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WEICHA

維柴動力股份有限公司

WEICHA POWER CO., LTD.

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

(Stock Code: 2338)

**(1) MAJOR AND CONTINUING CONNECTED TRANSACTIONS,
(2) PROPOSED PAYMENT OF CASH DIVIDENDS,
(3) PROPOSED ADOPTION OF THE AMENDMENTS TO THE TERMS OF
REFERENCE OF THE AUDIT COMMITTEE
(4) GENERAL MANDATE TO ISSUE H SHARES, AND
(5) NOTICE OF ANNUAL GENERAL MEETING**

**Independent Financial Adviser to the
Independent Board Committee and the Independent Shareholders in relation to
the terms of the deposit services under the New Financial Services Agreement**

TRINITY

TRINITY CORPORATE FINANCE LIMITED

A letter from the Board is set out on pages 5 to 16 of this circular.

A letter from the Independent Board Committee to the Independent Shareholders in relation to the terms of the deposit services under the New Financial Services Agreement is set out on page 18 of this circular.

A letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the deposit services under the New Financial Services Agreement is set out on pages 19 to 26 of this circular.

A notice convening the AGM to be held at Section A, 197, Fu Shou East Street, High Technology Industrial Development Zone, Weifeng, Shandong Province, the PRC on 7 June 2016 at 2:30 p.m. is set out on pages 38 to 43 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 Capital Operation 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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DEFINITION

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

“5% Threshold”	the thresholds referred to in Rule 14A.76(2) of the Listing Rules
“AGM”	the annual general meeting of the Company to be held on 7 June, Tuesday 2016, the notice for which is contained in this circular
“A Share(s)”	the A Share(s), being ordinary share(s) issued in the capital of the Company with a RMB denominated par value of RMB1.00 each and are listed on the Shenzhen Stock Exchange
“Articles of Association”	the articles of association of the Company
“associate”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“Cash Dividends”	has the meaning ascribed thereto under the section headed “3. Proposed Payment of Cash Dividends” in the letter from the board contained in this circular
“CBRC”	China Banking Regulatory Commission
“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
“Company”	潍柴动力股份有限公司 (Weichai Power Co., Ltd.), a company established in the PRC with limited liability
“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
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules

DEFINITION

“Director(s)”	the director(s) of the Company
“Existing Financial Services Agreement”	the financial services agreement entered into between the Company and Shandong Finance on 21 March 2013
“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 Listing Rules)
“H Share(s)”	the H Share(s), being the overseas listed foreign share(s) issued in the capital of the Company with a RMB denominated par value of RMB1.00 each and are listed on the main board of the Hong Kong Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	a committee of the Board comprising Mr. Loh Yih, Mr. Zhang Zhenhua, Mr. Zhang Zhong, Mr. Wang Gongyong and Mr. Ning Xiangdong, being the independent non-executive Directors
“Independent Financial Adviser”	Trinity Corporate Finance Limited, the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the provision of the deposit services by Shandong Finance to the Group under the New Financial Services Agreement and the proposed New Caps for the relevant periods
“Independent Shareholders”	Shareholders who are not required to abstain from voting at the AGM in respect of the provision of the deposit services by Shandong Finance to the Group under the New Financial Services Agreement

DEFINITION

“Jingu Trust”	中國金谷國際信託有限責任公司 (China Jingu International Trust Co., Ltd*), a non-banking financial institution, and to the best of the Directors’ knowledge, information and belief having made all reasonably enquiry, Jingu Trust and its ultimate beneficial owner are third parties independent of the Company and its connected persons
“Latest Practicable Date”	15 April 2016, being the latest practicable date for the purpose of ascertaining certain information contained in this circular before its despatch
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“New Cap(s)”	has the meaning as ascribed to it under the section headed “2. Major and continuing connected transactions – (iv) Proposed annual caps and reasons” in the letter from the Board contained in this circular
“New Financial Services Agreement”	the financial services agreement entered into between the Company and Shandong Finance on 30 March 2016
“PRC”	the People’s Republic of China
“Record Date”	means the record date to the determined by the Board by reference to which entitlements to the payment of the Cash Dividends be determined
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shandong Finance”	山東重工集團財務有限公司 (Shandong Heavy Industry Group Finance Co., Ltd.*), a company established in the PRC with limited liability which is owned as to 35%, 20%, 20%, 20% and 5% by Shandong Heavy Industry, the Company, Weichai Heavy-duty Machinery, Shantui Construction and Jingu Trust, respectively

DEFINITION

“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, a subsidiary of the State-owned Assets Supervision and Administration Commission of Shandong Province
“Shantui Construction”	山推工程機械股份有限公司 (Shantui Construction Machinery Co., Ltd.*), an enterprise established in the PRC and is held as to approximately 27.62% by Shandong Heavy Industry
“Share(s)”	share(s) of RMB1.00 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shenzhen Listing Rules”	the Rules Governing the Listing of Shares on the Shenzhen Stock Exchange
“Weichai Heavy-duty Machinery”	濰柴重機股份有限公司 (Weichai Heavy-duty Machinery Co., Ltd.*), a company established in the PRC and is held as to approximately 30.59% by Weichai Holdings
“Weichai Holdings”	濰柴控股集團有限公司 (Weichai Group Holdings Limited) (formerly known as 濰坊柴油機廠 (Weifang Diesel Engine Works)), a legal person established in the PRC and a substantial shareholder of the Company
“%”	per cent

* For identification purposes only



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)

Executive Directors:

Tan Xuguang (*Chairman and Chief Executive Officer*)

Zhang Quan

Xu Xinyu

Li Dakai

Sun Shaojun

Non-executive Directors:

Wang Yuepu

Jiang Kui

Gordon Riske

Independent Non-executive Directors:

Loh Yih

Zhang Zhenhua

Zhang Zhong

Wang Gongyong

Ning Xiangdong

Supervisors:

Lu Wenwu

Jiang Jianfang

Ma Changhai

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 3407-3408

34/F, Gloucester Tower

Landmark

15 Queen's Road Central

Hong Kong

21 April 2016

To: Holders of H Shares

Holders of A Shares

Dear Sir or Madam,

- (1) MAJOR AND CONTINUING CONNECTED TRANSACTIONS,
(2) PROPOSED PAYMENT OF CASH DIVIDENDS,
(3) PROPOSED ADOPTION OF THE AMENDMENTS TO THE TERMS OF
REFERENCE OF THE AUDIT COMMITTEE
(4) GENERAL MANDATE TO ISSUE H SHARES, AND
(5) NOTICE OF ANNUAL GENERAL MEETING**

LETTER FROM THE BOARD

1. INTRODUCTION

Reference is made to (i) the announcement of the Company dated 30 March 2016 in relation to the New Financial Services Agreement; and (ii) the announcement of the Company dated 30 March 2016 in relation to the annual results for the year ended 31 December 2015 and the proposed payment of Cash Dividends.

