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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)**

**(1) GENERAL MANDATE TO ISSUE SHARES,  
(2) PROPOSED NON-PUBLIC ISSUANCE OF A SHARES UNDER  
THE GENERAL MANDATE,  
AND  
(3) PROPOSED CONSEQUENTIAL AMENDMENTS TO  
THE ARTICLES OF ASSOCIATION**

**GENERAL MANDATE TO ISSUE SHARES**

The Board is pleased to announce that, on 24 December 2020, the Board has resolved to submit a special resolution on a proposed General Mandate to issue Shares to the EGM for consideration and approval. Pursuant to the General Mandate (if granted), according to market conditions and the needs of the Company, the Board will separately or concurrently issue additional A Shares and/or H Shares in the share capital of the Company, the total number of such additional A Shares and/or H Shares to be issued shall not exceed each of 20% of the issued A Shares and H Shares of the Company, respectively, as at the time of approval of the relevant resolution at the EGM.

**PROPOSED NON-PUBLIC ISSUANCE OF A SHARES UNDER THE GENERAL MANDATE**

The Board is pleased to announce that, on 24 December 2020, the Board has approved the proposed Non-public Issuance of A Shares under the General Mandate, pursuant to which, the Company will issue a maximum of 793,387,389 new A Shares to no more than 35 specific target subscribers by way of non-public issuance, and the proceeds expected to be raised will be not more than RMB13,000 million.

The proposed Non-public Issuance of A Shares under the General Mandate is subject to, among others, the approval of Shareholders at the EGM by way of special resolutions.

## **GENERAL**

A circular containing, among other things, further details regarding (i) the general mandate to issue new Shares; (ii) the proposed Non-public Issuance of A Shares; and (iii) the proposed consequential amendments to the Articles of Association will be despatched to the Shareholders as soon as practicable.

**The completion of the Non-public Issuance of A Shares is subject to the satisfaction of certain conditions. Accordingly, the Non-public Issuance of A Shares may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

### **I. INTRODUCTION**

The Board is pleased to announce that, on 24 December 2020, the Board has approved the proposed Non-public Issuance of A Shares, pursuant to which, the Company will issue a maximum of 793,387,389 new A Shares to no more than 35 specific target subscribers by way of non-public issuance, and the proceeds expected to be raised will be no more than RMB13,000 million. The A Shares to be issued pursuant to the proposed Non-public Issuance of A Shares will be issued under the General Mandate, which is subject to the Shareholders' approval at the EGM.

### **II. GENERAL MANDATE TO ISSUE SHARES**

To ensure flexibility and discretion to the Board to issue new Shares when it becomes desirable, the Board has resolved to submit a special resolution to the EGM for consideration and approval on a proposed General Mandate to issue certain Shares. Pursuant to the General Mandate (if granted), according to market conditions and the needs of the Company, the Board will separately or concurrently issue additional A Shares and/or H Shares in the share capital of the Company, the total number of such additional A Shares and/or H Shares to be issued shall not exceed each of 20% of the issued A Shares and H Shares of the Company, respectively, as at the time of approval of the relevant resolution at the EGM.

As at the date of this announcement, the issued share capital of the Company comprised of 5,990,833,895 A Shares and 1,943,040,000 H Shares. Subject to the approval of the grant of the General Mandate by the Shareholders and on the basis that no further Shares are issued before the EGM, the Board will have the power to issue up to 1,198,166,779 A Shares and 388,608,000 H Shares.

The specific contents of the General Mandate include but are not limited to the following:

