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潍柴動力股份有限公司
WEICHAI POWER CO., LTD.

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

(Stock Code: 2338)

DISCLOSEABLE TRANSACTION

SUBSCRIPTION OF STRUCTURED DEPOSIT PRODUCTS

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On 7 September 2021, the Company has agreed to subscribe from ICBC Weifang Dongguan Branch, the ICBC Structured Deposit Products, being structured deposit products with a total principal amount of RMB3,200 million (equivalent to approximately HK\$3,854 million).

LISTING RULES IMPLICATIONS

In accordance with Rule 14.22 of the Listing Rules, the Subscriptions and the Previous ICBC Subscriptions should be aggregated given that the counterparties for the transactions are all branches of ICBC, and the relevant products under subscription are of a similar nature.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Subscriptions, when aggregated with the Previous ICBC Subscriptions, exceeds 5% but all of which are less than 25%, the Subscriptions constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the announcement requirement under the Listing Rules.

I. INTRODUCTION

The Board is pleased to announce that on 7 September 2021, the Company has agreed to subscribe from ICBC Weifang Dongguan Branch, the ICBC Structured Deposit Products, being structured deposit products with a total principal amount of RMB3,200 million (equivalent to approximately HK\$3,854 million).

II. PRINCIPAL TERMS OF THE SUBSCRIPTIONS

The principal terms of the Subscriptions are as follows:

A. The ICBC Structured Deposit Product with a principal amount of RMB1,000 million

Date of subscription	:	7 September 2021
Parties	:	(1) The Company, as the subscriber (2) ICBC Weifang Dongguan Branch, as the issuer
Name of product	:	ICBC accumulated exchange rate range linked legal person Renminbi structured deposit product – Designated account 2021 No. 263 Type G (中國工商銀行掛鉤匯率區間累計型法人人民幣結構性存款產品－專戶型2021年第263期G款)
Type of product	:	Guaranteed principal with floating return
Principal amount of the subscription	:	RMB1,000 million
Expected annualized return rate	:	1.50% to 3.47%
Term of the product	:	From 9 September 2021 to 8 June 2022 (272 days)
Risk level of the product (internal risk assessment by ICBC)	:	Very low

Deposit link and return calculation : The linked indicator under this structured deposit product is the daily reference rate of US dollar against Japanese Yen on the Bloomberg FX Fixings as at 3:00 pm Tokyo Time.

The observation period is from 9 September 2021 to 6 June 2022, with a target range of 660 base points above and below the reference rate of US dollar against Japanese Yen on the Bloomberg FX Fixings as at 3:00 pm Tokyo Time on 9 September 2021.

The formula for calculating the return: subscription amount x actual annualised return rate x actual investment days/365.

The actual annualised return rate will be calculated by: $1.50\% + 1.97\% \times N/M$, with N being the actual number of days on which the daily reference rate is within the target range, and M being the actual number of dates of the observation period.

Right of early termination : The subscriber has no right of early redemption and the issuer is not entitled to terminate the product prior to the maturity date of the investment.

B. The ICBC Structured Deposit Product with a principal amount of RMB2,200 million

Date of subscription : 7 September 2021

Parties : (1) The Company, as the subscriber
(2) ICBC Weifang Dongguan Branch, as the issuer

Name of product : ICBC accumulated exchange rate range linked legal person Renminbi structured deposit product – Designated account 2021 No. 263 Type H (中國工商銀行掛鈎匯率區間累計型法人人民幣結構性存款產品－專戶型2021年第263期H款)