The purpose of this circular is to provide you with, among other things, (i) further details of the deposit services under the New Financial Services Agreement; (ii) further details of the proposed payment of Cash Dividends; (iii) details of the proposed amendments to the terms of reference of the Audit Committee; and (iv) information in relation to the General Mandate to issue H Shares. This circular also contains the notice convening the AGM.

2. MAJOR AND CONTINUING CONNECTED TRANSACTIONS

(i) The background

Reference is made to the announcement of the Company dated 30 March 2016. As announced by the Board in such announcement, the Group entered into the New Financial Services Agreement on 30 March 2016, pursuant to which Shandong Finance has conditionally agreed to provide, inter alia, certain deposit services to the Company in accordance with the terms and conditions set out in the New Financial Services Agreement.

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

(ii) New Financial Services Agreement

Date: 30 March 2016

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

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

Effective date and term

The New Financial Services Agreement shall become effective on the execution date of the New Financial Services Agreement and has a term of three years ending 29 June 2019, subject to the approval at a Shareholders' meeting of the transactions contemplated under the New Financial Agreement and the New Caps. The term of the New Financial Agreement can be extended on a mutually agreed basis.

LETTER FROM THE BOARD

Deposit services

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

- (a) the interest rate for the deposit of the Group's funds with Shandong Finance shall, subject to the compliance of the relevant requirements of the People's Bank of China, be no less than the highest interest rate for the same type of deposit offered by the major commercial banks in the PRC for the same period; and
- (b) the maximum daily balance (including interests) of the Group's deposit with Shandong Finance shall not exceed the following caps for each of the three years ending 29 June 2019:

	From 30 June 2016 to 29 June 2017 (RMB billion)	From 30 June 2017 to 29 June 2018 (RMB billion)	From 30 June 2018 to 29 June 2019 (RMB billion)
New Caps	17	19	20

The abovementioned interest rate is proposed by the capital administration department of Shandong Finance to the finance department of the Company for consideration and agreed by the parties after arms length's negotiation. The interest rate is determined on the basis of the benchmark interest rate announced by the People's Bank of China, taking into account the deposit interest rate of not less than five major commercial banks in the PRC. The interest rate is set on a yearly basis, subject to adjustment in line with the benchmark interest rate announced by the People's Bank of China from time to time.

Other terms of the Financial Services Agreement

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

(1) Loan services

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

LETTER FROM THE BOARD

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

- (a) the loan services to be provided by Shandong Finance include the provision of loans, discounted notes and bill acceptance services and the grant of credit facilities within the scope allowed by the laws, regulations and policies of the PRC and in accordance with the requirements of the CBRC;
- (b) the interest rate for the loan services to be provided by Shandong Finance to the Group shall, subject to the compliance of the relevant requirements of the People's Bank of China in relation to the interest of loans, not exceed the lowest interest rate for the same type and class of loan provided by other major commercial banks in the PRC to the Group for the same period;
- (c) the Group shall not be required to provide any security over its assets for the loan services; and
- (d) Shandong Finance shall provide a credit facility in respect of the loan services of up to RMB17 billion to the Group and the annual interest that shall accrue thereunder shall not exceed RMB739.5 million for each of the three years ending 29 June 2019.

(2) *Miscellaneous financial services*

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

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

- (a) the miscellaneous financial services include settlement services to be provided by Shandong Finance to the Group, pursuant to which Shandong Finance will provide payment and receipt services as well as other ancillary services related to such settlement services and other financial services within the business scope of Shandong Finance; and

LETTER FROM THE BOARD

- (b) the fees to be charged by Shandong Finance for (i) the provision of the settlement services shall not exceed the lowest rate for the same type of services provided by other major commercial banks in the PRC to the Group in the same period; and (ii) the other financial services shall not exceed the fair market price or the standard rates imposed according to the PRC regulations.

(iii) Existing annual caps and historical amount of deposit

Pursuant to the terms of the Existing Financial Services Agreement, the existing annual caps, i.e. the maximum daily balance (including interests) of the Company's deposit with Shandong Finance for each of the 12 months ended 29 June 2014, 29 June 2015 and 29 June 2016 were RMB9 billion, RMB10.8 billion and RMB13 billion, respectively.

The maximum daily balance (including interests) of the Company's deposit with Shandong Finance during each of the 12 months ended 29 June 2014 and 29 June 2015, and the eight months ended 29 February 2016 were approximately RMB8.9 billion, RMB10.8 billion and RMB13 billion, respectively.

For the purpose of monitoring the amount of deposit, a certain limit is set by capital administration department of Shandong Finance with respect to the deposit placed by the Group, taking into account both the principal and the interest accrued or to be accrued on such deposits, which is reviewed by the fund management system of Shandong Finance on a daily basis, so that the relevant amount of deposit may be withdrawn by the Group to ensure that the relevant annual cap will not be exceeded.

