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If you have sold or transferred all your overseas listed foreign shares ("H Shares") in Weichai Power Co., Ltd., you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**WEICHAI**  
**潍柴**  
**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) NON-EXEMPT CONTINUING CONNECTED TRANSACTION,  
(2) PRC CONTINUING CONNECTED TRANSACTION,  
(3) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION  
AND  
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent financial adviser to the independent board committee and the independent shareholders of Weichai Power Co., Ltd. on the Non-exempt Continuing Connected Transaction**

**TRINITY**  
**TRINITY CORPORATE FINANCE LIMITED**

A letter from the Board is set out on pages 5 to 15 of this circular.

A letter from the independent financial adviser to the independent board committee and the independent shareholders of Weichai Power Co., Ltd. on the Non-exempt Continuing Connected Transaction (as defined in this circular) is set out on pages 17 to 27 of this circular.

A notice convening the EGM to be held at 197, Section A, Fu Shou East Street, High Technology Industrial Development Zone, Weifeng, Shandong Province, the PRC on 21 May 2021 at 2:50 p.m. is set out on pages 35 to 38 of this circular. Whether or not you intend to be present at the said meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the H-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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## DEFINITIONS

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

“0.1% Threshold”	the thresholds referred to in Rule 14A.76(1)(a) of the Listing Rules
“5% Threshold”	the thresholds referred to in Rule 14A.76(2)(a) of the Listing Rules
“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(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“CNHTC”	中國重型汽車集團有限公司 (China National Heavy Duty Truck Group Company Limited), a state-owned enterprise organized under the laws of the PRC with limited liability and will become a connected person of the Company following completion of the Gratuitous Transfer
“CNHTC Group”	CNHTC and its associates
“CNHTC Purchase Agreement”	the agreement entered into between the Company and CNHTC on 25 February 2021 as more particularly set out in section IV in the letter from the Board contained in this circular
“CNHTC Supply Agreement”	the agreement entered into between the Company and CNHTC on 25 February 2021 as more particularly set out in section II in the letter from the Board contained in this circular
“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(s)”	has the meaning ascribed thereto under the Listing Rules

## DEFINITIONS

“Continuing Connected Transaction”	the transaction(s) between the Group and the CNHTC Group as set out in the section headed “II. Continuing Connected Transaction” in the letter from the Board contained in this circular which will constitute a continuing connected transaction of the Company following completion of the Gratuitous Transfer
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held on 21 May 2021, Friday, the notice of which is contained in this circular
“Exempt Continuing Connected Transaction”	being the transaction(s) between the Group and CNHTC Group which will constitute a continuing connected transaction of the Company following completion of the Gratuitous Transfer, the proposed new cap for which do not exceed the 5% Threshold and, accordingly, is not subject to the approval by the Independent Shareholders under the Listing Rules
“Gratuitous Transfer”	the transfer of 45% of the equity interest in CNHTC to Shandong Heavy Duty for nil consideration (無償劃轉)
“Group”	the Company and its subsidiaries, and “Group Company” means any of the same
“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 Stock Exchange
“Independent Board Committee”	a committee of the Board comprising Mr. Li Hongwu, Mr. Wen Daocai, Ms. Jiang Yan, Mr. Yu Zhuoping and Ms. Zhao Huifang, 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 Non-exempt Continuing Connected Transaction

## DEFINITIONS

“Independent Shareholders”	Shareholders who are not required to abstain from voting at the EGM in respect of the Non-exempt Continuing Connected Transaction and the PRC Continuing Connected Transaction (as the case may be)
“Latest Practicable Date”	23 April 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Cap”	the new cap for the Continuing Connected Transaction set out in the section headed “II. The Continuing Connected Transaction” in the letter from the Board contained in this circular
“Non-exempt Continuing Connected Transaction”	being the Continuing Connected Transaction at the Company level, the proposed New Cap for which exceed the 5% Threshold, and accordingly, will be subject to the reporting requirements, the announcement requirement and the annual review requirements under the Listing Rules, and approval from the Independent Shareholders at the EGM will be required
“PRC”	the People’s Republic of China
“PRC Continuing Connected Transaction”	the transaction(s) set out under the section headed “IV. PRC Continuing Connected Transaction” in the letter from the Board contained in this circular, which constitute a continuing connected transaction of the Company under the relevant laws and regulations of the PRC and the Shenzhen Listing Rules and is subject to the approval by the Independent Shareholders at the EGM
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

## DEFINITIONS

“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 holding the entire capital of Weichai Holdings
“Shareholder(s)”	holder(s) of the shares of the Company
“Shenzhen Listing Rules”	《股票上市規則》 (“listing rules”) of the Shenzhen Stock Exchange
“Sinotruk Announcement”	the announcements dated 29 September 2019, 13 December 2019 and 20 December 2019 relating to the Gratuitous Transfer issued by Sinotruk (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3808)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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, a substantial shareholder of the Company and a connected person of the Company

\* For identification purposes only

*If there is any inconsistency between the Chinese name of the entities mentioned in this circular and their English translation, the Chinese version shall prevail.*

LETTER FROM THE BOARD



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 (*Executive President*)

Xu Xinyu

Sun Shaojun (*Executive President*)

Yuan Hongming (*Executive President*)

Yan Jianbo (*Executive President*)

*Registered office:*

197, Section A

Fu Shou East Street

High Technology Industrial

Development Zone

Weifang

Shandong Province

The People's Republic of China

*Non-executive Directors:*

Zhang Liangfu

Jiang Kui

Gordon Riske

Michael Martin Macht

*Principal place of business*

*in Hong Kong:*

Rooms 3407–3408

34th Floor, Gloucester Tower

Landmark

15 Queen's Road Central

Central, Hong Kong

*Independent Non-executive Directors:*

Li Hongwu

Wen Daocai

Jiang Yan

Yu Zhuoping

Zhao Huifang

*Supervisors:*

Lu Wenwu

Ma Changhai

Wu Hongwei

30 April 2021

*To: Holders of H Shares*

*Holders of A Shares*

Dear Sir or Madam,

**(1) NON-EXEMPT CONTINUING CONNECTED TRANSACTION,  
(2) PRC CONTINUING CONNECTED TRANSACTION,  
(3) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION  
AND  
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**I. INTRODUCTION**

It was announced by the Board on 25 February 2021 that on 25 February 2021, the Company entered into, *inter alia*, the CNHTC Supply Agreement in respect of the Continuing Connected Transaction. This circular gives you further information in relation to the Continuing Connected Transaction (being a Non-exempt Continuing Connected Transaction) and contains

## LETTER FROM THE BOARD

the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Continuing Connected Transaction. This circular also contains the notice convening the EGM.

As disclosed in the said announcement, the Company also entered into the CNHTC Purchase Agreement in respect of the PRC Continuing Connected Transaction as set out in the section headed “IV. PRC Continuing Connected Transaction” in this circular.

Reference is also made to the announcement of the Company dated 25 February 2021 in respect of the proposed amendments to the Articles of Association. Further details of the proposed amendments to the Articles of Association are also set out in this circular.

### II. THE CONTINUING CONNECTED TRANSACTION

Reference is made to the Sinotruk Announcements relating to the Gratuitous Transfer, being a transfer of 45% equity interest in CNHTC to Shandong Heavy Industry for nil consideration. As disclosed in the Sinotruk Announcements, upon the implementation and completion of the Gratuitous Transfer, Shandong Heavy Industry together with its associate will be entitled to exercise 65% voting rights in the general meetings of CNHTC. Accordingly, upon completion of the Gratuitous Transfer, CNHTC will become an associate of Shandong Heavy Industry, and in turn, a connected person of the Company under Chapter 14A of the Listing Rules.

Insofar as the Company is aware, as at the Latest Practicable Date, the Gratuitous Transfer has not been completed and therefore the transactions between the Group and the CNHTC Group do not constitute continuing connected transactions of the Company. However, upon completion of the Gratuitous Transfer, CNHTC will constitute an associate of Shandong Heavy Industry and the transactions between the Group and the CNHTC Group will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. After making reasonable enquiries with Shandong Heavy Industry, the shareholder of the Company, the Company understands that the Gratuitous Transfer is in the process of being implemented, and its completion timetable will be determined based on actual circumstances.

