang  
Lu Wenwu

*Registered office:*

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

*Principal place of business  
in Hong Kong:*

Room 1909, 19th Floor  
Gloucester Tower  
15 Queen's Road Central  
Hong Kong

15 May 2012

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

Dear Sir or Madam,

- (1) PROPOSED PAYMENT OF CASH DIVIDENDS,  
PROPOSED BONUS SHARES ISSUE AND  
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION,  
(2) PROPOSED ADOPTION OF THE AMENDMENTS TO THE RULES OF  
PROCEDURES AND TERMS OF REFERENCE,  
(3) RE-ELECTION OF CERTAIN DIRECTORS AND SUPERVISORS AND  
ELECTION OF NEW DIRECTORS,  
(4) GENERAL MANDATE TO ISSUE H SHARES,  
AND  
(5) NOTICES OF ANNUAL GENERAL MEETING AND CLASS MEETINGS**

## LETTER FROM THE BOARD

### 1. INTRODUCTION

Reference is made to the announcement of the Company dated 29 March 2012 in relation to the annual results for the year ended 31 December 2011 and the proposed payment of Cash Dividends and the proposed Bonus Shares Issue.

Further, on 13 May 2012, the Board of Directors passed a resolution for the purpose of electing and re-electing certain Directors and the Supervisors (as the case may be). The new election and re-election (as the case may be) of the Directors and the Supervisors (representing the Shareholders) are subject to the approval of the holders of the H Shares and the holders of the A Shares by way of ordinary resolution at the AGM.

The purpose of this circular is to provide you with, among other things, (i) further details of the proposed payment of Cash Dividends, the proposed Bonus Shares Issue and proposed amendments to the Articles of Association; (ii) information in relation to the proposed adoption of the amendments to the Rules of Procedures and Terms of Reference; (iii) details of the re-election of Directors and Supervisors and the election of new Directors; and (iv) information in relation to the General Mandate to issue H Shares. This circular also contains the notices convening the AGM and the Class Meetings.

### 2. PROPOSED PAYMENT OF CASH DIVIDENDS, PROPOSED BONUS SHARES ISSUED AND PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

#### A. Proposed payment of Cash Dividends

On 29 March 2012, the Board proposed that the cash dividends (the “**Cash Dividends**”) of RMB1.00 (tax inclusive) per every ten Shares held by such Shareholders on the Record Date will be paid by way of cash in the amount of RMB166,609,136 of the Company’s retained earnings as at 31 December 2011. The payment of the Cash Dividends is still subject to the approval by the Shareholders at the AGM and the expected payment date for the Cash Dividends will be announced no later than two months from the date of obtaining the approvals by the Shareholders, the holders of A Shares and the holders of H Shares, respectively, of the payment of Cash Dividends and the Bonus Shares Issue.

#### B. Proposed Bonus Shares Issue

On 29 March 2012, the Board also proposed that, the Bonus Shares Issue will be made to the Shareholders whose names appear on the register of members of the Company on the Record Date on the basis of two New Shares to be issued by way of capitalisation of the retained earnings for every ten Shares held by such Shareholders on the Record Date. The Board has proposed the Bonus Shares Issue to the Shareholders for their consideration and, if thought fit, approval.

As at the Latest Practicable Date, the registered and issued share capital of the Company was RMB1,666,091,366 which comprised of 1,261,291,366 A Shares and 404,800,000 H Shares. On the basis that an aggregate of 1,666,091,366 Shares are in issue, immediately upon the completion of the Bonus Shares Issue, the New Shares will comprise 252,258,273 New A Shares and 80,960,000 New H Shares. The 333,218,273 New Shares will be credited as fully paid by way of capitalisation of the retained earnings in the amount of RMB333,218,273.



## LETTER FROM THE BOARD

There are not any outstanding options, warrants and convertible securities to subscribe for the Shares of the Company as at the Latest Practicable Date.

### **Conditions of the Bonus Shares Issue**

The Bonus Shares Issue is conditional upon the following:

- (i) the passing of special resolutions to approve the Bonus Shares Issue and the consequential amendments to the Articles of Association as a result of the Bonus Shares Issue at the AGM and to approve the Bonus Shares Issue at the Class Meetings; and
- (ii) approval by and/or filing at the relevant governmental or regulatory authorities of the PRC being obtained and/or completed (to the extent required under the relevant PRC laws, rules and regulations); and
- (iii) in respect of the New H Shares, the Listing Committee of the Hong Kong Stock Exchange granting or agreeing to grant the approval for the listing of, and permission to deal in, the New H Shares.

According to Rule 19A.38 of the Hong Kong Listing Rules, except in the circumstances mentioned in Rule 13.36(2) of the Hong Kong Listing Rules (as replaced by Rule 19A.38 of the Hong Kong Listing Rules), the Directors shall obtain the approval by special resolution of the Shareholders in general meeting and the approvals by special resolution of the holders of A Shares and of the holders of the H Shares at separate Class Meetings conducted in accordance with the Articles of Association in respect of issue of the New Shares under the Bonus Shares Issue. As the Bonus Shares Issue does not fall within Rule 13.36(2) of the Hong Kong Listing Rules (as replaced by Rule 19A.38 of the Hong Kong Listing Rules), the Bonus Shares Issue is conditional upon, inter alia, the passing of the resolutions to approve the Bonus Shares Issue at the AGM and Class Meetings, respectively, as mentioned above.

### **Basis of the Bonus Shares Issue**

The Bonus Shares Issue will be made by the capitalisation of the retained earnings of the Company and the New Shares will be distributed to the relevant Shareholders on the basis of two New Shares, credited as fully paid, for every ten existing Shares held by the Shareholders whose names appear on the register of holders of H Shares and the register of holders of A Shares of the Company, respectively, on the Record Date.

### **Status of the New Shares**

The New Shares will, subject to the Articles of Association, when issued, rank *pari passu* in all respects with the Shares then in issue. Holders of the New Shares will be entitled to receive all future dividends and distributions (if any) which are declared and paid after the date on which the New Shares are allotted and issued, but will not be entitled to the dividends declared by the Company before the Record Date.

## LETTER FROM THE BOARD

### Fractional entitlements

No fractional Shares will be issued. Fractional entitlements to the New H Shares will be aggregated and sold for the benefit of the Company. Fractional entitlements to the New A Shares will be treated in accordance with the relevant regulations of the Shenzhen Stock Exchange.

### Effect on the shareholding after the Bonus Shares Issue

Set out below are the shareholding structures of the Company as at the Latest Practicable Date and immediately upon completion of the Bonus Shares Issue (assuming that no new Shares are allotted or issued and no existing Shares are repurchased prior to the Record Date, and that all the conditions set out in the paragraph headed “Conditions of the Bonus Shares Issue” above will be satisfied):

	As at the Latest Practicable Date		Immediately after completion of the Bonus Shares Issue	
	Number of Shares	%	Number of Shares	%
<b>A Shares</b>				
– restricted A Shares	570,184,594	34.22	684,221,513	34.22
– unrestricted A Shares	691,106,772	41.48	829,328,126	41.48
<b>H Shares</b>	404,800,000	24.30	485,760,000	24.30
<b>Total</b>	<u>1,666,091,366</u>	<u>100.00</u>	<u>1,999,309,639</u>	<u>100.00</u>

On the basis of a total of 333,218,273 New Shares to be issued pursuant to the Bonus Shares Issue (based on 1,666,091,366 Shares in issue as at the Latest Practicable Date), approximately RMB333,218,273 will be transferred from the Company’s retained earnings to its share capital and after the Bonus Shares Issue, a total of 1,999,309,639 Shares will be in issue. The New Shares will represent approximately 20% of the existing issued share capital of the Company and 16.67% of the issued share capital of the Company as enlarged by the issue of the New Shares.

### Overseas Shareholders

As at the Latest Practicable Date, the Company had a Shareholder with registered address in Singapore. The Company has made enquiries regarding the legal restrictions under the laws of the relevant regulatory body or stock exchange pursuant to Rule 13.36(2)(a) of the Hong Kong Listing Rules. The Directors have been advised that there are no restrictions to issue New Shares to Shareholders with a registered address in such jurisdiction and therefore, Shareholders with a registered address in Singapore will be entitled to the Bonus Shares Issue.

Upon the Bonus Shares Issue becoming unconditional, the Company will consider if there are any Overseas Shareholders on the Record Date, and if there are such Overseas Shareholders, then the Company will make enquiry regarding the legal restrictions (if any) under the laws of the relevant places and the requirements of the relevant regulatory bodies or stock exchanges for the relevant Overseas Shareholders to be eligible to take part in the Bonus Shares Issue pursuant to the Hong Kong Listing Rules.

## LETTER FROM THE BOARD

If, after making enquiry regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange for distributing New H Shares to the Overseas Shareholders, the Board is of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange (such as filing of any registration statement or prospectus or other special formalities) in that place, not to issue the New H Shares to such Overseas Shareholders, arrangements will be made for the New Shares which would otherwise be issued to such Overseas Shareholders to be sold in the market as soon as practicable after dealings in the New H Shares commence, if a premium, net of expenses, can be obtained. Any net proceeds of such sale for each Overseas Shareholder, after deduction of expenses, of HK\$100 or more will be distributed in Hong Kong dollars to the relevant Overseas Shareholders, by ordinary post at their own risk, unless the amount falling to be distributed to any such person is less than HK\$100 in which case it will be retained for the benefit of the Company.

### **Share certificates**

Subject to the fulfillment of the conditions of the Bonus Shares Issue as set out in the paragraph headed “Conditions of the Bonus Shares Issue” above, certificates in respect of the New H Shares will be sent by ordinary mail at the recipients’ own risk to the persons entitled thereto at their respective addresses shown in the register of holders of H Shares of the Company or in the case of joint holders, to the address of the joint holder whose name stands first in the register of holders of H Shares of the Company in respect of the joint holding. The Company will issue a separate announcement no later than two months from the date of obtaining the approvals by the Shareholders, the holders of A Shares and the holders of H Shares, respectively, of the payment of Cash Dividends and the Bonus Shares Issue regarding the date of despatch of certificates for the New H Shares.

### **Application for listing**

Application will be made to the Listing Committee of the Hong Kong Stock Exchange for the listing of, and permission to deal in, the New H Shares. The New H Shares are not a new class of securities to be listed and accordingly no arrangements are required to be made to enable the New H Shares to be admitted into CCASS.

The A Shares are listed on the Shenzhen Stock Exchange. Listing of the New A Shares on the Shenzhen Stock Exchange is proposed to be sought.

Save as mentioned above, no other part of the equity or debt securities of the Company is listed or dealt in on any other stock exchange and no such listing or permission to deal is being or is proposed to be sought.

### **Reasons for the Bonus Shares Issue**

The Board believes that the proposed Bonus Shares Issue will allow the Shareholders to participate in the growth of the Company by way of capitalisation of the retained earnings. In addition, it will provide the Company with a wider capital base and therefore increase the marketability of the Shares.

## LETTER FROM THE BOARD

### **C. Proposed amendments to the Articles of Association**

If the Bonus Shares Issue is approved at the AGM and the Class Meetings, the registered share capital of the Company will be increased upon completion of the Bonus Shares Issue and certain articles of the Articles of Association will be required to be amended to reflect the changes in the registered capital and the issued share capital as a result of the Bonus Shares Issue.

The proposed amendments to the Articles of Association consequential to the Bonus Shares Issue are subject to the approval of the Shareholders by way of a special resolution at the AGM, and will become effective if the Bonus Shares Issue is approved at the AGM and the Class Meetings and becomes unconditional. The details of such proposed amendments to the Articles of Association consequential to the Bonus Shares Issue are set out in the resolution numbered 18 in the notice convening the AGM set out on pages 73 to 74 of this circular.

### **D. Taxation**

According to the regulations in the Enterprise Income Tax Law of the People's Republic of China, Implementation Regulations on Enterprise Income Tax Law of People's Republic of China which came into effect in 2008 and the Notice of Withholding and Payment of Enterprise Income Tax Regarding China Resident Enterprise Paying Dividend to Non-Resident Enterprise Holders of Overseas H-Share (No. 897 GSH[2008]) issued by China's State Administration of Taxation on 6 November 2008 (collectively, the "Tax Law"), any domestic enterprise of the PRC which pays dividends to non-resident enterprise shareholders (as defined in the Tax Law) for the year of 2008 and subsequent years shall withhold and pay enterprise income tax as a withholding agent.

In accordance with the Tax Law, the Company is obliged to withhold and pay enterprise income tax at the rate of 10% on behalf of the non-resident enterprise holders of H Shares whose names appear on the register of members for H Shares of the Company on the Record Date when distributing dividends to them. For holders of H Shares who are registered in the name of non-natural person registered shareholders (including HKSCC (Nominees) Limited, other corporate nominees, trustees, or other organisations or groups which shall be treated as "non-resident enterprises" shareholders) on the register of members for H Shares of the Company on the Record Date, the Company will distribute the Cash Dividends and issue shares pursuant to the Bonus Shares Issue, if the same is approved at the AGM, after withholding for payment of 10% enterprise income tax (for the avoidance of doubt, the 10% enterprise income tax in respect of the issue of shares pursuant to the Bonus Shares Issue will be deducted from the Cash Dividends payable to the relevant holders of H Shares of the Company). For all natural persons whose names are registered on the register of members for H Shares of the Company on the Record Date, no enterprise income tax will be withheld and paid by the Company.

## LETTER FROM THE BOARD

If anyone would like to change the identity of the holders in the register of members, please enquire about the relevant procedures with the nominees or trustees. The Company will withhold for payment of the enterprise income tax for its non-resident enterprise shareholders strictly in accordance with the relevant laws and requirements of the relevant government departments and adhere strictly to the information set out in the Company's register of members on the Record Date. The Company assumes no liability whatsoever in respect of and will not entertain any claims arising from any delay in, or inaccurate determination of, the status of the shareholders or any disputes over the mechanism of the above withholding and payment.

### **E. Statements to be made on acquisition of Shares**

The Company shall ensure that all its listing documents and share certificates include the statements stipulated below and shall instruct and cause its share registrars not to register the subscription, purchase or transfer of any of its Shares in the name of any particular holder unless and until such holder delivers to such share registrar a signed form in respect of such Shares bearing statements to the following effect:

- (a) the acquirer of Shares agrees with the Company and each of its Shareholder, and the Company agrees with each Shareholder, to observe and comply with the Company Law, the Regulations and its Articles of Association;
- (b) the acquirer of Shares agrees with the Company, each of its Shareholders, Directors, supervisors, managers and officers and itself (acting for the Company and for each Director, Supervisor, manager and officer) agrees with each Shareholder, to refer all differences and claims arising from its Articles of Association or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning the affairs of the Company to arbitration in accordance with its Articles of Association. Any reference to arbitration will be deemed to authorise the arbitration tribunal to conduct its hearing in open session and to publish its award. Such arbitration will be final and conclusive;
- (c) the acquirer of Shares agrees with the Company and its Shareholders that the H Shares in the Company are freely transferable by the holder of such Shares; and
- (d) the acquirer of Shares authorises the Company to enter into a contract on his behalf with each Director and officer whereby such Directors and officers undertake to observe and comply with their obligations to shareholders stipulated in its Articles of Association.

## LETTER FROM THE BOARD

### Warning of risks of dealing in Shares

The Bonus Shares Issue is conditional upon the conditions set out in the paragraph headed “Conditions of the Bonus Shares Issue” above. Any Shareholder or other person dealing in the Shares prior to the Company having fulfilled the conditions for the Bonus Shares Issue will accordingly bear the risk that the Bonus Shares Issue cannot become unconditional and may not be able to receive the New Shares. Shareholders and potential investors should therefore exercise caution when dealing in the Shares, and if they are in any doubt about their positions, they should consult their professional advisers.

### 3. PROPOSED ADOPTION OF THE AMENDMENTS TO THE RULES OF PROCEDURES AND TERMS OF REFERENCE

The Company proposes to adopt the amendments to the Rules of Procedures and the Terms of Reference of each of the Board Committees pursuant to the requirements of the applicable PRC laws, rules and regulations and regulatory documents, the relevant rules of the Shenzhen Stock Exchange and the Hong Kong Listing Rules.

The adoption of the amendments to the Rules of Procedures and the Terms of Reference will be proposed at the AGM for the Shareholders’ approval.

### 4. PROPOSED RE-ELECTION OF CERTAIN DIRECTORS AND SUPERVISORS AND ELECTION OF NEW DIRECTORS

As stipulated in the Articles of Association, the Board comprises not more than eighteen Directors, while the supervisory committee of the Company comprises three Supervisors of which two Supervisors represent the Shareholders and one Supervisor represents the employees of the Company.

The re-election of certain Directors and the Supervisors (representing the Shareholders) and the election of certain new Directors referred to below are subject to the approval of the Shareholders by way of ordinary resolutions at the AGM. Pursuant to Article 122 of the Articles of Association of the Company, the election of the members of the Board will be conducted by way of cumulative voting at the AGM. The number of total votes that a Shareholder can exercise is the product of (i) the number of shares held by such Shareholder, and (ii) the number of Directors to be elected. A Shareholder can give all his votes to one Director candidate or divide his votes among several Director candidates. The Directors will be elected at the AGM based on the number of votes the Director candidates receive.

#### A. Details of Directors

- (a) The names and proposed basic salary of the Directors to be elected or re-elected (as the case may be) at the AGM are as follows:

Of the existing eighteen Directors, nine Directors, namely, Mr. Tan Xuguang, Mr. Xu Xinyu, Mr. Sun Shaojun, Mr. Zhang Quan, Mr. Liu Huisheng, Mr. Yeung Sai Hong, Mr. Chen Xuejian, Mr. Julius G. Kiss and Ms. Han Xiaoqun, have been nominated as candidates for re-election as members of the Board as from the

## LETTER FROM THE BOARD

conclusion of the AGM up to 28 June 2015 (both days inclusive). The salaries, allowances and benefits in kind paid in the financial year of 2011 to the abovementioned Directors who have been nominated for re-election at the AGM were RMB0, RMB1,585,200, RMB1,585,200, RMB1,585,200, RMB60,000, RMB60,000, RMB60,000, RMB60,000 and RMB60,000, respectively. Further, Mr. Liu Zheng and Mr. Li Shihao, being existing non-executive Directors, have been nominated as candidates for election as independent non-executive Directors as from the conclusion of the AGM up to 29 April 2013 (both days inclusive). The salaries, allowances and benefits in kind paid in the financial year of 2011 to Mr. Liu Zheng and Mr. Li Shihao were RMB120,000 and RMB120,000, respectively. The Board has also resolved to propose that Mr. Li Dakai and Mr. Fang Hongwei be appointed as executive Directors.

Mr. Zhang Xiaoyu, Mr. Koo Fook Sun, Louis and Mr. Fang Zhongchang, will, as per the requirements of the laws and regulations of the PRC, retire as independent non-executive Directors. Accordingly, Mr. Zhang Xiaoyu, Mr. Koo Fook Sun, Louis and Mr. Fang Zhongchang do not seek re-election as independent non-executive Directors. Further, Ms. Zhang Fusheng, Mr. Yao Yu, Mr. Li San Yim and Mr. Gu Linsheng do not seek re-election as non-executive Directors. Each of Mr. Zhang Xiaoyu, Mr. Koo Fook Sun, Louis, Mr. Fang Zhongchang, Ms. Zhang Fusheng, Mr. Yao Yu, Mr. Li San Yim and Mr. Gu Linsheng has confirmed that he or she has no disagreement with the Board and there is no matter relating to his retirement that will need to be brought to the attention of the Shareholders. The Board would like to express its sincere gratitude to Mr. Zhang Xiaoyu, Mr. Koo Fook Sun, Louis, Mr. Fang Zhongchang, Ms. Zhang Fusheng, Mr. Yao Yu, Mr. Li San Yim and Mr. Gu Linsheng for their valuable contributions to the Company during the tenure of their office.