1. The granting of a general mandate to the Board of the Company (within the scope as set out in paragraph 2 below) to, subject to market conditions and the requirements of the Company, separately or concurrently issue additional shares of the issued A Shares and/or H Shares of the Company during the Relevant Period (as defined below), and to make or grant decisions which might require the exercise of such powers (including authorising the Board during the Relevant Period to make or grant decisions which might require the exercise of such powers after the end of the Relevant Period).
2. The aggregate number of the A Shares and/or H Shares conditionally or unconditionally agreed to be issued (whether pursuant to the exercise of options or otherwise) by the Board shall not exceed 20% of the respective class of Shares in issue of the Company when this resolution is approved at the EGM.
3. The Board is authorised to formulate and implement the detailed issuance plan, including but not limited to (i) the class and number of the new shares to be issued, (ii) the pricing mechanism and/or issue price (including price range), (iii) starting and closing date of the issuance, (iv) use of proceeds, (v) the making or granting of authorisations in respect of decisions which may require the exercise of such powers; and (vi) other contents that the detailed issuance plan should contain as required by the relevant laws and regulations and other regulatory documents, the relevant regulatory institutions, and the exchange where the relevant Shares are listed.
4. The Board is authorised to engage intermediary institutions in respect of the issuance of Shares, to approve and sign all acts, documents and other matters necessary or relevant to the issuance of Shares, and to consider, approve, and sign, on behalf of the Company, agreements related to the issuance of Shares, including but not limited to subscription agreements, underwriting agreements and engagement agreements of intermediaries.
5. The Board is authorised to consider and execute, on behalf of the Company, statutory documents related to the issuance of Shares for submission to the relevant regulatory authorities, to carry out relevant approval procedures as required by regulatory authorities and the places in which the Company is listed, and to complete all necessary filings, registrations and record with the relevant governmental authorities of Hong Kong and/or any other regions or jurisdictions (if applicable).
6. The Board is authorised to amend, as required by regulatory authorities within or outside China, relevant agreements and statutory documents referred to in paragraphs (4) and (5) above.

7. The Board is authorised to approve the increase in registered capital of the Company after issuance of the new Shares, make appropriate and necessary amendments to the relevant contents of total share capital and shareholding structure in the Articles of Association, carry out the relevant approval, registration and filing procedures pursuant to domestic and overseas statutory requirements, and take any other action and complete any procedures required to implement the relevant share issuance and realize the increase in the registered capital of the Company.
8. Upon obtaining of the aforesaid mandate by the Board, to delegate the authority to the authorised person(s) of the Company to jointly or individually sign, execute, amend, complete and submit all agreements, contracts and documents relating to the issuance of shares under the General Mandate unless otherwise required under the relevant laws and regulations.
9. Exercise of the General Mandate by the Board is subject to the approvals of the CSRC and/or the other relevant governmental authorities of the PRC and in accordance with the Company Law of the PRC, the Securities Law of the PRC, the Hong Kong Listing Rules or all applicable laws, regulations and rules of any other governmental or regulatory authorities.

Except that the Board may make or grant decisions under the authorisation granted thereto during the Relevant Period in relation to the issuance of A Shares and/or H Shares, which might require further promotion or implementation after the end of the Relevant Period, the General Mandate shall be effective during the Relevant Period. “Relevant Period” means the period from the passing of this resolution as a special resolution at the EGM until whichever is the earliest of:

- (i) the expiration of a 12-month period following the passing of the resolution at the EGM; or
- (ii) the revocation or variation of the authority given under this resolution by passing of a special resolution of the Company in a general meeting.

Should the Board or its authorised person(s), during the Relevant Period, sign the necessary documents, complete the necessary formalities or take relevant steps which might require to be performed or carried out upon or after the end of the Relevant Period or continued until the end of the Relevant Period, the Relevant Period will be extended accordingly.

The General Mandate has been considered and approved by the Board, and will be proposed at the EGM for the Shareholders’ consideration and approval by way of special resolution.

### III. PROPOSED NON-PUBLIC ISSUANCE OF A SHARES

#### A. Issuance proposal for the proposed Non-public Issuance of A Shares

The Board is pleased to announce that, on 24 December 2020, the Board has approved the proposed Non-public Issuance of A Shares under the General Mandate, pursuant to which the Company will issue a maximum of 793,387,389 new A Shares to no more than 35 specific subscribers by way of non-public issuance, at a final issue price to be determined in the manner described under “4. Pricing Benchmark Date, issue price and pricing principles” below. The Company intends to raise gross proceeds of not more than RMB13,000 million.

Details of the proposed Non-public Issuance of A Shares are set out below:

- 1. Class and par value of Shares to be issued** The Shares to be issued are A Shares with a par value of RMB1.00 per share.
- 2. Method and time of issuance** The proposed Non-public Issuance of A Shares will be undertaken by way of non-public issuance to specific subscribers. The Company will issue A Shares to specific subscribers at an appropriate time within the validity period as approved by the CSRC.
- 3. Target subscribers and subscription method** The target subscribers of the Non-public Issuance of A Shares will be no more than 35 specific investors, including securities investment fund management companies, securities companies, insurance institutional investors, trust companies, finance companies, asset management companies, qualified foreign institutional investors and qualified RMB foreign institutional investors etc., being legal persons, natural persons or other legal investment entities who meet the relevant legal and regulatory requirements.