The Group has been conducting certain transactions with the CNHTC Group and intend to continue the same following the completion of Gratuitous Transfer. Since these transactions with the CNHTC Group will constitute continuing connected transactions of the Group following the completion of the Gratuitous Transfer, in contemplation of the possible completion of the Gratuitous Transfer, the Group entered into among other things, the CNHTC Supply Agreement with CNHTC on 25 February 2021 to govern the principle terms of such transactions for the year ending 31 December 2021.



## LETTER FROM THE BOARD

### Summary of the Continuing Connected Transaction and the New Cap

The Non-exempt Continuing Connected Transaction is the following Continuing Connected Transaction:

Name of connected person	Name of Group Company	Connected person's relationship with the Group	Nature of the connected transaction with the Group
CNHTC (and its associates)	The Company (for itself and on behalf of its subsidiaries)	Shandong Heavy Industry will have actual control over and exercise 65% of the voting rights of CNHTC following completion of the Gratuitous Transfer	Sale of vehicles, vehicle parts and components and related products, engines, engine parts and components and related products, and relevant services by the Company (and its subsidiaries) to CNHTC (and its associates)

The proposed New Cap for the Non-exempt Continuing Connected Transaction is set out below:

Details of the relevant Continuing Connected Transaction	New Cap for the year ending 31 December 2021 RMB
Sale of vehicles, vehicle parts and components and related products, engines, engine parts and components and related products, and relevant services by the Company (and its subsidiaries) to CNHTC (and its associates)	16,600,000,000

### Details of the Continuing Connected Transaction and the CNHTC Supply Agreement

#### *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.

#### *CNHTC*

CNHTC is a commercial vehicles manufacturer. It is a state-owned enterprise organized under the laws of the PRC with limited liability and is ultimately governed and controlled by Shandong Provincial People's Government\* (山東省人民政府).

## LETTER FROM THE BOARD

Shandong Heavy Industry is a substantial shareholder of the Company indirectly holding approximately 17.72% of the issued share capital of the Company. As such, Shandong Heavy Industry is a substantial shareholder of the Company and, in turn, a connected person of the Company. Upon the implementation and completion of the Gratuitous Transfer, Shandong Heavy Industry together with its associate will be entitled to exercise 65% voting rights in the general meetings of CNHTC, and CNHTC will become an associate of Shandong Heavy Industry and, accordingly, a connected person of the Company.

*Sale of vehicles, vehicle parts and components and related products, engines, engine parts and components and related products, and relevant services by the Company (and its subsidiaries) to CNHTC (and its associates)*

Agreement: CNHTC Supply Agreement

Date: 25 February 2021

Parties: 1. The Company  
2. CNHTC

Term: 1 January 2021 to 31 December 2021

Pursuant to the CNHTC Supply Agreement, the Company and/or other Group Company (as the case may be) shall sell vehicles, vehicle parts and components and related products, engines, engine parts and components and related products and relevant services (as the case may be) to CNHTC and/or its associates (as the case may be) at market prices and settled on a monthly basis, for a term of one year ending 31 December 2021, upon the expiry of which the parties shall have an option to renew the same for a period of three years on a mutually agreed basis.

The price of the said products shall be determined according to the following mechanism: the marketing department of the Company regularly conducts market research and analysis regarding specific products, in which a number of factors, including the overall market prices, market shares, ordering situation and performance of major competitors of such products, are comprehensively considered and submits a price suggestion after its analysis to the Company's price management department and the final prices are determined at arm's length negotiation among the parties. Such market research and analysis are normally conducted on a monthly basis. Up to the Latest Practicable Date, the marketing department of the Company had conducted 3 market research in 2021. The price management department of the Company regularly reviews the reasonableness of prices and makes amendments when necessary. Such review and amendments are conducted based on the market conditions, the business policies of the Company and the relevant contracts with the Group's customers, and as such, price amendments are only made when necessary rather than on a regular basis. The Directors are of the view that the abovementioned methods and procedures under the pricing policies can ensure that this Continuing Connected Transaction is conducted on normal commercial terms or better, on terms no less favourable to the Group than those available to independent third parties, and not prejudicial to the interests of the Company and its minority Shareholders.

## LETTER FROM THE BOARD

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2020 (unaudited) and the one month ended 31 January 2021 (unaudited) in respect of the Group's sale of relevant products and services to the CNHTC Group:

	<b>For the year ended 31 December 2019 RMB (unaudited)</b>	<b>For the year ended 31 December 2020 RMB (unaudited)</b>	<b>For the one month ended 31 January 2021 RMB (unaudited)</b>
Actual transaction amount	210,480,749	5,758,015,100	1,365,594,379

The Company estimates that the transaction amount in respect of the Continuing Connected Transaction for the year ending 31 December 2021 will not exceed RMB16,600 million, and such amount has accordingly been set as the proposed New Cap for this Continuing Connected Transaction.

The above proposed New Cap have been estimated by the Company primarily based on (i) the relevant historical transaction amounts, in particular, the significant growth in the year ended 31 December 2020 and the one month ended 31 January 2021, (ii) the estimate increase in the number of products required by the CNHTC Group by approximately 208% from 2020 to 2021 in view of the implementation of the Group's sales plan for the year 2021, having taken into account the estimated market conditions and export performance, the average unit prices of the same, and the costs of the processing services to be provided, (iii) the fact that the Group has since 2019 established a business relationship with the CNHTC Group involving the sale of relevant products and services by the Group to the CNHTC Group for the manufacturing of vehicles by the CNHTC Group. Given the track record of the Group being able to constantly supply products and services of reliable quality to the CNHTC Group, a closer cooperation between the Group and the CNHTC Group has been developed since the beginning of year 2021, further boosting the CNHTC Group's demand for the Group's products and services; (iv) with (x) the expected continual growth of the commercial vehicle market in 2021 on the basis of the significant year-on-year increase in the total sales amount of heavy duty trucks and light duty trucks in the PRC by 445,000 units (approximately 37.9%) and 316,000 units (approximately 16.8%), respectively, in 2020 (based on data from China Association of Automobile Manufacturers), and (y) an enhanced market recognition of the CNHTC Group's vehicles installed with the Group's engines, which leads to the CNHTC Group's plan to increase the percentage of the CNHTC Group's vehicles installed with the Group's engines in the total amount of the CNHTC Group's vehicles to be sold by around 30% in 2021 (based on information available to the Group), the CNHTC Group is expected to face a substantial increase in the need for the Group's engines, in order to meet with the increase in the CNHTC Group's sales of both its heavy duty trucks and light duty trucks; and (v) a buffer of 20% in relation to the vehicle parts and components, engine parts and components, services etc. to be provided by the Group to the CNHTC Group in preparation of possible market fluctuations (while such buffer is not applicable to the estimate amount of the engine sales).

## LETTER FROM THE BOARD

Taking into account and on the basis of all the aforesaid factors, it is estimated that the overall transaction amount of the sale of products and services by the Group to the CNHTC Group will substantially increase by approximately RMB10,842 million for the year ending 31 December 2021 as compared with the actual transaction amount in 2020.

The table below sets out the proposed New Cap for the Continuing Connected Transaction for the year ending 31 December 2021:

	<b>2021</b> <b>RMB</b>
New Cap	16,600,000,000

As all percentage ratios calculated in accordance with the Listing Rules for the Continuing Connected Transaction exceed the 5% Threshold, such Continuing Connected Transaction constitutes a Non-exempt Continuing Connected Transaction of the Company and the CNHTC Supply Agreement and the relevant proposed New Cap will be subject to the reporting and announcement requirements, the annual review requirements, and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since the Continuing Connected Transaction is a Non-exempt Continuing Connected Transaction and the proposed New Cap is subject to the approval of the Independent Shareholders, this CNHTC Supply Agreement is conditional upon the relevant resolution being passed at the EGM.