The Board has resolved to propose that Mr. Liu Zheng, Mr. Li Shihao, Mr. Loh Yih, Mr. Chu, Howard Ho Hwa, Mr. Zhang Zhenhua and Mr. Li Luwen be appointed as independent non-executive Directors, amongst which Mr. Liu Zheng possesses the appropriate professional qualifications or accounting or related financial management expertise as required under the Hong Kong Listing Rules. The Company considers that Mr. Liu Zheng, Mr. Li Shihao, Mr. Loh Yih, Mr. Chu, Howard Ho Hwa, Mr. Zhang Zhenhua and Mr. Li Luwen should be appointed as independent non-executive Directors as each of them has broad commercial experience and, together, they would form a good mix of expertise in providing a balanced and independent perspective to the Board on the Group's affairs. The Board has also resolved that Mr. Jiang Kui be appointed as a non-executive Director.



## LETTER FROM THE BOARD

Mr. Liu Zheng and Mr. Li Shihao have been appointed as independent Directors of the Company, for the purposes of the requirements of the Shenzhen Stock Exchange, and have been identified as non-executive Directors of the Company. The Board considers that both Mr. Liu Zheng and Mr. Li Shihao satisfy the independence requirements under Rule 3.13 of the Hong Kong Listing Rules, other than and despite the fact that they have been serving as non-executive Directors, for the following reasons:

- (a) they were initially appointed as Directors to fulfil the requirements of the minimum number of independent Directors of the Shenzhen Stock Exchange upon the listing of the A Shares, and have since been independent Directors of the Company (under the requirements of the Shenzhen Stock Exchange);
- (b) they have not been engaged in the day-to-day management of the Company and have always acted as independent non-executive Directors only. For so long as they have been Directors, they have only given opinions and voted at Board meetings as if they were independent non-executive Directors. They have not had any other role within the Company; and
- (c) they could each have given a confirmation on terms of those required by Rule 3.13 of the Hong Kong Listing Rules (other than that they are non-executive Directors) as at (i) the time of their respective appointment, and (ii) the end of each of the past financial years since their appointments.

In addition, as each of the independent non-executive Directors recommended for election has confirmed that they have fulfilled the independence factors as stipulated in Rule 3.13 of the Hong Kong Listing Rules, the Board considers that they are independent pursuant to the guidelines on independence under the Hong Kong Listing Rules.

The Board has resolved to propose to appoint Mr. Liu Zheng and Mr. Li Shihao as independent non-executive Directors for the reasons that both Mr. Liu Zheng and Mr. Li Shihao, being existing independent Directors of the Company (under the requirements of the Shenzhen Stock Exchange), have offered invaluable and impartial advice to the Board throughout their terms of service, and their continuous service would also facilitate the smooth transition of the change of composition of the Board.

The non-executive Directors and the independent non-executive Directors will not enter into any service contract with the Company. The term of appointment of each of the non-executive Directors and the independent non-executive Directors (other than Mr. Liu Zheng and Mr. Li Shihao) will also be for a period of three years commencing on the date of the AGM and ending on 28 June 2015 (both days inclusive). The term of appointment of each of Mr. Liu Zheng and Mr. Li Shihao will be for a period commencing on the date of the AGM and ending on 29 April 2013 (both days inclusive).



## LETTER FROM THE BOARD

The Directors' basic salaries are to be determined in accordance with relevant emolument policy of the Company on the basis of, inter alia, the relevant Directors' merit, qualifications and competence after taking into consideration the remuneration of the current Directors, subject to the approval by the Shareholders. The Company will issue a further announcement in relation to the basic salaries of each Director. The Company will also disclose the determined amounts of the Directors' basic salaries in the Company's annual report for the financial year of 2012. In addition, bonus (if any) will be paid to the executive and non-executive Directors based on the operating results of the Company and at the Company's discretion. No bonus will be paid to the independent non-executive Directors.

The biographical details of each of the Directors or persons who stand for election or re-election (as the case may be) at the AGM are set out below to enable the Shareholders to make an informed decision on their new election or re-election (as the case may be).

- (b) Brief biographical details of the Directors and the persons proposed to be appointed or re-elected (as the case may be) at the AGM:

### *Executive Directors*

**Mr. Tan Xuguang**, Chinese, aged 51, is the Chairman and the Chief Executive Officer of the Company, chairman of Shandong Heavy Industry Group Co., Ltd., chairman of Weichai Group Holdings Limited and chairman of Weichai Heavy-duty Machinery Co., Ltd.. Mr. Tan joined Weifang Diesel Engine Factory in 1977 and had held various positions including the chairman and general manager of Shandong Weichai Import and Export Co., Ltd., assistant to general manager, deputy general manager and general manager of Weifang Diesel Engine Factory, chairman of Torch Automobile Group Co., Ltd. Mr. Tan is a senior economist and holds a doctor's degree in engineering. Mr. Tan was appointed as a Representative of the Tenth and Eleventh National People's Congress of the PRC and was honored "National Labor Model" and "第四屆袁寶華企業管理金獎" (the Gold Award of the 4th Yuan Baohua Enterprise Management), "CCTV 2005 China Economic Annual Figure" and "CCTV 2010 China Economic Annual Figure".

## LETTER FROM THE BOARD

**Mr. Xu Xinyu**, Chinese, aged 49, is an executive Director and Executive President of the Company. Mr. Xu joined Weifang Diesel Engine Factory in 1986 and had held the positions of deputy general manager of Shandong Weichai Import and Export Co., Ltd., deputy general manager and executive deputy general manager of Weifang Diesel Engine Factory, director of Torch Automobile Group Co., Ltd. and chairman of Weichai Power (Weifang) Investment Co., Ltd. He is now a director of Weichai Group Holdings Limited. Mr. Xu is a senior economist and holds a bachelor's degree in science and a MBA degree.

**Mr. Sun Shaojun**, Chinese, aged 47, is an executive Director and Executive President of the Company. Mr. Sun joined Weifang Diesel Engine Factory in 1988 and had held the positions of supervisor of the engineering department, and the chief engineer of Weifang Diesel Engine Factory, and director of Torch Automobile Group Co., Ltd. He is now a director of Weichai Group Holdings Limited and Weichai Heavy-duty Machinery Co., Ltd. Mr. Sun is a senior engineer and holds a doctor degree in engineering. He was appointed as “山東省人民政府泰山學者特聘專家” (Taishan Mountain scholar specialist appointed by Shandong People's Government).

**Mr. Zhang Quan**, Chinese, aged 49, is an executive Director and Executive President of the Company. Mr. Zhang joined Weifang Diesel Engine Factory in 1986 and had held the positions of directors of the quality control department and the marketing department of Weifang Diesel Engine Factory. He is now a director of Weichai Group Holdings Limited and Weichai Heavy-duty Machinery Co., Ltd. Mr. Zhang is a senior economist and holds a bachelor's degree in engineering and a MBA degree.

**Mr. Li Dakai**, Chinese, aged 59, is an Executive President of the Company, and is proposed to be appointed as an executive Director of the Company. Mr. Li had held various positions including supervisor of product design department, chief economist, general manager of Shaanxi Auto Gear General Works, and director and vice president of Torch Automobile Group Co., Ltd. He currently holds the positions of chairman and party secretary of Shaanxi Fast Gear Automotive Transmission Co., Ltd. and director and general manager of Shaanxi Fast Gear Co., Ltd. Mr. Li is a senior engineer with researcher-grade treatment and holds a bachelor's degree. He was honored “National Labor Model” and a specialist who can receive special allowance from the State Council. Mr. Li was appointed as a Representative of the Eleventh National People's Congress of the PRC and a member of the Standing Committee of Xi'an Municipal People's Congress.

## LETTER FROM THE BOARD

**Mr. Fang Hongwei**, Chinese, aged 46, is an Executive President of the Company, and is proposed to be appointed as an executive Director of the Company. He had held the positions of section chief of test technology section of motor research institute, deputy director of financial department, general manager, deputy general manager and executive deputy general manager of the sales company of Shaanxi Automobile Manufactory, a member of the board, general manager and standing committee member of the Party Committee of Shaanxi Automotive Group Co., Ltd., a member of the board and executive deputy general manager of Shaanxi Heavy-duty Motor Company Limited. Mr. Fang is now a member of the board, chairman and party secretary of Shaanxi Automotive Group Co., Ltd., a member of the board, deputy chairman and general manager of Shaanxi Heavy-duty Motor Company Limited. Mr. Fang is a committee member of the Standing Committee of the fifteenth sessions of the National People's Congress of Xian. He is a senior economist and holds a master's degree in engineering, a master's degree in business administration and the senior career manager certification of machinery industrial corporation. He was honoured "May 1st Labour Model" (全國「五一勞動獎章」) and was awarded the title of "Excellent Entrepreneur of the State" (全國優秀企業家) by China Enterprise Confederation and China Enterprise Directors Association.

### *Non-executive Directors*

**Mr. Jiang Kui**, Chinese, aged 48, is proposed to be a non-executive Director of the Company. He had held various positions including engineer and deputy general manager of Assembly Department of Shandong Bulldozer General Factory (山東推土機總廠), deputy general manager of Shantui Import and Export Company (山推進出口公司), deputy director, director of manufacturing department and deputy general manager of Shantui Engineering Machinery Co., Ltd. (山推工程機械股份有限公司), deputy general manager of Shandong Engineering Machinery Group Co., Ltd. (山東工程機械集團有限公司) and executive deputy general manager of Weichai Group Holdings Limited. He is now the general manager and director of Shandong Heavy Industry Group Co., Ltd., vice chairman and chairman of the import and export company of Weichai Group Holdings Limited, director of Shantui Engineering Machinery Co., Ltd. (山推工程機械股份有限公司) and chairman of Shanzhong Jianji Co., Ltd. (山重建機有限公司). He is a senior engineer and holds a MBA degree.

## LETTER FROM THE BOARD

**Mr. Liu Huisheng**, Chinese, aged 47, is a non-executive Director of the Company. Mr. Liu joined Weifang Diesel Engine Factory in 1989 and had held the positions of technician of Mechanics Division, party secretary of committee of communist youth league of the power branch and deputy general manager of the power branch of Weifang Diesel Engine Factory, deputy party secretary of committee of communist youth league of Weifang Diesel Engine Factory, secretary of the branch of the general party committee and deputy director of the procurement department of the 615 Factory, deputy general manager of Weifang Diesel Engine Factory and general manager of Chongqing Weichai Diesel Engine Factory. He is now the deputy general manager of Shandong Heavy Industry Group Co., Ltd., a director of Weichai Group Holdings Limited and a director of Shantui Engineering Machinery Co., Ltd. Mr. Liu is a senior economist and holds a bachelor's degree in engineering.

**Mr. Yeung Sai Hong**, Chinese, aged 58, is a non-executive Director of the Company and the chairman of Peterson Holdings Company Limited which is a promoter of the Company. He is also a standing committee member of the tenth Shandong Provincial Committee of the Chinese People's Political Consultative Conference.

**Mr. Chen Xuejian**, Chinese, aged 57, is a non-executive Director of the Company. He had held various positions including the director of Weifang Accounting Firm, deputy director of Local Taxation Bureau of Weifang and deputy director of Finance Bureau of Weifang. Mr. Chen is now the chairman of Weifang Investment Company, chairman of Weifang Binhai Investment Development Co., Ltd, vice chairman of FOTON Lovol Heavy Industries Co., Ltd, chairman of 融達小額貸款股份有限公司 (Yongda Micro-credit Co., Ltd). He is a senior accountant and a representative of the fifteenth and sixteenth sessions of the National People's Congress of Weifang.

**Mr. Julius G. Kiss**, Austrian, aged 85, is a non-executive Director of the Company. He is the chairman of IVM Technical Consultants Wien G.m.b.H. which is a promoter of the Company.

**Ms. Han Xiaoqun**, Chinese, aged 62, is a non-executive Director of the Company. She is now the chairman of 山東省企業託管經營股份有限公司 (Shandong Provincial Enterprises Trusteeship & Operation Co., Ltd.) which is a promoter of the Company.

## LETTER FROM THE BOARD

### *Independent non-executive Director*

**Mr. Liu Zheng**, Chinese, aged 65, is an independent Director (for the purposes of the requirements of the Shenzhen Stock Exchange) of the Company, and is proposed to be appointed as an independent non-executive Director of the Company. Mr. Liu had held the positions of section chief, deputy director of the Weifang Audit Bureau (濰坊市審計局). He was the general manager of Weifang Investment Company and he retired in February 2004. He is now an independent director of Weichai Heavy-duty Machinery Co., Ltd., a company whose shares are listed on the Shenzhen Stock Exchange. He is a senior economist and a certified public accountant. He was graduated from 山東經濟學院 (Shandong Economics College) majoring in auditing.

**Mr. Li Shihao**, Chinese, aged 72, retired in February 2001, is an independent Director (for the purposes of the requirements of the Shenzhen Stock Exchange) of the Company and is proposed to be appointed as an independent non-executive Director of the Company. He is now the director of science and technology committee and 城市車輛專家委員會 (urban vehicle specialist committee) of the Ministry of Housing and Urban-Rural Development. He is an independent director of 上海加冷松芝汽車空調股份有限公司 (Songz Automobile Air Conditioning Co., Ltd), a company whose shares are listed on the Shenzhen Stock Exchange.

**Mr. Loh Yih**, Singaporean, aged 48, is proposed to be appointed as an independent non-executive Director of the Company. He worked in Ernst & Young and West Merchant Bank and had held various positions including senior manager of capital market investment department of the Standard Chartered Merchant Bank, president of Netplus Communications Pte Ltd, a partner of MGF Capital Group and an independent director and chairman of audit committee of Ban Leong Technologies Limited, a company whose shares are listed on the Singapore Exchange. He is a Chartered Financial Analyst and holds an accounting degree from the National University of Singapore.

**Mr. Chu, Howard Ho Hwa**, Chinese (Hong Kong), aged 48, is proposed to be appointed as an independent non-executive Director of the Company. He had held various positions including director of ABN AMRO Asia Corporate Finance Limited (荷蘭融資亞洲有限公司), joint CEO of Myrice.com, a director of HSBC Markets (Asia) Limited, consultant of Shanghai Century Acquisition Corporation, assistant to chairman of United Energy Group Limited and chief financial officer of Trony Solar Holdings Co. Ltd. He is now the chief financial officer of China Smart Electric Group Limited and an independent non-executive director of Directel Holdings Limited and China Kingstone Mining Holdings Limited. He obtained his bachelor's degree of Electrical Engineering from University of Rochester, New York and his master's degree of business administration from Columbia University.

## LETTER FROM THE BOARD

**Mr. Zhang Zhenhua**, Chinese, aged 70, is proposed to be appointed as an independent non-executive Director of the Company. He had held various positions including chief engineer of 陝西汽車製造廠 (Shaanxi Automobile Manufactory), deputy chief engineer of the engineering department of 中國重型汽車集團公司 (China National Heavy Duty Truck Group Corp. Ltd.), supervisor of technical centre and technical department manager of 上海汽車工業(集團)公司 (Shanghai Automotive Industrial (Group) Company), general manager (Chinese Representative) of 泛亞汽車技術中心有限公司 (Pan Asia Technical Automotive Centre Co. Ltd), consultant of 上汽乘用車技術中心 (Shanghai Automotive Passenger Car Technical Centre) and a consultant of commercial vehicle department and consultant of technical centre of SAIC, etc. He is now the supervisor of Advisory Committee of Shanghai Automotive Industry Science and Technology Development Foundation, a director of Shanghai Automotive Engineering Association, a member of 中國汽車協會專家委員會 (Expert Committee of the China Association of Automobile) and a member of panel of judges for 中汽科技進步獎勵 (China Automotive Industry Science and Technology Progress Award). He graduated from Tsinghua University with a degree majoring in automotive. He is a professor engineer, a professor and a Ph.D. tutor of Tongji University and a professor and master tutor of University of Shanghai for Science & Technology. As at the Latest Practicable Date, Mr. Zhang Zhenhua (as beneficial owner) held 19,600 A Shares of the Company, representing 0.001% of the issued share capital of the Company.

**Mr. Li Luwen**, Chinese, aged 60, is proposed to be appointed as an independent non-executive Director of the Company. He had held various positions including deputy director of Anqiu Municipal Office, State Administration of Tax (“SAT”), Shandong Province, director of Weifang Municipal Office, SAT, director of Tax Bureau of Shandong Province and Shandong Provincial Office, SAT, director of Weihai Municipal office, SAT, director of Jinan Municipal Office, SAT and a deputy director and monitor of Shandong Provincial Office, SAT. He is a certified tax agent and a university graduate.

Save as disclosed herein, each of the Directors proposed to be elected or re-elected herein (as the case may be) did not hold any directorship in other listed public companies in the last three years, has no relationships with any Directors, senior management or substantial or controlling Shareholders of the Company, has not taken any other major positions in the Company or other members of the Group, and does not have any other interests in the Shares of the Company which are required to be disclosed pursuant to Part XV of the SFO.

Save as disclosed herein, there is no other matter relating to the election or re-election (as the case may be) of the Directors that will need to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to Rule 13.51(2)(h) to 13.51(2)(v) of the Hong Kong Listing Rules.

**B. Details of Supervisors**

- (a) The names and proposed basic salary of the Supervisors to be re-elected at the AGM:

The existing supervisory committee of the Company consists of three members, two of whom (namely, Mr. Sun Chengping and Ms. Jiang Jianfang) were elected by the Shareholders, whereas one (namely, Mr. Lu Wenwu) was elected by the employees of the Company. Mr. Sun Chengping and Ms. Jiang Jianfang have been nominated for re-election as members of the supervisory committee of the Company. The remunerations paid in the financial year of 2011 to the Supervisors who have been nominated for re-election by the Shareholders, namely Mr. Sun Chengping and Ms. Jiang Jianfang were RMB60,000 and RMB60,000, respectively.

Each of Mr. Sun Chengping and Ms. Jiang Jianfang will not enter into any service contract with the Company. It is proposed that the new term of appointment of each of Mr. Sun Chengping and Ms. Jiang Jianfang shall be for a period of three years commencing on the date of the AGM and ending on 28 June 2015 (both days inclusive). The Supervisors' remunerations are to be determined in accordance with the relevant emolument policy of the Company on the basis of the relevant Supervisor's merit, qualifications and competence, subject to the approval by the Shareholders. The Company will issue a further announcement in relation to the basic salaries of each Supervisor. The Company will also disclose the determined amounts of the Supervisors' remunerations in the Company's annual report for the financial year of 2012. In addition, bonus (if any) will be paid to the Supervisors based on the operating results of the Company and at the Company's discretion.

The biographical details of each of the Supervisors (representing Shareholders) who stands for re-election at the AGM are set out below to enable the Shareholders to make an informed decision on their re-election.



## LETTER FROM THE BOARD

- (b) Brief biographical details of the Supervisors proposed to be re-elected at the AGM:

**Mr. Sun Chengping**, Chinese, aged 65, is the Chairman of the supervisory committee of the Company. He joined Weifang Diesel Engine Factory in 1969 and was the deputy general manager of Weifang Diesel Engine Factory, and supervisor of Torch Automobile Group Co., Ltd. He is now the general manager of Weichai Group Holdings Limited and a supervisor of Weichai Heavy-duty Machinery Co., Ltd. Mr. Sun is a senior economist and holds a junior college's degree. He has extensive experience in diesel engine production management and technology renovation.