Securities investment fund management companies, securities companies, qualified foreign institutional investors and qualified RMB foreign institutional investors that subscribe for the relevant A Shares with two or more of the products managed by them, shall be taken as one single target subscriber. A trust company that subscribes as a target subscriber may only use its proprietary funds for subscription.

Upon obtaining the written approval of the CSRC for the proposed Non-public Issuance of A Shares, the final target subscribers shall be determined by the Board or its authorised person(s) under the authorisation granted at the EGM, with the sponsoring institution (lead underwriter) according to the price inquiry results based on the principle of price priority according to the prices offered by the target subscribers.

All A Shares to be issued under the proposed Non-public Issuance of A Shares will be subscribed for in cash.

4. **Pricing Benchmark Date, issue price and pricing principles** The pricing benchmark date (the “**Pricing Benchmark Date**”) of the proposed Non-public Issuance of A Shares shall be the first day of the issue period of the proposed Non-public Issuance of A Shares.

The issue price of the issuance shall be no less than 80% of the average trading price (rounded up to the nearest two decimal places) of the A Shares of the Company for the 20 trading days preceding the Pricing Benchmark Date (excluding the Pricing Benchmark Date; same for below). The average trading price of the A Shares of the Company for the 20 trading days preceding the Pricing Benchmark Date shall be the total trading amount of the A Shares for the 20 trading days preceding the Pricing Benchmark Date divided by the total trading volume of the A Shares of the Company for the 20 trading days preceding the Pricing Benchmark Date.

Based on the aforementioned base price, the final issue price shall be determined in accordance with relevant laws and regulations and the request of the regulatory authorities, upon the Company obtaining the approval of the CSRC for the Non-public Issuance of A Shares, by the Board or its authorised person(s) under the authorisation granted at the EGM, with the sponsoring institution (lead underwriter) with reference to the price inquiry results based on the principle of price priority according to the prices offered by the target subscribers.

In the event that the Company distributes cash dividends, grants bonus shares, capitalisation of capital reserve or carries out any other ex-right or ex-dividend activities in respect of A Shares during the period commencing from the Pricing Benchmark Date of the Non-public Issuance of A Shares to the issuance date, adjustments shall be made to the base price for the Non-public Issuance of A Shares accordingly.

**5. Number of Shares to be issued**

The number of Shares to be issued under the Non-public Issuance of A Shares shall be determined by dividing the funds raised with the issue price (if the number of Shares obtained is not a whole number, it shall be rounded down to the nearest whole number), and will not exceed 793,387,389 Shares, representing not more than 10% of the total issued share capital of the Company prior to the completion of the Non-public Issuance of A Shares.

The maximum number of A Shares to be issued under the Non-public Issuance of A Share will be based on the approval granted by the CSRC. After obtaining the approval for the proposed Non-public Issuance of A Shares from the CSRC, the Board or its authorised persons(s) shall, pursuant to the authorisation of the Shareholders in the EGM and within the scope approved by the CSRC, negotiate with the sponsoring institution (lead underwriter) to determine the final number of A Shares to be issued according to the relevant regulations of the CSRC and the actual circumstances at the time of issuance.

If ex-rights or ex-dividend events (such as distribution of dividends, bonus issues, capitalisation of capital reserve or allotment of Shares) occur during the period between the date hereof to the issuance date, or there occurs any change in the share capital of the Company due to events such as the implementation of share award schemes or repurchase of Shares during such period, then the number of Shares under the Non-public Issuance of A Shares will be adjusted correspondingly according to relevant requirements.