(iv) Proposed annual caps and reasons

Deposit services

The Board, having considered (i) the historical cash position of the Group; (ii) the expected growth of the business operations of the Group; and (iii) the expected amount of interest income from Shandong Finance, proposed that the maximum daily deposit balance (including interests) of the aggregated deposits placed by the Group with Shandong Finance pursuant to the New Financial Services Agreement shall not exceed the following caps for each of the three years ending 29 June 2019 (the "New Cap(s)"):

	From 30 June 2016 to 29 June 2017 (RMB billion)	From 30 June 2017 to 29 June 2018 (RMB billion)	From 30 June 2018 to 29 June 2019 (RMB billion)
New Caps	17	19	20

LETTER FROM THE BOARD

According to the 2016 annual budget of the Company and its strategic development plan, it is expected that the revenue, cash and bank deposit of the Group will increase for the next three years, and both the principal of and interest to be accrued on the deposit to be placed with Shandong Finance is expected to increase in line with such trend. In order to manage the credit risk with regard to its deposits with Shandong Finance, the Company will strictly adhere to the internal control procedures with respect to its deposit with Shandong Finance (for details, please refer to the paragraph headed (v) Internal control procedures in this section below) and review the financial risk and position of Shandong Finance on a half-yearly basis.

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

Loan services and miscellaneous financial services

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

(v) Internal control procedures

To secure the shareholders' interests, Shandong Finance has given certain undertakings under the New Financial Services Agreement and the Company has adopted certain internal control procedures, pursuant to which:

1. Shandong Finance shall ensure that it is in strict compliance with the requirements of the relevant PRC financial laws and regulations;
2. the monthly report or financial statements of Shandong Finance for each month will be provided to the Group;
3. the Company shall regularly review and obtain the relevant documents such as account books, financial statements and audit reports of Shandong Finance in order to assess the business of Shandong Finance and its financial risk and position; and
4. the Company shall be notified within two business days upon the occurrence of circumstances that may cause harm to the security of the Group's deposits or on the occurrence of any other circumstances that may jeopardise the security of the Group's deposits, including a bank run on Shandong Finance, inability to repay its debts when due or serious failure of its computer system, etc. In the event that the relevant risks cannot be eliminated, the Company shall take relevant actions to withdraw all deposits.

LETTER FROM THE BOARD

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

(vi) Reasons for and benefits of the New Financial Services Agreement

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

1. the interest rates offered by the Shandong Finance for the deposit services, and the rates and fees charged by Shandong Finance for the loan services and miscellaneous financial services to be provided to the Company shall be equal to or more favourable than those offered or charged by major commercial banks and other financial institutions in the PRC for the same type of financial services provided to the Company;
2. the activities of Shandong Finance are regulated by the CBRC and Shandong Finance provides services within its approved scope in accordance with its operational requirement; and
3. the Company directly holds 20% equity interest of Shandong Finance, which allows it to benefit from the profits of Shandong Finance.

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

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

The Company approved the New Financial Services Agreement and the transactions contemplated thereunder in the Board meeting held on 30 March 2016. At the aforesaid Board meeting, Mr. Tan Xuguang and Mr. Jiang Kui have abstained from voting in respect of the resolutions approving such transactions in view of their respective positions in Shandong Heavy Industry. Save as disclosed above, none of the Directors has a material interest in such transactions and is required to abstain from voting at the said Board meeting.

(vii) Listing Rules implications

Shandong Heavy Industry is a substantial shareholder of the Company 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 New Financial Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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

Further, as all of the applicable percentage ratios calculated in accordance with the Listing Rules for the deposit services under the New Financial Services Agreement for the three years ending 29 June 2019 exceed the 5% Threshold, the provision of the deposit services by Shandong Finance to the Group and the proposed New Caps for the relevant periods will be subject to the reporting, annual review, and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will seek the Independent Shareholders' approval in respect of the provision of deposit services by Shandong Finance to the Group under the New Financial Services Agreement and the proposed New Caps for the relevant periods at the AGM. Other than Weichai Holdings (which held 672,952,800 Shares representing approximately 16.83% of the issued Shares of the Company as at the Latest Practicable Date) and its associates, no Shareholder is required to abstain from voting in respect of such resolution in the AGM.

(viii) Information on the parties

The Company

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

Shandong Finance

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

LETTER FROM THE BOARD

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; (11) underwriting the corporate bonds issued by its member companies; (12) making investments in negotiable securities (except stock trading in secondary market); and (13) provision of consumer credit, buyer credit and finance leasing for products of its member companies.

(ix) Financial effect of the deposit services under New Financial Services Agreement

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

Reference is made to announcement of the Company dated 30 March 2016 in respect of certain continuing connected transactions under the Shenzhen Listing Rules. As disclosed in such announcement, the Company entered into, inter alia, an agreement with Shantui Construction pursuant to which the Company shall sell certain diesel engines and related parts to Shantui Construction. It is expected that the annual transaction amount for such transaction shall not exceed RMB50,000,000 for the year ending 31 December 2016. Under the Shenzhen Listing Rules, the said transaction is subject to the approval by the Independent Shareholders. Accordingly, the Company will seek the Independent Shareholders' approval in respect of such transaction at the AGM. Other than Weichai Holdings (which held 672,952,800 Shares representing approximately 16.83% of the issued Shares of the Company as at the Latest Practicable Date) and its associates, no Shareholder is required to abstain from voting in respect of such resolution in the AGM.

3. PROPOSED PAYMENT OF CASH DIVIDENDS

On 30 March 2016, 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 RMB399,861,927.80 of the Company's retained earnings as at 31 December 2015. 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.

4. PROPOSED ADOPTION OF THE AMENDMENTS TO THE TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The Company proposes to adopt the amendments to the terms of reference of the Audit Committee in line with the recent amendments to the Listing Rules as set out below:

1. the words “and the 2015 Annual General Meeting held on 7 June 2016” be added after the words “2011 Annual General Meeting held on 29th June 2012” in the paragraph prior to Chapter 1; and

LETTER FROM THE BOARD

2. the original paragraph (2) in Article 8 be deleted in its entirety and be replaced by the following:

“(2) to review the financial controls, the risk management and internal control policies and systems and material connected transactions of the Company, including but not limited to:

1. to discuss with the Company’s management on matters relating to risk management and internal control policies and systems 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 risk management and internal control policies and to monitor and comment on its effectiveness; and
3. to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management’s response to these findings.”