**Ms. Jiang Jianfang**, Chinese, aged 50, is a Supervisor of the Company. She was the deputy chief of the financial audit committee, deputy director of risk control department and deputy director of audit department of 廣西柳工集團有限公司 (Guangxi Liugong Group Company Limited) and a supervisor of 廣西柳工機械股份有限公司 (Guangxi Liugong Machinery Company Limited). Ms. Jiang is an accountant.

Save as disclosed herein, each of the Supervisors who stands for re-election did not hold any directorship in other listed public companies in the last three years, has not taken any other major positions in the Company or other members of the Group, and does not have any relationship with any other Directors, Supervisors, senior management or substantial or controlling Shareholders of the Company. Save as disclosed herein, each of them does not have any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed herein, there is no other matter relating to the re-election of the Supervisors that will need to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to Rule 13.51(2)(h) to 13.51(2)(v) of the Hong Kong Listing Rules.



## LETTER FROM THE BOARD

### C. Directors' and Supervisors' Interests in Shares and Underlying Shares

As at the Latest Practicable Date, the interests of the Directors, Supervisors and their respective associates in the shares and underlying shares of the Company and its associated corporations within the meaning of Part XV of the SFO, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code"), were as follows:

Name of Director	Capacity	Number of A Shares held	Percentage of the issued share capital of the Company
Tan Xuguang	Beneficial owner	13,760,000 (Note 1)	0.83%
Xu Xinyu	Beneficial owner	3,200,000 (Note 1)	0.19%
Sun Shaojun	Beneficial owner	3,200,000 (Note 1)	0.19%
Zhang Quan	Beneficial owner	3,200,000 (Note 1)	0.19%
Liu Huisheng	Beneficial owner	1,920,000 (Note 1)	0.12%
Yeung Sai Hong (Note 3)	Held by controlled corporation	52,640,000 (Note 2)	3.16%
Li San Yim (Note 4)	Held by spouse and controlled corporation	54,250,200 (Note 1)	3.26%
Julius G. Kiss (Note 5)	Held by controlled corporation	34,400,000 (Note 2)	2.06%

*Notes:*

- 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.
- These were previously foreign shares of the Company. The foreign 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 a currency other than Renminbi. These shares became "A" shares of the Company upon the "A" share listing of the Company on the Shenzhen Stock Exchange.
- Yeung Sai Hong, a non-executive Director, was directly and indirectly interested in the issued share capital of Peterson Holdings Company Limited ("Peterson"), which in turn held 52,640,000 shares in the Company.

## LETTER FROM THE BOARD

4. Li San Yim, a non-executive Director, and his spouse, Ni Yinying, were interested in 69.16% and 30.84%, respectively, in the registered capital of 福建龍岩工程機械(集團)有限公司 (Fujian Longyan Construction Machinery (Group) Company Limited, "Fujian Longgong") which in turn held 54,250,200 shares in the Company, and therefore Li San Yim was deemed to be interested in these shares of the Company.
5. Julius G. Kiss, a non-executive Director, was indirectly interested in the entire issued share capital of IVM Technical Consultants Wien Gesellschaft m.b.H. ("IVM"), which in turn held 34,400,000 shares in the Company.
6. All the shareholding interests listed in the above table are "long" position.

Name of Director	Capacity	Number of H Shares held	Percentage of the issued share capital of the Company
Yeung Sai Hong (Note 7)	Held by controlled corporation	409,010	0.02%

*Note:*

7. Yeung Sai Hong, a non-executive Director, was indirectly interested in the issued share capital of Master Hand Investments Limited, which in turn held 409,010 H shares in the Company. As at 31 December 2011, Master Hand Investments Limited held 225,010 H shares of the Company.

Save as disclosed above, none of the Directors, Supervisors, nor their respective associates had any interests or short positions in any shares or underlying shares or debentures of the Company or any of its associated corporations as at the Latest Practicable Date.

### 5. GENERAL MANDATE TO ISSUE H SHARES

To ensure flexibility and discretion to the Board to issue new Shares when it becomes desirable, the Company proposes to grant the General Mandate to the Board to allot, issue and otherwise deal with additional H Shares of the Company up to the limit of 20% of the aggregate nominal values of the H Shares of the Company in issue on the date of passing such resolution.

As at the date of this circular, the issued share capital of the Company comprised of 1,261,291,366 A Shares and 404,800,000 H Shares. Subject to the approval of the grant of the General Mandate and on the basis that no further Shares are issued before the AGM, the Board will have the power to issue up to 80,960,000 H Shares.

The General Mandate shall be effective until the earliest of: (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or other applicable laws and regulations to be held; or (iii) the revocation or variation of the authority given under this resolution by passing of a special resolution of the Company in a general meeting.

## LETTER FROM THE BOARD

Any exercise of the power by the Board under the General Mandate shall comply with the relevant requirements of the Hong Kong Listing Rules, the Articles of Association and the applicable laws and regulations of the PRC. The Board has no plan to issue new Shares pursuant to the General Mandate at present.

### **6. AGM AND CLASS MEETINGS**

The AGM will be held at Section A, 197, Fu Shou East Street, High Technology Industrial Development Zone, Weifang, Shandong Province, the PRC on Friday, 29 June 2012 to consider and, if thought fit, approve, inter alia, the matters as set out in the notice convening the AGM set out in pages 69 to 78 of this circular. The A Shareholders' Class Meeting will be held immediately after the conclusion of the AGM, and the H Shareholders' Class Meeting will be held immediately after the conclusion of the A Shareholders' Class Meeting, at the same place, to consider and, if thought fit, approve the proposed Cash Dividends and Bonus Shares Issue. Notices convening the AGM and the Class Meetings are set out on pages 69 to 84 of this circular.

Forms of proxy for use at the AGM and the Class Meetings are enclosed with this circular. Holders of A Shares may use the forms of proxy published by the Company on the website of the Shenzhen Stock Exchange instead. Whether or not you intend to be present at such meetings, 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) or the Company's registered office at Securities Department, 197, Section A, Fu Shou East Street, High Technology Industrial Development Zone, Weifang, Shandong Province, the PRC (postal code: 261061) (with respect to the holders of A 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.

### **7. CLOSURE OF REGISTER OF HOLDERS OF H SHARES**

The register of holders of H Shares of the Company will be closed from 30 May 2012 to 29 June 2012, both days inclusive, during which period no transfer of H Shares will be effected. In order to qualify for attending the AGM and the H Shareholders' Class Meeting, 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, Wan Chai, Hong Kong not later than 4:30 p.m. on 29 May 2012.

Please refer to the further announcement to be issued by the Company no later than two months from the date of obtaining the approvals by the Shareholders, the holders of A Shares and the holders of H Shares, respectively, of the payment of Cash Dividends and the Bonus Shares Issue for details of the Record Date and closure of register of members of the Company in determining the Shareholders' entitlement to the Cash Dividends and the Bonus Shares Issue.

## LETTER FROM THE BOARD

### 8. RESPONSIBILITY STATEMENTS

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong 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 circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

### 9. RECOMMENDATIONS

The Board considers that the proposed resolutions in respect of (i) the payment of Cash Dividends, the Bonus Shares Issue and the consequential amendments to the Articles of Association, (ii) the adoption of the amended Rules of Procedures and Terms of Reference, (iii) the re-election of certain Directors and Supervisors and the election of new Directors, and (iv) the grant of the General Mandate to issue H Shares, are in the best interests of the Company and its Shareholders as a whole.

Accordingly, the Directors recommend the Shareholders, the holders of A Shares and the holders of H Shares to vote in favour of the resolutions which will be proposed at the AGM and the Class Meetings, respectively.

Yours faithfully,  
For and on behalf of the  
Board of Directors  
**Tan Xuguang**  
*Chairman and CEO*

Please note that the following proposed amended Rules of Procedures are written in Chinese and there is no official English translation thereof. The translation into English language in this Appendix I is for reference only. In case of inconsistency between the English and Chinese versions, the Chinese version shall prevail.

## **RULES OF PROCEDURES OF THE BOARD**

### **Chapter 1 General Rules**

**Article 1** These Rules are formulated in accordance with the Company Law of the People's Republic of China ("Company Law"), the Securities Law of the People's Republic of China ("Securities Law"), the Guidelines on Corporate Governance of Listed Companies ("Corporate Governance Guidelines"), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Articles of Association of Weichai Power Co., Ltd. ("Articles of Association") and other relevant laws and regulations to further regulate the discussion methods and decision-making procedures of the Board of Directors of the Company, to procure effective performance of the duties of the directors and the Board, and to improve the standards of regulated operation and scientific decision-making of the Board.

### **Chapter 2 Composition and Establishment of the Board**

**Article 2** The Company shall establish a Board of Directors, and the Board shall comprise no more than 18 directors, one of whom shall be the chairman.

No less than half of the members of the Board shall be external directors (those directors not holding office in the Company). External directors shall have sufficient time and necessary knowledge and ability to perform their duties. External directors shall be provided with necessary information by the Company in performing their duties. External directors shall include independent directors of not less than one-third of the total number of directors, and at least one of the independent directors must possess appropriate professional accounting or related financial management expertise (independent directors shall mean directors who are independent of the shareholders of the Company and do not hold any internal office in the Company and the same shall apply to the Articles below).

**Article 3** The securities department under the Board handles the daily affairs of the Board.

The secretary to the Board shall be the person-in-charge of the securities department concurrently and keep the respective seals of the Board and the securities department.

**Article 4** Directors are elected by the general meeting. The term of office for each session shall be 3 years. Upon the expiration of his term, a director is eligible for re-election. However, no independent director shall serve for consecutive terms of exceeding 6 years.

The period for lodgement of notices in writing by shareholders to the Company of their intention to propose a candidate for election as a director in accordance with the Articles of Association and of such candidate's consent to be elected shall be at least 7 days, which shall commence from the day after the despatch of the notice convening the general meeting for the election of directors and shall end on the date which is 10 days prior to the date of such general meeting.

Any shareholder who, by itself or jointly, hold shares representing more than 3% of the voting rights of the Company for 180 days or more consecutively shall have the right to nominate a candidate of director, the number of directors in each nomination shall not exceed one-fifth of the total number of directors and the total number of nominees. The number of shares directly or indirectly held by each shareholder cannot be further subdivided in order to propose a motion by himself or jointly with other persons.

The number of the Company's new directors in each year shall not exceed one-third of the number of members in the Board unless in the event that the term of the Board or of the relevant directors expires or the relevant directors resign or as required by laws and regulations or the rules of the place where the Company is listed.

The Board shall have the right to examine the qualifications of directors and resolutions in respect of the qualifications of directors shall be passed by over one-half of the Board.

The chairman of the Board are elected and removed by two-thirds of the total number of directors. The chairman of the Board shall serve for a term of three years and is eligible for re-election.

Unless otherwise stipulated in the relevant laws, regulations and the Articles of Association, subject to the provisions of the relevant laws and administrative regulations, the general meeting shall have the power by ordinary resolution to remove any director before the expiration of his term of office (but without prejudice to any claim for damages under any contract).

Any removal of the chairman of the Board and directors in breach of Article 64 of the Articles of Association shall be invalid.

A director may concurrently act as a general manager or senior management officer other than a supervisor. A director needs not to hold any share in the Company.

**Article 5** The Company shall disclose detailed information on candidates for election as directors prior to the convening of the general meeting to ensure that shareholders are sufficiently informed about the candidates upon voting.

Candidates for election as directors shall give an undertaking in writing prior to the convening of the general meeting which states their consent to accept nomination, warrants that their information disclosed to the public is true and complete, and assures diligent performance of the duties of directors after being elected.

**Article 6** Accumulative voting shall apply to the election of directors at general meetings of the Company. In the election of more than two directors, the number of votes of each shareholder shall equal the multiple of the number of shares he holds and the number of directors he is entitled to appoint. Each shareholder shall be entitled to cast all his votes for a single nominee or distribute his votes at his discretion or cast all his votes for two or more nominees. The nominee with the highest number of votes shall be elected.

**Article 7** The appointment of new directors shall be effective on the date of passing of election at general meetings.

### Chapter 3 Resignation of Directors

**Article 8** The directors may resign prior to the expiration of their term of office. A resigning director shall submit a written report of resignation to the Board. An independent director shall also provide an explanation of the circumstances which are relevant to his resignation and which in his opinion are necessary to bring to the attention of shareholders and creditors of the Company.

Where the resignation of a director results in the Board having less than the statutory minimum number of directors required by laws, his notice of resignation shall not take effect until a replacement director fills the causal vacancy created by such resignation. The continuing directors shall convene an extraordinary general meeting to elect a replacement director for the causal vacancy. Prior to a resolution on the election of a director being passed by the general meeting, the functions and powers of the resigning director and the continuing directors shall be reasonably restricted.

Where the resignation of an independent director results in the Board having less than the minimum proportion of independent directors required by the relevant regulatory authorities, his notice of resignation shall not take effect until a replacement independent director fills his causal vacancy.

Save for the aforesaid circumstances, the resignation of a director shall take effect from the date on which the notice of resignation is submitted to the Board.

### Chapter 4 Duties of Directors and Powers of the Board

**Article 9** The directors shall have a duty of good faith and diligence to the Company and the shareholders as a whole. The directors shall exercise their duties in accordance with the relevant rules, regulations and the Articles of Association, and act in the interest of the Company as a whole, with particular concern in the protection of the lawful rights of the minority shareholders of the Company.

Directors shall perform their duties independently, not being prejudiced by the substantial shareholders, the de facto controllers of the Company or other units or individuals who have relationships of interests with the Company.

**Article 10** In the absence of special reasons, the directors and chairman of the Board shall not change their positions randomly and shall maintain relatively rather stable as required by the Articles of Association. Any position changes shall proceed in accordance with the statutory formalities and procedures, and shall be disclosed to the public and filed with the CSRC.

The directors may resign prior to the expiration of their terms of office. A resigning director shall submit a written report of resignation to the Board. Should other directors think the resignation of such director prior to the expiration of his term of office prejudices the interests of the Company, the Board may conduct a vote regarding whether to consent to the resignation and the resigning director shall abstain from voting. In case that the Board dissents his resignation, such director shall continue to perform his duties until the expiration of his term

of office. In the event that such director leaves the position without permission, the Company shall have the right to take legal action against him.

**Article 11** The chairman of the Board shall exercise the following functions and powers:

- (1) To preside over the general meetings, and to convene and preside over the Board meetings;
- (2) To review and supervise the implementation of the Board's resolutions;
- (3) To sign the securities issued by the Company;
- (4) To preside over the daily operation of the Board during its recess period; be responsible for implementing and executing the functions and powers of inspection, guidance and supervision as determined by the Board in accordance with the relevant requirements;
- (5) To decide any transaction or similar activity of the Company including investment, technology improvement, acquisitions or transfer, the amount of which shall not exceed 5% of the latest audited net assets; provided that the total amounts of the aforesaid projects accumulated over a period of 4 consecutive months shall not exceed 10% of the latest audited net assets of the Company;
- (6) To exercise other powers vested by the Board.

When the chairman of the Board is unable to or fails to perform his duties, the members of the Board may appoint a director by a simple majority of votes to perform the duties of the chairman.

**Article 12** The Board may, in accordance with its needs, authorise the chairman of the Board to exercise part of the functions and powers of the Board during its recess period.

**Article 13** The Board shall be accountable to the general meeting and shall exercise the following functions and powers:

- (1) to be responsible for convening general meetings and reporting its work in general meetings;
- (2) to implement resolutions passed by general meetings;
- (3) to determine operational plans and investment proposals of the Company;
- (4) to formulate annual financial budget and final accounts proposals of the Company;
- (5) to formulate proposals for profit distribution and for recovery of losses of the Company;
- (6) to formulate proposals for an increase or a reduction of the registered capital of the Company and an issue of bonds;



- (7) to draw up proposals for merger, demerger, dissolution or conversion in respect of the Company;
- (8) to determine other external guarantees, other than those which require approvals of general meetings, in accordance with the provisions of laws, administrative regulations and the Articles of Association;
- (9) to determine external investments, acquisitions and disposals of assets, charges on assets, entrustment of financial management and connected transactions of the Company within the scope authorised by general meetings;
- (10) to determine the establishment of the internal management authority of the Company;
- (11) to appoint or remove the general manager and secretary to the Board; and to appoint or remove deputy general managers, financial controllers and other senior management officers of the Company based on the nominations of the general manager, and to decide on their remunerations and methods of payment;
- (12) to perform the duties of corporate governance, and may grant the relevant duties to other board committees to fulfil the duties on its behalf. The duties of corporate governance to be performed by the Board shall include:
  - (1) to formulate and verify the policies and practices on corporate governance of the Company and to make recommendations to the Board;
  - (2) to verify, supervise the training and continuing professional development of the directors and senior management;
  - (3) to verify, supervise the compliance by the Company with the policies and practices required by laws and regulatory requirements;
  - (4) to formulate, verify and supervise the code of conduct and compliance manual (if any) applicable to employees and directors of the Company;
  - (5) to verify the Company's compliance with the "Code on Corporate Governance Practices" (Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) and disclosure of information in the corporate governance report of the Company; and
  - (6) to review the aforesaid corporate governance duties and its effect and to amend the same accordingly from time to time.
- (13) to formulate proposals for amendments to the Articles;
- (14) to draft proposals for material acquisitions or disposals of assets;

- (15) to exercise the power of the Company to raise funds and borrow money and determine the mortgage, leasing, subcontracting and transfer of the assets of the Company, subject to the relevant laws, regulations, the Articles and the relevant rules;
- (16) to implement other functions and powers conferred by laws, administrative regulations, departmental rules, general meetings and the Articles.

The Board may exercise any power not stipulated in the Articles to be exercisable by general meetings. The Board should comply with the provisions of the Articles and the requirements set by general meetings from time to time. However, the requirements set by general meetings of the Company shall not render any prior valid action made by the Board invalid.

**Article 14** When the Board disposes of fixed assets and the sum of the expected value of the proposed disposal and the value of the disposal of fixed assets made in the 4-month period immediately preceding such proposed disposal exceeds 33% of the value of the fixed assets of the Company shown in the latest audited balance sheet placed before the general meeting, the Board shall not dispose of or agree to dispose of such fixed assets without the prior approval of the general meeting.

For the purpose of this Article, “disposal of fixed assets” shall include the assignment of certain interests in assets other than the provision of guarantees by way of fixed assets.

The validity of transactions whereby the Company disposes of fixed assets shall not be affected by the breach of the first paragraph hereof.

Where the Board is making decisions in respect of market development, mergers and acquisitions, and investments in new sectors, and the value of investment project or the mergers and acquisition project exceeds a certain percentage (which percentage shall be decided by general meeting) of the total assets of the Company, it should engage consultative organisations in providing professional opinions as key basis of the decision of the Board.

**Article 15** Unless otherwise required by applicable laws, regulations and/or relevant listing rules, the Board shall have the right to make decisions on any investment (including risk investment) or acquisition project within the scope authorised by shareholders. Where the value of the material investment or acquisition project exceeds the limit approved by the Board, it should organise assessment and examination by relevant experts and professionals and submit to the general meetings for approval. Material investments of the wholly-owned subsidiaries of the Company shall be approved by the Board.

