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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)

POSSIBLE SPIN-OFF AND SEPARATE LISTING OF THE SHARES OF WEICHAI LOVOL

APPLICATION FOR LISTING

The Board is pleased to announce that Weichai Lovol submitted the application documents relating to the initial public offering of its shares on the ChiNext Board of the Shenzhen Stock Exchange and received the notice of acceptance on 23 March 2023.

The Company has applied for, and the Hong Kong Stock Exchange has confirmed that the Company may proceed with, the Possible Spin-off. Further, the Company has also applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirement of Paragraph 3(f) of Practice Note 15 of the Listing Rules. The Company will make further announcement(s) in connection with the Possible Spin-off as and when appropriate or as required under the Listing Rules.

Shareholders of the Company and potential investors should note that the Possible Spin-off is subject to, among others, approvals from the relevant regulatory authorities and the relevant market conditions. There is no assurance that the Possible Spin-off will proceed or as to when it may take place. Shareholders of the Company and potential investors are reminded to exercise caution when dealing in the securities of the Company.

References are made to (i) the announcements of Weichai Power Co., Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) dated 30 August 2022, 23 November 2022 and 29 December 2022, respectively, and (ii) the circular of the Company dated 8 December 2022 (the “**Circular**”), in respect of the possible spin-off and separate listing of the shares of Weichai Lovol Intelligent Agricultural Technology Co., Ltd.* (濰柴雷沃智慧農業科技股份有限公司) (“**Weichai Lovol**”) on the ChiNext Board (the “**ChiNext Board**”) of the Shenzhen Stock Exchange (the “**Possible Spin-off**”). Unless otherwise defined, the terms used herein shall have the same meaning as those defined in the Circular.

APPLICATION FOR THE LISTING OF WEICHAI LOVOL

The Company was informed by Weichai Lovol that Weichai Lovol submitted the application documents relating to the initial public offering of its shares on the ChiNext, and Weichai Lovol received the Notice on the Acceptance of Weichai Lovol Intelligent Agricultural Technology Co., Ltd.’s Application Documents for the Initial Public Offering and Listing of Shares on the ChiNext Board (Shen Zheng Shang Shen [2023] No. 275) (《關於受理濰柴雷沃智慧農業科技股份有限公司首次公開發行股票並在創業板上市申請文件的通知》(深證上審[2023]275號)) from the Shenzhen Stock Exchange on 23 March 2023. The Shenzhen Stock Exchange has checked the application documents submitted by Weichai Lovol for the initial public offering and listing of its shares on the ChiNext Board in accordance with the relevant regulations, and was of the view that such application documents were complete and decided to accept the application. The prospectus of Weichai Lovol has been published on the website of the Shenzhen Stock Exchange for the Examination of the Offering and Listing of Stocks on the ChiNext Board (<http://listing.szse.cn>).

LISTING RULES IMPLICATIONS

In the event that the Company proceeds with the Possible Spin-off, it will constitute a spin-off of Weichai Lovol by the Company pursuant to Practice Note 15 to the Listing Rules (the “**PN15**”) and will also be a deemed disposal of an interest in Weichai Lovol by the Company under Rule 14.29 of the Listing Rules. Based on the information currently available to the Company, the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Possible Spin-off may reach 5% but is expected to be less than 25%. Therefore, the Possible Spin-off may constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and be subject to the announcement requirement under the Listing Rules. However, to comply with relevant laws and regulations of the People’s Republic of China (the “**PRC**”), as disclosed in the Company’s announcement dated 29 December 2022, the Company has also obtained the relevant approvals regarding the Possible Spin-off at the general meeting of the Company.

The Company has applied for, and The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) has confirmed that the Company may proceed with, the Possible Spin-off under PN15.

The Possible Spin-off is conditional upon, among other things, the consent of registration by the China Securities Regulatory Commission (the “**CSRC**”) and the approval of the Shenzhen Stock Exchange. The Company will make further announcement(s) in connection with the Possible Spin-off as and when appropriate or as required under the Listing Rules.

WAIVER FROM STRICT COMPLIANCE WITH PARAGRAPH 3(F) OF PN15

Paragraph 3(f) of PN15 requires a listed company contemplating a spin-off to have due regard to the interests of its existing shareholders by providing them with an assured entitlement to the shares in the spun-off entity, either by way of a distribution in specie of existing shares in the spun-off entity or by way of preferred application in any offering of existing or new shares in the spun-off entity.