### **III. REASONS FOR THE CONTINUING CONNECTED TRANSACTION AND LISTING RULES IMPLICATIONS**

The Company is principally engaged in the research and development, manufacture and sale of high-speed, heavy-duty diesel engines and CNHTC is a commercial vehicles manufacturer. Leveraging on the existing business relationship between the Group and the CNHTC Group, the Board considers that the Continuing Connected Transaction will allow the Group to maintain a strong strategic and business relationship with the CNHTC Group, thereby generating synergy potential and mutual economic benefits between the Group and the CNHTC Group.

In respect of the Continuing Connected Transaction between the Group and the CNHTC Group, the Board is of the view that the sale of vehicles, vehicle parts and components and related products, engines, engine parts and components and related products and relevant services to the CNHTC Group will provide a secure source of revenue for the Group and contribute to the implementation of the Group's sale plan.

The Directors (including the independent non-executive Directors after considering the advice of the Independent Financial Adviser in respect of the Continuing Connected Transaction) have confirmed that the Continuing Connected Transaction has been subject to arm's length negotiation between the Company and CNHTC, and has been entered into by the Group in the ordinary and usual course of business and the CNHTC Supply Agreement is either (i) on normal commercial terms or better, or (ii) on terms no less favourable to the Group than

## LETTER FROM THE BOARD

those available to or from (as appropriate) independent third parties, and the Continuing Connected Transaction and the relevant New Cap are fair and reasonable and in the interests of the Company and the Shareholders as a whole. In determining that the proposed New Cap is fair and reasonable, the Directors (including the independent non-executive Directors) have, in compliance with the requirements of the applicable laws, rules and regulations, the articles of association of the Company and the internal procedures of the Company, considered (i) the basis of setting the New Cap as disclosed above in the section headed "II. THE CONTINUING CONNECTED TRANSACTION – Details of the Continuing Connected Transaction and the CNHTC Supply Agreement " in the letter from the Board, and (ii) the advice of the Independent Financial Adviser in respect of the Continuing Connected Transaction.

At the meeting of the Board on 25 February 2021 approving, *inter alia*, the Continuing Connected Transaction, Mr. Tan Xuguang and Mr. Jiang Kui have abstained from voting on the resolutions in respect of the Continuing Connected Transaction for the reasons of their respective interest and/or position (as the case may be) in the relevant connected person. Save as disclosed, no other Directors have any material interest in the Continuing Connected Transaction.

### **Listing Rules implications**

As all percentage ratios calculated in accordance with the Listing Rules for the Continuing Connected Transaction exceed the 5% Threshold, such Continuing Connected Transaction constitutes a Non-exempt Continuing Connected Transaction of the Company and the CNHTC Supply Agreement and proposed New Cap will be subject to the reporting and announcement requirements, the annual review requirements, and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **IV. PRC CONTINUING CONNECTED TRANSACTION**

Reference is made to the announcement of the Company dated 25 February 2021 on the Stock Exchange, which announced, *inter alia*, that the Company has entered into an Exempt Continuing Connected Transaction which constitutes a PRC Continuing Connected Transaction.

On 25 February 2021, the Group has entered into the CNHTC Purchase Agreement with CNHTC, pursuant to which CNHTC and/or its associates (as the case may be) shall supply certain vehicles, vehicle parts and components and related products, engines, engine parts and components and related products and relevant services (as the case may be) to the Company and/or other Group Company (as the case may be) for a term of one year ending 31 December 2021.

As set out in the section headed II.(a) of the announcement of the Company dated 25 February 2021, the transactions contemplated under the CNHTC Purchase Agreement constitute an Exempt Continuing Connected Transaction and are, accordingly, not subject to the approval of the Independent Shareholders under Chapter 14A of the Listing Rules. However, according to the relevant laws and regulations of the PRC and the Shenzhen Listing Rules, the transactions contemplated under the CNHTC Purchase Agreement constitute a PRC Continuing Connected Transaction and are subject to the approval by the Independent Shareholders at the EGM.

**V. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

In line with the development needs of the Company's business, in compliance with the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Guidelines for the Articles of Association of Listed Companies (2019 revision) (《上市公司章程指引(2019年修訂)》) and other relevant laws and regulations, the Board proposes to make certain amendments to the Articles of Association to expand the scope of business of the Company and to make certain consequential changes to the amendment history of the Articles of Association.

The details of the proposed amendments to the Articles of Association are set out below:

(a) Article 7 of the Articles of Association:

The words *"amended at the Company's 2021 second extraordinary general meeting held on 21 May 2021,"* be inserted after the words *"... amended at the Company's 2020 second extraordinary general meeting held on 13 November 2020, ..."* in the first paragraph of the existing Article 7.

(b) Article 13 of the Articles of Association:

The second paragraph of the existing Article 13 be deleted in its entirety and be replaced by:

*"The scope of business of the Company includes:*

*Permitted businesses: import and export of technology; import and export of goods; road transportation of goods (excluding dangerous goods); urban delivery and transportation services (excluding dangerous goods).*

*General businesses: manufacture of general equipment (excluding special equipment); repair of general equipment; research and development of machinery and equipment; sale of machinery and equipment; research and development of automobile components; manufacture of automobile components and parts; wholesale of automobile components and parts; sale of automobile components and parts; repair of speciality equipment; sale of mechanical parts and components; data processing and storage support services; software development; development of network and information security software; development of artificial intelligence theory and algorithm software; sale of software; design of integrated circuit; manufacture of integrated circuit; sale of integrated circuit; manufacture of intelligent vehicle equipment; sale of intelligent vehicle equipment; information technology consulting services; manufacture of hydraulic power machinery and components; sale of hydraulic power machinery and components; manufacture of hydraulic pneumatic seals and systems; sale of hydraulic pneumatic seals and systems; research and development of new energy technology; engineering and technical research and experimental development; research and development of electric motor and its control system; manufacture of electric motors; manufacture of mechanical and electrical equipment; sale of batteries; manufacture of electronic components; sale of electronic components; sale of electronic accessories of new energy vehicles; technical services, technological development, technological consultation,*



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*technological exchange, technological transfer, technological promotion; processing and manufacture of lubricating oil (excluding hazardous chemicals); sale of lubricating oil; manufacture of speciality chemicals (excluding hazardous chemicals); sale of speciality chemicals (excluding hazardous chemicals); sale of petroleum products (excluding hazardous chemicals); wholesale of refined oil (excluding hazardous chemicals); lease of non-residential properties; sale of metal materials; information consulting service (excluding information consulting services which require approved); general goods storage services (excluding hazardous chemicals and other items which require approval); packaging services; loading, unloading and transportation; machinery and equipment leasing; storage facilities leasing services; automobile leasing; plastic packaging box and container manufacturing; sales of packaging materials and products; metal packaging container and material manufacturing; sales of metal packaging containers and materials.”*

Since the Company is a PRC incorporated company and the official Articles of Association are in the Chinese language, the above proposed amendments are an unofficial English language translation (the “**English Translation**”) of the official proposed amendments in the Chinese language (the “**Official Amendments**”), which are set out in the Chinese language version of this circular. Accordingly, in the event of any inconsistency between the English Translation and the Official Amendments, the Official Amendments shall prevail.

The above proposed amendments to the Articles of Association are subject to the approval of the Shareholders by way of special resolution at the EGM.

### VI. EGM

It was proposed that the relevant New Cap and the CNHTC Supply Agreement in respect of the Continuing Connected Transaction and the relevant new cap and the CNHTC Purchase Agreement in respect of the PRC Continuing Connected Transaction shall be considered and, if thought fit, approved at the EGM.

The EGM will be held at 197, Section A, Fu Shou East Street, High Technology Industrial Development Zone, Weifang, Shandong Province, the PRC on 21 May 2021, Friday to consider and, if thought fit, approve, inter alia, the matters as set out in the notice convening the EGM set out in pages 35 to 38 of this circular.