6. **Lock-up period arrangement** Upon the completion of the Non-public Issuance of A Shares, target subscribers shall not transfer or deal with the A Shares subscribed under the Non-public Issuance of A Shares during a period of six months commencing from the closing date of the Non-public Issuance of A Shares.
- After the end of the aforementioned lock-up period, the transactions under the Non-public Issuance of A Shares shall be conducted in accordance with the relevant regulations of the CSRC and the Shenzhen Stock Exchange.
- In the event that the number of A Shares held by the target subscribers increases due to reasons such as bonus issue and/or capitalisation of capital reserve after completion of the Non-public Issuance of A Shares, such Shares shall also be subject to the aforementioned lock-up arrangement.
7. **Place of listing of the new A Shares to be issued** The A Shares to be issued under the Non-public Issuance of A Shares will be listed and traded on the Shenzhen Stock Exchange.
8. **Arrangement of accumulated undistributed profits** Both new Shareholders and existing Shareholders after the issuance of A Shares under the Non-public Issuance of A Shares shall be entitled to the accumulated undistributed profits of the Company.
9. **Validity of the resolutions in respect of the Non-Public Issuance of A Shares** The resolutions regarding the Non-public Issuance of A Shares shall remain valid for a period of 12 months from the date of consideration and approval of such resolutions at the EGM.

10. **Amount and use of proceeds** The gross proceeds raised from the Non-public Issuance of A Shares is expected to be no more than RMB13,000 million. After the deduction of expenses related to the issuance, the proceeds raised will be applied in the following aspects:

Item		Total investment amount of the relevant project (RMB'000)	The amount of proceeds to be applied (RMB'000)
1. Fuel cell industry chain development project (燃料電池產業鏈建設項目)	Hydrogen-fueled cell and key components industrialisation project (氫燃料電池及關鍵零部件產業化項目)	712,281.0	500,000.0
	Solid oxide fuel cell and key components industrialisation project (固態氧化物燃料電池及關鍵零部件產業化項目)	1,512,500.0	500,000.0
	Key components of fuel cell powertrain research and development and construction capabilities project (燃料電池動力總成核心零部件研發及製造能力建設項目)	1,479,270.0	1,000,000.0
2. Full series of H platform high-end road-going engines of China VI or above emission standards project (全系列國六及以上排放標準H平台道路用高端發動機項目)	New million units digitalised power industry base stage I project (新百萬台數字化動力產業基地一期項目)	5,625,850.0	3,000,000.0
	H platform engines intelligent manufacturing upgrade project (H平台發動機智能製造升級項目)	1,100,000.0	1,000,000.0

Item	Total investment amount of the relevant project (RMB'000)	The amount of proceeds to be applied (RMB'000)
3. Large diameter high-end engine industrialisation project (大缸徑高端發動機產業化項目)	1,395,000.0	1,075,000.0
	998,420.0	685,000.0
	1,847,840.0	1,240,000.0
4. Full series hydraulic pressure powertrain and large-scale continuously variable transmission (CVT) powertrain industrialisation project (全系列液壓動力總成和大型CVT動力總成產業化項目)	3,134,076.1	3,000,000.0
5. To replenish the working capital of the Group	1,000,000.0	1,000,000.0
<b>Total</b>	<b><u>18,805,237.1</u></b>	<b><u>13,000,000.0</u></b>

Prior to the receipt of the relevant proceeds raised from the Non-public Issuance of A Shares, based on the actual circumstances of the aforementioned projects, the Company may utilise its internal funds or funds obtained through other financing methods to invest in such projects, and replace such investment amount with the proceeds upon receiving the same.

Following receipt of the relevant proceeds, if the actual amount of net proceeds from the proposed Non-public Issuance of A Shares (after deduction of expenses related to the issuance) is less than the proposed amount of proceeds to be applied in the above projects, the Company will adjust and determine the specific investment projects, order of priority and specific investment amounts in each project based on the actual amount of net proceeds and the priority of the relevant projects, and any shortfall in the investment amounts will be made up by utilising the internal funds of the Company or through other financing methods.

As at the date of this announcement, the Company has not entered into any agreement with any potential subscribers in respect of the proposed Non-public Issuance of A Shares. If any of the new A Shares under the Non-public Issuance of A Shares is issued to any connected person of the Company, the Company will comply with relevant requirements under Chapter 14A of the Hong Kong Listing Rules including but not limited to announcement and the obtaining of independent Shareholders' approval.

**B. Conditions precedent of the proposed Non-public Issuance of A Shares**

The proposed Non-public Issuance of A Shares is subject to (i) the approval of the Shareholders at the EGM for the proposed Non-public Issuance of A Shares; (ii) the approval of the Shareholders at the EGM for the proposed granting of the General Mandate; and (iii) the approval of the CSRC. Upon obtaining the approval of the CSRC, the Company will apply to the Shenzhen Stock Exchange and the CSDC to complete the approval and registration procedures for the proposed Non-public Issuance of A Shares.