The adoption of the amendments to the terms of reference of the Audit Committee as set out above will be proposed at the AGM for the Shareholders’ approval.

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 Latest Practicable Date, the issued share capital of the Company comprised of 3,027,099,278 A Shares and 971,520,000 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 194,304,000 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 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

The AGM will be held at Section A, 197, Fu Shou East Street, High Technology Industrial Development Zone, Weifang, Shandong Province, the PRC on 7 June 2016, Tuesday to consider and, if thought fit, approve, inter alia, the matters as set out in the notice convening the AGM set out in pages 38 to 43 of this circular.

The form of proxy for use at the AGM is 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 Capital Operation 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 8 May 2016 to 7 June 2016, both days inclusive, during which period no transfer of H Shares will be effected. In order to qualify for attending the AGM, all transfer documents of H Shares accompanied by the relevant share certificates must be lodged with Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on 6 May 2016.

Please refer to 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 for details of the Record Date and closure of register of members of the Company in determining the Shareholders' entitlement to the Cash Dividends.

LETTER FROM THE BOARD

8. RECOMMENDATION

Having considered the reasons set out in the section headed “2. Major and continuing connected transactions”, the Directors, including the independent non-executive Directors (having considered the advice of the Independent Financial Adviser), are of the opinion that the relevant New Caps and the terms of the deposit services under the New Financial Services Agreement are fair and reasonable, on normal commercial terms (or better to the Group) and in the ordinary and usual course of business of the Company, and in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolution regarding the same.

The Independent Board Committee comprising the independent non-executive Directors (namely, Mr. Loh Yih, Mr. Zhang Zhenhua, Mr. Zhang Zhong, Mr. Wang Gongyong and Mr. Ning Xiangdong) has been appointed to consider the terms of the deposit services under the New Financial Services Agreement and the New Caps. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of terms of the deposit services under the New Financial Services Agreement and the New Caps. Your attention is drawn to (i) the letter setting out the advice from the Independent Board Committee to the Independent Shareholders, and (ii) the letter of advice from the Independent Financial Adviser setting out its advice to the Independent Board Committee and the Independent Shareholders in relation to the terms of the deposit services under the New Financial Services Agreement and the relevant New Caps, which are set out in this circular.

Further, the Board considers that the proposed resolutions in respect of (i) the payment of Cash Dividends, (ii) the proposed adoption of the amendments to the terms of reference of the Audit Committee as set out in above, and (iii) 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 (including the independent non-executive Directors) recommend the Shareholders to vote in favour of the relevant resolutions which will be proposed at the AGM.

9. FURTHER INFORMATION

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

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



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)

21 April 2016

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

Dear Sir or Madam,

MAJOR AND CONTINUING CONNECTED TRANSACTIONS

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders of Weichai Power Co., Ltd. to consider the provision of deposit services by Shandong Finance to the Group under the New Financial Services Agreement and the relevant proposed New Caps (as defined in the circular of the Company dated 21 April 2016) (the “**Circular**”), details of which are set out in the section headed “2. Major and Continuing Connected Transactions” in the “Letter from the Board” contained in the Circular. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used in this letter.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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

Yours faithfully,
The Independent Board Committee

Loh Yih
Independent
Non-executive Director

Zhang Zhenhua
Independent
Non-executive Director

Zhang Zhong
Independent
Non-executive Director

Wang Gongyong
Independent
Non-executive Director

Ning Xiangdong
Independent
Non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter dated 21 April 2016 from Trinity Corporate Finance Limited, the independent financial adviser, to the Independent Board Committee and the Independent Shareholders in respect of the provision of the deposit services under the New Financial Services Agreement and the respective New Caps, prepared for the purpose of incorporation in this circular.

TRINITY

Trinity Corporate Finance Limited
Suite 7B, 7th Floor,
Two Chinachem Plaza,
68 Connaught Road Central,
Hong Kong

21 April 2016

*To the Independent Board Committee and
the Independent Shareholders of Weichai Power Co., Ltd.*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS IN RESPECT OF THE NEW FINANCIAL SERVICES AGREEMENT AND THE NEW CAPS

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the provision of the deposit services by Shandong Finance to the Group under the New Financial Services Agreement and the relevant New Caps, details of which are set out in the letter from the Board (the “**Letter from the Board**”) in the Company’s circular dated 21 April 2016 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 30 March 2016, the Board announced, amongst other things, that the Group entered into the New Financial Services Agreement to govern the provision of certain deposit services for a term of three years ending 29 June 2019. Shandong Heavy Industry is a substantial shareholder of the Company 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 New Financial Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

for the deposit services under the New Financial Services Agreement for the three years ending 29 June 2019 exceed the 5% Threshold, the provision of the deposit services by Shandong Finance to the Group and the proposed New Caps for the relevant periods will be subject to the reporting, annual review, and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, has been appointed to consider the terms of the deposit services under the New Financial Services Agreement and the relevant New Caps, and to advise the Independent Shareholders as to whether the terms therein are fair and reasonable and on how to vote on the relevant resolution(s) at the AGM, taking into account the recommendations of the Independent Financial Adviser. Trinity Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, the Directors and the management of the Company and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be true as at the Latest Practicable Date and should there be any material changes to our opinion after the despatch of the Circular and up to the date of the AGM, Shareholders would be notified as soon as practicable.

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We have not conducted any independent in-depth investigation into the business and affairs of the Group or any parties involved in the New Financial Services Agreement.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the New Financial Services Agreement and the relevant New Caps and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion regarding the New Financial Services Agreement and the relevant New Caps, we have taken into account the following principal factors and reasons:

A. The Background

As mentioned above, the Group entered into the New Financial Services Agreement on 30 March 2016, pursuant to which Shandong Finance has conditionally agreed to provide, inter alia, certain deposit services to the Company in accordance with the terms and conditions set out in the New Financial Services Agreement.