No Shareholder is required to abstain from voting in respect of the resolutions to be proposed at the EGM save that (1) Weichai Holdings and its associates (if any) (which held 1,406,100,000 A Shares, representing approximately 17.72% of the issued share capital of the Company, as at the Latest Practicable Date), (2) Mr. Tan Xuguang, Mr. Zhang Quan, Mr. Xu Xinyu and Mr. Sun Shaojun, being executive Directors (who together held 99,895,568 A Shares, representing approximately 1.26% of the issued share capital of the Company, as at the Latest Practicable Date), and (3) Mr. Wu Hongwei and Mr. Lu Wenwu, being supervisors of the Company (who together held 5,389,516 A Shares, representing approximately 0.07% of the issued share capital of the Company, as at the Latest Practicable Date), will abstain from voting in respect of the resolutions regarding the Continuing Connected Transaction and the PRC Continuing Connected Transaction proposed at the EGM.

It is a requirement of the Listing Rules that the voting at the EGM must be taken by poll.

## LETTER FROM THE BOARD

The form of proxy for use at the EGM 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 EGM 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.

### VII. CLOSURE OF REGISTER OF HOLDERS OF H SHARES

The register of holders of H Shares of the Company will be closed from 15 May 2021 to 21 May 2021, both days inclusive, during which period no transfer of H Shares will be effected. In order to qualify for attending the EGM, all transfer documents of H Shares accompanied by the relevant share certificates must be lodged with Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 14 May 2021.

### VIII. RECOMMENDATIONS

Having considered the reasons set out herein, the Directors, including the independent non-executive Directors (having considered the advice of the Independent Financial Adviser in respect of the Continuing Connected Transaction), are of the opinion that the relevant New Cap and the terms of the CNHTC Supply Agreement in respect of the Continuing Connected Transaction are fair and reasonable, in the ordinary and usual course of business of the Group, on normal commercial terms (or better to the Group), and in the interests of the 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. Li Hongwu, Mr. Wen Daocai, Ms. Jiang Yan, Mr. Yu Zhuoping and Ms. Zhao Huifang) has been appointed to consider the Continuing Connected Transaction and the respective New Cap. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the CNHTC Supply Agreement and the New Cap. 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 relevant New Cap and the CNHTC Supply Agreement, which are set out in this circular.



## LETTER FROM THE BOARD

Further, the Board considers that the other resolutions to be proposed at the EGM in respect of the PRC Continuing Connected Transaction and the amendment of the Articles of Association 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 EGM.

### IX. FURTHER INFORMATION

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

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

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE  
ON THE NON-EXEMPT CONTINUING CONNECTED TRANSACTION**



**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)**

30 April 2021

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

Dear Sir or Madam,

**NON-EXEMPT CONTINUING CONNECTED TRANSACTION**

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders of Weichai Power Co., Ltd. to consider the CNHTC Supply Agreement and the relevant New Cap (as defined in the circular of the Company dated 30 April 2021) (the “**Circular**”) in relation to the Continuing Connected Transaction, details of which are set out in the section headed “II. The Continuing Connected Transaction” 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 Continuing Connected Transaction as set out in the “Letter from the Independent Financial Adviser on the Non-exempt Continuing Connected Transaction” as well as other additional information set out in other parts of the Circular.

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 Continuing Connected Transaction and the relevant New Cap are fair and reasonable and the Continuing Connected Transaction is conducted in the ordinary and usual course of the Company’s business and are on normal commercial terms or better, 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 EGM to approve the CNHTC Supply Agreement and the relevant New Cap for the Continuing Connected Transaction.

**Li Hongwu**  
*Independent  
non-executive Director*

Yours faithfully,  
The Independent Board Committee

**Wen Daocai**  
*Independent  
non-executive Director*

**Jiang Yan**  
*Independent  
non-executive Director*

**Yu Zhuoping**  
*Independent  
non-executive Director*

**Zhao Huifang**  
*Independent  
non-executive Director*

**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER  
ON THE NON-EXEMPT CONTINUING CONNECTED TRANSACTION**

*The following is the full text of the letter dated 30 April 2021 from Trinity Corporate Finance Limited, the Independent Financial Adviser, to the Independent Board Committee and the Independent Shareholders in respect of the Non-exempt Continuing Connected Transaction and the relevant New Cap, prepared for the purpose of incorporation in this circular.*

**TRINITY**

**Trinity Corporate Finance Limited**

Unit 05, 29/F,  
50 Wong Chuk Hang Road,  
Hong Kong.

30 April 2021

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

Dear Sirs,

**NON-EXEMPT CONTINUING CONNECTED TRANSACTION**

**INTRODUCTION**

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the Non-exempt Continuing Connected Transaction and the relevant New Cap, details of which are set out in the letter from the Board (the “**Letter from the Board**”) in the Company’s circular dated 30 April 2021 (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.

The Board announced that on 25 February 2021, the Company entered into, *inter alia*, the CNHTC Supply Agreement in respect of the Continuing Connected Transaction as more particularly described in the Letter from the Board.

The Company also entered into the CNHTC Purchase Agreement in respect of the PRC Continuing Connected Transaction as set out in the Letter from the Board.

Reference is made to the Sinotruk Announcements relating to the Gratuitous Transfer, being a transfer of 45% equity interest in CNHTC to Shandong Heavy Industry for nil consideration. As disclosed in the Sinotruk Announcements, upon the implementation and completion of the Gratuitous Transfer, Shandong Heavy Industry together with its associate will be entitled to exercise 65% voting rights in the general meetings of CNHTC. Accordingly, upon completion of the Gratuitous Transfer, CNHTC will become an associate of Shandong Heavy Industry, and in turn, a connected person of the Company under Chapter 14A of the Listing Rules.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON THE NON-EXEMPT CONTINUING CONNECTED TRANSACTION

Insofar as the Company is aware, as at the Latest Practicable Date, the Gratuitous Transfer has not been completed and therefore the transactions between the Group and the CNHTC Group do not constitute continuing connected transactions of the Company. However, upon completion of the Gratuitous Transfer, CNHTC will constitute an associate of Shandong Heavy Industry and the transactions between the Group and the CNHTC Group will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. After making reasonable enquiries with Shandong Heavy Industry, the shareholder of the Company, the Company understands that the Gratuitous Transfer is in the process of being implemented, and its completion timetable will be determined based on actual circumstances.

The Group has been conducting certain transactions with the CNHTC Group and intend to continue the same following the completion of Gratuitous Transfer. Since these transactions with the CNHTC Group will constitute continuing connected transactions of the Group following the completion of the Gratuitous Transfer, in contemplation of the possible completion of the Gratuitous Transfer, the Group entered into among other things, the CNHTC Supply Agreement with CNHTC on 25 February 2021 to govern the principle terms of such transactions for the year ending 31 December 2021.

As all percentage ratios calculated in accordance with the Listing Rules for the Continuing Connected Transaction exceed the 5% Threshold, such Continuing Connected Transaction constitutes a Non-exempt Continuing Connected Transaction of the Company and the CNHTC Supply Agreement and the relevant proposed New Cap will be subject to the reporting and announcement requirements, the annual review requirements, and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since the Continuing Connected Transaction is a Non-exempt Continuing Connected Transaction and the proposed New Cap is subject to the approval of the Independent Shareholders, the CNHTC Supply Agreement is conditional upon the relevant resolution being passed at the EGM.

No Shareholder is required to abstain from voting in respect of the resolutions to be proposed at the EGM save that (1) Weichai Holdings and its associates (if any) (which held 1,406,100,000 A Shares, representing approximately 17.72% of the issued share capital of the Company, as at the Latest Practicable Date), (2) Mr. Tan Xuguang, Mr. Zhang Quan, Mr. Xu Xinyu and Mr. Sun Shaojun, being executive Directors (who together held 99,895,568 A Shares, representing approximately 1.26% of the issued share capital of the Company, as at the Latest Practicable Date), and (3) Mr. Wu Hongwei and Mr. Lu Wenwu, being supervisors of the Company (who together held 5,389,516 A Shares, representing approximately 0.07% of the issued share capital of the Company, as at the Latest Practicable Date), will abstain from voting in respect of the resolutions regarding the Continuing Connected Transaction and the PRC Continuing Connected Transaction proposed at the EGM.