### C. Impact on the shareholding structure of the Company

As at the date of this announcement, the total issued share capital of the Company is 7,933,873,895 Shares, which comprises 5,990,833,895 A Shares and 1,943,040,000 H Shares. Assuming that there is no change in the total issued share capital of the Company since the date of this announcement save for the issuance of the A Shares pursuant to the proposed Non-public Issuance of A Shares, the shareholding structure of the Company (i) as at the date of this announcement, and (ii) immediately after completion of the proposed Non-public Issuance of A Shares (assuming that the number of A Shares issued under the Non-public Issuance of A Shares is 793,387,389 Shares) is set out as follows:

	As of the date of this announcement		Immediately after completion of the proposed Non-public Issuance of A Shares	
	Number of Shares	Approximate percentage of the issued Shares of the Company	Number of Shares	Approximate percentage of the issued Shares of the Company
A Shares	5,990,833,895	75.51%	6,784,221,284	77.74%
H Shares	1,943,040,000	24.49%	1,943,040,000	22.26%
<b>Total</b>	<b>7,933,873,895</b>	<b>100%</b>	<b>8,727,261,284</b>	<b>100%</b>

Following completion of the Non-public Issuance of A Shares (assuming that the number of A Shares issued under the Non-public Issuance of A Shares is 793,387,389 Shares and that there is no other change to the total issued share capital of the Company), Weichai Group Holdings Limited (濰柴控股集團有限公司) will become a holder of approximately 16.11% of the total issued Shares of the Company, and continue to be the holding company of the Company. The Company will continue to implement appropriate measures and mechanisms to ensure continual maintenance of the prescribed minimum public float of the Company under the Hong Kong Listing Rules.

### D. Fund raising activities during the past 12 months

The Company has not conducted any fund raising activity involving issue of equity securities during the 12 months immediate preceding the date of this announcement.

## **E. Authorisation to the Board and its authorised person(s)**

In connection with the proposed Non-public Issuance of A Shares, a resolution will be submitted to the Shareholders for approval by way of a special resolution at the EGM to authorise the Board or its authorised person(s) to deal with the matters in relation to the proposed Non-public Issuance of A Shares within the scope of authorisation. The contents of authorisation include but are not limited to the following:

- (i) To make appropriate amendments, adjustments and supplements to the terms of the proposed Non-public Issuance of A Shares within the scope permitted by the relevant laws, regulations and rules and the Articles of Association in accordance with the feedback of the regulatory authorities as well as the actual situations of the Company, to finalise the specific terms and plan for the proposed Non-public Issuance of A Shares prior to the issuance, and to formulate and implement the final plan for the proposed Non-public Issuance of A Shares, including but not limited to, the timing of the issuance, the subscription targets, method of the issuance, price of the issuance, number of Shares of the issuance, the use of proceeds, and to determine the timing to proceed with the Non-public Issuance of A Shares, the establishment of specified accounts for the proceeds, the signing of relevant account supervisory agreement(s) in respect of the specified accounts for the proceeds, as well as other matters related to the Non-public Issuance of A Shares.
- (ii) To engage the intermediary institutions for the proposed Non-public Issuance of A Shares, to handle reporting matters related to issue of new Shares and their listing in connection with the Non-Public Issuance of A Shares, to approve, prepare, sign, modify and submit the application materials (and other necessary documents) related to the proposed Non-public Issuance of A Shares according to the relevant requirements of the regulatory authorities, to have full authority to respond to the queries raised by the regulatory authorities, to handle the relevant reporting, registration, filing, approval and consent procedures with the relevant governmental authorities, regulatory authorities, stock exchanges and securities registration and clearing institutions, and to handle information disclosure matters related to the Non-public Issuance of A Shares in accordance with regulatory requirements.
- (iii) To prepare, sign, amend, supplement, submit, report and implement all the agreements, contracts and documents in relation to the proposed Non-public Issuance of A Shares (including but not limited to the share subscription agreement(s), agreement(s) related to the use of proceeds, engagement agreement(s) of intermediaries, announcement(s), policy(ies) and other disclosure documents).