Type of product : Guaranteed principal with floating return

Principal amount of the subscription : RMB2,200 million

Expected annualised return rate : 1.50% to 3.70%

Term of the product	:	From 9 September 2021 to 8 September 2022 (364 days)
Risk level of the product (internal risk assessment by ICBC)	:	Very low
Deposit link and return calculation	:	<p>The linked indicator under this structured deposit product is the daily reference rate of US dollar against Japanese Yen on the Bloomberg FX Fixings as at 3:00 pm Tokyo Time.</p> <p>The observation period is from 9 September 2021 to 6 September 2022, with a target range of 720 base points above and below the reference rate of US dollar against Japanese Yen on the Bloomberg FX Fixings as at 3:00 pm Tokyo Time on 9 September 2021.</p> <p>The formula for calculating the return: subscription amount x actual annualised return rate x actual investment days/365.</p> <p>The actual annualised return rate will be calculated by: $1.50\% + 2.20\% \times N/M$, with N being the actual number of days on which the daily reference rate is within the target range, and M being the actual number of dates of the observation period.</p>
Right of early termination	:	The subscriber has no right of early redemption and the issuer is not entitled to terminate the product prior to the maturity date of the investment.

The terms of the Subscriptions were arrived at after arm's length negotiation between the Company and ICBC Weifang Dongguan Branch, and the Subscriptions will be funded by the Group's temporarily idle funds from the proceeds of the non-public issuance of A shares (details of such proceeds are set out in the Company's announcement dated 26 May 2021).

III. SUMMARY OF THE PREVIOUS ICBC SUBSCRIPTIONS

A summary of the Previous ICBC Subscriptions pursuant to which the Group has subscribed for certain structured deposit products issued by ICBC (via its various branches) is set out below:

No.	Date of subscription	Parties	Name of product	Type of product	Principal amount of the subscription <i>RMB' million</i>	Actual return upon maturity of the product (or expected annualised return rate) <i>RMB' 000</i>	Term of the product
1.	6 November 2020	Shaanxi Zhongqi as the subscriber ICBC Xi'an Beidajie Branch as the issuer	ICBC accumulated exchange rate range linked legal person Renminbi structured deposit product – Designated account 2020 No. 190 Type D (中國工商銀行掛鈎匯率區間累計型法人人民幣結構性存款產品－專戶型2020年第190期D款)	Guaranteed principal with floating return	500	8,523.3	10 November 2020 to 12 May 2021 (183 days)
2.	22 December 2020	Shaanxi Zhongqi as the subscriber ICBC Xi'an Beidajie Branch as the issuer	ICBC accumulated exchange rate range linked legal person Renminbi structured deposit product – Designated account 2020 No. 220 Type E (中國工商銀行掛鈎匯率區間累計型法人人民幣結構性存款產品－專戶型2020年第220期E款)	Guaranteed principal with floating return	400	3,013.9	24 December 2020 to 25 March 2021 (91 days)

No.	Date of subscription	Parties	Name of product	Type of product	Principal amount of the subscription <i>RMB' million</i>	Actual return upon maturity of the product (or expected annualised return rate) <i>RMB' 000</i>	Term of the product
3.	30 December 2020	Hande Axle as the subscriber ICBC Qishan County Branch as the issuer	ICBC accumulated exchange rate range linked legal person Renminbi structured deposit product – Designated account 2020 No. 226 Type J (中國工商銀行掛鈎匯率區間累計型法人人民幣結構性存款產品－專戶型2020年第226期J款)	Guaranteed principal with floating return	150	1,007.1	4 January 2021 to 6 April 2021 (92 days)
4.	7 January 2021	Shaanxi Zhongqi as the subscriber ICBC Xi'an Beidajie Branch as the issuer	ICBC accumulated exchange rate range linked legal person Renminbi structured deposit product – Designated account 2021 No. 007 Type N (中國工商銀行掛鈎匯率區間累計型法人人民幣結構性存款產品－專戶型2021年第007期N款)	Guaranteed principal with floating return	1,000	3,331.5	11 January 2021 to 18 February 2021 (38 days)
5.	8 January 2021	Shaanxi Zhongqi as the subscriber ICBC Xi'an Beidajie Branch as the issuer	ICBC accumulated exchange rate range linked legal person Renminbi structured deposit product – Designated account 2021 No. 008 Type L (中國工商銀行掛鈎匯率區間累計型法人人民幣結構性存款產品－專戶型2021年第008期L款)	Guaranteed principal with floating return	300	4,366.8	12 January 2021 to 15 July 2021 (184 days)