At the meeting of the Board on 25 February 2021 approving, *inter alia*, the Continuing Connected Transaction, Mr. Tan Xuguang and Mr. Jiang Kui have abstained from voting on the resolutions in respect of the Continuing Connected Transaction for the reasons of their respective interest and/or position (as the case may be) in the relevant connected person. Save as disclosed, no other Directors have any material interest in the Continuing Connected Transaction.

<p style="text-align: center;"><b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON THE NON-EXEMPT CONTINUING CONNECTED TRANSACTION</b></p>
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The Independent Board Committee, comprising all the independent non-executive Directors, (namely, Mr. Li Hongwu, Mr. Wen Daocai, Ms. Jiang Yan, Mr. Yu Zhuoping and Ms. Zhao Huifang) has been appointed to consider the Continuing Connected Transaction and the relevant New Cap, and to advise the Independent Shareholders as to whether the terms of the CNHTC Supply Agreement and the New Cap are fair and reasonable and on how to vote on the relevant resolution(s) at the EGM, 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.

As at the Latest Practicable Date, Trinity Corporate Finance Limited did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to the independence of Trinity Corporate Finance Limited. In the last two years, Trinity Corporate Finance Limited has acted as an independent financial adviser to the then independent board committee and independent shareholders of the Company in relation to the major and continuing connected transactions in respect of the new financial services agreement of the Company announced on 25 March 2019 (details of which were set out in the circular of the Company dated 3 May 2019) and the non-exempt continuing connected transactions announced on 27 August 2020 (details of which were set out in the circular of the Company dated 23 October 2020). Apart from normal professional fees paid to us in connection with such appointments, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other party to the transaction, therefore we consider such relationship would not affect our independence.

#### **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 EGM, 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.

<p style="text-align: center;"><b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON THE NON-EXEMPT CONTINUING CONNECTED TRANSACTION</b></p>
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We have not conducted any independent in-depth investigation into the business and affairs of the Group or any parties involved in the Non-exempt Continuing Connected Transaction.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Non-exempt Continuing Connected Transaction and the relevant New Cap 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.

## **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating our opinion regarding the Non-exempt Continuing Connected Transaction and the relevant New Cap, we have taken into account the following principal factors and reasons:

### **A. 1. Background and financial performance of the Company**

As disclosed in the annual report of the Company for the financial year ended 31 December 2019, driven by the national investment in infrastructure in the PRC, as well as benefiting from various factors such as the imposition of more stringent emission regulations and anti-overloading policies and structural adjustments in the transportation industry, the commercial vehicles and the construction machinery markets maintained stable performance, while the heavy-duty trucks market delivered sales of 1,174,000 units in total, representing a year-on-year growth of 2.3%. The construction machinery industry (among which forklift truck engines use internal combustion engines) delivered sales of 741,000 units, representing a year-on-year growth of 5.3%, among which the sales volume of wheel loaders with a load capacity of 3 tonnes and above was 112,000 units, representing a year-on-year growth of 5.6%.

During the financial year ended 31 December 2019, the Company's revenue increased by 9.5% compared with that in the corresponding period of 2018 to approximately RMB174,361 million. The net profit attributable to shareholders of the Company was approximately RMB9,105 million, representing an increase of 5.2% compared with that in the corresponding period of 2018.

### **2. Development outlook and prospects**

According to the Chairman's Statement set out in the Company's interim report for the six months ended 30 June 2020, the Company considers that despite the impact of the COVID-19 outbreak around the globe, the Company has implemented precise strategies and scientific planning to overcome the adverse impacts brought by COVID-19 and to seize the opportunity of economic recovery, leading to a growth in domestic operation, rapid growth in new business formats and increase in the number of orders of the intelligent logistics business despite the adversity. The Company believes that this is a result of the strength of its diversified business structure and enhanced risk resistance capabilities. In the first half of 2020, the Company's revenue increased by approximately

<p align="center"><b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON THE NON-EXEMPT CONTINUING CONNECTED TRANSACTION</b></p>
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4.0% compared with that in the corresponding period of 2019 to approximately RMB94,495 million. Net profit attributable to shareholders of the Company was approximately RMB4,680 million, representing a decrease of approximately 11.5% compared with that in the corresponding period of 2019.

**B. Principal Terms of the Non-exempt Continuing Connected Transaction**

The Non-exempt Continuing Connected Transaction is the following Continuing Connected Transaction:

<b>Name of connected person</b>	<b>Name of Group Company</b>	<b>Connected person's relationship with the Group</b>	<b>Nature of the connected transaction with the Group</b>
CNHTC (and its associates)	The Company (for itself and on behalf of its subsidiaries)	Shandong Heavy Industry will have actual control over and exercise 65% of the voting rights of CNHTC following completion of the Gratuitous Transfer	Sale of vehicles, vehicle parts and components and related products, engines, engine parts and components and related products, and relevant services by the Company (and its subsidiaries) to CNHTC (and its associates)

**C. Proposed New Cap**

The proposed New Cap for the Non-exempt Continuing Connected Transaction is set out below:

<b>Details of the relevant Continuing Connected Transaction</b>	<b>New Cap for the year ending 31 December 2021 RMB</b>
Sale of vehicles, vehicle parts and components and related products, engines, engine parts and components and related products, and relevant services by the Company (and its subsidiaries) to CNHTC (and its associates)	16,600,000,000



<p style="text-align: center;"><b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON THE NON-EXEMPT CONTINUING CONNECTED TRANSACTION</b></p>
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**D. Details of the Non-exempt Continuing Connected Transaction and the CNHTC Supply Agreement**

*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.

*CNHTC*

CNHTC is a commercial vehicles manufacturer. It is a state-owned enterprise organized under the laws of the PRC with limited liability and is ultimately governed and controlled by Shandong Provincial People's Government\* (山東省人民政府).

Shandong Heavy Industry is a substantial shareholder of the Company indirectly holding approximately 17.72% of the issued share capital of the Company. As such, Shandong Heavy Industry is a substantial shareholder of the Company and, in turn, a connected person of the Company. Upon the implementation and completion of the Gratuitous Transfer, Shandong Heavy Industry together with its associate will be entitled to exercise 65% voting rights in the general meetings of CNHTC, and CNHTC will become an associate of Shandong Heavy Industry and, accordingly, a connected person of the Company.

*Sale of vehicles, vehicle parts and components and related products, engines, engine parts and components and related products, and relevant services by the Company (and its subsidiaries) to CNHTC (and its associates)*

Agreement: CNHTC Supply Agreement

Date: 25 February 2021

Parties: 1. The Company

2. CNHTC

Term: 1 January 2021 to 31 December 2021

*Price determination and internal control procedures*

Pursuant to the CNHTC Supply Agreement, the Company and/or other Group Company (as the case may be) shall sell vehicles, vehicle parts and components and related products, engines, engine parts and components and related products and relevant services (as the case may be) to CNHTC and/or its associates (as the case may be) at market prices and settled on a monthly basis, for a term of one year ending 31 December 2021, upon the expiry of which the parties shall have an option to renew the same for a period of three years on a mutually agreed basis.