- (iv) To make adjustments to the specific arrangements on the use of proceeds within the scope as approved by the Shareholders at the EGM, pursuant to the relevant laws and regulations of the State and the requirements of the regulatory authorities having considered the actual progress of the implementation of the investment projects to which the fund raising relate and the actual amount of proceeds raised.
- (v) To handle the relevant matters such as registration, escrow arrangement, lock-up and listing of the A Shares under the Non-public Issuance of A Shares with the Shenzhen Stock Exchange and the CSDC upon completion of the Non-public Issuance of A Shares.
- (vi) To amend the relevant articles of the Articles of Association in order to reflect the registered capital and the capital structure of the Company following completion of the Non-public Issuance of A Shares, to handle the formalities for change of registration with the relevant industrial and commercial authority(ies) and to deal with other filing procedures.
- (vii) To make corresponding adjustment(s) to the matters related to the proposed Non-public Issuance of A Shares if there is any change in the policies of the regulatory authorities in respect of non-public issuance of shares or any change in the market conditions (except for the matters that should be re-voted on at the general meeting of the Company according to the relevant laws and regulations, guidance materials, the Articles of Association and the requirements of the regulatory authorities).
- (viii) To have a discretion to delay or cancel the implementation of the proposed Non-public Issuance of A Shares or continue to handle the proposed Non-public Issuance of A Shares based on new policies in the case of force majeure or any other circumstance which is sufficient to render the proposed Non-public Issuance of A Shares unimplementable, or although implementable, will cause material adverse effect to the Company if implemented, or if there is any change in the policies of the regulatory authorities in respect of non-public issuance of shares.
- (ix) To analyse, study and demonstrate the dilution of immediate returns arising from the issuance of the A Shares under the Non-public Issuance of A Shares in the event of changes in policies and requirements of the relevant laws, regulations and the requirements of regulatory authorities on using re-financing to remedy the diluting effect on immediate returns, to formulate, amend and implement relevant remedial measures for dilution of immediate returns, and to handle any other matters in relation thereto.
- (x) To deal with other matters relating to the Non-public Issuance of A Shares within the scope permitted under the relevant laws, regulations, guidance materials and the Articles of Association.

- (xi) Subject to the grant the above authorisation to the Board by the Shareholders, to delegate the authorised person(s) of the Board to exercise all such matters authorised to be handled by the Board commencing on the date of approval at the EGM, unless otherwise required pursuant to the relevant laws and regulations.
- (xii) In respect of the above authorisation to the Board that concerns the obtaining of approval from the CSRC on specific matters to be carried out after the Non-public Issuance of A Shares, such authorisation shall be valid until the date of completion of such specific matters. In respect of other matters, the above authorisation to the Board will be valid for 12 months commencing on the date of approval at the EGM.

#### **F. Reasons for the proposed Non-public Issuance of A Shares**

Upon completion of the Non-public Issuance of A Shares, gross proceeds in the amount of RMB13,000 million will be raised, which will strengthen the capital capability of the Group and lay a sound foundation for the Group's further expansion of its operations, and, in turn, enable it to realise breakthrough in its development and enhance its competitive strength.

As mentioned in the section headed "III. Proposed Non-public Issuance of A Shares – A. Issuance proposal for the proposed Non-public Issuance of A Shares – 10. Amount and use of proceeds" above, certain of the proceeds raised through the Non-public Issuance of A Shares is expected to be applied in the Group's fuel cell industry chain development project, with an aim to substantively improve market competitiveness of the Group's new energy products and develop a leading edge in terms of the new energy industry chain. By making use of the Group's research resources, the implementation of new energy developments of the Group could be further facilitated, which is in line with one of the long term strategic development targets of the Group. The Group's investments in its production projects are expected to improve the Group's digitalised and intelligent production standards and strengthen the Group's research and development abilities and production abilities in respect of the Group's large diameter engine segment, and thus improve the quality and production capacity of the Group's engines, which are expected to enhance the core competitiveness and profitability of the Group's operations; whereas investments in the Group's full series hydraulic pressure powertrain and large-scale CVT powertrain industrialisation project are expected to improve the Group's ability in capturing opportunities in upgrading hydraulic equipment within the domestic market. The above investment projects are expected to broaden and optimise the operational structure of the Group, facilitate the consistent high standard development of the Group's operations, and, in turn, lay a solid foundation on the Group's sustainable development in the future.