No.	Date of subscription	Parties	Name of product	Type of product	Principal amount of the subscription <i>RMB' million</i>	Actual return upon maturity of the product (or expected annualised return rate) <i>RMB' 000</i>	Term of the product
6.	22 February 2021	Shaanxi Zhongqi as the subscriber ICBC Xi'an Beidajie Branch as the issuer	ICBC accumulated exchange rate range linked legal person Renminbi structured deposit product – Designated account 2021 No. 041 Type F (中國工商銀行掛鈎匯率區間累計型法人人民幣結構性存款產品－專戶型2021年第041期F款)	Guaranteed principal with floating return	600	5,989.1	24 February 2021 to 21 June 2021 (117 days)
7.	22 February 2021	Shaanxi Zhongqi as the subscriber ICBC Xi'an Beidajie Branch as the issuer	ICBC accumulated exchange rate range linked legal person Renminbi structured deposit product – Designated account 2021 No. 041 Type H (中國工商銀行掛鈎匯率區間累計型法人人民幣結構性存款產品－專戶型2021年第041期H款)	Guaranteed principal with floating return	300	5,319.7	24 February 2021 to 26 August 2021 (183 days)
8.	19 April 2021	Shaanxi Zhongqi as the subscriber ICBC Xi'an Beidajie Branch as the issuer	ICBC accumulated exchange rate range linked legal person Renminbi structured deposit product – Designated account 2021 No. 105 Type M (中國工商銀行掛鈎匯率區間累計型法人人民幣結構性存款產品－專戶型2021年第105期M款)	Guaranteed principal with floating return	500	3,015.1	21 April 2021 to 22 June 2021 (62 days)

No.	Date of subscription	Parties	Name of product	Type of product	Principal amount of the subscription <i>RMB' million</i>	Actual return upon maturity of the product (or expected annualised return rate) <i>RMB' 000</i>	Term of the product
9.	1 June 2021	Hande Axle as the subscriber ICBC Qishan County Branch as the issuer	ICBC accumulated exchange rate range linked legal person Renminbi structured deposit product – Designated account 2021 No. 155 Type J (中國工商銀行掛鈎匯率區間累計型法人人民幣結構性存款產品－專戶型2021年第155期J款)	Guaranteed principal with floating return	100	844.4	3 June 2021 to 3 September 2021 (92 days)
10.	27 August 2021	The Company as the subscriber ICBC Weifang Dongguan Branch as the issuer	ICBC accumulated exchange rate range linked legal person Renminbi structured deposit product – Designated account 2021 No. 257 Type U (中國工商銀行掛鈎匯率區間累計型法人人民幣結構性存款產品－專戶型2021年第257期U款)	Guaranteed principal with floating return	800	1.30% to 3.70%	3 September 2021 to 29 August 2022 (360 days)

The structured deposit products subscribed by the Group pursuant to the Previous ICBC Subscriptions as disclosed above with an aggregate principal amount of RMB4,650 million have variable annualised return rates linked to the exchange rate of US dollars against Japanese Yen, and are of a very low risk level based on the internal risk assessment by ICBC.

IV. REASONS AND BENEFITS FOR THE SUBSCRIPTIONS

Following the completion of the non-public issuance of A shares as set out in the Company's announcement dated 26 May 2021, whilst the Group intends to apply the relevant proceeds in accordance with the proposed uses as set out in the Company's circular dated 11 January 2021, with the actual utilisation of such proceeds being based on the overall progress and actual circumstances of the relevant projects, part of such proceeds has been temporary left idle.

Considering that the risk in connection with the Subscriptions is low, and that the Group can enjoy a higher return compared with fixed term deposits in commercial banks in the PRC, the Board is of the view that the Subscriptions represents a reasonable and efficient use of such temporarily idle funds which will enhance the overall capital gain of the Group, and is in line with the Management Measures on the Use of Raised Proceeds of Weichai Power Co., Ltd. (《潍柴動力股份有限公司募集資金使用管理辦法》) adopted by the Company on 29 January 2021.

