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WEICHAI

潍柴动力股份有限公司

WEICHAI POWER CO., LTD.

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

(Stock Code: 2338)

**ISSUANCE OF US\$775,000,000 3.75 PER CENT. SENIOR GUARANTEED
PERPETUAL CAPITAL SECURITIES**

unconditionally and irrevocably guaranteed by the Company

Reference is made to the announcement of the Company dated 1 September 2017 in respect of the Securities Issue.

On 7 September 2017, the Issuer and the Guarantor entered into the Subscription Agreement with the Joint Global Coordinators and the Joint Lead Managers in connection with the issue and sale of the Securities. The Securities will only be offered and sold outside the United States in compliance with Regulation S under the U.S. Securities Act.

The Issuer intends to on-lend the net proceeds from this offering to the Guarantor or its designated subsidiaries to repay certain offshore bank borrowings and as general working capital for the Group's offshore operations in compliance with the relevant laws and regulations of SAFE.

Approval in-principle has been received for the listing and quotation of the Securities on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. No listing of Securities has been, or will be, sought in Hong Kong.

As the conditions precedent to completion of the Subscription Agreement may or may not be satisfied and the Subscription Agreement may be terminated upon the occurrence of certain events, prospective investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company.

Reference is made to the announcement of the Company dated 1 September 2017 in respect of the Securities Issue.

The Board is pleased to announce that on 7 September 2017, the Issuer and the Guarantor entered into a Subscription Agreement with the Joint Global Coordinators and the Joint Lead Managers in connection with the issue and sale of the Securities in the aggregate principal amount of US\$775,000,000.

SUBSCRIPTION AGREEMENT

Date: 7 September 2017

Parties:

- (1) the Issuer;
- (2) the Guarantor; and
- (3) the Joint Global Coordinators and the Joint Lead Managers.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Joint Global Coordinators and Joint Lead Managers is an independent third party and not a connected person of the Company.

The Securities have not been, and will not be, registered under the U.S. Securities Act. The Securities will only be offered and sold outside the United States in compliance with Regulation S under the U.S. Securities Act. None of the Securities will be offered to the public in Hong Kong.

PRINCIPAL TERMS AND CONDITIONS

Securities Offered

Subject to satisfaction of conditions precedent to closing, the Issuer will issue the Securities in the aggregate principal amount of US\$775,000,000.

Issue Price

The issue price of the Securities will be 100.00 per cent. of the principal amount of the Securities.

Form and Denomination

The Securities will be issued in registered form in the denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof.

Distribution

Subject to the Terms and Conditions, the Securities confer a right to receive distributions (each a “**Distribution**”) from and including 14 September 2017 (the “**Original Issue Date**”) at the applicable Distribution Rate (as defined below). Subject to the Terms and Conditions, Distributions shall be payable on the Securities semi-annually in arrear on 14 March and 14 September of each year (each, a “**Distribution Payment Date**”), commencing on 14 March 2018.

Subject to any increase pursuant to the Terms and Conditions, the rate of distribution (“**Distribution Rate**”) applicable to the Securities shall be:

- (1) in respect of the period from, and including, the Original Issue Date to, but excluding, 14 September 2022 (the “**First Call Date**”), 3.75 per cent. per annum; and
- (2) in respect of the period (A) from, and including the First Call Date, to, but excluding, the Reset Date falling immediately after the First Call Date, and (B) from, and including, each Reset Date falling after the First Call Date to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate;

provided that, in each case, in the event of the occurrence of a Change of Control Triggering Event, a Breach of Covenants Event or an Indebtedness Default Event, (as defined in the Terms and Conditions), if the Issuer does not elect to redeem the Securities within 45 days of the relevant event, or (y) in the case of a Breach of Covenants Event or an Indebtedness Default Event, the relevant Covenant Breach or the Indebtedness Default Event (as the case may be) is not remedied by the 45th day following the occurrence of such Breach of Covenants Event or such Indebtedness Default Event (as the case may be) or in the case of a Change of Control Triggering Event, the relevant Change of Control still exists by the 45th day following the Change of Control Triggering Event, then the then prevailing Distribution Rate applicable to the Securities shall be increased by 4.00 per cent. per annum with effect from the next Distribution Payment Date (or, if the relevant event occurs is prior to the most recent preceding Distribution Payment Date, such Distribution Payment Date).