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

B. Principal Terms of the New Financial Services Agreement

Date: 30 March 2016

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

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

Effective date and term

The New Financial Services Agreement shall become effective on the execution date of the New Financial Services Agreement and has a term of three years ending 29 June 2019, subject to the approval of the Independent Shareholders at the AGM. The term of the New Financial Services Agreement can be extended on a mutually agreed basis.

Deposit services

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

- (a) the interest rate for the deposit of the Group's funds with Shandong Finance shall, subject to the compliance of the relevant requirements of the People's Bank of China, be no less than the highest interest rate for the same type of deposit offered by the major commercial banks in the PRC for the same period; and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (b) the maximum daily balance (including interest) of the Group's deposit with Shandong Finance shall not exceed the following caps for each of the three years ending 29 June 2019:

	From 30 June 2016 to 29 June 2017 (RMB billion)	From 30 June 2017 to 29 June 2018 (RMB billion)	From 30 June 2018 to 29 June 2019 (RMB billion)
New Caps	17	19	20

The abovementioned interest rate is proposed by the capital administration department of Shandong Finance to the finance department of the Company for consideration and agreed by the parties after arms length's negotiation. The interest rate is determined on the basis of the benchmark interest rate announced by the People's Bank of China, taking into account the deposit interest rate of not less than five major commercial banks in the PRC. The interest rate is set on a yearly basis, subject to adjustment in line with the benchmark interest rate announced by the People's Bank of China from time to time.

Other terms of the New Financial Services Agreement

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

(1) Loan services

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

For completeness, the major terms of the said loan services to be provided by Shandong Finance to the Group have been set out in the Letter from the Board for the Shareholders' information.

(2) *Miscellaneous financial services*

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

For completeness, the major terms of the provision of such financial services by Shandong Finance to the Group have been set out in the Letter from the Board for the Shareholders' information.

C. Existing annual caps and historical amounts of deposit

Pursuant to the terms of the Existing Financial Services Agreement, the existing annual caps, which represent the maximum daily balance (including interest) of the Company's deposit with Shandong Finance for each of the 12 months ended 29 June 2014, 29 June 2015 and 29 June 2016 were RMB9 billion, RMB10.8 billion and RMB13 billion, respectively.

The maximum daily balance (including interest) of the Company's deposit with Shandong Finance during each of the 12 months ended 29 June 2014 and 29 June 2015, and the eight months ended 29 February 2016 were approximately RMB8.9 billion, RMB10.8 billion and RMB13 billion, respectively.

We note that the historical amounts of deposit were either close to or at the maximum amount of the existing annual caps for the respective years.

According to the Letter from the Board, for the purpose of monitoring the amounts of deposit, a certain limit is set by the capital administration department of Shandong Finance with respect to the deposits placed by the Group, taking into account both the principal and the interest accrued or to be accrued on such deposits, which is reviewed by the fund management system of Shandong Finance on a daily basis, so that the relevant amounts of deposit may be withdrawn by the Group to ensure that the relevant annual cap will not be exceeded.

D. Proposed annual caps

Deposit services

The Board, having considered (i) the historical cash position of the Group; (ii) the expected growth of the business operations of the Group; and (iii) the expected amount of interest income from Shandong Finance, proposed that the maximum

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

daily deposit balance (including interest) of the aggregated deposits placed by the Group with Shandong Finance pursuant to the New Financial Services Agreement shall not exceed the following caps for each of the three years ending 29 June 2019:

	From 30 June 2016 to 29 June 2017 (RMB billion)	From 30 June 2017 to 29 June 2018 (RMB billion)	From 30 June 2018 to 29 June 2019 (RMB billion)
New Caps	17	19	20

According to the 2016 annual budget of the Company and its strategic development plan, it is expected that the revenue, cash and bank deposit of the Group will increase for the next three years, and both the principal of and interest to be accrued on the deposit to be placed with Shandong Finance is expected to increase in line with such trend. It is stated in the Letter from the Board that the Company will manage the credit risk with regard to its deposits with Shandong Finance by strictly adhering to the internal control procedures (for details, please refer to the paragraph headed (v) Internal control procedures in the Letter from the Board) and reviewing the financial risk and position of Shandong Finance on a half-yearly basis.

As set out in the Letter from the Board, the Directors (including the independent non-executive Directors after considering the advice of the Independent Financial Adviser) consider that the above New Caps in respect of the deposit services are fair and reasonable.

The proposed new annual cap of RMB17 billion for the year ending 29 June 2017 represents an increase of approximately 30.8% from the existing annual cap of RMB13 billion for the ending 29 June 2016. Given that the maximum daily balance (including interest) of the Company's deposit with Shandong Finance for the eight months ended 29 February 2016 was already at the maximum limit of RMB13 billion, we consider such increase to be reasonable. In addition, the new annual caps for the years ending 29 June 2018 and 29 June 2019 represent only a slight increase of approximately 11.8% and 5.3% from the preceding year respectively. We consider that the proposed New Caps are fair and reasonable.

Loan services and miscellaneous financial services

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

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

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

1. the interest rates offered by Shandong Finance for the deposit services, and the rates and fees charged by Shandong Finance for the loan services and miscellaneous financial services to be provided to the Company shall be equal to or more favourable than those offered or charged by major commercial banks and other financial institutions in the PRC for the same type of financial services provided to the Company;
2. the activities of Shandong Finance are regulated by the CBRC and Shandong Finance provides services within its approved scope in accordance with its operational requirement; and
3. the Company directly holds 20% equity interest of Shandong Finance, which allows it to benefit from the profits of Shandong Finance.

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

We consider that the New Financial Services Agreement is on normal commercial terms and that the terms of the New Financial Services Agreement, the transactions contemplated thereunder, the New Caps in respect of the deposit services and the estimated fees payable for the related financial services are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. We also consider the potential for the Company to obtain equivalent or more favourable terms to be beneficial to the Company and the Shareholders as a whole.