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON THE NON-EXEMPT CONTINUING CONNECTED TRANSACTION

The price of the said products shall be determined according to the following mechanism: the marketing department of the Company regularly conducts market research and analysis regarding specific products, in which a number of factors, including the overall market prices, market shares, ordering situation and performance of major competitors of such products, are comprehensively considered and submits a price suggestion after its analysis to the Company's price management department and the final prices are determined at arm's length negotiation among the parties. Such market research and analysis are normally conducted on a monthly basis. Up to the Latest Practicable Date, the marketing department of the Company had conducted 3 market research in 2021. The price management department of the Company regularly reviews the reasonableness of prices and makes amendments when necessary. Such review and amendments are conducted based on the market conditions, the business policies of the Company and the relevant contracts with the Group's customers, and as such, price amendments are only made when necessary rather than on a regular basis. The Directors are of the view that the abovementioned methods and procedures under the pricing policies can ensure that this Continuing Connected Transaction is conducted on normal commercial terms or better, on terms no less favourable to the Group than those available to independent third parties, and not prejudicial to the interests of the Company and its minority Shareholders. We have reviewed the market research on monthly basis as well as on half-yearly basis as conducted by the Company's marketing department, which included the analysis of the latest industry trends and comparison of turnover by product types (including trucks and engines), industry competitors and geographical regions in the PRC, as well as analysis on the latest PRC macroeconomic data, government policies and sector statistics that may be relevant to the Company's pricing policies. We agree that such regular up-to-date market analysis is important for the Company to consider when determining the pricing of its products.

We have also reviewed the Company's internal control procedures manual of the relevant pricing policies which is subject to the respective approval procedures by different departments of the Company mentioned above. Also, we have reviewed six samples of pricing contracts selected by the Company on a random basis to confirm that the transaction prices entered into between the Group and CNHTC Group are on normal commercial terms or better when compared to the pricing terms entered into between the Group and independent third parties regarding the same products offered by the Group. We also noted that such pricing contracts have been properly authorized by the respective departments of the Company. Accordingly, we consider that the above sample size is sufficient, fair and representative in concluding our view that the pricing policies were properly followed. We are also of the view that the above methods and procedures of price determination and internal control set by the Company, including and not limited to the collection of market information, conducting price consultations and inspection in the PRC market, negotiations taking into account of the market price and relevant product cost and regular review by the price management department or pricing committee, will enable the Company to ensure that the terms and conditions of the Non-exempt Continuing Connected Transaction are fair and reasonable so far as the Company and the Independent Shareholders are concerned, and are able to ensure that the Company will achieve such terms which are on normal commercial terms or better, and the Non-exempt Continuing Connected Transaction has been subject to arm's length negotiation between the Company and CNHTC Group.

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*Historical transaction amounts*

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2020 (unaudited) and the one month ended 31 January 2021 (unaudited) in respect of the Group's sale of relevant products and services to the CNHTC Group:

	For the year ended 31 December 2019 RMB (unaudited)	For the year ended 31 December 2020 RMB (unaudited)	For the one month ended 31 January 2021 RMB (unaudited)
Actual transaction amount	210,480,749	5,758,015,100	1,365,594,379
Utilisation rate (%) (based on proposed New Cap on a monthly pro-rata basis)			Approximately 99%

According to the Letter from the Board, the unaudited actual transaction amounts for the two financial years ended 31 December 2020 were RMB210,480,749 and RMB5,758,015,100 respectively and the unaudited actual transaction amount for the one month ended 31 January 2021 was RMB1,365,594,379.

The Company estimates that the transaction amount in respect of the Continuing Connected Transaction for the year ending 31 December 2021 will not exceed RMB16,600 million, and such amount has accordingly been set as the proposed New Cap for this Continuing Connected Transaction.

We note that the proposed New Cap of RMB16,600 million for the year ending 31 December 2021, represents approximately a cap of RMB1,383 million per month.

The above proposed New Cap have been estimated by the Company primarily based on (i) the relevant historical transaction amounts, in particular, the significant growth in the year ended 31 December 2020 and the one month ended 31 January 2021, (ii) the estimate increase in the number of products required by the CNHTC Group by approximately 208% from 2020 to 2021 in view of the implementation of the Group's sales plan for the year 2021, having taken into account the estimated market conditions and export performance, the average unit prices of the same, and the costs of the processing services to be provided, (iii) the fact that the Group has since 2019 established a business relationship with the CNHTC Group involving the sale of relevant products and services by the Group to the CNHTC Group for the manufacturing of vehicles by the CNHTC Group. Given the track record of the Group being able to constantly supply products and services of reliable quality to the CNHTC Group, a closer cooperation between the Group and the CNHTC Group has been developed since the beginning of year 2021, further

**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER  
ON THE NON-EXEMPT CONTINUING CONNECTED TRANSACTION**

boosting the CNHTC Group's demand for the Group's products and services; (iv) with (x) the expected continual growth of the commercial vehicle market in 2021 on the basis of the significant year-on-year increase in the total sales amount of heavy duty trucks and light duty trucks in the PRC by 445,000 units (approximately 37.9%) and 316,000 units (approximately 16.8%), respectively, in 2020 (based on data from China Association of Automobile Manufacturers), and (y) an enhanced market recognition of the CNHTC Group's vehicles installed with the Group's engines, which leads to the CNHTC Group's plan to increase the percentage of the CNHTC Group's vehicles installed with the Group's engines in the total amount of the CNHTC Group's vehicles to be sold by around 30% in 2021 (based on information available to the Group), the CNHTC Group is expected to face a substantial increase in the need for the Group's engines, in order to meet with the increase in the CNHTC Group's sales of both its heavy duty trucks and light duty trucks; and (v) a buffer of 20% in relation to the vehicle parts and components, engine parts and components, services, etc. to be provided by the Group to the CNHTC Group in preparation of possible market fluctuations (while such buffer is not applicable to the estimate amount of the engine sales).

We note that the actual transaction amount for the year ended 31 December 2020 of RMB5,758,015,100 represents a significant increase of approximately 26.4 times from the actual transaction amount of RMB210,480,749 for the year ended 31 December 2019, and the actual transaction amount for only one month ended 31 January 2021 had already amounted to approximately RMB1,366 million. Based on the proposed New Cap of RMB16,600 million for the year ending 31 December 2021, which translates to approximately a cap of approximately RMB1,383 million per month on a pro-rata basis, the actual transaction amount for the one month ended 31 January 2021 already represents almost 99% of the pro-rata cap on a monthly basis.

Taking into account and on the basis of all the aforesaid factors, it is estimated that the overall transaction amount of the sale of products and services by the Group to the CNHTC Group will substantially increase by approximately RMB10,842 million for the year ending 31 December 2021 as compared with the actual transaction amount in 2020.

We have discussed with the Company on the expected demand for the Group's products and services by the CNHTC Group which is mainly driven by the expected growth of the commercial vehicle market in the PRC in 2021, and we are given to understand that the Company has considered the above five factors when estimating the transaction amount for the year ending 31 December 2021, which mainly include the overall market prices, market shares, ordering situation and performance of major competitors of products like heavy duty trucks and light duty trucks.

To assess whether the Company's expectation on the continual growth of the commercial vehicle market leading to a substantial increase in the expected need for the Group's engines by the CNHTC Group is fair and reasonable, we have reviewed the Group's sales plan for the year 2021 in relation to the approximate 208% estimated increase in the number of products required by the CNHTC Group from 2020 to 2021. As discussed with the Company, we understand that such increases are estimated based on both the increase in the number of models of CNHTC Group's products that will require to

**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER  
ON THE NON-EXEMPT CONTINUING CONNECTED TRANSACTION**

utilize the different engines to be supplied by the Company and the increase in the number of units of the CNHTC Group's products that currently utilize the Company's engines, especially those that comply with the latest relevant emission standards in the PRC, due to favourable market demand for the CNHTC Group's products. Accordingly, we consider such estimated increase in the number of the Company's engines required by the CNHTC Group from 2020 to 2021 is fair and reasonable.

Also, we have reviewed the printed publication titled "China Automobile Industry Newsletter of Production & Sales" (中國汽車工業產銷快訊) numbered 265 (the first issue for the year 2021) issued by China Association of Automobile Manufacturers (CAAM) (中國汽車工業協會). The publication indicated that, among others, the overall turnover for China's truck market in 2020, comprising of heavy duty trucks and light duty trucks, had recorded a significant year-on-year growth rate of approximately 25% and such industry trends and market conditions are generally consistent with the Company's expectation on the continual increase in the demand of the truck market.

