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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)

ANNOUNCEMENT

CONNECTED TRANSACTION ENTRUSTED LOAN AGREEMENT

ENTRUSTED LOAN AGREEMENT

The Board is pleased to announce that, on 13 February 2015, the Company entered into the Entrusted Loan Agreement with the Borrower and Shandong Finance, pursuant to which the Company, as lender, agreed to grant the Entrusted Loan in the aggregate principal amount of RMB500 million (equivalent to approximately HK\$620 million) for a term of 12 months, to the Borrower as borrower through Shandong Finance as lending agent.

THE LISTING RULES IMPLICATIONS

Shandong Heavy Industry is a substantial shareholder of the Company indirectly holding approximately 16.83% of the issued share capital of the Company. As Shandong Heavy Industry holds 35% equity interest in Shandong Finance, Shandong Finance is an associate of Shandong Heavy Industry and therefore a connected person of the Company under the Listing Rules. Accordingly, the Entrusted Loan Agreement and the transaction contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As certain of the applicable percentage ratios calculated in accordance with the Listing Rules for provision of the Entrusted Loan under the Entrusted Loan Agreement exceed 0.1% but all of which are less than 5%, the transaction contemplated under the Entrusted Loan Agreement is subject to the reporting and announcement requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

I. INTRODUCTION

The Board is pleased to announce that, on 13 February 2015, the Company entered into the Entrusted Loan Agreement with the Borrower and Shandong Finance, pursuant to which the Company, as lender, agreed to provide the Entrusted Loan in the principal amount of RMB500 million (equivalent to approximately HK\$620 million) for a term of 12 months, to the Borrower as borrower through Shandong Finance as lending agent.

II. ENTRUSTED LOAN AGREEMENT

Date: 13 February 2015

Parties: (1) the Company;
(2) the Borrower; and
(3) Shandong Finance

The principal terms of the Entrusted Loan Agreement are set out as follows:

1. Amount of the Entrusted Loan

The aggregate principal amount of the Entrusted Loan to be provided by the Company to the Borrower through Shandong Finance is RMB500 million (equivalent to approximately HK\$620 million). The Entrusted Loan shall be released to the Borrower in two tranches.

2. Term

The term for the Entrusted Loan is 12 months commencing from 16 March 2015 and ending on 16 March 2016.

3. Interest rate

The interest rate is calculated at a 10% discount to the RMB benchmark interest rate as announced by the People's Bank of China. The accrued interest shall be settled quarterly during the term of the Entrusted Loan.

4. Repayment of the loan

The Borrower shall repay the principal in one lump sum on 16 March 2016.

5. Handling fee

The handling fee payable to Shandong Finance for arranging the Entrusted Loan under the Entrusted Loan Agreement is calculated at 0.05% of the aggregate principal amount of the Entrusted Loan. The Borrower shall pay the handling fee to Shandong Finance upon drawdown of each tranche of the relevant Entrusted Loan.

III. GENERAL

The Company approved the Entrusted Loan Agreement and the transaction contemplated thereunder in the Board meeting held on 13 February 2015.

At the aforesaid Board meeting, Mr. Tan Xuguang and Mr. Jiang Kui had abstained from voting in respect of the resolution approving the Entrusted Loan Agreement in view of their respective position in Shandong Heavy Industry. Save as disclosed above, none of the Directors had a material interest in such transaction and abstained from voting.

IV. REASONS AND BENEFITS FOR THE PROVISION OF ENTRUSTED LOAN

The Entrusted Loan constitutes a financial support provided by the Company to its wholly-owned subsidiary, the Borrower, and the amount of the Entrusted Loan was determined based on the Borrower's estimated funding needs for project development and general working capital. The terms of the Entrusted Loan Agreement, including the interest rate and the handling fee charged on the Borrower, were agreed by the parties after arm's length negotiations having taken into account the prevailing market rates and market practices.

Since the handling fee charged by Shandong Finance under the Entrusted Loan Agreement is more favourable than those charged by major commercial banks in the PRC for the provision of the same size of entrusted loan, the transaction under the Entrusted Loan Agreement could reduce the Borrower's cost of financing. Further, Shandong Finance, being a financial institute regulated by the CBRC, has been providing financial services (including deposit services, loan services, settlement services and other miscellaneous financial services) to the Group pursuant to a financial services agreement entered into between the Company and Shandong Finance, further details of which were disclosed in the Company's announcement dated 21 March 2013 and the Company's circular dated 8 May 2013. In view of such cooperation history between the Group and Shandong Finance, Shandong Finance is able to provide expedient and efficient entrusted loan services to the Company and its subsidiaries.