F. Internal Control Procedures

To secure the Shareholders' interests, Shandong Finance has given certain undertakings under the New Financial Services Agreement and the Company has adopted certain internal control procedures, pursuant to which:

1. Shandong Finance shall ensure that it is in strict compliance with the requirements of the relevant PRC financial laws and regulations;
2. the monthly report or financial statements of Shandong Finance for each month will be provided to the Group;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. the Company shall regularly review and obtain the relevant documents such as account books, financial statements and audit reports of Shandong Finance in order to assess the business of Shandong Finance and its financial risk and position; and
4. the Company shall be notified within two business days upon the occurrence of circumstances that may cause harm to the security of the Group's deposits or on the occurrence of any other circumstances that may jeopardise the security of the Group's deposits, including the possibility of a bank run on Shandong Finance, inability to repay its debts when due or serious failures of its computer systems. In the event that the relevant risks cannot be eliminated, the Company shall take relevant actions to withdraw all deposits.

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

We consider that such internal control procedures, including and not limited to the provision of monthly reports, will enable the Company to monitor its deposits in a timely manner and accordingly are favourable to the Shareholders. As stated above, the Company has also committed to strictly adhering to the internal control procedures in order to manage the credit risk of its deposits with Shandong Finance.

RECOMMENDATION

Having considered the principal factors and reasons referred to above, we are of the opinion that the terms of the New Financial Services Agreement and the relevant New Caps are on normal commercial terms (or better to the Group) and in the ordinary and usual course of business of the Company and are fair and reasonable so far as the Independent Shareholders are concerned and the said terms are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we would advise the Independent Shareholders and the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to approve the New Financial Services Agreement and the relevant New Caps at the AGM.

Yours faithfully,
For and on behalf of
Trinity Corporate Finance Limited
Keith Jacobsen
Chief Executive Officer

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 December 2012, 2013 and 2014 are disclosed in the following documents which have been published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.weichai.com):

- the Company's annual report for the year ended 31 December 2012 published on 29 April 2013 (pages 87 to 344);
- the Company's annual report for the year ended 31 December 2013 published on 29 April 2014 (pages 79 to 356); and
- the Company's annual report for the year ended 31 December 2014 published on 23 April 2015 (pages 89 to 348).

2. INDEBTEDNESS

Borrowings

As at the close of business on 29 February 2016, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding interest-bearing bank borrowings of approximately RMB12,750 million as follows:

	As at 29 February 2016 <i>RMB'million</i>
Current bank borrowings	5,316
Non-current bank borrowings due within one year	455
Non-current bank borrowings	6,979
	<hr/>
	12,750
	<hr/> <hr/>

Details of such bank borrowings and other borrowings which are secured or unsecured are set out below:

	As at 29 February 2016 RMB'million
secured	39
unsecured	12,711
	<hr/> 12,750 <hr/>

As at 29 February 2016, the Group had total available bank credit facilities of approximately RMB60,953 million of which approximately RMB42,893 million had not been utilised.

Collateral

As at 29 February 2016, certain bank loans of the Group were secured by the pledge of the following:

	As at 29 February 2016 RMB'million
Property, plant and equipment	30
Land use right	50
	<hr/> 80 <hr/>

Liabilities under acceptance

As at 29 February 2016, the Group had liabilities under acceptance of approximately RMB5,012 million.

Company bonds issued

As at 29 February 2016, the Group issued company bonds of approximately RMB4,745 million.

Contingent liabilities*(1) Exposure to Confirmation Risks*

Shaanxi Heavy-duty Motor Co., Ltd., a subsidiary of the Company, entered into a tri-party cooperation agreement with distributors and endorsing bank. Distributors will deposit guarantee money of not lower than 30% to the bank and apply for establishment of bank acceptance bill according to the amount of credit facility provided by the bank. Shaanxi Heavy-duty Motor Co., Ltd. assumes security obligation in favour of the distributors for the difference between amount of notes and guarantee money. As at 29 February 2016, open position of outstanding acceptance bill was RMB1,024 million.

(2) Finance lease business

Shaanxi Heavy-duty Motor Co., Ltd., a subsidiary of the Company, entered into a cooperation agreement with Shanzhong Finance Leasing Co., Ltd.. It is agreed by and between the two parties that Shanzhong Finance Leasing Co., Ltd. shall provide finance lease service to Shaanxi Heavy-duty Motor Co., Ltd. or its distributors. Shaanxi Heavy-duty Motor Co., Ltd. shall guarantee repurchase of physical assets upon presentation in respect of the leasee's failure to pay the instalment payments and interests under the finance lease. As at 29 February 2016, the rental balance of repurchase of physical assets upon presentation was RMB631 million.

(3) Guarantee

As at 29 February 2016, an overseas subsidiary of the Company had guaranteed for borrowings or otherwise in the amount of approximately RMB168 million.

The Directors confirm that there are no material changes in the indebtedness or contingent liabilities of the Group since 29 February 2016.

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

3. WORKING CAPITAL

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

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Into 2016, the global economy is expected to enter a stage of low growth. The heavy-duty truck market is anticipated to resume growth in sales volume. The construction machinery sector will benefit from the “One Belt and One Road” strategy and government investment, infrastructure construction such as urbanization construction and the national express rail, and a rebound is anticipated. Leveraging upon the synergy presented by its global development, advanced technology in smart manufacturing, product and service diversity and strong base of loyal customers, the Company will demonstrate increasing competitive strengths in its products.

5. MATERIAL ADVERSE CHANGE

The Directors confirmed that, as at the Latest Practicable Date, they are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2014, being the date to which the latest published audited consolidated financial statements of the Company were made up.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this 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.

2. DISCLOSURE OF INTERESTS

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

Interests in the Shares of the Company

Name of director	Capacity	Number of "A" shares held	Number of "H" shares held	Percentage of the issued share capital of the Company
Tan Xuguang	Beneficial owner	29,421,298 (Note 1)	–	0.74%
Zhang Quan	Beneficial owner	6,842,162 (Note 1)	–	0.17%
Xu Xinyu	Beneficial owner	6,842,162 (Note 1)	–	0.17%
Sun Shaojun	Beneficial owner	6,842,162 (Note 1)	–	0.17%

Name of supervisor	Capacity	Number of "A" shares held	Number of "H" shares held	Percentage of the issued share capital of the Company
Lu Wenwu	Beneficial owner	300,000	–	0.008%

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.
- All the shareholding interests listed in the above table are "long" position.