In addition to the above, we agree with the other factors considered by the Company which are also relevant in forming the basis of the New Cap, including the relationship established between the Group and the CNHTC Group based on previous track record of the Group's increasing supply of products and services to the CNHTC Group since 2019 and resulting from the enhanced market recognition of the CNHTC Group's vehicles that were installed with the Group's engines, and we consider such various factors as well as the buffer set by the Company are fair and reasonable given the significant growth observed in the historical transaction amounts recorded for the two years ended 31 December 2020 and the one month ended 31 January 2021 in respect of the Group's sale of relevant products and services to the CNHTC Group.

Accordingly, we are of the view that the Non-exempt Continuing Connected Transaction has been entered into by the Group in the ordinary and usual course of business, and the Non-exempt Continuing Connected Transaction and the relevant New Cap are fair and reasonable so far as the Independent Shareholders are concerned and hence, the said terms are in the interests of the Company and the Independent Shareholders as a whole.

**E. Reasons for and benefits of the Non-exempt Continuing Connected Transaction**

The Company is principally engaged in the research and development, manufacture and sale of high-speed, heavy-duty diesel engines and CNHTC is a commercial vehicles manufacturer. Leveraging on the existing business relationship between the Group and the CNHTC Group, the Board considers that the Continuing Connected Transaction will allow the Group to maintain a strong strategic and business relationship with the CNHTC Group, thereby generating synergy potential and mutual economic benefits between the Group and the CNHTC Group.

We have discussed with the management of the Company and concur with the Board's view that, in respect of the Continuing Connected Transaction between the Group and the CNHTC Group, the sale of vehicles, vehicle parts and components and related products,

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engines, engine parts and components and related products and relevant services to the CNHTC Group will provide a secure source of revenue for the Group and contribute to the implementation of the Group's sale plan.

**RECOMMENDATION**

Having considered the principal factors and reasons referred to above, we are of the opinion that the terms of the CNHTC Supply Agreement is on normal commercial terms or better, and the Non-exempt Continuing Connected Transaction has been subject to arm's length negotiation between the Company and CNHTC Group, and has been entered into by the Group in the ordinary and usual course of business, and the Non-exempt Continuing Connected Transaction and the relevant New Cap are fair and reasonable so far as the Independent Shareholders are concerned and hence, 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 resolution to approve the terms of the Non-exempt Continuing Connected Transaction and the relevant New Cap at the EGM.

Yours faithfully,  
For and on behalf of  
**Trinity Corporate Finance Limited**  
**Joanne Pong**  
*Responsible Officer*

## 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 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 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	58,842,596 ( <i>Note 1</i> )	–	0.74%
Zhang Quan	Beneficial owner	13,684,324 ( <i>Note 1</i> )	–	0.17%
Xu Xinyu	Beneficial owner	13,684,324 ( <i>Note 1</i> )	–	0.17%
Sun Shaojun	Beneficial owner	13,684,324 ( <i>Note 1</i> )	–	0.17%
Yuan Hongming	Beneficial owner	1,000,440	–	0.013%
	Interest held by spouse	444	–	0.000006%
		<u>1,000,884</u>	–	<u>0.013%</u>
Yan Jianbo	Beneficial owner	1,097,904	–	0.014%
Wen Daocai	Beneficial owner	21,940	–	0.0003%

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	600,000	–	0.0076%
Wu Hongwei	Beneficial owner	4,789,516	–	0.06%

*Notes:*

1. 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.
2. All the shareholding interests listed in the above table are “long” position.
3. The percentage shareholding is calculated on the basis of 7,933,873,895 issued shares of the Company as at the Latest Practicable Date (comprising 5,990,833,895 A Shares and 1,943,040,000 H Shares).

**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 corporation
Gordon Riske (Note)	KION Group AG (“KION”)	Beneficial owner	146,460 ordinary shares	0.11%
		Interest held by spouse	93,940 ordinary shares	0.07%
			240,400 ordinary shares	0.18%

*Note:* Gordon Riske, a non-executive Director, was the beneficial owner of 146,460 ordinary shares in KION and he was also deemed to be interested in 93,940 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 notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or 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) 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	Percentage of share capital		Percentage of share capital		Percentage of total issued share capital
			Number of A Shares	comprising only A Shares	Number of H Shares	comprising only H Shares	
Weichai Group Holdings Limited	Beneficial owner	Long	1,406,100,000	23.47%	–	–	17.72%
Shandong Heavy Industry Group Co., Ltd. (Note 1)	Interest of corporation controlled by you	Long	1,406,100,000	23.47%	–	–	17.72%
Brandes Investment Partners, LP (Note 3)	Investment manager	Long	–	–	78,578,612	16.18%	3.96%
Lazard Emerging Markets Equity Portfolio (Note 4)	Investment manager	Long	–	–	23,707,500	5.86%	1.43%
Barclays PLC (Note 3)	Person having a security interest in shares	Long	–	–	525,552	0.11%	0.03%
	Interest of corporation controlled by you	Long	–	–	25,453,050	5.24%	1.28%
					<u>25,978,602</u>	<u>5.35%</u>	<u>1.31%</u>
	Interest of corporation controlled by you	Short	–	–	24,102,475	4.96%	1.22%



# APPENDIX

# GENERAL INFORMATION

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
Morgan Stanley (Note 2)	Interest of corporation controlled by you	Long	–	–	49,335,508	5.08%	1.24%
	Interest of corporation controlled by you	Short	–	–	42,078,545	4.33%	1.06%
Lazard Asset Management LLC	Investment manager	Long	–	–	328,810,940	16.92%	4.14%
Citigroup Inc.	Interest of corporation controlled by you	Long	–	–	2,334,736	0.12%	0.03%
	Approved lending agent	Long	–	–	133,544,939	6.87%	1.68%
					<u>135,879,675</u>	<u>6.99%</u>	<u>1.71%</u>
	Interest of corporation controlled by you	Short	–	–	756,300	0.04%	0.01%
Schroders Plc	Investment manager	Long	–	–	175,175,854	9.02%	2.21%
Pandanus Associates Inc.	Interest of corporation controlled by you	Long	–	–	97,806,000	5.03%	1.23%
Pandanus Partners L.P. (Note 5)	Interest of corporation controlled by you	Long	–	–	97,806,000	5.03%	1.23%
FIL Limited (Note 5)	Interest of corporation controlled by you	Long	–	–	97,806,000	5.03%	1.23%
Brown Brothers Harriman & Co.	Agent	Long	–	–	120,599,662	6.21%	1.52%

*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 21 July 2017 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 21 July 2017 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.
4. 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 21 July 2017, 20 August 2015 and 17 August 2012 as there is no disclosure of interest obligation under the SFO where there is no change in percentage of shareholdings for a substantial shareholder.
5. Pandanus Partners L.P. had 37.01% interests in FIL Limited.

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:

<b>Name of Director</b>	<b>Positions held in Weichai Holdings</b>	<b>Positions held in Shandong Heavy Industry</b>
Tan Xuguang	Chairman	Chairman
Jiang Kui	–	General manager
Zhang Quan	Director	–
Xu Xinyu	Deputy chairman and deputy general manager	–
Sun Shaojun	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, none of the Directors was interested, directly or indirectly, in any assets which, since 31 December 2020, 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.

- (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 2020, 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 1.22% 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. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2020, the date to which the latest audited consolidated financial statements of the Group were made up.

#### 5. 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 on 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 30 April 2021 and was made by the Independent Financial Adviser for incorporation in this circular.

**6. GENERAL**

In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

**7. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours on any weekday (except public holidays) at the principal place of business of the Company in Hong Kong at Rooms 3407–3408, 34th Floor, Gloucester Tower, Landmark, 15 Queen’s Road Central, Hong Kong, from 30 April 2021 to 14 May 2021 (both days inclusive):

- (a) the letter from the Independent Financial Adviser as set out in this circular;
- (b) the written consent from the Independent Financial Adviser referred to in paragraph 5 of this appendix;
- (c) the letter from the Independent Board Committee as set out in this circular; and
- (d) the CNHTC Supply Agreement and the CNHTC Purchase Agreement.