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

V. INFORMATION ON THE PARTIES TO THE SUBSCRIPTION

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

ICBC is a licensed bank established under the laws of the PRC and principally engages in the provision of corporate and personal banking and other financial services. Its A shares and H shares are listed on the Shanghai Stock Exchange (stock code: 601398) and the Main Board of the Stock Exchange (stock code: 1398), respectively. ICBC Weifang Dongguan Branch is a sub-branch of ICBC.

The Directors, after making all reasonable inquiries, to the best of their knowledge and belief, ICBC and their ultimate beneficial owners is a third party independent of the Company and its connected persons.

VI. THE LISTING RULES IMPLICATIONS

With respect to the total subscription amount of the Previous ICBC Subscriptions, all applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules), on an aggregated basis, are below 5%. As such, the Previous ICBC Subscriptions do not constitute discloseable transactions of the Company.

In accordance with Rule 14.22 of the Listing Rules, the Subscriptions and the Previous ICBC Subscriptions should be aggregated given that the counterparties for the transactions are all branches of ICBC, and that the relevant products under subscription are of a similar nature.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Subscriptions, when aggregated with the Previous ICBC Subscriptions, exceeds 5% but all of which are less than 25%, the Subscriptions constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the announcement requirement under the Listing Rules.

VII. DEFINITIONS

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

“Board”	the board of Directors
“Company”	濰柴動力股份有限公司 (Weichai Power Co., Ltd.), a company established in the PRC with limited liability
“connected person”	has the meaning as ascribed to it under the Listing Rules
“Group”	the Company and its subsidiaries
“Hande Axle”	陝西漢德車橋有限公司 (Shaanxi Hande Axle Co., Ltd.*), a company established in the PRC and is held as to approximately 3.06% by the Company and as to approximately 94% by Shaanxi Zhongqi, and, in turn, a subsidiary of the Company
“ICBC”	Industrial and Commercial Bank of China Limited (中國工商銀行股份有限公司), a joint stock limited company incorporated in the PRC with limited liability
“ICBC Qishan County Branch”	the Qishan County sub-branch of ICBC (中國工商銀行股份有限公司岐山縣支行)
“ICBC Structured Deposit Product(s)”	the structured deposit product(s) subscribed by the Company from ICBC Weifang Dongguan Branch on 7 September 2021, details of which are disclosed in the section headed “II. Principal terms of the Subscriptions” in this announcement
“ICBC Weifang Dongguan Branch”	the Dongguan sub-branch of ICBC at Weifang City (中國工商銀行股份有限公司濰坊東關支行)
“ICBC Xi’an Beidajie Branch”	the Beidajie sub-branch of ICBC at Xi’an City (中國工商銀行股份有限公司西安北大街支行)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Previous ICBC Subscriptions”	the subscription of structured deposit products by the Group from ICBC (via its various branches) between 6 November 2020 and 27 August 2021, details of which are set out in the section headed “III. Summary of the Previous ICBC Subscriptions” of this announcement

“RMB”	Renminbi, the lawful currency of the PRC
“Shaanxi Zhongqi”	陝西重型汽車有限公司 (Shaanxi Heavy Duty Motor Company Limited*), a company established in the PRC and a 51% subsidiary of the Company
“Shareholder(s)”	holder(s) of the shares in the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriptions”	the subscription of the ICBC Structured Deposit Products
“%”	per cent.

* For identification purposes only

(The exchange rate used for the purpose of this announcement is HK\$1= RMB0.83030.)

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

The PRC, 7 September 2021

As at the date of this announcement, the executive Directors of the Company are Mr. Tan Xuguang, Mr. Zhang Quan, Mr. Xu Xinyu, Mr. Sun Shaojun, Mr. Yuan Hongming and Mr. Yan Jianbo; the non-executive Directors of the Company are Mr. Zhang Liangfu, Mr. Jiang Kui, Mr. Gordon Riske and Mr. Michael Martin Macht; and the independent non-executive Directors of the Company are Mr. Li Hongwu, Mr. Wen Daocai, Ms. Jiang Yan, Mr. Yu Zhuoping and Ms. Zhao Huifang.