Interests in the shares of associated corporations of the Company

Name of Director	Name of associated corporation	Nature of interest	Class and number of securities interested or deemed to be interested	Approximate percentage interest in the entire issued share capital of associated corporations
Gordon Riske (Note)	KION Group AG ("KION")	Beneficial owner	227,350 ordinary shares	0.23%
		Interest held by spouse	3,000 ordinary shares	0.003%

Note: Gordon Riske, a non-executive Director, was the beneficial owner of 227,350 shares in KION and he was also deemed to be interested in 3,000 shares in KION which were beneficially held by his wife, Ms. Benita Riske.

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

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

Name	Capacity	Long/ Short position	Number of A shares	Percentage of share capital comprising only A shares	Number of H shares	Percentage of share capital comprising only H shares	Percentage of total issued share capital
Weichai Group Holdings Limited	Beneficial owner	Long	672,952,800	22.23%	–	–	16.83%
Shandong Heavy Industry Group Co., Ltd. (Note 1)	Held by controlled corporation	Long	672,952,800	22.23%	–	–	16.83%
Brandes Investment Partners, LP (Note 2)	Investment manager	Long	–	–	78,578,612	16.18%	3.93%
Lazard Asset Management LLC	Investment manager	Long	–	–	224,881,590	23.14%	5.62%
JPMorgan Chase & Co.	Beneficial owner	Long	–	–	11,259,398	1.16%	0.28%
	Custodian – Corporation/ approved lending agent	Long	–	–	100,569,208	10.35%	2.52%
	Investment manager	Long	–	–	4,116,008	0.42%	0.10%
					<u>115,944,614</u>	<u>11.93%</u>	<u>2.90%</u>
	Beneficial owner	Short	–	–	2,875,000	0.29%	0.07%
Templeton Investment Counsel, LLC	Investment manager	Long	–	–	87,570,220	9.01%	2.19%
Lazard Emerging Markets Equity Portfolio (Note 3)	Investment manager	Long	–	–	23,707,500	5.86%	1.42%

Name	Capacity	Long/ Short position	Number of A shares	Percentage of share capital comprising only A shares	Number of H shares	Percentage of share capital comprising only H shares	Percentage of total issued share capital
Barclays PLC (Note 2)	Person having a security interest in shares	Long	–	–	525,552	0.11%	0.03%
	Interest of corporation controlled by the substantial shareholder	Long	–	–	25,453,050	5.24%	1.27%
					<u>25,978,602</u>	<u>5.35%</u>	<u>1.30%</u>
	Interest of corporation controlled by the substantial shareholder	Short	–	–	24,102,475	4.96%	1.21%
FIL Limited	Investment Manager	Long	–	–	57,173,000	5.88%	1.43%
Morgan Stanley	Interest of corporation controlled by the substantial shareholder	Long	–	–	51,844,252	5.34%	1.30%
	Interest of corporation controlled by the substantial shareholder	Short	–	–	46,391,438	4.78%	1.16%

Notes:

1. Shandong Heavy Industry Group Co., Ltd., being a subsidiary of the State-owned Assets Supervision and Administration Commission of Shandong Province, held the entire share capital of Weichai Group Holding Limited (formerly known as Weifang Diesel Engine Works).
2. The number of H shares (and the relevant shareholding percentages) reported above by the relevant substantial shareholder does not take into consideration the Company's bonus share issuance on 20 August 2015 as there is no disclosure of interest obligation under the SFO where there is no change in percentage of shareholdings for a substantial shareholder.
3. The number of H shares (and the relevant shareholding percentages) reported above by the relevant substantial shareholder does not take into consideration the Company's bonus share issuance on 17 August 2012 and 20 August 2015 as there is no disclosure of interest obligation under the SFO where there is no change in percentage of shareholdings for a substantial shareholder.

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

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

Name of Director	Positions held in Weichai Holdings	Positions held in Shandong Heavy Industry
Tan Xuguang	Chairman	Chairman
Jiang Kui	–	General manager
Xu Xinyu	Director	–
Sun Shaojun	Director	–
Zhang Quan	Director	–

3. ARRANGEMENTS AND MATTERS CONCERNING DIRECTORS

- (a) None of the Directors has entered into any service contract with the Group, which is not expiring or determinable by the Group within one year without payment of compensation (other than the payment of statutory compensation).
- (b) As at the Latest Practicable Date, save for Mr. Gordon Riske's interest in KION as disclosed in the section headed "2. Disclosure of interests – Interest in the shares of associated corporations of the Company" of this Appendix, none of the Directors was interested, directly or indirectly, in any assets which, since 31 December 2014, being the date to which the latest published audited consolidated financial statements of the Group were made up, had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group. As disclosed in the Company's announcement dated 27 March 2015, the Company (through its indirect wholly-owned subsidiary, Weichai Power (Luxembourg) Holding S.à r.l.), acquired 4,900,000 shares in KION for a consideration of EUR186,935,000.
- (c) As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date and entered into by the Group since 31 December 2014, being the date to which the latest published audited consolidated financial statements of the Group were made up, and which was significant in relation to the business of the Group.
- (d) As at the Latest Practicable Date, save for the directorship of Mr. Zhang Quan in 北汽福田汽車股份有限公司 (Beiqi Foton Motor Co., Ltd.) ("**Beiqi Foton**"), none of the Directors or their respective associates had any interest in a business which competed or might compete with the business of the Company. The Company has an approximately 1.2% interest in the shares of Beiqi Foton. Beiqi Foton is also a customer of the Company's diesel engines. Beiqi Foton is engaged in the production of, inter alia, heavy-duty vehicles/trucks.

