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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)**

## **CONNECTED TRANSACTION**

### **ACQUISITION OF 4.95% OF THE ISSUED SHARE CAPITAL OF KION GROUP AG**

#### **THE ACQUISITION**

The Board is pleased to announce that on 27 March 2015, the Company (through its indirect wholly-owned subsidiary, Weichai Lux), entered into an agreement to acquire the Sale Shares (representing approximately 4.95% of the issued share capital of KION) under a marketing placing exercise (in the form of an accelerated bookbuilding) conducted by Superlift through its bookrunner.

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Superlift owns 13.93% of the issued share capital of KION (an indirect non-wholly owned subsidiary of the Company). Hence, Superlift is a substantial shareholder of KION and thus is a connected person of the Company at the subsidiary level. The Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all applicable percentage ratios calculated pursuant to the Listing Rules for the Acquisition are more than 1% but all of which are less than 5%, the Acquisition is therefore subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempt from the independent Shareholders' approval requirement.

## **I. INTRODUCTION**

The Board is pleased to announce that on 27 March 2015, the Company (through its indirect wholly-owned subsidiary, Weichai Lux), entered into an agreement to acquire the Sale Shares (representing approximately 4.95% of the issued share capital of KION) under a marketing placing exercise (in the form of an accelerated bookbuilding) conducted by Superlift through its bookrunner.

## **II. PRINCIPAL TERMS OF THE ACQUISITION**

**Date:** 27 March 2015

**Parties:** (1) Weichai Lux, as purchaser  
(2) Superlift, as vendor

### **Subject matter**

Weichai Lux has agreed to acquire the Sale Shares (representing approximately 4.95% of the issued share capital of KION) under a marketing placing exercise (in the form of an accelerated bookbuilding) conducted by Superlift through its bookrunner.

### **Consideration**

The consideration for the Acquisition is EUR186,935,000 (equivalent to approximately HK\$1,568,384,650) (the “Consideration”), representing EUR38.15 per Sale Share, which shall be payable by Weichai Lux to Superlift in cash upon completion which is expected to fall on 31 March 2015.

The Consideration has been determined after arm’s length negotiations among the parties to the said agreement based on the closing price of EUR38.15 per KION share for the last trading day immediately prior to the entering into the agreement in respect of the Acquisition.

The Consideration payable by Weichai Lux is expected to be financed initially by a bridging loan provided by a financial institution which will be secured by a charge over the Sale Shares, and subsequently to be replaced and funded out of the Group’s financial resources and/or borrowings.

### III. INFORMATION ON SUPERLIFT AND KION

#### Superlift

Insofar as the Company is aware, Superlift is an investment holding company incorporated in Luxembourg and is 100% owned by funds advised by Kohlberg Kravis Roberts & Co. L.P. and Goldman, Sachs & Co.

As at the date of this announcement, as Superlift holds more than 10% of the issued share capital of KION (an indirect non-wholly owned subsidiary of the Company), Superlift is a connected person of the Company. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for their respective direct or indirect interest in Superlift, the other ultimate beneficial owners of Superlift are third parties independent of and are not connected persons of the Company.

As the Acquisition was made under a marketing placing exercise (in the form of an accelerated bookbuilding) conducted by Superlift through its bookrunner, the Company is not aware of the original cost of investment incurred by Superlift in respect of the Sale Shares.

#### KION

As at the date of this announcement, KION is indirectly held as to 33.3% by the Company and as to 13.93% by Superlift. Upon completion of the Acquisition, KION will become a 38.25% indirect non-wholly-owned subsidiary of the Company.

KION is the largest manufacturer of industrial forklift trucks in Europe and operates its business in more than 100 countries globally under six brands, namely, Linde, STILL, Fenwick, OM STILL, Baoli and Voltas. KION's shares have been listed on the Frankfurt Stock Exchange since June 2013.

Set out below is the audited financial information of KION for the two financial years ended 31 December 2014 and 31 December 2013 prepared based on IFRS:

	<b>For the year ended 31 December 2014</b>	<b>For the year ended 31 December 2013</b>
	<i>EUR'million</i> (audited)	<i>EUR'million</i> (audited)
Revenue	4,677.9	4,494.6
Earnings before taxation	258.3	154.3
Net income after taxation	178.2	138.4

Based on the audited consolidated financial information of KION prepared based on IFRS, as of 31 December 2014, the audited net asset value of KION was approximately EUR1,647.1 million.

#### **IV. REASONS AND BENEFITS FOR THE ACQUISITION**

The Company is principally engaged in the research and development, manufacture and sale of high-speed heavy-duty diesel engines and engine parts. As at the date of this announcement, the Company (through its wholly owned subsidiary, Weichai Lux) is a holder of 33.3% of the issued share capital of KION.

Through the Acquisition, the Group will be able to increase its shareholding in KION from 33.3% to 38.25% and therefore further consolidate the Company's control over KION, which is in line with the Company's strategy of further enhancing the strategic alliance with KION and optimising the allocation of the Group's assets. During recent years, the operational results of KION have improved. For the year ended 31 December 2014, the sales revenue of KION amounted to approximately EUR4.68 billion, representing a 4.1% increase year-on-year, and its net profit amounted to approximately EUR178 million, representing an increase of 28.8% increase year-on-year.

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

#### **V. THE LISTING RULES IMPLICATIONS**

As at the date of this announcement, Superlift owns 13.93% of the issued share capital of KION (an indirect non-wholly owned subsidiary of the Company). Hence, Superlift is a substantial shareholder of KION and thus is a connected person of the Company at the subsidiary level. The Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all applicable percentage ratios calculated pursuant to the Listing Rules for the Acquisition are more than 1% but all of which are less than 5%, the Acquisition is therefore subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempt from the independent Shareholders' approval requirement.

As none of the Directors have a material interest in the Acquisition, none of the Directors is required to abstain from voting on the board resolution approving the Acquisition.

## VI. DEFINITIONS

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

“Acquisition”	the Acquisition of the Sale Shares by Weichai Lux from Superlift under a marketing placing exercise (in the form of an accelerated bookbuilding) conducted by Superlift through its bookrunner
“Board”	the board of Directors
“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
“EUR”	Euro, the lawful currency of the European Union
“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
“IFRS”	the International Financial Reporting Standards promulgated by the International Accounting Standards Board, which comprise the International Accounting Standards
“KION”	KION Group AG (formerly known as KION Holding 1 GmbH), a stock corporation incorporated in Germany whose shares are listed on the Frankfurt Stock Exchange
“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
“Sale Shares”	4,900,000 shares of KION, representing approximately 4.95% of the issued share capital of KION
“Shareholder(s)”	holder(s) of the shares in the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Superlift”	Superlift Holding, S.à r.l., a limited liability company incorporated in Luxembourg
“Weichai Lux”	Weichai Power (Luxembourg) Holding S.à r.l., a company incorporated in Luxembourg and a wholly-owned subsidiary of the Company
“%”	per cent.

\* *For identification purposes only*

*(The exchange rate used for the purpose of this announcement is at EUR1 = HK\$8.39)*

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

The PRC, 27 March 2015

*As at the date of this announcement, the executive Directors of the Company are Mr. Tan Xuguang, Mr. Zhang Quan, Mr. Xu Xinyu, Mr. Li Dakai, Mr. Fang Hongwei and Mr. Sun Shaojun; 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.*