**Article 16** When the Company is being acquired in accordance with Article 184 of the Articles of Association, for the protection of the stable development of the Company and the interest of the shareholders as a whole, the directors shall engage professional organisations including independent financial adviser to analyse the financial condition of the Company and make recommendations on matters such as the fairness and reasonableness of the conditions of the acquisition and the impact of the acquisition on the Company and to issue the relevant

announcement. When the acquisition is confirmed by the Board to be a hostile acquisition, the directors may, in accordance with the recommendations of the professional organisations, issue an offer to the acquiring party, and/or implement reasonable measures of reverse takeover in accordance with the authorisation by the general meeting.

The directors may report to the relevant competent authority or bring an action against the acquiring party in the Court when the acquiring party is in breach of the relevant obligations of disclosure provided in 《上市公司收購管理辦法》 (the Administrative Rules for Listed Companies Acquisition) or other provisions of the relevant laws and regulations.

When the Company is being acquired and merged or any material adjustment is being made by the acquirer to the Company's management, the Board of the Company shall seek and take advice from the labour union and the staff representatives meeting of the Company.

### **Chapter 5 Time for Holding Board Meetings**

**Article 17** Board meetings shall be held at least twice a year (regular meetings). Such meetings shall be convened by the chairman of the Board by giving a notice in writing to all directors and supervisors 10 days before the convening of the meetings.

**Article 18** Extraordinary Board meetings should be convened by the chairman of the Board under any one of the following circumstances within 10 days and not subject to the aforesaid limitation on the notice period of meetings:

- (1) proposed by shareholders representing more than 10% of the voting rights;
- (2) proposed by more than one-third of the directors;
- (3) proposed by the supervisory committee.

### **Chapter 6 Convening and Presiding over the Board Meetings**

**Article 19** Board meetings shall be convened and presided over by the chairman of the Board. Where the chairman of the Board is unable to or fails to perform his duties, another director shall be designated by a majority of the directors may convene and preside over the meeting.

### **Chapter 7 Motions and Notice of Board Meeting**

**Article 20** Before dispatching the notice on convening the regular Board meetings, the securities department shall thoroughly seek all directors' opinions and submit to the chairman to decide after preliminarily formulating the meeting proposals.

The general manager shall be nominated by the chairman of the Board and the Nomination Committee shall conduct the qualification examination. The chairman of the Board shall prepare the proposal for appointing general managers.

Before preparing the proposals, the chairman of the Board shall be required to seek advice from managers and other senior management personnel.

**Article 21** If an extraordinary meeting of the Board is proposed to be held in accordance with Article 18 of these Rules, a written proposal signed (sealed) by the proponent shall be submitted to the chairman of the Board through the securities department or directly. The written proposal shall include:

- (1) the name or alias of the proponent;
- (2) the reasons for the proposal or objective facts on which the proposal is based;
- (3) the time or duration, venue and mode of the proposed meeting;
- (4) the definite and specific proposal;
- (5) the proponent's contact methods and proposal date, etc.

Content of the proposal shall fall within the scope of the power of the Board as stipulated by the Articles of Association, and shall be submitted together with the relevant materials of the proposal.

The securities department shall pass the above written proposal and relevant materials above to the chairman on the same day upon receipt. The chairman may require the proponent to revise or supplement if the content of the proposal is considered as not clear or not specific or relevant materials are not adequate.

**Article 22** The notification method, notification time and mode of convening the Board meetings (including the extraordinary Board meetings) shall satisfy the requirements as follows:

- (1) If the time and location of regular Board meetings have been specified by the Board in advance, no notice shall be required. If the time and location of regular Board meetings has not been specified by the Board in advance, the chairman of the Board shall order the secretary to the Board to notify all directors and supervisors the time and location of the meeting by way of telex, telegraph, fax, express post, registered mail or by hand no less than 14 days prior to such meeting, unless otherwise provided in the aforementioned clauses of the Articles of Association.
- (2) When convening an extraordinary Board meeting, the chairman shall authorise the secretary to the Board to notify all directors the time and location of the meeting by way of telex, telegraph, fax, or by hand with no less than 2 days prior to the extraordinary Board meeting.
- (3) Directors may participate in regular Board meetings or extraordinary Board meetings by telephone or other communication equipments. If all participants are able to hear each others' speeches clearly and communicate and exchange views with each other through the aforementioned equipment, such directors shall be deemed to be attending such meeting in person.

- (4) Board meetings may also be convened by way of written resolutions whereby a resolution may be passed through delivering or circulating a pending resolution separately. A director shall indicate clearly his approval of, abstaining from or objection to the resolution. Such written resolution may consist of several documents. A resolution which is signed by one or more directors or their authorised directors and that the minimum number of directors required for passing a resolution according to the Articles is reached shall be deemed legal and effective. A resolution signed by a director or his authorised director and delivered by way of telex, telegraph or fax shall be deemed to be signed by such director.

As the Board review matters specified in clauses (3), (4), (5) and (7) of Article 13 in these Rules stipulating the functions and powers of the Board, directors shall not utilise telephone or other communication equipment to participate in the meeting.

**Article 23** The written notice of the meeting shall at least include the following content:

- (1) the time and venue of the meeting;
- (2) the mode through which the meeting is held;
- (3) the matters to be considered (draft resolutions for the meeting);
- (4) the convener and chairman of the meeting, the proponent of the extraordinary meeting and his written proposal;
- (5) the meeting materials necessary for the directors' voting;
- (6) the requirement that a director shall attend the meeting in person or appoint other directors to attend the meeting on his behalf;
- (7) the contact person and contact method.

The oral notice of the meeting shall, at least, include the content of (1) and (2) above and the explanation for holding the extraordinary meeting of the Board as soon as possible in case of emergency.

**Article 24** If it is necessary to change the time and venue or add, change and cancel the draft resolutions for the meeting after dispatching the written notice of a regular meeting of the Board, the written notice for the change shall be dispatched three days before the original date of the meeting to explain the circumstances and relevant contents and materials of the new proposals. If the written notice is dispatched less than three days before the original date of the meeting, the meeting shall be postponed accordingly, or held as scheduled after obtaining the approval of all the directors present at the meeting.

If it is necessary to change the time and venue of the meeting or add, change and cancel the draft resolutions for the meeting after dispatching the written notice of an extraordinary meeting of the Board, the approval of all the directors present at the meeting shall be obtained beforehand and relevant records shall be made.

**Article 25** All executive directors and external directors must be informed of any significant matter decided by the Board within the time stipulated in Article 17 and Article 18 in these Rules and be provided with sufficient information at the same time in strict compliance with the stipulated procedures. Directors may request for the provision of supplementary information. Where one-fourth of the directors or more than two external directors are of the opinion that the information is inadequate or the argument is uncertain, they may jointly request for an adjournment in convening the Board meeting or that part of the agenda of the Board meeting and the Board shall accept the request.

A notice of meeting shall be deemed to have been despatched to a director who has attended the meeting and did not propose a dissent to the non-receipt of the notice of the meeting prior to or at the meeting.

#### **Chapter 8 Eligibility for Attendance and Expenses of the Board Meetings**

**Article 26** Directors shall attend Board meetings in person. Where a director is unable to attend with cause, he may authorise another director in writing to attend the Board meeting on his behalf. The power of attorney shall state the following:

- (1) the names of the appointer and the proxy;
- (2) the brief opinions on every proposal made by the appointer;
- (3) the authorisation scope and directions for voting intention on the proposals of the appointer;
- (4) the signature of the appointer and date.

The director who appoints other directors to sign the written confirmation opinions for regular reports on his behalf shall make a special authorisation in the power of attorney.

The proxy director shall submit the written power of attorney to the convener of the meeting and state the attendance of proxy on the attendance list of the Board meeting.

**Article 27** Appointment of proxy for attending the Board meeting shall comply with the following principles:

- (1) non-connected directors shall not appoint connected directors to attend the meeting when considering connected transactions. Connected directors shall not accept the appointment by non-connected directors;
- (2) an independent director shall not appoint non-independent directors to attend the meeting on his behalf and a non-independent director shall not accept the independent directors' appointment;

- (3) a director shall not grant an appointment of full power without giving his personal opinion and voting intent for the proposals, and the relevant director shall not accept an appointment of full power and an appointment without clear authorization;
- (4) a director shall not accept appointment from more than two directors, and shall not appoint any director that has accepted the other two directors' appointment either.

**Article 28** A director failing to attend Board meetings in person or appointing other directors to attend such Board meetings for two consecutive times shall be deemed to be unable to perform his/her duties. The Board shall rto the general meeting that such director be removed.

A director attending the meeting on behalf of another director shall exercise the rights of such director within the scope of authorisation. Any director who is unable to attend a particular Board meeting and has not authorised a proxy to attend on his behalf shall be deemed to have waived the right to vote at such meeting.

**Article 29** Reasonable expenses incurred by the directors in attending Board meetings shall be borne by the Company. Such expenses include travelling expenses from the location of the directors to the places of the meetings (if different from the location of the director), food and lodging expenses during the duration of the meetings, rental of the premises of meetings and local travelling expenses.

**Article 30** Supervisors may attend the Board meeting as non-voting participants. The general manager and secretary to the Board who do not act as directors concurrently shall attend the Board meeting as non-voting participants. The convener may notify other relevant persons to attend the Board meeting as non-voting participants if he considers necessary.

#### **Chapter 9 Voting, Resolutions and Minutes of the Board Meetings**

**Article 31** Board meetings may only be held if attended by more than one-half of the directors (including directors who have appointed in writing other directors to attend the Board meeting on his behalf under Article 26 in these Rules). If the relevant directors refuse to attend the meeting or ignore participation, which results in the number of participating directors falling below the quorum, the chairman and secretary to the Board shall report to the regulatory authorities promptly.

**Article 32** Each director shall be entitled to one vote. Resolutions of the Board must be passed by the affirmative vote of more than one-half of all directors. In the equality of votes, the chairman of the Board shall have a casting vote.

**Article 33** The directors' voting intents are classified as "for", "against" or "abstain". The directors present at the meeting shall select one from the intents above and the chairman of the meeting shall ask those who fail to select any or simultaneously select more than two intents



to reselect and those who refuse to select shall be deemed as abstaining; those who leave the meeting halfway without returning and without selecting any intents shall be deemed as abstaining.

**Article 34** After the attending directors have completed the voting, the related personnel of the securities department shall collect the directors' ballot papers immediately, and hand them over to the secretary to the Board for counting purpose under the scrutiny of a supervisor or independent director.

For those meetings convened on site, the chairman of the meeting shall announce the voting results on site; while in other cases, the chairman of the meeting shall require the secretary to the Board to notify the directors the voting results within the next working day of the stipulated voting deadline.

If the directors vote after announcement of the voting results by the chairman of the meeting or after conclusion of the specified voting time, their votes shall not be counted.

**Article 35** Resolutions by the Board on matters referred to in Article 13 of these Rules may be passed by the affirmative vote of more than one-half of the directors with the exception of resolutions on matters referred to in clauses (6), (7) and (13) of Article 13 in these Rules, which shall require the affirmative vote of more than two-thirds of the directors.

A director connected with the enterprise involved in the resolutions of the Board meeting shall not exercise his own, or represent other directors to exercise voting right on such resolutions. Such Board meeting may be held if more than half of the unconnected directors to be present. The resolution made by the Board shall be passed by more than half of all such directors. The aforesaid matters requiring the affirmative vote of more than two-thirds of the directors shall be passed by more than two-thirds of all such directors. Where there are fewer than three unconnected directors present at the Board meeting, the relevant matters shall be forwarded to a general meeting of the Company for consideration.

Resolutions by the Board on connected transactions of the Company shall be signed by the independent directors before becoming effective.

Except for obtaining the unanimous consent from all the directors present at the meeting, any proposal not set out in the meeting notice shall not be voted at the Board meeting. Directors who accept other directors' appointment to attend the meeting on their behalf shall not vote on the proposals not set out in the meeting notice on the behalf of other directors.

**Article 36** In the event that certain director has interests in the matters to be resolved at the Board meeting (such interests include, but not limited to, the relationship of interests with the shareholder unit of the previous employment or shareholder unit providing employment after the proposed resignation or its controller), such director shall abstain from voting on such matters (including whether the Board agrees to his resignation or not). In case that more than one-half of all directors shall have abstained from voting such that resolutions cannot be passed according to Article 112 of the Company Law, directors abstaining from voting may participate in the vote after making a fairness statement which shall be set out in the resolutions of the Board. The aforesaid matters, if otherwise required by laws and regulations, shall be implemented according to such requirements.



**Article 37** The Board shall keep minutes of decisions on matters considered, opinions of independent directors and resolutions in writing at their meetings, which shall be signed by the directors attending the meeting and the person preparing the minutes. Minutes of each Board meeting should be available for review of all directors as soon as possible. A director who wishes to make amendments to the minutes should submit his amendments to the chairman of the Board within one week of receipt of the minutes. Minutes of the Board meetings shall be kept at the Company's residence in China with a full copy being issued to each director as soon as possible. Minutes of the Board meeting shall be kept for no less than 10 years.

**Article 38** The minutes of the meeting shall include the following:

- (1) the session, time, venue and mode of the meeting;
- (2) the situation in respect of the despatch of the meeting notice;
- (3) the convener and chairman of the meeting;
- (4) whether the directors attended the meeting in person/by proxy;
- (5) the proposals considered at the meeting, the gist of every director's representations and main opinions in respect of relevant matters and voting intents for the proposals;
- (6) the voting method and voting results in relation to each proposal (with respective number of votes cast "for", "against" and "abstain");
- (7) other matters the directors present at the meeting consider that should be recorded.

**Article 39** The directors shall be responsible for resolutions of the Board. Where a resolution of the Board is in breach of laws, administrative regulations or the Articles of Association, thereby causing serious losses to the Company, those directors who voted for the resolution shall bear direct responsibility. Provided that, if a director is proven to have dissented at the voting of such resolution and such dissent was noted in the minutes of the meeting, then the director may be relieved from such liability. Those directors who abstained from voting or were absent but did not entrust another director to attend on his behalf may not be relieved from such liability. Those directors who dissented in the discussion but did not vote against the resolution may not be relieved from such liability.

#### **Chapter 10 Announcement and Implementation of Board Resolutions**

**Article 40** Resolutions of the Board shall be announced and disclosed by the secretary to the Board in accordance with relevant laws and regulations and the Articles of Association. The participating directors, persons present as non-voting participants, recording and service personnel shall have the obligation to keep the content of resolutions confidential before disclosure of the announcement of the resolutions.

**Article 41** The chairman shall urge relevant persons to implement the resolutions of the Board meeting, check the implementation of such resolutions, and report the status of implementation of the effected resolutions at subsequent Board meetings.

**Chapter 11 Independent Director System**

**Article 42** The Company shall establish a system of independent directors.

**Article 43** Independent directors are directors holding no posts other than as director in the Company, as well as having no relationship with the Company and major shareholders of the Company which may hinder his independent and objective judgment.

**Article 44** An independent director shall perform his duties independently and shall not be affected by the substantial shareholders, de facto controllers of a listed company or other entities or individuals that have interests in a listed company. Independent directors shall not hold concurrent post of independent directors in more than 5 listed companies, and shall ensure that they have enough time and energy to effectively perform their duties as independent directors.

**Article 45** An independent director shall meet the following criteria:

- (1) to be qualified as a director of a listed company as specified in laws, administrative regulations and other relevant regulations;
- (2) to be independent;
- (3) to be in command of the basic knowledge of the operation of a listed company, and familiar with relevant laws, administrative regulations, and rules and regulations;
- (4) having more than five years of work experiences in legal matters, economic matters and other experiences indispensable for performing the duties of an independent director;
- (5) other conditions as specified in the Articles of Association or the general meeting.

**Article 46** Independent directors shall be independent. The following persons shall not serve as independent directors:

- (1) a person employed by the Company or its affiliated enterprises and the direct family members and key relatives of such person (direct family members shall mean, among others, spouse, parents and children; key relatives shall mean, among others, brothers and sisters, fathers-in-law, mothers-in-law, daughters-in-law, sons-in-law, spouses of brothers and sisters, and brothers and sisters of spouse);
- (2) the natural person shareholders directly or indirectly holding more than 1% of the issued shares of the Company or being one of the ten largest shareholders of the Company and their direct relatives;
- (3) the shareholder unit directly or indirectly holding more than 5% of the issued shares of the Company or being one of the five largest shareholders of the Company and their direct relatives;

- (4) persons falling within any of the abovementioned three conditions in the recent one year;
- (5) persons providing financial, legal and consulting services to the Company or its affiliated enterprises;
- (6) other persons as specified under the Articles of Association;
- (7) other persons as stipulated by the CSRC.

**Article 47** The Company shall go through the reviewing and filing procedures in respect of the independent directors with the relevant regulatory authorities in accordance with laws.

**Article 48** The Board, supervisory committee, or shareholders individually or jointly holding more than 1% of the issued shares of the Company are entitled to nominate candidates for independent directors to be considered and approved by the Board and elected at general meetings.

**Article 49** Nominator(s) of independent directors shall obtain the consent from the nominee prior to any nomination. The nominator shall acquire all the personal particulars of his nominee as to his profession, education, academic title, detailed work experiences, and all part time jobs, and shall comment on his qualification and independence for acting as an independent director. The nominee shall make a public statement that he has no relationship with the Company which may hinder his independent and objective judgment. Prior to the general meeting for the election of independent directors, the Board of the Company shall make announcement regarding the above matters in accordance with the regulations.

**Article 50** If an independent director fails to attend the Board meetings in person for three consecutive times, the Board may propose to the general meeting for replacing such directors.

Except for the above circumstances and the circumstances that a person cannot serve as a director as stipulated in the Company Law, independent directors shall not be dismissed without any reason before expiry of their terms. If an independent director is removed before expiry of his term of office, the Company shall disclose this as a special disclosure. The independent director so removed may make a public statement if he believes the reason for his removal is unjustified.

**Article 51** Apart from the powers granted to a director by the Company Law, the Articles of Association and other relevant laws and regulations, the Company further grants an independent director the following special powers:

- (1) transactions entered into between the Company and its connected parties at a total amount of more than RMB3,000,000 or more than 5% of the latest audited net asset value of Company are subject to approval of independent directors before submission to the Board for consideration. Prior to the judgment by the independent

directors, they may appoint intermediaries to issue an independent financial advising report as the basis for their judgment;

- (2) to propose to the Board for the appointment or dismissal of accounting firms;
- (3) to propose to the Board to convene an extraordinary general meeting;
- (4) to propose to hold a Board meeting;
- (5) to independently engage external auditing institutions and consulting institutions.

To exercise any of the abovementioned powers, the independent director(s) shall obtain the consent of more than half of the independent directors.

The Board shall establish the Remuneration Committee, Audit Committee and Nomination Committee. The independent directors of the Company shall represent more than one half in each of such committees.

**Article 52** Apart from the above duties, the independent directors shall give their independent opinions to the Board or the general meetings in respect of the following matters:

- (1) nomination, appointment and dismissal of directors;
- (2) appointment or dismissal of senior management personnel;
- (3) remunerations of the directors and senior management personnel;
- (4) any borrowings or other capital transfers, existing or newly occurred, made between the Company and the shareholders, de facto controllers of the Company and their connected enterprises involving a total amount of more than RMB3,000,000 or more than 5% of the latest audited net assets value of the Company; and whether the Company shall adopt any effective measures to recover the arrears;
- (5) matters considered by the independent directors as possibly infringing the rights and interests of minority shareholders;
- (6) other matters as specified under the Articles of Association.

The independent directors shall give their opinions in respect of the abovementioned matters in the following categories: approval; qualified opinion and the reasons thereto; dissenting opinion and the reasons thereto; unable to present opinion and the obstacles thereto.