In addition, the proposed Non-public Issuance of A Shares will help to replenish liquidity of the Group for the main purpose of constructing a smart service system based on the full lifecycle of after-sales services, which after-sales service business is expected to constitute an important factor of the Group's future profit generation.

In light of the above, the Directors are of the opinion that the proposed Non-public Issuance of A Shares is in the interests of the Company and the Shareholders as a whole.

#### **IV. PROPOSED CONSEQUENTIAL AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

The existing registered capital of the Company is set out in the Articles of Association. Upon issue of Shares pursuant to the General Mandate, including the completion of the proposed Non-public Issuance of A Shares, the number of Shares in issue, the registered capital and the capital structure of the Company will change. Under the Company Law of the PRC and the Articles of Association, any increase in the registered capital and any material changes to the Articles of Association are subject to the approval of the Shareholders.

The Board will seek the Shareholders' authorisation at the EGM to authorise the Board or its authorised representative(s) to make necessary consequential amendments to the Articles of Association to the registered capital and capital structure of the Company subsequent to completion of the issue of Shares under the General Mandate (including the completion of the proposed Non-public Issuance of A Shares under the General Mandate) and deal with the relevant registration and filing procedures with the relevant authorities and other matters in relation to the implementation of the Shareholders' and the Board's resolutions during their validity period relating to each of the proposals.

#### **V. GENERAL**

An EGM will be convened for the purpose of, amongst other things, considering, and if thought fit, approving the General Mandate, the proposed Non-public Issuance of A Shares, and the proposed consequential amendments to the Articles of Association.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in relevant matters relating to the General Mandate, the proposed Non-Public Issuance of A Shares, or proposed consequential amendments to the Articles of Association. Therefore, no Shareholder is required to abstain from voting at the EGM in respect of the relevant resolutions.

A circular containing, inter alia, further details of (i) the General Mandate, (ii) the proposed Non-public Issuance of A Shares, and (iii) the proposed consequential amendments to the Articles of Association will be despatched to the Shareholders as soon as practicable.

**Please note that, apart from the approvals to be sought from the Shareholders at the EGM, the proposed Non-public Issuance of A Shares shall be subject to the approval by the CSRC and/or other regulatory authorities as well as the satisfaction of a number of conditions which are more particularly set out above. There is no assurance that the proposed Non-public Issuance of A Shares will proceed. Investors are advised to exercise caution when dealing in the H Shares or other securities of the Company. The Company will make timely disclosure on any matters in relation to further details of the Non-public Issuance of A Shares as and when appropriate.**

## VI. DEFINITIONS

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

“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
“Board”	the board of Directors
“China” or “PRC”	the People’s Republic of China
“Company”	濰柴動力股份有限公司 (Weichai Power Co., Ltd.), a company established in the PRC with limited liability
“connected person”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“CSDC”	Chinese Securities Depository and Clearing Corporation Limited, Shenzhen branch
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held to consider and, if thought fit, approve, <i>inter alia</i> , the grant of the General Mandate, the proposed Non-public Issuance of A Shares and the proposed consequential amendments to the Articles of Association
“General Mandate”	the general and unconditional mandate to issue additional A Shares and/or H Shares to be granted to the Board at the EGM, details of which are set out in the section headed “II. General Mandate to issue Shares” in this announcement
“Group”	the Company and its subsidiaries
“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 Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Non-public Issuance of A Shares”	the proposed non-public issuance of A Shares by the Company of not more than 793,387,389 A Shares to not more than 35 specific target subscribers, details of which are set out in the section headed “III. Proposed Non-public Issuance of A Shares” in this announcement
“Pricing Benchmark Date”	has the meaning ascribed thereto in the section headed “III. Proposed Non-public Issuance of A Shares – A. Issuance proposal for the proposed Non-public Issuance of A Shares – 4. Pricing Benchmark Date, issue price and pricing principles” in this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the share(s) in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“trading day(s)”	a day on which the Shenzhen Stock Exchange is open for dealing or trading in securities
“%”	per cent

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

The PRC, 24 December 2020

*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. Zhang Liangfu, Mr. Jiang Kui, Mr. Gordon Riske and Mr. Michael Martin Macht; and the independent non-executive Directors of the Company are Mr. Li Hongwu, Mr. Wen Daocai, Ms. Jiang Yan, Mr. Yu Zhuoping and Ms. Zhao Huifang.*