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 EXTRAORDINARY GENERAL MEETING OF  
THE SHAREHOLDERS OF WEICHAI POWER CO., LTD.**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “EGM”) of Weichai Power Co., Ltd. (the “**Company**”) will be held at the Company’s conference room at 197, Section A, Fu Shou East Street, High Technology Industrial Development Zone, Weifang, Shandong Province, the People’s Republic of China on 21 May 2021 at 2:50 p.m. for the purposes of considering and, if thought fit, approving the matters set out below. Unless the context otherwise requires, terms defined in the circular to the shareholders of the Company dated 30 April 2021, of which this notice forms part (the “**Circular**”) shall have the same meaning when used herein.

**SPECIAL RESOLUTIONS**

1. To consider and approve the resolution on the spin-off and listing of Weichai Torch Technology Co., Ltd.\* (潍柴火炬科技股份有限公司), a subsidiary of the Company, on the ChiNext Board of the Shenzhen Stock Exchange in compliance with the relevant laws and regulations. (Note 1)
2. To consider and approve the resolution on the proposal in relation to the spin-off and listing of Weichai Torch Technology Co., Ltd.\* (潍柴火炬科技股份有限公司), a subsidiary of the Company, on the ChiNext Board of the Shenzhen Stock Exchange. (Note 1)
3. To consider and approve the resolution on the “Plan for the spin-off and listing of Weichai Torch Technology Co., Ltd., a subsidiary of Weichai Power Co., Ltd., on the ChiNext Board of the Shenzhen Stock Exchange” (《潍柴動力股份有限公司關於分拆所屬子公司潍柴火炬科技股份有限公司至創業板上市的預案》). (Note 1)
4. To consider and approve the resolution on the spin-off and listing of Weichai Torch Technology Co., Ltd.\* (潍柴火炬科技股份有限公司), a subsidiary of the Company, on the ChiNext Board of the Shenzhen Stock Exchange in compliance with the “Certain Provisions on Pilot Domestic Listing of Spin-off Subsidiaries of Listed Companies” (《上市公司分拆所屬子公司境內上市試點若干規定》). (Note 1)
5. To consider and approve the resolution on the spin-off and listing of Weichai Torch Technology Co., Ltd.\* (潍柴火炬科技股份有限公司), a subsidiary of the Company, on the ChiNext Board of the Shenzhen Stock Exchange which benefits to safeguard the legal rights and interests of the shareholders and creditors of the Company. (Note 1)
6. To consider and approve the resolution on the ability of the Company to maintain its independence and sustainable operation ability. (Note 1)
7. To consider and approve the resolution on the capacity of Weichai Torch Technology Co., Ltd.\* (潍柴火炬科技股份有限公司), a subsidiary of the Company, to operate in accordance with the corresponding regulations. (Note 1)

## NOTICE OF EGM

8. To consider and approve the resolution on the explanation regarding the completeness and compliance of the statutory procedures performed for the spin-off and the validity of the legal documents to be submitted in relation thereto. *(Note I)*
9. To consider and approve the resolution on the analysis in relation to the objectives, commercial reasonableness, necessity and feasibility of the spin-off. *(Note I)*
10. To consider and approve the resolution on the authorisation to the board of the Company and its authorised persons to deal with the matters relating to the spin-off. *(Note I)*
11. To consider and approve the amendments to the Articles of Association as set out in the section headed “V. Proposed amendments to the Articles of Association” in the “Letter from the Board” contained in the Circular. *(Note J)*

### ORDINARY RESOLUTIONS

12. To consider and approve the continuing connected transaction between the Company and its subsidiaries and 山推工程機械股份有限公司 (Shantui Construction Machinery Co., Ltd.). *(Note K)*
13. To consider and, if thought fit, approve the following resolutions as an ordinary resolution:

“**THAT** the CNHTC Purchase Agreement dated 25 February 2021 referred to in the section headed “II. The Continuing Connected Transactions – (a) Purchase of vehicles, vehicle parts and components and related products, engines, engine parts and components and related products, and relevant services by the Company (and its subsidiaries) from CNHTC (and its associates)” in the announcement of the Company dated 25 February 2021 and the relevant new cap be and are hereby approved.” *(Note K)*

14. To consider and, if thought fit, approve the following resolutions as an ordinary resolution:

“**THAT** the CNHTC Supply Agreement dated 25 February 2021 referred to in the section headed “II. The Continuing Connected Transaction – Sale of vehicles, vehicle parts and components and related products, engines, engine parts and components and related products, and relevant services by the Company (and its subsidiaries) to CNHTC (and its associates)” in the “Letter from the Board” contained in the Circular and the relevant New Cap (as defined in the Circular) be and are hereby approved.” *(Note K)*

By Order of the Board of Directors  
**Weichai Power Co., Ltd.**  
**Kwong Kwan Tong**  
*Company Secretary*

Hong Kong, 30 April 2021

## NOTICE OF EGM

*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 15 May 2021 to 21 May 2021 (both days inclusive). Holders of H Shares whose names appear on the register of H Shares kept at Computershare Hong Kong Investor Services Limited on 21 May 2021 are entitled to attend and vote at the EGM following completion of the registration procedures. To qualify for attendance and voting at the EGM, 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, not later than 4:30 p.m. on 14 May 2021. The address of the Company’s H-Share Registrar is as follows:

Computershare Hong Kong Investor Services Limited  
Shops 1712–1716, 17th Floor, Hopewell Centre  
183 Queen’s Road East  
Wanchai  
Hong Kong

- (B) Each holder of H Shares of the Company entitled to attend and vote at the EGM may, by completing the form of proxy of the Company, appoint one or more proxies to attend and vote at the EGM 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.
- (C) 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 EGM 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.
- (D) 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 (C) 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 EGM.
- (E) Each holder 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**”) who is entitled to attend and vote at the EGM may also, by completing the form of proxy of the Company, appoint one or more proxies to attend and vote at the EGM on his behalf. A proxy need not be a shareholder of the Company. Notes (B) and (C) above also apply to the holders of A Shares of the Company, except that, to be valid, the form of proxy and the relevant power of attorney (if any) and other relevant documents of authorisation (if any) must be delivered to the Secretary to the board of Directors of the Company not less than 24 hours before the time appointed for the EGM. The address of the Secretary to the board of Directors of the Company is as follow:

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) 2297056/2297068  
Facsimile No.: 86 (536) 819 7073

## NOTICE OF EGM

- (F) A shareholder or his/her proxy should produce proof of identity when attending the EGM. 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 EGM, 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.
- (G) Any proposal to appoint any person to the office of director of the Company at the EGM 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 EGM and end on (and exclude) the date that is seven (7) days before the date of the EGM.
- (H) The EGM is expected to last for not more than half a day. Shareholders who attend the EGM shall bear their own travelling and accommodation expenses.
- (I) Information in relation to the resolutions are set out in the announcements published by the Company in relation to the possible spin-off and separate listing of the spark plug business of the Group on the ChiNext Board of the Shenzhen Stock Exchange on 25 February 2021 and 23 April 2021, respectively.
- (J) Since the Company is a PRC incorporated company and the official Articles of Association of the Company are in the Chinese language, the proposed amendments in the English version of the Circular are an unofficial English language translation (the "**English Translation**") of the official proposed amendments in the Chinese language (the "**Official Amendments**"), which are set out in the Chinese language version of the Circular. Accordingly, in the event of any inconsistency between the English Translation and the Official Amendments, the Official Amendments shall prevail.
- (K) (i) Weichai Holdings and its associates, (ii) Mr. Tan Xuguang, Mr. Zhang Quan, Mr. Xu Xinyu and Mr. Sun Shaojun, executive Directors of the Company, and (iii) Mr. Wu Hongwei and Mr. Lu Wenwu, supervisors of the Company, will abstain from voting at the EGM 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. 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.*