Should the matters are required to be disclosed, the Company shall publish an announcement in relation to the opinions of the independent directors. Should there be discrepancy among the opinions from the independent directors and no consensus can be reached, the Board shall disclose the opinions from each of the independent directors individually.

**Article 53** For the purpose of effective performance of the functions and powers of the independent directors, the Company shall provide the independent directors with the following conditions:

- (1) The Company shall ensure that the independent directors will enjoy the same right to information as other directors. For the matters subject to decisions by the Board, the Company shall, in accordance with the statutory provisions, inform the independent directors in advance and provide them with adequate information. If the independent directors consider the said information inadequate, they may request for supplementary information. Where two or more independent directors hold that the information is inadequate or the proofs are uncertain, they may jointly propose in writing to the Board to postpone the Board meeting or the consideration of the matters in question, and the Board shall accept such proposal.

The Company shall keep any information it provides to the independent directors and the independent directors shall keep such information for a period no less than 5 years.

- (2) The Company shall provide the independent directors with the means and measures to perform their duties. The secretary to the Board of the Company shall actively assist the independent directors in performing their duties such as briefing and providing materials. In the event that the independent opinion, proposal and written statement from the independent directors are required to be announced, the secretary to the Board shall make such announcement at the stock exchange(s) in due course.
- (3) When the independent directors perform their functions and powers, the employees of the Company shall assist by all means and shall not refuse, obstruct, or conceal, or interfere with their independent exercise of functions and powers.
- (4) The expenditures of engaging intermediaries by the independent directors or other expenditures required for performing their functions and powers shall be borne by the Company.
- (5) The Company shall pay the independent directors subsidies of appropriate sums. The standards of the said subsidies shall be formulated and proposed by the Board in general meeting for consideration and approval and shall be disclosed in the annual report of the Company.

Apart from the abovementioned subsidies, the independent directors shall not acquire other additional and undisclosed interests from the Company, its major shareholders or institutions and persons of interests with the Company.

- (6) The Company may establish the requisite insurance mechanism for independent directors to minimise the risks possibly incurred due to the ordinary performance of the duties by the independent directors.

**Chapter 12 Secretary to the Board**

**Article 54** The Company shall have a secretary to the Board, who is a senior management officer of the Company.

**Article 55** The secretary to the Board of the Company shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the Board. The primary responsibilities of the secretary to the Board are:

- (1) to ensure that Company has maintained complete constitution documents and records;
- (2) to ensure that the Company prepares and delivers in accordance with laws reports and documents required by relevant authorities entitled thereto;
- (3) to ensure that the registers of shareholders of the Company are properly maintained, and that persons entitled to obtain the relevant records and documents of the Company are furnished with such records and documents without delay.

**Article 56** The primary duties of the secretary to the Board are:

- (1) to assist directors in performing the daily functions of the Board, continuously provide, remind and ensure that directors understand the rules, policies and requirements of local and overseas regulatory bodies on the Company's operations, assist directors and managers in the exercise of their powers in accordance with the local and overseas laws and regulations, the Articles of Association and other relevant regulations;
- (2) to be responsible for organising and preparing documents for Board meetings and general meeting, preparing minutes, ensuring that resolutions are passed in accordance with procedures required by laws and to be informed about the implementation of the Board resolutions;
- (3) to be responsible for organising and coordinating the disclosure of information, coordinating the Company's relationship with investors and enhancing the transparency of the Company;
- (4) to participate and coordinate financing activities in the capital markets;
- (5) to protect the Company's relationship with market intermediaries, regulatory bodies, media and maintaining public relations.

The secretary to the Board, in principle, shall be served by dedicated personnel. If the post is concurrently assumed by a director or other senior management officer of the Company, such person shall ensure that he has enough energy and time to assume the duties of the secretary to the Board. The general manager (excluding the deputy ones) and the financial controller shall not concurrently hold the post of the secretary to the Board.

**Article 57** The scope of the duties of the secretary to the Board includes the following:

- (1) to coordinate and organise Board meetings and general meetings, prepare the relevant materials for the meetings, arrange matters relating to the meetings, be responsible for preparing minutes and ensuring the accuracy of the minutes, keeping documents and minutes of the meetings, checking the implementation of relevant resolutions, reporting and providing recommendations to the Board on material matters that are being implemented;
- (2) to ensure that material decisions of the Board are performed strictly in accordance with the relevant requirements, to consult and analyse matters before the Board and offer his opinions and make recommendations accordingly upon the Board's request, and to handle the daily affairs of the Board and its relevant committees as authorised;
- (3) acting as the Company's contact person with securities regulatory bodies, to be responsible for organising, preparing and submitting documents required by such regulatory bodies in time, accepting, organising and completing tasks delegated by such regulatory bodies;
- (4) to be responsible for coordinating and organising information disclosure of the Company, establishing a sound and appropriate disclosure mechanism, participating in all meetings relating to information disclosure, so as to be made aware of the material decisions of the Company's operation and all related information;
- (5) to be responsible for keeping in confidence any price sensitive information of the Company, and implement effective systems and measures for maintaining confidentiality of information. Where price sensitive information of the Company has been revealed to the public due to various reasons, to take all necessary actions to rectify, explain and clarify and notify the overseas securities regulatory body of the place in which the Company's shares are listed and the CSRC in time;
- (6) to be responsible for coordinating market publicity and reception of visitors, managing relationship with investors, protecting relationship with investors, market intermediaries and the mass media, ensuring that enquiries of the public are addressed, ensuring that investors receive information disclosed by the Company on a timely basis; to organise and prepare publicity campaigns of the Company locally and overseas, prepare reports summarising market publicity and material visits and arrange to report any related matter to the CSRC;
- (7) to be responsible for maintaining and keeping the register of shareholders, register of directors, information relating to shareholdings of substantial shareholders and directors, and a list of holders of bonds issued by the Company;
- (8) to assist directors and managers to exercise their powers in accordance with local and overseas laws, regulations, the Articles of Association and other relevant regulations. When the secretary is aware that the Company has passed or may



possibly pass resolutions that are in breach of the relevant requirements, he has an obligation to remind the Board and has the right to report such breach to the CSRC and other regulatory bodies in a timely manner;

- (9) to provide necessary information to the Company's supervisory committee and other audit authorities to perform their supervisory functions, and to assist the investigation of the integrity of the Company's financial controller, directors and managers;
- (10) to perform other duties delegated by the Board and required by in places (locally or overseas) where the Company's shares are listed.

**Article 58** A director or other senior management officers of the Company may hold the office of the secretary to the Board concurrently. However, any accountant from the accounting firm appointed by the Company shall not act as the secretary to the Board concurrently.

Provided that where the office of the secretary to the Board is held concurrently by a director and an act is required to be done by a director and the secretary to the Board separately, the person who holds both the offices of the director and the secretary to the Board may not perform the act in dual capacity.

For the shares of the Company listed on the Hong Kong Stock Exchange, the Company may appoint a company secretary complying with the relevant requirements of the Hong Kong Stock Exchange.

### Chapter 13 Supplementary Provisions

**Article 59** These Rules shall be implemented upon approval at the general meeting.

**Article 60** Matters not included in the these Rules are subject to regulations of the Company Law, Securities Law, Corporate Governance Guidelines and other relevant laws and regulations, relevant requirements of the Shenzhen Stock Exchange and the Hong Kong Stock Exchange and the Articles of Association.

**Article 61** Should there be any discrepancy between these Rules and the Company Law, Securities Law, Corporate Governance Guidelines and other relevant laws and regulations, relevant requirements of the Shenzhen Stock Exchange and the Hong Kong Stock Exchange and requirements of the Articles of Association, the latter documents shall prevail.

**Article 62** The Company shall amend these Rules upon the following:

- (1) matters stipulated by these Rules are in conflict with the amended Company Law, Securities Law, Corporate Governance Guidelines and other relevant laws and regulations, relevant requirements of the Shenzhen Stock Exchange and the Hong Kong Stock Exchange or the Articles of Association;
- (2) the general meeting resolves to amend these Rules.



**Article 63** Any amendment to these Rules shall be resolved at the general meeting. Amendment proposals shall be made by the Board within the authority granted by the general meeting and shall come into effect upon approval at the general meeting.

**Article 64** The Board shall be responsible for the interpretation of these Rules.

Please note that the following purposed amended Terms of Reference of the Audit Committee are written in Chinese and there is no official English translation thereof. The translation into English language in this Appendix II is for reference only. In case of inconsistency between the English and Chinese versions, the Chinese version shall prevail.

### TERMS OF REFERENCE OF THE AUDIT COMMITTEE

*(Approved by the 2006 Annual General Meeting held on 29th June 2007, amended subsequently by the 15th Meeting of the Second Term of the Board of Directors held on 29th March 2012 and to be tabled for approval by the 2011 Annual General Meeting of Shareholders)*

#### Chapter 1 General Provisions

**Article 1** With a view to strengthening the decision-making function of the Board of Directors of Weichai Power Co., Ltd., accomplishing pre-audit and professional audit so as to ensure the effective supervision over the management level by the Board and refining the corporate governance structure, the Company has set up an audit committee of the Board and formulated these terms of reference in accordance with the “Company Law of the People’s Republic of China”, the “Standards for Corporate Governance of Listed Companies”, “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited”, the “Articles of Association of Weichai Power Co., Ltd.” and the other relevant regulations.

**Article 2** The Audit Committee is a dedicated body established by the Board to be primarily responsible for the communication, supervision and checking in relation to the internal and external audits of the Company.

#### Chapter 2 Composition

**Article 3** The Audit Committee shall consist of three to seven non-executive Directors as members; and more than half of the members shall be independent Directors. At least one member in the Audit Committee must be an independent Director with professional qualifications in accounting.

**Article 4** Members of the Audit Committee shall be nominated by the chairman of the Board, by more than one-half of the independent Directors or by one-third of all Directors, and shall be elected by the Board.

**Article 5** The Audit Committee shall have a chairman (the convener) who shall be an independent Director and be responsible for chairing the Audit Committee. The chairman shall be elected from among the members and approved by the Board.

**Article 6** The term of office of the Audit Committee shall be the same as the term of the Board. A member may be re-elected upon the expiration of his/her term of office. Any member who ceases to act as a Director during the term shall lose his/her membership of the Audit Committee automatically and the vacancy shall be filled by the Audit Committee as required under Articles 3 to 5 above.

**Article 7** The Audit Committee shall have an audit working unit as its daily operating body, which is responsible for daily communications and organising meetings, etc.

**Chapter 3 Duties and Authorities**

**Article 8** The main duties and authorities of the Audit Committee include:

- (1) to supervise the Company's internal control policies and its implementation;
- (2) to review the internal control policies and material connected transactions of the Company, including but not limited to:
  1. to discuss with the Company's management on matters relating to internal control policies so as to ensure that the management has implemented an effective internal control system;  
  
The said internal control system includes but is not limited to the Company's accounting and financial resources, staff qualifications and work experience, the budget and adequacy of staff training programmes, financial control and risk management etc.;
  2. to ensure the normal operation of the Company's internal control policies and to monitor and comment on its effectiveness; and
  3. to consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and management's response to these findings.
- (3) to recommend the appointment or change of external auditors, including but not limited to:
  1. the right to recommend to the Board for approval of the appointment, re-appointment and removal of external auditors (including any entity under common control, equity control or management control of the external auditors, or any third party having regard to all reasonable relevant information which under reasonable circumstances would be deemed to be a part of the domestic or international division of the external auditors). Such recommendations include the external auditors' remuneration and terms of engagement, or to deal with matters relating to the resignation or removal of the auditors, as the case may be;
  2. to confirm with the auditors on the nature, scope and reporting responsibilities prior to the commencement of audit work;
  3. to comment on and supervise the work of the external auditors based on applicable standards, including but not limited to the independence and objectivity of the auditors' work and the effectiveness of the audit procedures;
  4. to develop and implement policy on engaging an external auditor to supply non-audit services; and

5. to report to the Board, identifying and making recommendations on any matters where action or improvement is needed.
- (4) to be responsible for the communication between the internal and external auditors, including but not limited to:
  1. to coordinate the work of the internal and external auditors;
  2. to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management response;
  3. to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter; and
  4. regarding paragraph 5 below, to liaise with the Board and senior management and to meet with the Company's external auditors twice a year.
- (5) to audit the Company's financial information and its disclosure, including but not limited to:
  1. to be entitled to submit financial statements and reports to the Board;
  2. to ensure monitoring of the integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgment contained in them;
  3. to review the financial statements and reports before submitting them to the Board for approval, focusing particularly on:
    - (1) any change in the Company's accounting policies and its implementation;
    - (2) significant adjustments arising from the audit;
    - (3) compliance with accounting standards by the Company;
    - (4) compliance by the Company with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and relevant legal requirements in relation to financial reporting;
    - (5) the going concern assumptions and any qualification;
    - (6) significant or unusual items that are, or may need to be, reflected in the reports and accounts;

- (7) matters that have been raised by the issuer's staff responsible for the accounting and financial reporting function, compliance officer or auditors; and
- (8) other major judgmental areas.
- (6) to report on matters arising from these terms of reference to the Board; and
- (7) to deal with other matters authorised by the Board.

**Article 9** The Audit Committee shall be accountable to the Board. The Audit Committee shall submit proposals to the Board for consideration and decisions. The Audit Committee shall coordinate with the Supervisory Committee on its supervisory audit work.

#### **Chapter 4 Procedures of Decision-making**

**Article 10** The audit working unit is responsible for the preliminary preparations and providing the Audit Committee with the relevant written information of the Company for decision-making:

- (1) relevant financial reports of the Company;
- (2) work reports of internal and external audit institutions;
- (3) external audit contract and the relevant work reports;
- (4) public disclosure of information made by the Company;
- (5) audit reports regarding material connected transactions of the Company;
- (6) other relevant matters.

**Article 11** The Audit Committee shall convene meetings to discuss reports submitted by the audit working unit, and shall submit its relevant written resolutions to the Board for consideration:

- (1) work appraisal on external audit institutions, and the engagement and change of external audit institutions;
- (2) reports on whether the internal audit system of the Company has been effectively implemented and whether the financial reports of the Company are true in all aspects;

- (3) reports on whether information disclosed publicly by the Company are objective and true, and whether the material connected transactions of the Company are in compliance with the relevant laws and regulations;
- (4) work appraisal of the internal financial department and audit department, including its persons-in-charge;
- (5) other relevant matters.

### Chapter 5 Rules of Procedures

**Article 12** The Audit Committee shall hold meetings at least four times each year and one meeting shall be held in each quarter. Two days' notice shall be given to all members before each meeting. The chairman of the Audit Committee or, if he is absent, another member (independent Director) delegated by the chairman shall chair the meetings.

**Article 13** Meetings of the Audit Committee shall only be held where more than two-thirds of its members are present. Each member shall be entitled to one vote. Resolutions at any meeting shall be passed by a simple majority of votes of all the members. In the case of an equality of votes, the chairman shall be entitled to a casting vote.

**Article 14** Votes shall be taken by a show of hands or on a poll at the meetings of the Audit Committee. The voting at a provisional meeting may be done by way of voting correspondence.

**Article 15** Members of the audit working unit may attend the meetings of the Audit Committee. Directors, supervisors and other senior management officers of the Company may also be invited to attend meetings of the Audit Committee if necessary.

**Article 16** Intermediaries may be engaged by the Audit Committee at the expense of the Company to give professional advice on its decision-making if considered necessary.

**Article 17** The proceedings and voting methods of a meeting of the Audit Committee and the resolutions passed at such meetings must comply with the requirements of the relevant laws, regulations, the Articles of Association and these terms of reference.

**Article 18** Minutes shall be taken on all meetings of the Audit Committee. The minutes of meetings shall be signed by each attending member and kept by the secretary to the Board of the Company.

**Article 19** Resolutions passed at a meeting of the Audit Committee and the voting results thereon shall be reported to the Board of the Company in writing.

**Article 20** All members present at a meeting are obliged to keep confidential all matters discussed at the meeting and shall not disclose such information without authorisation.

**Chapter 6 Supplementary Provisions**

**Article 21** These terms of reference shall take effect from the date on which they are passed by the general meeting.

**Article 22** Any matter not regulated under these terms of reference shall be enforced under the requirements of the relevant laws and regulations of the State, the listing rules of the place of listing of the Company's shares and the Articles of Association. In case where any of these terms of reference is inconsistent with the laws and regulations which are to be promulgated by the State in future or the Articles of Association as legally modified, these terms of reference shall be enforced subject to the requirements of the relevant laws and regulations of the State and the Articles of Association. In such case, corresponding amendments shall be made immediately and be submitted to the general meeting for consideration and approval.

**Article 23** These terms of reference shall be interpreted by the Board of the Company.

Please note that the following purposed amended Terms of Reference of the Remuneration Committee are written in Chinese and there is no official English translation thereof. The translation into English language in this Appendix III is for reference only. In case of inconsistency between the English and Chinese versions, the Chinese version shall prevail.

## TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

*(Approved by the 2006 Annual General Meeting held on 29th June 2007, amended by the 2008 Annual General Meeting held on 19th June 2009, amended by the 15th Meeting of the Second Term of the Board of Directors held on 29th March 2012 and to be tabled for approval by the 2011 Annual General Meeting)*

### Chapter 1 General Provisions

**Article 1** With a view to further establishing a sound appraisal and remuneration management system for Directors and Management Personnel of Weichai Power Co., Ltd. (the “Company”) and refining the corporate governance structure, the Company has set up a remuneration committee of the Board of Directors and formulated these terms of reference in accordance with the “Company Law of the People’s Republic of China”, “Code of Corporate Governance for Listed Companies”, “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited”, the “Articles of Association of Weichai Power Co., Ltd.” and other relevant regulations.

**Article 2** The Remuneration Committee is a dedicated body established by the Board to be primarily responsible for formulating the appraisal criteria of the Directors and Management Personnel of the Company and conducting appraisal establishing and examining the remuneration policies and proposals of the Directors and Management Personnel and shall be accountable to the Board.

**Article 3** For the purpose of these terms, a “Director” refers to a director or independent director who receives remuneration from the Company. A “Management Personnel” refers to general manager, executive president, vice-president, secretary to the Board, financial controller, other senior management officers recognised by the Board and the personnel defined under Rule 2 of 《潍柴動力股份有限公司高管及核心人員績效考核與薪酬激勵管理辦法》(Policies and Procedures for Performance Appraisal and Remuneration and Incentive of Senior Management and Core Personnel of Weichai Power Co., Ltd.).

### Chapter 2 Composition

**Article 4** The Remuneration Committee shall consist of three to seven Directors, more than one-half of whom shall be independent Directors.

**Article 5** Members of the Remuneration Committee shall be nominated by the chairman of the Board, more than one-half of the independent Directors or one-third of all Directors and be elected by the Board.

**Article 6** The Remuneration Committee shall have a chairman who should be an independent Director and be responsible for chairing the Remuneration Committee. The chairman shall be elected from among the members and shall report to the Board for approval.



**Article 7** The term of office of the Remuneration Committee shall be the same as the term of the Board. A member may be re-elected upon the expiration of his/her term of office. Any member who ceases to act as a Director of the Company during the term shall lose his/her membership of the Remuneration Committee automatically and the vacancy shall be filled by the Remuneration Committee as required under Articles 4 to 6 above.

**Article 8** The Remuneration Committee shall establish a remuneration working unit which shall specifically be responsible for providing relevant information on the business operation of the Company and on the personnel to be appraised, preparing the meetings of the Remuneration Committee and proposing proposals of remuneration and incentives. The working unit shall comprise the chairman of the Board and persons-in-charge from major departments of the Company. The chairman of the Board shall be the leader.