In light of the above, the Directors (including independent non-executive Directors) consider that the terms of the Entrusted Loan Agreement are on normal commercial terms, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

V. THE LISTING RULES IMPLICATIONS

Shandong Heavy Industry is a substantial shareholder of the Company indirectly holding approximately 16.83% of the issued share capital of the Company. As Shandong Heavy Industry holds 35% equity interest in Shandong Finance, Shandong Finance is an associate of Shandong Heavy Industry and therefore a connected person of the Company under the Listing Rules. Accordingly, the Entrusted Loan Agreement and the transaction contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As certain of the applicable percentage ratios calculated in accordance with the Listing Rules for provision of the Entrusted Loan under the Entrusted Loan Agreement exceed 0.1% but all of which are less than 5%, the transaction contemplated under the Entrusted Loan Agreement is subject to the reporting and announcement requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

VI. INFORMATION OF THE PARTIES

The Company

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

The Borrower

The Borrower is principally engaged in the production, sale and research and development of automobile, automobile components and motorcycle components.

Shandong Finance

The business scope of Shandong Finance includes the following businesses in domestic and foreign currencies: (1) provision of finance services and financing consultancy services to its member companies, provision of credit verification and related consultancy and agency services to its member companies; (2) provision of assistance to its member companies in payment and receipt of transaction proceeds; (3) provision of approved insurance agency services; (4) provision of guarantees to its member companies; (5) dealing with entrusted loans among its member companies; (6) provision of bill acceptance and discounting services to its member companies; (7) provision of intra-group transfer and settlement services to its member companies and planning of clearing and settlement scheme; (8) provision of its deposit services to its member companies; (9) provision of loans and finance leasing services to member companies; (10) provision of interbank loans.

VII. DEFINITIONS

In this announcement, the following expressions shall have the following meanings, unless the context requires otherwise:

“associate”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Borrower”	潍柴 (重慶) 汽車有限公司 (Weichai (Chongqing) Vehicles Co., Ltd.*) (formerly known as 重慶市嘉陵川江汽車製造有限公司 (Chongqing Jialing Chuanjiang Vehicles Manufacturing Co., Ltd.*)), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company

“CBRC”	China Banking Regulatory Commission
“Company”	濰柴動力股份有限公司 (Weichai Power Co., Ltd.), a company established in the PRC with limited liability
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Entrusted Loan”	the entrusted loan of an aggregate principal amount of RMB500 million to be provided by the Company as lender to the Borrower as borrower through Shandong Finance as a lending agent
“Entrusted Loan Agreement”	the entrusted loan agreement entered into between the Company, the Borrower and Shandong Finance on 13 February 2015
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shandong Finance”	山東重工集團財務有限公司 (Shandong Heavy Industry Group Finance Co., Ltd.*), a company established in the PRC with limited liability which is owned as to 35%, 20%, 20%, 20% and 5% by Shandong Heavy Industry, the Company, 濰柴重機股份有限公司 (Weichai Heavy-duty Machinery Co., Ltd.*), 山推工程機械股份有限公司 (Shantui Engineering Machinery Co., Ltd.*) and 中國金谷國際信託有限責任公司 (China Jingu International Trust Co., Ltd*), respectively

“Shandong Heavy Industry”	山東重工集團有限公司 (Shandong Heavy Industry Group Co., Ltd.*), a substantial shareholder and connected person of the Company, the entire capital of which is held by the State-owned Assets Supervision and Administration Commission of Shandong Province
“Shareholder(s)”	holder(s) of the shares in the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

(The exchange rate used for the purpose of this announcement is at HK\$1 = RMB0.8064)

By order of the Board of Directors
Weichai Power Co., Ltd.
Tan Xuguang
Chairman and CEO

The PRC, 13 February 2015

As at the date of this announcement, the executive Directors of the Company are Mr. Tan Xuguang, Mr. Xu Xinyu, Mr. Li Dakai, Mr. Fang Hongwei, Mr. Sun Shaojun and Mr. Zhang Quan; the non-executive Directors of the Company are Mr. Wang Yuepu, Mr. Yeung Sai Hong, Mr. Julius G. Kiss, Ms. Han Xiaoqun, Mr. Jiang Kui and Mr. Gordon Riske; and the independent non-executive Directors of the Company are Mr. Loh Yih, Mr. Chu, Howard Ho Hwa, Mr. Zhang Zhenhua, Mr. Zhang Zhong, Mr. Wang Gongyong and Mr. Ning Xiangdong.

* For identification purposes only