4. LITIGATION

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

5. QUALIFICATION AND CONSENT OF THE EXPERT

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

Name	Qualification
Trinity Corporate Finance Limited	A corporation licensed to carry out regulated activity type 6 (advising on corporate finance) under the SFO

- (b) As at the Latest Practicable Date, the Independent Financial Adviser did not have any shareholding in the Company or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any interest, direct or indirect, in any assets which had, since the date to which the latest published audited consolidated financial statements of the Group were made up, been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.
- (c) The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the forms and contexts in which they appear. The letter of the Independent Financial Adviser contained herein was issued on 21 April 2016 and was made by the Independent Financial Adviser for incorporation in this circular.

6. MATERIAL CONTRACT

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

the agreement dated 27 March 2015 between Weichai Power (Luxembourg) Holding S.à r.l. (an indirect wholly-owned subsidiary of the Company) as purchaser and Superlift Holding, S.à r.l. as vendor in respect of the acquisition of approximately 4.95% of the issued share capital of KION (an indirect non wholly-owned subsidiary of the Company) at the consideration of EUR186,935,000, as more particularly set out in the announcement of the Company dated 27 March 2015.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the Company's principal place of business in Hong Kong at Room 3407–3408, 34/F, Gloucester Tower, Landmark, 15 Queen's Road Central, Hong Kong, from the date of this circular to 5 May 2016 (both days inclusive):

- (a) the Articles of Association;
- (b) the annual reports of the Company for the three years ended 31 December 2012, 2013 and 2014;
- (c) the material contract as referred to in the paragraph headed "6. Material contract" in this appendix;
- (d) the Existing Financial Services Agreement;
- (e) the New Financial Services Agreement;
- (f) the letter from the Independent Financial Adviser as set out in this circular;
- (g) the written consent of the Independent Financial Adviser as referred to in the paragraph headed "5. Qualification and consent of the expert" in this appendix;
- (h) the letter from the Independent Board Committee as set out in this circular; and
- (i) this circular.

8. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Kwong Kwan Tong, who is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants and the Chartered Institute of Management Accountants.
- (b) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (c) In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.



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 2015 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “**2015 Annual General Meeting**”) of Weichai Power Co., Ltd. (the “**Company**”) for the year ended 31 December 2015 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 7 June 2016 at 2:30 p.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 21 April 2016, 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 2015.
2. To consider and approve the Report of the Board of Directors of the Company for the year ended 31 December 2015.
3. To consider and approve the Report of the Supervisory Committee of the Company for the year ended 31 December 2015.
4. To consider and receive the audited financial statements of the Company and the Auditors’ Report for the year ended 31 December 2015.
5. To consider and approve the 財務決算報告 (final financial report) of the Company for the year ended 31 December 2015.
6. To consider and approve the 財務預算報告 (financial budget report) of the Company for the year ending 31 December 2016.
7. To consider and approve the re-appointment of Ernst & Young Hua Ming LLP (安永華明會計師事務所(特殊普通合夥)) as the auditors of the Company for the year ending 31 December 2016 and to authorise the Directors to determine their remuneration.
8. To consider and approve the re-appointment of 山東和信會計師事務所(特殊普通合夥) (Shandong Hexin Accountants LLP) as the internal control auditors of the Company for the year ending 31 December 2016.

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9. 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 2016.
10. To consider and approve the distribution of profit to the shareholders of the Company for the year ended 31 December 2015.
11. To consider and approve the amendments to the terms of reference of the Audit Committee as set out in the Circular.
12. To consider and approve the continuing connected transaction between the Company and 山推工程機械股份有限公司 (Shantui Engineering Machinery Co. Ltd.) (Note J).
13. To consider and, if thought fit, approve the following resolution as an ordinary resolution:

“**THAT** the New Financial Services Agreement dated 30 March 2016 referred to in the section headed “2. Major and continuing connected transactions” in the “Letter from the Board” contained in the circular (the “**Circular**”) of the Company of which this notice forms part and the relevant New Caps (as defined in the Circular) be and are hereby approved.” (Note J)

AS SPECIAL RESOLUTION:

14. 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

NOTICE OF AGM

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;

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- (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.
Kwong Kwan Tong
Company Secretary

Hong Kong, 21 April 2016

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 8 May 2016 to 7 June 2016 (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 8 May 2016 are entitled to attend and vote at the 2015 Annual General Meeting following completion of the registration procedures. To qualify for attendance and voting at the 2015 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 6 May 2016. 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

NOTICE OF AGM

- (B) Holders of H Shares intending to attend the 2015 Annual General Meeting should complete and return the reply slip for attending the 2015 Annual General Meeting personally, by facsimile or by post to the Secretary to the Board of the Company 20 days before the 2015 Annual General Meeting, (i.e. on or before 18 May 2016). The contact details of the Secretary to the Board of the Company are as follows:

Capital Operation 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) 819 7069
Facsimile No.: 86 (536) 819 7073

- (C) Each holder of H Shares of the Company entitled to attend and vote at the 2015 Annual General Meeting may, by completing the form of proxy of the Company, appoint one or more proxies to attend and vote at the 2015 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 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 authorisation (if any) must be notarised. If a corporate shareholder appoints a person other than its legal representative to attend the 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 Annual General Meeting and end on (and exclude) the date that is ten (10) days before the date of the 2015 Annual General Meeting.

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- (I) The 2015 Annual General Meeting is expected to last for half a day. Shareholders who attend the 2015 Annual General Meeting shall bear their own travelling and accommodation expenses.
- (J) Weichai Holdings and its associates will abstain from voting at the AGM in respect of this resolution.

As at the date of this notice, the executive Directors of the Company are Mr. Tan Xuguang, Mr. Zhang Quan, Mr. Xu Xinyu, Mr. Li Dakai and Mr. Sun Shaojun; the non-executive Directors of the Company are Mr. Wang Yuepu, Mr. Jiang Kui and Mr. Gordon Riske; and the independent non-executive Directors of the Company are Mr. Loh Yih, Mr. Zhang Zhenhua, Mr. Zhang Zhong, Mr. Wang Gongyong and Mr. Ning Xiangdong.