The working unit may engage external professionals for professional advice.

### **Chapter 3 Duties and Authorities**

**Article 9** The main duties and authorities of the Remuneration Committee are as follows:

- (1) to formulate remuneration policies, plans, proposals or structures in accordance with the main areas of responsibilities, duties and importance of the management positions held by Directors and Management Personnel and the level of remuneration of the corresponding positions of other relevant enterprises. Such remuneration policies, plans, proposals or structure mainly include, but are not limited to, performance appraisal standards and procedures, the principal appraisal system, as well as the principal proposals and policies on incentives and punishments;
- (2) to formulate proposals, policies and structures for the basic remuneration of Directors of the Company and to recommend them for approval by the Board, which upon successful adoption shall be proposed for approval by the general meeting of shareholders before implementation; to formulate the proposals, policies and structures on the basic remuneration of the Management Personnel and to recommend them for approval by the Board for adoption;
- (3) to make recommendations to the Board on the establishment of a formal and transparent procedure for developing remuneration policies;
- (4) to review and approve the management's remuneration proposal with reference to the Board's corporate goals and objectives;
- (5) to perform either one of the following:
  1. to determine, with delegated responsibility, the remuneration packages of individual Directors and Management Personnel; or
  2. to make recommendations to the Board on the remuneration packages of individual executive Directors and Management Personnel.

Remuneration above shall include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

- (6) to monitor the performance of responsibilities by the Company's Directors and Management Personnel, appraise their annual performance and to recommend their annual bonuses for approval by the Board. Bonus proposals shall include but not limited to, cash, assets (including movable and immovable property), share rights, shares or any other manner considered proper (including but not limited to holding of shares via third party trustee subject to any vesting conditions determined by the Remuneration Committee for any Director and/or Management Personnel) by the Remuneration Committee to reward any Director and/or Management Personnel;
- (7) to review and approve the compensation payable to executive Directors and Management Personnel for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (8) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- (9) to monitor the implementation of the Company's remuneration policies, proposals and structures;
- (10) to ensure that no Director or his associates is involved in determining his own remuneration;
- (11) to attend to any other matters authorized by the Board.

**Article 10** The Board has the right to reject remuneration policies, plans, proposals or structures which are detrimental to the interests of the shareholders.

**Article 11** Remuneration policies, plans, proposals and structures approved by the Company and annual performance bonus of Directors etc approved by the Board shall be disclosed to the public in accordance with the relevant regulations in respect of the disclosure of information.

#### **Chapter 4 Procedures of Decision-making**

**Article 12** The chairman of the Board shall be responsible for arranging the working unit under the Remuneration Committee in the preliminary preparations for decision-making of the Remuneration Committee and providing relevant information of the Company:

- (1) on the progress of fulfillment by the Company of its key financial targets and business objectives;
- (2) on the division of labour of the Company's Management Personnel and their duties;

- (3) on target completion, such target being involved in the appraisal system of working performance of Directors and Management Personnel;
- (4) on the operational performance of the Directors and Management Personnel based on their business innovative and profit-making ability;
- (5) on the basis for formulating the Company's plans and methods for fixing remunerations based on its results;
- (6) the specific proposals, policies and structures on the basic remuneration and annual performance incentives.

However, the remuneration proposals, policies and structures of the chairman of the Board shall be proposed by other members of the Remuneration Committee and reported to the Board for consideration.

If the working unit holds different opinions from the majority of the members of the Remuneration Committee, it shall, at the same time, report such disagreement to the Board for consideration.

**Article 13** The procedures for appraising Directors and Management Personnel by the Remuneration Committee are as follows:

- (1) The Directors and Management Personnel shall report their work and make self-appraisals to the Remuneration Committee;
- (2) The Remuneration Committee shall carry out performance appraisal of the Directors and Management Personnel according to the performance appraisal standards and procedures;
- (3) A proposal on the amount of remuneration and incentive methods for the Directors and Management Personnel based on the results of performance appraisal and under the remuneration policies shall be made and, after being approved by the Remuneration Committee, shall be reported to the Board.

#### **Chapter 5 Rules of Procedures**

**Article 14** The Remuneration Committee shall hold meetings from time to time. Two days' notice shall be given to all members before each meeting. The chairman of the Remuneration Committee or, if he is absent, another member (independent Director) delegated by the chairman shall chair the meetings.

**Article 15** Meetings of the Remuneration Committee shall only be held where more than two-thirds of its members are present. Each member shall be entitled to one vote. Resolutions at any meeting shall be passed by a simple majority of votes of all the members. In the case of an equality of votes, the chairman shall be entitled to a casting vote.

**Article 16** Votes shall be taken by a show of hands or on a poll at the meetings of the Remuneration Committee. The voting at a provisional meeting may be done by way of voting correspondence.

**Article 17** Directors, supervisors and senior management officers of the Company may also be invited to attend such meetings if necessary.

**Article 18** Intermediaries may be engaged by the Remuneration Committee at the expense of the Company to give independent professional advice on its decision-making if considered necessary.

**Article 19** When the Remuneration Committee discusses any matter relating to a member of the relevant committee at a meeting, such member shall be absent from such meeting.

**Article 20** The proceedings and voting methods of a meeting of the Remuneration Committee and the remuneration policies and distribution proposals passed at such meetings must comply with the requirements of the relevant laws, regulations, the Company's Articles of Association and these terms of reference.

**Article 21** Minutes shall be taken on all meetings of the Remuneration Committee. The minutes of meetings shall be signed by each attending member and kept by the secretary to the Board.

**Article 22** Resolutions passed at a meeting of the Remuneration Committee and the voting results thereon shall be reported to the Board in writing.

**Article 23** All members attending or observing at a meeting are obliged to keep confidential all matters discussed at the meeting and shall not disclose such information without authorisation.

## Chapter 6 Supplementary Provisions

**Article 24** These terms of reference shall take effect from the date on which they are passed by the general meeting of the Company.

**Article 25** Any matter not regulated under these terms of reference shall be enforced under the requirements of the relevant laws and regulations of the State, the listing rules of the place where the Company's shares are listed and the Company's Articles of Association. Where any of these terms of reference is inconsistent with the laws and regulations which are to be promulgated by the State in future, the new listing rules of the place where the Company's shares are listed or the Company's Articles of Association as legally modified, such terms of reference shall be enforced subject to the requirements of the relevant laws and regulations of the State, the listing rules of the place where the Company's shares are listed and the Company's Articles of Association. In such cases, relevant amendments shall be made to these terms of reference immediately and be submitted to the general meeting of shareholders for consideration and approval.

**Article 26** The terms of reference contained herein shall be interpreted by the Board.

**Article 27** The specific management of performance appraisal and remuneration incentives of the Directors and Management Personnel of the Company shall be implemented in accordance with relevant policies including 《濰柴動力股份有限公司高管及核心人員績效考核與薪酬激勵管理辦法》 (Policies and Procedures for Performance Appraisal and Remuneration and Incentive of Senior Management and Core Personnel of Weichai Power Co., Ltd.).

Please note that the following proposed Terms of Reference of the Nomination Committee are written in Chinese and there is no official English translation thereof. The translation into English version in this Appendix IV is for reference only. In case of inconsistency between the English and Chinese versions, the Chinese version shall prevail.

## TERMS OF REFERENCE OF THE NOMINATION COMMITTEE

*(Approved by the 2006 Annual General Meeting held on 29th June 2007, amended subsequently by the 15th Meeting of the Second Term of the Board of Directors held on 29th March 2012 and to be tabled for approval by the 2011 Annual General Meeting)*

### Chapter 1 General Provisions

**Article 1** With a view to standardising the appointment of Directors and Management Personnel of Weichai Power Co., Ltd. (the “Company”), optimising the composition of the Board of Directors and refining the corporate governance structure, the Company has set up a nomination committee of the Board and formulated these terms of reference in accordance with the “Company Law of the People’s Republic of China”, “Code of Corporate Governance for Listed Companies”, “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited”, the “Articles of Association of Weichai Power Co., Ltd.” and other relevant regulations.

**Article 2** The Nomination Committee is a dedicated body established by the Board to be primarily responsible for selecting and making recommendations on the choice, selection criteria and procedures of the appointment of the Directors and Management Personnel of the Company.

The “Management Personnel” referred to in these terms of reference means the general manager, executive president, vice president, secretary to the Board, financial controller and other senior management personnel considered to be so by the Board.

### Chapter 2 Composition

**Article 3** The Nomination Committee shall consist of three to seven Directors, more than one-half of whom shall be independent Directors.

**Article 4** Members of the Nomination Committee shall be nominated by the chairman of the Board, more than one-half of the independent Directors or one-third of all Directors and be elected by the Board.

**Article 5** The Nomination Committee shall have a chairman (the convener) who is an independent Director and be responsible for chairing the Nomination Committee. The chairman shall be elected from among the members and shall report to the Board of Directors for approval.

**Article 6** The term of office of the Nomination Committee shall be the same as the term of the Board. A member may be re-elected upon the expiration of his/her term of office. Any member who ceases to act as a Director of the Company during the term shall lose his/her

membership of the Nomination Committee automatically and the vacancy shall be filled by the committee as required under Articles 3 to 5 above.

**Article 7** The Nomination Committee shall establish a nomination working unit which shall specifically be responsible for providing information on the persons to be nominated, preparing the meetings of the Nomination Committee and proposing nomination proposals. The working unit shall comprise the chairman of the Board and persons-in-charge from major departments including the human resources department. The chairman of the Board shall be the leader.

The working unit may engage external professionals for professional advice.

### Chapter 3 Duties and Authorities

**Article 8** The main duties and authorities of the Nomination Committee include:

- (1) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy, having regard to the operating activities, asset scale and shareholding structure of the Company;
- (2) to study the selection criteria and procedures for Directors and Management Personnel and make recommendations to the Board;
- (3) to select suitably qualified candidates from the proposals of the working unit for consideration as Directors, Management Personnel and other senior management officers who shall be appointed by the Board and to recommend such persons to the Board;
- (4) to assess the independence of independent Directors;
- (5) to make recommendations to the Board on directors' appointment or re-appointment and the succession planning for Directors (especially the chairman of the Board and the chief executive president);
- (6) other matters authorised by the Board.

**Article 9** The Nomination Committee shall be accountable to the Board. The Nomination Committee shall submit nomination proposals to the Board for consideration and decision. The controlling shareholders shall fully respect the recommendations made by the Nomination Committee in the absence of sufficient reasons or reliable evidence to do otherwise; and as such no substitute candidates for Directors or Management Personnel shall be proposed by the controlling shareholders.

If the working unit holds different opinions with the majority of the members from the Nomination Committee, it shall, at the same time, report such disagreement to the Board for consideration.

**Chapter 4 Procedures of Decision-making**

**Article 10** The Nomination Committee shall study the selection criteria, selection procedures and term of office of a Director and Management Personnel as required by the relevant laws and regulations and the Articles of Association and taking into account the actual condition of the Company and prepare resolutions to be filed and submitted to the Board for consideration and shall comply with and implement its resolutions.

**Article 11** The selection procedures of Directors and Management Personnel are as follows:

- (1) The Nomination Committee shall actively communicate with the relevant departments and study the Company's need for any new Directors and Management Personnel and present such information in writing;
- (2) The nomination working unit shall search extensively for suitably qualified candidates for Directors and Management Personnel from within the internal departments of the Company, any entity in which the Company holds an interest (controlling or otherwise), and the human resources market; and to submit such selection lists to the Nomination Committee;
- (3) The Nomination Committee shall, before making decisions, gather information about the occupation, academic qualifications, positions, detailed work experience and all the concurrent posts, full-time or part-time, of the candidates and present such information in writing;
- (4) The Nomination Committee shall be responsible for seeking the nominee's consent to nomination; otherwise, the nominee cannot be a candidate for Director or Management Personnel;
- (5) The Nomination Committee shall look into the qualifications of the candidate proposed by the nomination working unit against the criteria for the offices of Directors and Management Personnel;
- (6) To make recommendations to the Board regarding the candidates for Directors and new Management Personnel and submit the relevant information to the Board one to two months prior to the election of new Directors and appointment of new Management Personnel;
- (7) Conduct other follow-up work according to the Board's decision and feedback.



**Article 12** The requirements of the chairman of the Board are as follows:

A person shall only be nominated by the Nomination Committee to be the candidate for the chairman of the Board in accordance with the procedures as required in Article 11 of these terms of reference if:

1. he is familiar with the situation of the Company and has extensive experience in management within the industries to which the Company belongs;
2. he has more than five years of experience in holding office as the chairman of the Board or general manager in sizable corporations within the industry to which the Company belongs and has had outstanding performance;
3. he is familiar with the domestic and overseas capital markets with successful experience in overseas investment and financing;
4. he holds a senior position;
5. priority will be given to members of the existing Board.

**Article 13** The requirements of employment of other Directors and Management Personnel shall be applicable to the conditions as required in other systems.

#### **Chapter 5 Rules of Procedures**

**Article 14** The Nomination Committee shall hold meetings from time to time. Two days' notice shall be given to all members before each meeting. The chairman of the Nomination Committee or, if he is absent, another member delegated by the chairman shall chair the meetings.

**Article 15** Meetings of the Nomination Committee shall only be held where more than two-thirds of its members are present. Each member shall be entitled to one vote. Resolutions at any meeting shall be passed by a simple majority of votes of all the members. In the case of an equality of votes, the chairman shall be entitled to a casting vote.

**Article 16** Votes shall be taken by a show of hands or on a poll at the meetings of the Nomination Committee. The voting at a provisional meeting may be done by way of voting correspondence.

**Article 17** Directors, supervisors and other management officers of the Company may be invited to attend the meetings of the Nomination Committee if necessary.

**Article 18** Intermediaries may be engaged by the Nomination Committee at the expense of the Company to give independent professional advice on its decision-making if considered necessary.

**Article 19** The proceedings and voting methods of a meeting of the Nomination Committee and the resolutions passed at such meetings must comply with the requirements of the relevant laws, regulations, the Company's Articles of Association and these terms of reference.

**Article 20** Minutes shall be taken on all meetings of the Nomination Committee. The minutes of meetings shall be signed by each attending member and kept by the secretary to the Board.

**Article 21** Resolutions passed at a meeting of the Nomination Committee and the voting results thereon shall be reported to the Board in writing.

**Article 22** All members present at a meeting are obliged to keep confidential all matters discussed at the meeting and shall not disclose such information without authorisation.

#### **Chapter 6 Supplementary Provisions**

**Article 23** These terms of reference shall not exclude the nomination of Directors and Management Personnel by the chairman of the Board, shareholders representing more than one-tenth of voting rights, more than one-third of the Directors or the supervisory committee in accordance with the provisions of the Company Law and the Company's Articles of Association.

**Article 24** These terms of reference shall take effect from the date on which they are passed by the general meeting of shareholders.

**Article 25** Any matter not regulated under these terms of reference shall be enforced under the requirements of the relevant laws and regulations of the State, the listing rules of the place where Company's shares are listed and the Company's Articles of Association. Where any of these terms of reference is inconsistent with the laws and regulations which are to be promulgated by the State in future, the new rules governing the listing of securities in the Company's respective domiciles of listing or the Articles of Association as legally modified, such terms of reference shall be enforced subject to the requirements of the relevant laws and regulations of the State, the rules governing the listing of securities in the Company's respective domiciles of listing and the Company's Articles of Association. In such case, relevant amendments shall be made to these terms of reference immediately and be submitted to the general meeting of shareholders for consideration and approval.

**Article 26** These terms of reference shall be interpreted by the Board.

Please note that the following proposed amended Terms of Reference of the Strategic Development and Investment Committee are written in Chinese and there is no official English translation thereof. The translation into English language in this Appendix V is for reference only. In case of inconsistency between the English and Chinese versions, the Chinese version shall prevail.

## TERMS OF REFERENCE OF THE STRATEGIC DEVELOPMENT AND INVESTMENT COMMITTEE

*(Approved by the 2006 Annual General Meeting held on 29th June 2007, amended subsequently by the 15th Meeting of the Second Term of the Board of Directors held on 29th March 2012 and to be tabled for approval by the 2011 Annual General Meeting)*

### Chapter 1 General Provisions

**Article 1** With a view to addressing its strategic development requirements, enhancing its core competitiveness, defining the corporate development plans of Weichai Power Co., Ltd., improving its investment decision-making processes, strengthening viable decision-making, enhancing the efficiency and quality for major investment decision-making and refining its corporate governance structure, the Company has set up a strategic development and investment committee of the Board and formulated these terms of reference in accordance with the “Company Law of the People’s Republic of China”, “Code of Corporate Governance for Listed Companies”, the “Articles of Association” and other relevant regulations.

**Article 2** The Strategic Development and Investment Committee of the Board is a dedicated body established by the Board to be primarily responsible for reviewing and advising on the Company’s mid-term and long-term development strategies and significant investment decisions. Investment decisions with respect to a particular project refer to the decisions made by the Company as to whether capital investment shall be made to a particular project. This involves the whole-process of decision-making from project screening, project confirmation, feasibility studies to the execution of investment agreements.

### Chapter 2 Composition

**Article 3** The Strategic Development and Investment Committee shall consist of three to nine Directors, at least one of whom shall be an independent Director.

**Article 4** Members of the Strategic Development and Investment Committee shall be nominated by the chairman of the Board, more than one-half of the independent Directors or one-third of all Directors and be elected by the Board.

**Article 5** The Strategic Development and Investment Committee shall have a chairman who shall be the Chairman of the Board.

**Article 6** The term of office of the Strategic Development and Investment Committee shall be the same as the term of the Board. A member may be re-elected upon the expiration of his/her term of office. Any member who ceases to act as a Director of the Company during the term shall lose his/her membership of the Strategic Development and Investment Committee automatically and the vacancy shall be filled by the committee in accordance with Articles 3 to 5 above.

**Article 7** The Strategic Development and Investment Committee may establish a strategy and investment review panel which shall comprise relevant persons from the functional units of the Company and may engage external professionals for professional advice.

### **Chapter 3 Duties and Authorities**

**Article 8** The main duties and authorities of the Strategic Development and Investment Committee are:

- (1) to review and advise on the Company's planning of mid-term and long-term development strategies;
- (2) to review and advise on key proposals of investment and financing that must be approved by the Board as required by the Articles of Association;
- (3) to review and advise on the key capital operations and asset operation projects that must be approved by the Board as required by the Articles of Association;
- (4) to review and advise on other key matters that may affect the Company's development;
- (5) to inspect the implementation of the items above;
- (6) other matters as authorized by the Board.

**Article 9** The Strategic Development and Investment Committee shall be accountable to the Board. The Strategic Development and Investment Committee shall submit proposals to the Board for consideration and decision.

### **Chapter 4 Procedures of Decision-making**

**Article 10** The strategy and investment review panel is responsible for making preliminary preparation for decision-making by the Strategic Development and Investment Committee and to provide information in respect of the Company:

- (1) the relevant divisions or holding (joint stock) businesses of the Company shall state the intention, project proposals and basic facts of partners in significant investments and financings, capital operation and asset operation projects;

- (2) the strategy and investment review panel shall conduct an initial review, give comments on project proposal, and report to the Strategic Development and Investment Committee;
- (3) the relevant divisions or holding (joint stock) businesses of the Company shall compile feasibility reports, negotiate externally and prepare drafts of agreements, contracts and articles of association and report to the strategy and investment review panel;
- (4) the strategy and investment review panel shall conduct a review, give written comments, and submit the same to the Strategic Development and Investment Committee for their consideration and approval;
- (5) the strategic planning functional unit shall compile reports on the planning of mid-term and long-term development strategies, and shall submit the same to the strategy and investment review panel. Comments shall be submitted in writing to the Strategic Development and Investment Committee for consideration and approval.