Maturity Date

There is no maturity date.

Status of the Securities

The Securities will constitute direct, general, unconditional, unsubordinated and, subject to the Terms and Conditions, unsecured obligations of the Issuer, except for such obligations as may be preferred by applicable provisions of law, and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Securities shall, save for such exceptions as may be provided by mandatory provisions of applicable law and regulations, at all times rank at least *pari passu* with all its other present and future, unsecured and unsubordinated obligations.

Status of the Guarantee

The Guarantee will constitute direct, general and unconditional obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured, unconditional and unsubordinated obligations of the Guarantor, save as provided under the Terms and Conditions and except for such obligations as may be preferred by applicable provisions of law.

Redemption at the Option of the Issuer

The Securities may be redeemed at the option of the Issuer in whole, but not in part, on giving not more than 60 nor less than 30 days' irrevocable notice to the Trustee, the Agents and the holders of Securities at their principal amount together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount) on the First Call Date or on any Distribution Payment Date after the First Call Date.

Redemption for Accounting Reasons

The Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on the Issuer giving not more than 60 nor less than 30 days' notice to the Trustee, the holders of Securities and the Agents (which notice shall be irrevocable) at their principal amount, together with Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount) if, immediately before giving such notice, the Issuer satisfies the Trustee that as a result of any changes or amendments to GAAP or any other generally accepted accounting standards that may replace GAAP for the purposes of preparing the consolidated financial statements of the Guarantor (the “**Relevant Accounting Standards**”), the Securities must not or must no longer be recorded as “equity” of the Guarantor pursuant to the Relevant Accounting Standards.

Redemption for a Change of Control Triggering Event

The Securities may be redeemed at the option of the Issuer in whole, but not in part, on giving not more than 60 nor less than 30 days' irrevocable notice to the Trustee, the Agents and the holders of Securities at 101 per cent. of their principal amount (together with any Distribution accrued to the date fixed for redemption (including any Arrears of Distribution and any Additional Distribution Amount)) if a Change of Control Triggering Event (as defined in the Terms and Conditions) occurs.

Redemption for SAFE Noncompliance Event

If the conditions and documents, including the registration of the Deed of Guarantee with SAFE, as set out in the terms and conditions of the Securities has not been satisfied or provided on or prior to the deadline for such registration pursuant to the relevant laws and regulations in the PRC and in accordance with the Terms and Conditions, the Securities may be redeemed at the option of the Issuer in whole, but not in part, on giving not more than 30 nor less than 15 days' irrevocable notice to the Trustee, the Agents and the holders of Securities at their principal amount (together with any Distribution accrued up to, but excluding, the redemption date (including any Arrears of Distribution and any Additional Distribution Amount)).

PROPOSED USE OF NET PROCEEDS

The Issuer intends to on-lend the net proceeds from this offering to the Guarantor or its designated subsidiaries to repay certain offshore bank borrowings and as general working capital for the Group's offshore operations in compliance with the relevant laws and regulations of SAFE.

LISTING AND RATING

Approval in-principle has been received for the listing and quotation of the Securities on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. The approval in-principle is not to be taken as an indication of merits of the Issuer, the Guarantor, the Group or the Securities.

S&P has assigned a corporate rating of "BBB" to the Guarantor with a "stable" outlook and Fitch has assigned a corporate rating of "BBB+" to the Guarantor with a "stable" outlook. The Securities are expected to be rated "BBB-" and "BBB" by S&P and Fitch, respectively. Security ratings are not recommendations to buy, sell or hold the Securities. Ratings are subject to revision or withdrawal at any time by the rating agencies.