**Article 11** The Strategic Development and Investment Committee shall hold meetings to discuss proposals made by the strategy and investment review panel, and submit the results of discussions to the Board, while giving feedback to the strategy and investment review panel.

## **Chapter 5 Rules of Procedures**

**Article 12** The Strategic Development and Investment Committee shall hold meetings from time to time according to the working needs. Two days' notice shall be given to all members before each meeting. The chairman of the Strategic Development and Investment Committee or, if he is absent, another member delegated by the chairman shall chair the meetings.

**Article 13** Meetings of the Strategic Development and Investment Committee shall only be held where more than two-thirds of its members are present. Each member shall be entitled to one vote. Resolutions at any meeting shall be passed by a simple majority of votes of all the members. In the case of an equality of votes, the chairman shall be entitled to a casting vote.

**Article 14** Votes shall be taken by a show of hands or on a poll at the meetings of the Strategic Development and Investment Committee. The voting at a provisional meeting may be done by way of voting correspondence.

**Article 15** The chairman of the investment review panel may become observer at meetings of the Strategic Development and Investment Committee and may invite Directors, supervisors and other management officers of the Company to be observer at such meetings if necessary.

**Article 16** If necessary, intermediaries may be engaged by the Strategic Development and Investment Committee at the expense of the Company to give professional advice on its decision-making.

**Article 17** The proceedings and voting methods of a meeting of the Strategic Development and Investment Committee and the resolutions passed at such meetings must comply with the requirements of the relevant laws, regulations, the Company's Articles of Association and these terms of reference.

**Article 18** Minutes shall be taken on all meetings of the Strategic Development and Investment Committee. The minutes of meetings shall be signed by each attending member and kept by the secretary to the Board.

**Article 19** Resolutions passed at a meeting of the Strategic Development and Investment Committee and the voting results thereon shall be reported to the Board in writing.

**Article 20** All members present at a meeting are obliged to keep confidential all matters discussed at the meeting and shall not disclose such information without authorisation.

#### **Chapter 6 Supplementary Provisions**

**Article 21** These terms of reference shall take effect from the date on which they are passed by the general meeting of shareholders.

**Article 22** Any matter not regulated under these terms of reference shall be enforced under the requirements of the relevant laws and regulations of the State and the Company's Articles of Association. Where any of these terms of reference is inconsistent with the laws and regulations which are to be promulgated by the State in future or the Articles of Association as legally modified, such terms of reference shall be enforced subject to the requirements of the relevant laws and regulations of the State and the Company's Articles of Association. In such case, relevant amendments shall be made to these terms of reference immediately and be submitted to the general meeting of shareholders for consideration and approval.

**Article 23** These terms of reference shall be interpreted by the Board.



**WEICHAI**  
**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)**

**NOTICE OF 2011 ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the annual general meeting (the “**2011 Annual General Meeting**”) of Weichai Power Co., Ltd. (the “**Company**”) for the year ended 31 December 2011 will be held at the Company’s conference room at Section A, 197, Fu Shou East Street, High Technology Industrial Development Zone, Weifang, Shandong Province, the People’s Republic of China (the “**PRC**”) on 29 June 2012 at 9:00 a.m. for the purposes of considering, approving (or receiving) and authorising the following matters. Unless the context otherwise requires, terms defined in the circular to the shareholders of the Company dated 15 May 2012, of which this notice forms part (the “**Circular**”) shall have the same meaning when used herein.

**AS ORDINARY RESOLUTIONS:**

1. To consider and approve the Annual Report of the Company for the year ended 31 December 2011.
2. To consider and approve the Report of the Board of Directors of the Company for the year ended 31 December 2011.
3. To consider and approve the Report of the Supervisory Committee of the Company for the year ended 31 December 2011.
4. To consider and receive the audited financial statements of the Company and the Auditors’ Report for the year ended 31 December 2011.
5. To consider and approve the 財務決算報告 (final financial report) of the Company for the year ended 31 December 2011.
6. To consider and approve the 財務預算報告 (financial budget report) of the Company for the year ending 31 December 2012.
7. To consider and approve the re-appointment of Ernst & Young Hua Ming Certified Public Accountants (安永華明會計師事務所) as the auditors of the Company and to authorise the Directors to determine their remuneration.
8. To consider and approve the granting of a mandate to the Board of Directors for the payment of interim dividend (if any) to the shareholders of the Company for the year ending 31 December 2012.

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9. To consider and approve the connected transaction between the Company and its subsidiaries and 北汽福田汽車股份有限公司 (Beiqi Futian Motor Company Limited) (*Note J*).
10. To consider and approve the amendments to the Rules of Procedures for the Board (the amended version is set out in Appendix I to the Circular).
11. To consider and approve the amendments to the Terms of Reference of the Audit Committee of the Board (the amended version is set out in Appendix II to the Circular).
12. To consider and approve the amendments to the Terms of Reference of the Remuneration Committee of the Board (the amended version is set out in Appendix III to the Circular).
13. To consider and approve the amendments to the Terms of Reference of the Nomination Committee of the Board (the amended version is set out in Appendix IV to the Circular).
14. To consider and approve the amendments to the Terms of Reference of the Strategic Development and Investment Committee of the Board (the amended version is set out in Appendix V to the Circular).
- 15.(1) (a) **THAT** Mr. Tan Xuguang be re-elected as an executive Director of the Company for a term of 3 years from 29 June 2012 to 28 June 2015 (both days inclusive) (*note K*);  
(b) **THAT** Mr. Xu Xinyu be re-elected as an executive Director of the Company for a term of 3 years from 29 June 2012 to 28 June 2015 (both days inclusive) (*note K*);  
(c) **THAT** Mr. Sun Shaojun be re-elected as an executive Director of the Company for a term of 3 years from 29 June 2012 to 28 June 2015 (both days inclusive) (*note K*);  
(d) **THAT** Mr. Zhang Quan be re-elected as an executive Director of the Company for a term of 3 years from 29 June 2012 to 28 June 2015 (both days inclusive) (*note K*);  
(e) **THAT** Mr. Li Dakai be elected as an executive Director of the Company for a term of 3 years from 29 June 2012 to 28 June 2015 (both days inclusive) (*note K*);  
(f) **THAT** Mr. Fang Hongwei be elected as an executive Director of the Company for a term of 3 years from 29 June 2012 to 28 June 2015 (both days inclusive) (*note K*);



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- (g) **THAT** Mr. Jiang Kui be elected as a non-executive Director of the Company for a term of 3 years from 29 June 2012 to 28 June 2015 (both days inclusive) (*note K*);
- (h) **THAT** Mr. Liu Huisheng be re-elected as a non-executive Director of the Company for a term of 3 years from 29 June 2012 to 28 June 2015 (both days inclusive) (*note K*);
- (i) **THAT** Mr. Yeung Sai Hong be re-elected as a non-executive Director of the Company for a term of 3 years from 29 June 2012 to 28 June 2015 (both days inclusive) (*note K*);
- (j) **THAT** Mr. Chen Xuejian be re-elected as a non-executive Director of the Company for a term of 3 years from 29 June 2012 to 28 June 2015 (both days inclusive) (*note K*);
- (k) **THAT** Mr. Julius G. Kiss be re-elected as a non-executive Director of the Company for a term of 3 years from 29 June 2012 to 28 June 2015 (both days inclusive) (*note K*);
- (l) **THAT** Ms. Han Xiaoqun be re-elected as a non-executive Director of the Company for a term of 3 years from 29 June 2012 to 28 June 2015 (both days inclusive) (*note K*);
- 15.(2) (a) **THAT** Mr. Liu Zheng be elected as an independent non-executive Director of the Company for a term from 29 June 2012 to 29 April 2013 (both days inclusive) (*note K*);
- (b) **THAT** Mr. Li Shihao be elected as an independent non-executive Director of the Company for a term from 29 June 2012 to 29 April 2013 (both days inclusive) (*note K*);
- (c) **THAT** Mr. Loh Yih be elected as an independent non-executive Director of the Company for a term of 3 years from 29 June 2012 to 28 June 2015 (both days inclusive) (*note K*);
- (d) **THAT** Mr. Chu, Howard Ho Hwa be elected as an independent non-executive Director of the Company for a term of 3 years from 29 June 2012 to 28 June 2015 (both days inclusive) (*note K*);
- (e) **THAT** Mr. Zhang Zhenhua be elected as an independent non-executive Director of the Company for a term of 3 years from 29 June 2012 to 28 June 2015 (both days inclusive) (*note K*);
- (f) **THAT** Mr. Li Luwen be elected as an independent non-executive Director of the Company for a term of 3 years from 29 June 2012 to 28 June 2015 (both days inclusive) (*note K*);

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16. (a) **THAT** Mr. Sun Chengping be re-elected as a Supervisor of the Company for a term of 3 years from 29 June 2012 to 28 June 2015 (both days inclusive);
- (b) **THAT** Ms. Jiang Jianfang be re-elected as a Supervisor of the Company for a term of 3 years from 29 June 2012 to 28 June 2015 (both days inclusive);

### AS SPECIAL RESOLUTIONS:

17. To consider and, if thought fit, pass the following resolution, as a special resolution:

#### **THAT:**

- (A) conditional upon: (i) the Listing Committee of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") granting or agreeing to grant the listing of, and permission to deal in, the H Shares (as defined below) to be issued under the Bonus Shares Issue (as defined below); (ii) the approval by and/or filing at the relevant governmental or regulatory authorities of the People's Republic of China (the "**PRC**", which, for the purposes of this resolution, excludes the Hong Kong Special Administrative Region ("**Hong Kong**"), the Macau Special Administrative Region and Taiwan) being obtained and/or completed (to the extent required under the relevant PRC laws, rules and regulations); and (iii) the approval of the Bonus Shares Issue by the class meetings of the holders of H Shares and of the holders of the A Shares (as defined below), respectively:
- (a) the bonus issue of shares of RMB1.00 each in the capital of the Company ("**New Share(s)**") to the shareholders of the Company whose names appear on the register of holders of H Shares and on the register of holders of A Shares, respectively, on the Record Date (as defined in the Circular) on the basis of two New Shares for every ten existing shares of the Company held on the Record Date, by way of capitalisation of the audited retained earnings of the Company as at 31 December 2011 ("**Bonus Shares Issue**"), be and is hereby approved;
- (b) the Directors be and they are hereby authorised to exclude holders of H Shares (if any) who are residents outside Hong Kong, on account of prohibitions or requirements under overseas laws or regulations based on the legal enquiry on the same or for some other reasons which the Board considers to be expedient (as applicable), from being allotted and issued New Shares (such Shares are referred to as the "**Excluded Shares**" hereafter); and
- (c) the Directors be and they are hereby authorised to take any and all steps or sign any and all documents as they consider to be necessary desirable or expedient in connection with the Bonus Shares Issue and the transactions contemplated thereunder including the dealing with any

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Excluded Shares and any fractional entitlements to the New Shares and the proceeds from the sale thereof in respect of the H Shares which form part of the New Shares.

For the purposes of this resolution, references to “H Share(s)” mean the overseas listed foreign share(s) issued and/or to be issued as a part of the New Shares (as the context may require) in the capital of the Company with a RMB denominated par value of RMB1.00 each and are listed or proposed to be listed (as the case may be) on the main board of the Stock Exchange; and references to “A Share(s)” mean the ordinary share(s) issued and/or to be issued as a part of the New Shares (as the context may require) in the capital of the Company with a RMB denominated par value of RMB1.00 each and are listed or proposed to be listed (as the case may be) on the Shenzhen Stock Exchange; and

- (B) the payment of a cash dividend of RMB1.00 per every 10 shares (tax inclusive) out of the Company’s retained earnings as at 31 December 2011 to the shareholders of the Company whose names appear on the register of holders of H Shares and on the register of holders of A Shares, respectively, on the Record Date be and is hereby approved.

18. To consider and, if thought fit, pass the following resolution as a special resolution:

**THAT** conditional upon the Bonus Shares Issue becoming unconditional, the following consequential amendments to the articles of association of the Company as a result of the Bonus Shares Issue be and are hereby approved, and any Director be and is hereby authorised to modify such amendments as appropriate (such amendments will not be required to be approved by the shareholders of the Company) and to do all such things as necessary in respect of the amendments to the articles of association of the Company pursuant to the results of the Bonus Shares Issue and the requirements (if any) of the relevant authorities of the People’s Republic of China (including but not limited to all applications, filings and registrations with the relevant authorities):

- (1) In the first paragraph of Article 7 of the Articles of Association, the words “and amended at the Company’s 2011 annual general meeting held on 29 June 2012,” be added after the words “... amended at the Company’s 2010 annual general meeting held on 18 May 2011,” (*note L*)
- (2) In the second paragraph of Article 19 of the Articles of Association, the words “... the Company’s total number of ordinary shares in issue is 1,666,091,366 shares...”

be deleted in its entirety and replaced by the words “... the Company’s total number of ordinary shares in issue is 1,999,309,639 shares...”

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- (3) The following paragraph be added to Article 20 of the Articles of Association as the fifth paragraph: "After the implementation of the 2011 dividend payment plan by the Company, a total of 1,999,309,639 ordinary shares of the Company are in issue, of which holders of A Shares are interested in 1,513,549,639 shares and holders of overseas listed foreign shares are interested in 485,760,000 shares."

- (4) Article 21 of the Articles of Association. "The share capital of the Company consists of 1,666,091,366 ordinary shares, of which 404,800,000 shares are held by the shareholders of overseas listed foreign shares and 1,261,291,366 shares are held by shareholders of A Shares."

be deleted in its entirety and replaced by: "The share capital of the Company consists of 1,999,309,639 ordinary shares, of which 485,760,000 shares are held by the shareholders of overseas listed foreign shares and 1,513,549,639 shares are held by shareholders of A Shares."

- (5) In Article 24 of the Articles of Association, the words: "the Company's registered capital is RMB1,666,091,366, comprising a total of 1,666,091,366 shares..."

be deleted in its entirety and replaced by the words "the Company's registered capital is RMB1,999,309,639; comprising of a total of 1,999,309,639 shares..." (*note M*)

19. To consider and, if thought fit, pass the following resolution, as a special resolution, for the grant of a general mandate to the Board of Directors to issue, amongst other things, new shares:

### THAT:

- (1) the Board of the Directors be and is hereby authorised and granted an unconditional general mandate ("**General Mandate**") to allot, issue and deal with additional H Shares and to make or grant offers, agreements and/or options in respect thereof, subject to the following conditions:
- (a) the General Mandate shall not extend beyond the Relevant Period save that the Board of Directors may during the Relevant Period make or grant offers, agreements and/or options which may require the exercise of such power after the end of the Relevant Period;
- (b) the aggregate nominal amount of the H Shares allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to an option or otherwise) by the Board of Directors (otherwise than pursuant to any scrip dividend scheme (or similar arrangement providing for the allotment and issue of shares in lieu of the whole or part of a dividend), any share option scheme, a Rights

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Issue or any separate approval of the shareholders of the Company) shall not exceed 20 per cent of the aggregate nominal amount of the H Shares in issue as at the date of passing of this special resolution; and

- (c) the Board of Directors will only exercise its power under the General Mandate in accordance with the Company Law of the People's Republic of China and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as may be amended from time to time) and, if required, the approvals from the China Securities Regulatory Commission and/or other relevant government authorities and/or regulatory bodies of the People's Republic of China (the "PRC", which for the purposes of this resolution excludes Hong Kong, Macau and Taiwan) are obtained;

and, for the purpose of this special resolution:

"H Share(s)" mean overseas listed ordinary share(s) of the Company with a par value of RMB1.00 each, which are subscribed and/or paid for in Hong Kong dollars and traded and listed on The Stock Exchange of Hong Kong Limited;

"Relevant Period" means the period from the date of passing this special resolution until the earlier of:

- (i) the conclusion of the next annual general meeting of the Company following the passing of this special resolution, unless, by a special resolution passed at that meeting, the General Mandate is renewed, either unconditionally or subject to conditions; or
- (ii) the expiry of the period within which the next annual general meeting is required by the articles of association of the Company or any applicable law to be held; or
- (iii) the passing of a special resolution of the Company in a general meeting revoking or varying the authority set out in this resolution;

"Rights Issue" means the allotment or issue of shares in the Company pursuant to an offer made to all the shareholders of the Company (excluding, as the Board of Directors may decide, for such purpose any shareholder who is resident in a place where such offer is not permitted under the law or regulation of that place or the exclusion of whom is considered by the Board to be necessary or expedient on account of either legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place) entitled to such offer, pro rata (apart from fractional entitlements) to their then existing holdings of shares;

## NOTICE OF AGM

- (2) contingent on the Board of Directors resolving to exercise the General Mandate and/or issue shares pursuant to paragraph (1) of this resolution, the Board of Directors be and is hereby authorised:
- (a) to approve, execute and do, and/or procure to be executed and done, all such documents, deeds and matters which it may consider necessary in connection with the exercise of the General Mandate and/or the issue of shares, including but not limited to the time, price and quantity of and the place for such issue, to make all necessary applications to the relevant authorities, and to enter into underwriting agreement(s) or any other agreement(s);
  - (b) to determine the use of proceeds and to make all necessary filings and registration with the relevant authorities in the PRC, Hong Kong and/or any other places and jurisdictions (as appropriate); and
  - (c) to increase the capital of the Company and make all necessary amendments to the articles of association of the Company to reflect such increase and to register the increased capital with the relevant authorities in the PRC, Hong Kong and/or any other places and jurisdictions (as appropriate)."

By Order of the Board of Directors  
**Weichai Power Co., Ltd.**  
**Hoe York Joo**  
*Company Secretary*

Hong Kong, 15 May 2012

*Notes:*

- (A) The Company will not process registration of transfers of H shares (being overseas listed foreign shares and ordinary shares) in the share capital of the Company with a Renminbi denominated par value of RMB1.00 each, which are subscribed and/or paid for in Hong Kong dollars and listed on The Stock Exchange of Hong Kong Limited ("H Shares") from 30 May 2012 to 29 June 2012 (both days inclusive). Holders of H Shares of the Company whose names appear on the register of H Shares of the Company kept at Computershare Hong Kong Investor Services Limited on 30 May 2012 are entitled to attend and vote at the 2011 Annual General Meeting following completion of the registration procedures. To qualify for attendance and voting at the 2011 Annual General Meeting, documents on transfers of H Shares of the Company, accompanied by the relevant share certificates, must be lodged with the Company's H-Share Registrar and Transfer Office, not later than 4:30 p.m. on 29 May 2012. The address of the Company's H-Share Registrar and Transfer Office is as follows:

Computershare Hong Kong Investor Services Limited  
Shops 1712-16, 17th Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

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- (B) Holders of H Shares intending to attend the 2011 Annual General Meeting should complete and return the reply slip for attending the 2011 Annual General Meeting personally, by facsimile or by post to the Secretary to the Board of the Company 20 days before the 2011 Annual General Meeting, (i.e. on or before 9 June 2012). The contact details of the Secretary to the Board of the Company are as follows:

Securities Department  
197, Section A, Fu Shou East Street  
High Technology Industrial Development Zone  
Weifang  
Shandong Province  
The People's Republic of China  
Postal Code: 261061  
Telephone No.: 86 (536) 229 7068  
Facsimile No.: 86 (536) 819 7073

- (C) Each holder of H Shares of the Company entitled to attend and vote at the 2011 Annual General Meeting may, by completing the form of proxy of the Company, appoint one or more proxies to attend and vote at the 2011 Annual General Meeting on his/her behalf. A proxy need not be a shareholder of the Company. With respect to any shareholder who has appointed more than one proxy, the proxy holders may only vote on a poll.
- (D) Holders of H Shares of the Company must use the form of proxy of the Company for appointing a proxy and the appointment must be in writing. The form of proxy must be signed by the relevant shareholder or by a person duly authorised by the relevant shareholder in writing (a "power of attorney"). If the forms of proxy is signed by the person authorised by the relevant shareholder as aforesaid, the relevant power of attorney and other relevant documents of authorisation (if any) must be notarised. If a corporate shareholder appoints a person other than its legal representative to attend the 2011 Annual General Meeting on its behalf, the relevant form of proxy must be affixed with the company seal/chop of the corporate shareholder or duly signed by its director or any other person duly authorised by that corporate shareholder as required by the Articles of Association of the Company.
- (E) To be valid, the form of proxy and the relevant notarised power of attorney (if any) and other relevant documents of authorisation (if any) as mentioned in Note (D) above must be delivered to the Company's H-Share Registrar, Computershare Hong Kong Investor Services Limited (address: 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong), not less than 24 hours before the time appointed for the 2011 Annual General Meeting.
- (F) For holders of A Shares (being ordinary shares) in the share capital of the Company with a Renminbi denominated par value of RMB1.00 each, which are traded in Renminbi and listed on The Shenzhen Stock Exchange ("A Shares"), please refer to the notice of the 2011 Annual General Meeting published on the website of The Shenzhen Stock Exchange in respect of the eligibility of attendance, registration procedure, proxy and other relevant matters.
- (G) A shareholder or his/her proxy should produce proof of identity when attending the 2011 Annual General Meeting. If a corporate shareholder's legal representative or any other person authorised by the board of directors or other governing body of such corporate shareholder attends the 2011 Annual General Meeting, such legal representative or other person shall produce his/her proof of identity, and proof of designation as legal representative and the valid resolution or authorisation document of the board of directors or other governing body of such corporate shareholder (as the case may be) to prove the identity and authorisation of that legal representative or other person.
- (H) Any proposal to appoint any person to the office of director of the Company at the 2011 Annual General Meeting shall be given in writing and, notice in writing by that person of his consent to be elected as director shall be, lodged at the registered office of the Company at 197, Section A, Fu Shou East Street, High Technology Industrial Development Zone, Weifang, Shandong Province, the People's Republic of China. The period for lodgement of such notices shall commence on (and include) the day after the date of this notice of the 2011 Annual General Meeting and end on (and exclude) the date that is ten (10) days before the date of the 2011 Annual General Meeting.
- (I) The 2011 Annual General Meeting is expected to last for half a day. Shareholders who attend the 2011 Annual General Meeting shall bear their own travelling and accommodation expenses.

## NOTICE OF AGM

- (J) The relevant connected transaction does not constitute a connected transaction of the Group under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).
- (K) Pursuant to Article 122 of the Articles of Association of the Company, the election of the members of the Board will be conducted by way of cumulative voting.
- (L) The first paragraph of Article 7 of the Articles of Association, as amended by the proposed amendments, shall read as follows:
- “These Articles were approved by a special resolution at the Company’s 2002 general meeting held on 30 June 2003, amended by a special resolution at the Company’s extraordinary general meeting held on 20 October 2003, amended at the Company’s 2003 annual general meeting held on 29 June 2004, amended at the Company’s 2004 extraordinary general meeting held on 15 December 2004, amended by a special resolution at the Company’s extraordinary general meeting held on 29 December 2006, amended at the Company’s 2006 annual general meeting held on 29 June 2007, amended at the Company’s 2007 annual general meeting held on 19 June 2008, amended at the Company’s 2008 first extraordinary general meeting held on 20 August 2008, amended at the Company’s 2008 second extraordinary general meeting held on 3 November 2008, amended at the Company’s 2008 annual general meeting held on 19 June 2009, amended at the Company’s 2010 first extraordinary general meeting held on 26 October 2010, amended at the Company’s 2010 annual general meeting held on 18 May 2011 and amended at the Company’s 2011 annual general meeting held on 29 June 2012, and these Articles were approved, in accordance with lawful procedures, registered and filed with the relevant companies registration authorities of the PRC.”
- (M) Since the Company is a PRC incorporated company and the official articles of association of the Company are in the Chinese language, the above proposed amendments are an unofficial English language translation (the “**English Translation**”) of the official proposed amendments in the Chinese language (the “**Official Amendments**”), which are set out in the Chinese language version of this notice. Accordingly, in the event of any inconsistency between the English Translation and the Official Amendments, the Official Amendments shall prevail.



## NOTICE OF A SHAREHOLDERS' CLASS MEETING



**WEICHAI**  
**潍柴动力股份有限公司**  
**WEICHAI POWER CO., LTD.**

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

### NOTICE OF THE CLASS MEETING OF THE HOLDERS OF A SHARES

NOTICE IS HEREBY GIVEN that the class meeting (the "**A Shareholders' Class Meeting**") of the holders of A shares ("**A Shares**") of Weichai Power Co., Ltd. (the "**Company**") will be held at the Company's conference room at Section A, 197, Fu Shou East Street, High Technology Industrial Development Zone, Weifang, Shandong Province, the People's Republic of China (the "**PRC**") on 29 June 2012 at 10:00 a.m. (or, if later, as soon as practicable after the completion of the annual general meeting of the shareholders of the Company to be held at 9:00 a.m. at the same date) for the purpose of considering and, if thought fit, approving the matter set out below. Unless the context requires otherwise, terms defined in the circular to the shareholders of the Company (the "**Shareholders**") dated 15 May 2012 of which this notice forms part (the "**Circular**") shall have the same meanings when used herein.

#### AS A SPECIAL RESOLUTION:

1. To consider and, if thought fit, pass the following resolution, as a special resolution:

#### THAT:

- (A) conditional upon: (i) the Listing Committee of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") granting or agreeing to grant the listing of, and permission to deal in, the H Shares (as defined below) to be issued under the Bonus Shares Issue (as defined below); (ii) the approval by and/or filing at the relevant governmental or regulatory authorities of the People's Republic of China (the "**PRC**", which, for the purposes of this resolution, excludes the Hong Kong Special Administrative Region ("**Hong Kong**"), the Macau Special Administrative Region and Taiwan) being obtained and/or completed (to the extent required under the relevant PRC laws, rules and regulations); and (iii) the approval of the Bonus Shares Issue and the consequential amendments to the articles of association of the Company as a result of the Bonus Shares Issue by the annual general meeting of the shareholders of the Company and the approval of the Bonus Shares Issue by the class meeting of the holders of H Shares (as defined below), respectively:
  - (a) the bonus issue of shares of RMB1.00 each in the capital of the Company ("**New Share(s)**") to the shareholders of the Company whose names appear on the register of holders of H Shares and on the register of holders of A Shares, respectively, on the Record Date (as defined in the Circular) on the basis of two New Shares for every ten existing shares of the Company held on the Record Date by way of capitalisation of the audited retained earnings of the Company as at 31 December 2011 ("**Bonus Shares Issue**"), be and are hereby approved;

## NOTICE OF A SHAREHOLDERS' CLASS MEETING

- (b) the Directors be and they are hereby authorised to exclude holders of H Shares (if any) who are residents outside Hong Kong, on account of prohibitions or requirements under overseas laws or regulations based on the legal enquiry on the same or for some other reasons which the Board of Directors considers to be expedient (as applicable), from being allotted and issued New Shares (such Shares are referred to as “**Excluded Shares**” hereafter); and
- (c) the Directors be and they are hereby authorised to take any and all steps or sign any and all documents as they consider necessary desirable or expedient in connection with the Bonus Shares Issue and the transactions contemplated thereunder including the dealing with any Excluded Shares and any fractional entitlements to the New Shares and the proceeds from the sale thereof in respect of the H Shares which form part of the New Shares.

For the purposes of this resolution, references to “H Share(s)” mean the overseas listed foreign share(s) issued and/or to be issued as a part of the New Shares (as the context may require) in the capital of the Company with a RMB denominated par value of RMB1.00 each and are listed or proposed to be listed (as the case may be) on the main board of the Stock Exchange; and references to “A Share(s)” mean the ordinary share(s) issued and/or to be issued as a part of the New Shares (as the context may require) in the capital of the Company with a RMB denominated par value of RMB1.00 each and are listed or proposed to be listed (as the case may be) on the Shenzhen Stock Exchange; and

- (B) the payment of a cash dividend of RMB1.00 per every ten Shares (tax inclusive) out of Company’s retained earnings as at 31 December 2011 to the shareholders whose names appear on the register of holders of H Shares and on the register of holders of A Shares, respectively, on the Record Date be and is hereby approved.

By Order of the Board of Directors  
**Weichai Power Co., Ltd.**  
**Hoe York Joo**  
*Company Secretary*

Hong Kong, 15 May 2012

*Notes:*

- (A) Holders of A Shares of the Company whose names appear on the register of A Shares of the Company at the end of Friday, 22 June 2012 are entitled to attend and vote at the A Shareholders’ Class Meeting.
- (B) Holders of A Shares intending to attend the A Shareholders’ Class Meeting should complete and return the reply slip for attending the A Shareholders’ Class Meeting personally, by facsimile or by post to the Secretary to the Board of the Company on or before Wednesday, 27 June 2012.

## NOTICE OF A SHAREHOLDERS' CLASS MEETING

The contact details of the Secretary to the Board of the Company are as follows:

Securities Department  
197, Section A, Fu Shou East Street  
High Technology Industrial Development Zone  
Weifang  
Shandong Province  
The People's Republic of China  
Postal Code: 261061  
Telephone No.: 86 (536) 229 7068  
Facsimile No.: 86 (536) 819 7073

- (C) Each holder of A Shares of the Company entitled to attend and vote at the A Shareholders' Class Meeting may, by completing the form of proxy of the Company, appoint one or more proxies to attend and vote at the A Shareholders' Class Meeting on its behalf. A proxy need not be a Shareholder of the Company. With respect to any Shareholder who has appointed more than one proxy, the proxy holders may only vote on a poll.
- (D) Holders of A Shares of the Company must use the form of proxy of the Company for appointing a proxy and the appointment must be in writing. The form of proxy must be signed by the relevant Shareholder or by a person duly authorised by the relevant Shareholder in writing (a "**power of attorney**"). If the form of proxy is signed by the person authorised by the relevant Shareholder as aforesaid, the relevant power of attorney and other relevant documents of authorization (if any) must be notarised. If a corporate Shareholder appoints a person other than its legal representative to attend the A Shareholders' Class Meeting on its behalf, the relevant form of proxy must be affixed with the company seal/chop of the corporate Shareholder or duly signed by its director or any other person duly authorised by that corporate Shareholder as required by the Articles of Association.
- (E) To be valid, the form of proxy and the relevant notarised power of attorney (if any) and other relevant documents of authorization (if any) as mentioned in Note (D) above must be delivered to the Secretary to the Board of the Company, not less than 24 hours before the time appointed for the A Shareholders' Class Meeting. The address of the Secretary to the Board of the Company is stated in Note (B) above.
- (F) A Shareholder or his proxy should produce proof of identity when attending the A Shareholders' Class Meeting. If a corporate Shareholder's legal representative or any other person authorised by the board of directors or other governing body of such corporate Shareholder attends the A Shareholders' Class Meeting, such legal representative or other person shall produce his proof of identity, and proof of designation as legal representative and the valid resolution or authorisation document of the board of directors or other governing body of such corporate Shareholder (as the case may be) to prove the identity and authorization of that legal representative or other person.
- (G) The A Shareholders' Class Meeting is expected to last for not more than half a day. Shareholders who attend the A Shareholders' Class Meeting shall bear their own travelling and accommodation expenses.

## NOTICE OF H SHAREHOLDERS' CLASS MEETING



**WEICHAI**

**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)**

### NOTICE OF THE CLASS MEETING OF THE HOLDERS OF H SHARES

NOTICE IS HEREBY GIVEN that the class meeting (the **"H Shareholders' Class Meeting"**) of the holders of H shares (**"H Shares"**) of Weichai Power Co., Ltd. (the **"Company"**) will be held at the Company's conference room at Section A, 197, Fu Shou East Street, High Technology Industrial Development Zone, Weifang, Shandong Province, the People's Republic of China (the **"PRC"**) on 29 June 2012 at 11:00 a.m. (or, if later, as soon as practicable after the completion of the class meeting of the holders of the A Shares of the Company to be held at 10:00 a.m. at the same date) for the purpose of considering and, if thought fit, approving the matter set out below. Unless the context requires otherwise, terms defined in the circular to the shareholders of the Company (the **"Shareholders"**) dated 15 May 2012 of which this notice forms part (the **"Circular"**) shall have the same meanings when used herein.

#### AS A SPECIAL RESOLUTION:

1. To consider and, if thought fit, pass the following resolution, as a special resolution:

#### THAT:

- (A) conditional upon: (i) the Listing Committee of The Stock Exchange of Hong Kong Limited (**"Stock Exchange"**) granting or agreeing to grant the listing of, and permission to deal in, the H Shares (as defined below) to be issued under the Bonus Shares Issue (as defined below); (ii) the approval by and/or filing at the relevant governmental or regulatory authorities of the People's Republic of China (the **"PRC"**, which, for the purposes of this resolution, excludes the Hong Kong Special Administrative Region (**"Hong Kong"**), the Macau Special Administrative Region and Taiwan) being obtained and/or completed (to the extent required under the relevant PRC laws, rules and regulations); and (iii) the approval of the Bonus Shares Issue and the consequential amendments to the articles of association of the Company as a result of the Bonus Shares Issue by the annual general meeting of the shareholders of the Company and the approval of the Bonus Shares Issue by the class meeting of the holders of A Shares (as defined below), respectively:
  - (a) the bonus issue of shares of RMB1.00 each in the capital of the Company (**"New Share(s)"**) to the shareholders of the Company whose names appear on the register of holders of H Shares and on the register of holders of A Shares, respectively, on the Record Date (as defined in the Circular) on the basis of

## NOTICE OF H SHAREHOLDERS' CLASS MEETING

two New Shares for every ten existing shares of the Company held on the Record Date by way of capitalisation of the audited retained earnings of the Company at 31 December 2011 ("**Bonus Shares Issue**"), be and are hereby approved;

- (b) the Directors be and they are hereby authorised to exclude holders of H Shares (if any) who are residents outside Hong Kong of the PRC, on account of prohibitions or requirements under overseas laws or regulations based on the legal enquiry on the same or for some other reasons which the Board considers to be expedient (as applicable), from being allotted and issued New Shares (such Shares are referred to as "**Excluded Shares**" hereafter); and
- (c) the Directors be and they are hereby authorised to take any and all steps or sign any and all documents as they consider necessary desirable or expedient in connection with the Bonus Shares Issue and the transactions contemplated thereunder including the dealing with any Excluded Shares and any fractional entitlements to the New Shares and the proceeds from the sale thereof in respect of the H Shares which form part of the New Shares.

For the purposes of this resolution, references to "H Share(s)" mean the overseas listed foreign share(s) issued and/or to be issued as a part of the New Shares (as the context may require) in the capital of the Company with a RMB denominated par value of RMB1.00 each and are listed or proposed to be listed (as the case may be) on the main board of the Stock Exchange; and references to "A Share(s)" mean the ordinary share(s) issued and/or to be issued as a part of the New Shares (as the context may require) in the capital of the Company with a RMB denominated par value of RMB1.00 each and are listed or proposed to be listed (as the case may be) on the Shenzhen Stock Exchange; and

- (B) the payment of a cash dividend of RMB1.00 per every ten Shares (tax inclusive) out of the Company's retained earnings as at 31 December 2011 to the shareholders of the Company whose names appear on the register of holders of H Shares and on the register of holders of A Shares, respectively, on the Record Date be and is hereby approved.

By Order of the Board of Directors  
**Weichai Power Co., Ltd.**  
**Hoe York Joo**  
*Company Secretary*

Hong Kong, 15 May 2012

## NOTICE OF H SHAREHOLDERS' CLASS MEETING

*Notes:*

- (A) The Company will not process registration of transfers of H Shares of the Company from 30 May 2012 to 29 June 2012 (both days inclusive). Holders of H Shares of the Company whose names appear on the register of H Shares of the Company kept at Computershare Hong Kong Investor Services Limited on 30 May 2012 are entitled to attend and vote at the H Shareholders' Class Meeting following completion of the registration procedures.

To qualify for attendance and voting at the H Shareholders' Class Meeting, documents on transfers of H Shares of the Company, accompanied by the relevant share certificates, must be lodged with the Company's H-Share Registrar and Transfer Office, not later than 4:30 p.m. on 29 May 2012. The address of the Company's H-Share Registrar and Transfer Office is as follows:

Computershare Hong Kong Investor Services Limited  
Shops 1712-16, 17th Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

- (B) Holders of H Shares intending to attend the H Shareholders' Class Meeting should complete and return the reply slip for attending the H Shareholders' Class Meeting personally, by facsimile or by post to the Secretary to the Board of the Company 20 days before the H Shareholders' Class Meeting (i.e. on or before 9 June 2012).

The contact details of the Secretary to the Board of the Company are as follows:

Securities Department  
197, Section A, Fu Shou East Street  
High Technology Industrial Development Zone  
Weifang  
Shandong Province  
The People's Republic of China  
Postal Code: 261061  
Telephone No.: 86 (536) 229 7068  
Facsimile No.: 86 (536) 819 7073

- (C) Each holder of H Shares of the Company entitled to attend and vote at the H Shareholders' Class Meeting may, by completing the form of proxy of the Company, appoint one or more proxies to attend and vote at the H Shareholders' Class Meeting on its behalf. A proxy need not be a Shareholder of the Company. With respect to any Shareholder who has appointed more than one proxy, the proxy holders may only vote on a poll.
- (D) Holders of H Shares of the Company must use the form of proxy of the Company for appointing a proxy and the appointment must be in writing. The form of proxy must be signed by the relevant Shareholder or by a person duly authorised by the relevant Shareholder in writing (a "**power of attorney**"). If the form of proxy is signed by the person authorised by the relevant Shareholder as aforesaid, the relevant power of attorney and other relevant documents of authorization (if any) must be notarised. If a corporate Shareholder appoints a person other than its legal representative to attend the H Shareholders' Class Meeting on its behalf, the relevant form of proxy must be affixed with the company seal/chop of the corporate Shareholder or duly signed by its director or any other person duly authorised by that corporate Shareholder as required by the Articles of Association.
- (E) To be valid, the form of proxy and the relevant notarised power of attorney (if any) and other relevant documents of authorization (if any) as mentioned in Note (D) above must be delivered to the Company's H-Share Registrar and Transfer Office, Computershare Hong Kong Investor Services Limited (address: 17M floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong), not less than 24 hours before the time appointed for the H Shareholders' Class Meeting.
- (F) A Shareholder or his proxy should produce proof of identity when attending the H Shareholders' Class Meeting. If a corporate Shareholder's legal representative or any other person authorised by the board of directors or other governing body of such corporate Shareholder attends the H Shareholders' Class Meeting, such legal representative or other person shall produce his proof of identity, and proof of designation as legal representative and the valid resolution or authorisation document of the board of directors or other governing body of such corporate Shareholder (as the case may be) to prove the identity and authorization of that legal representative or other person.
- (G) The H Shareholders' Class Meeting is expected to last for not more than half a day. Shareholders who attend the H Shareholders' Class Meeting shall bear their own travelling and accommodation expenses.