GENERAL

As the conditions precedent to completion of the Subscription Agreement may or may not be satisfied and the Subscription Agreement may be terminated upon the occurrence of certain events, prospective investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Additional Distribution Amount”	the Distribution calculated at the Distribution Rate in respect of each amount of Arrears of Distribution as if such amount constituted the principal amount of the Securities at the prevailing Distribution Rate and the amount of such Distribution
“Agency Agreement”	the agency agreement proposed to be entered into between the Issuer, the Guarantor, the Trustee and The Hongkong and Shanghai Banking Corporation Limited as principal payment agent, transfer agent and registrar in relation to the Securities, as amended or supplemented from time to time
“Agents”	The Hongkong and Shanghai Banking Corporation Limited
“Arrears of Distribution”	any Distribution deferred pursuant to the Terms and Conditions
“Board”	the board of Directors of the Company
“Company” or “Guarantor”	Weichai Power Co., Ltd., a company established in the PRC with limited liability
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Deed of Guarantee”	the deed of guarantee proposed to be entered into between the Guarantor and the Trustee, as amended or supplemented from time to time
“Director(s)”	the director(s) of the Company
“Fitch”	Fitch Ratings Ltd., a subsidiary of Fimalac and its successors
“GAAP”	the accounting principles generally accepted in, and pursuant to the relevant laws of the PRC in effect from time to time
“Group”	the Company and its subsidiaries
“Guarantee of the Securities”	the unconditional and irrevocable guarantee of the Securities by the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Issuer”	Weichai International Hong Kong Energy Group Co., Limited, a company incorporated with limited liability under the laws of Hong Kong and a direct wholly-owned subsidiary of the Company
“Joint Lead Managers”	Barclays Bank PLC and J.P. Morgan Securities plc
“Listing Rules”	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“NDRC”	National Development and Reform Commission of the PRC
“PRC” or “China”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan for the purpose of this announcement
“Relevant Reset Distribution Rate”	means a rate of interest expressed as a percentage per annum equal to the sum of (a) the initial spread of 2.084 per cent., (b) the Treasury Rate (as defined in the Terms and Conditions) and (c) a margin of 4.00 per cent. per annum
“Reset Date”	means the First Call Date and each day falling every five years after the First Call Date
“SAFE”	State Administration of Foreign Exchange of the PRC
“Securities”	the US dollar denominated senior guaranteed perpetual capital securities with a non-call period of five years proposed to be issued by the Issuer, as described in this announcement
“Securities Issue”	the issue of the Securities by the Issuer
“SGX-ST”	the Singapore Exchange Securities Trading Limited
“Shareholders”	the shareholders of the Company
“S&P”	S&P Global Ratings, a division of S&P Global Inc. and its successor
“Subscription Agreement”	the agreement dated 7 September 2017 entered into among the Issuer, the Guarantor, the Joint Global Coordinators and the Joint Lead Managers
“Terms and Conditions”	the terms and conditions of the Securities, which are appended to the Trust Deed

“Trust Deed”	the trust deed proposed to be entered into between the Issuer, the Guarantor and the Trustee in relation to the Securities, as amended or supplemented from time to time
“Trustee”	The Hongkong and Shanghai Banking Corporation Limited
“United States”	the United States of America, its territories and possessions and all areas subject to its jurisdiction
“U.S. Securities Act”	the United States Securities Act of 1933, as amended
“US\$” or “US dollars”	United States dollars, the lawful currency of the United States

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

The PRC, 8 September 2017

As at the date of this announcement, the executive Directors of the Company are Mr. Tan Xuguang, Mr. Zhang Quan, Mr. Xu Xinyu, Mr. Sun Shaojun, Mr. Yuan Hongming and Mr. Yan Jianbo; 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 Zhong, Mr. Wang Gongyong, Mr. Ning Xiangdong and Mr. Li Hongwu.