Weichai Lovol is a company established in the PRC, and pursuant to the advice of the Company's PRC legal adviser in respect of the Spin-off (the "**PRC Legal Adviser**"), for holders of H Shares of the Company, only investors in compliance with certain requirements under 《中國證券登記結算有限責任公司證券帳戶業務指南》(Manual of the Securities Account Business of China Securities Depository and Clearing Corporation Limited), 《中國證券登記結算有限責任公司特殊機構及產品證券帳戶業務指南》(Guidelines of the China Securities Depository and Clearing Co., Ltd. on Operation of Securities Accounts for Special Institutions and Products), 《合格境外機構投資者和人民幣合格境外機構投資者境內證券期貨投資管理辦法》(Administrative Measures for Securities and Futures Investment Made in China by Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors), 《關於實施〈合格境外機構投資者和人民幣合格境外機構投資者境內證券期貨投資管理辦法〉有關問題的規定》(Provisions on Issues concerning the Implementation of the Administrative Measures for Securities and Futures Investment Made in China by Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors) and 《外國投資者對上市公司戰略投資管理辦法》(Measures for the Administration of Strategic Investment in Listed Companies by Foreign Investors), may hold and/or transfer the shares of a company listed on the ChiNext Board, and such persons include the following:

- (1) in respect of individuals, they include, among others, the following persons who satisfy the relevant suitability requirements: (i) foreigners who have obtained a permanent right of abode in the PRC, (ii) citizens of Hong Kong, Macau or Taiwan, who are working and living in the PRC, and (iii) foreigners who work in the PRC and whose national (or regional) securities regulatory agency of their places of origin has established a regulatory cooperation mechanism with the CSRC; and
- (2) in respect of corporations, they include, among others, (i) qualified foreign institutional investors and RMB qualified foreign institutional investors that have been permitted by the CSRC to participate in securities and futures investment activities in China, and (ii) strategic investors approved by the Ministry of Commerce of the PRC.

As advised by the PRC Legal Adviser, the PRC southbound trading investors through Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect who hold the shares in the Company through China Securities Depository and Clearing Corporation Limited (the "**PRC Stock Connect Investors**") are the holders of A shares securities accounts who may hold the shares of a company listed on the ChiNext Board.

Given the limited information available from the Company's H-Share registrar, it is not feasible for the Company to ascertain whether the holders of the H shares of the Company are legally entitled to hold any shares of a company listed on the ChiNext Board under the PRC laws so as to determine the percentage of shareholders who are not entitled to hold shares in Weichai Lovol following the Spin-off, and it is likely that not all of the existing shareholders of the Company will be entitled to hold A share securities accounts in the PRC and thus hold shares in Weichai Lovol following the Possible Spin-off.

Also, as further advised by the PRC Legal Adviser, though the holders of the A shares of the Company and the PRC Stock Connect Investors may hold the shares of a company listed on the ChiNext Board, according to the Securities Law of the People's Republic of China (《中華人民共和國證券法》), the Measures for the Administration of the Offering and Underwriting of Shares (《證券發行與承銷管理辦法》) and the Detailed Rules of the Shenzhen Stock Exchange for the Implementation of the Offering and Underwriting Business in Initial Public Offerings of Securities on ChiNext (《深圳證券交易所創業板首次公開發行證券發行與承銷特別規定》), save as the arrangement for preferential allocation of a certain number of securities to the publicly offered funds, social security funds, pension, enterprise annuity funds and insurance funds, no preferential allocations of the shares in a public offering shall be made to any specific persons on the ground that all investors shall be treated equally.

A listed issuer on ChiNext may carry out the abovementioned "public offering" by way of the issuance by offline distribution and online subscription to investors. For offline distribution, the investors are required to provide effective quotations according to the PRC laws in order to participate therein and the Company is unable to make any preferential allocations to its existing shareholders on the ground that all investors should be treated equally. For online subscription, allocations among all the valid subscriptions would be assigned through balloting. Therefore, in implementing the proposed issue of shares in Weichai Lovol under the Proposal, the Company is not allowed to allocate shares in Weichai Lovol to specific persons and reserve shares in Weichai Lovol for its existing shareholders pursuant to the existing PRC laws.

In view of the above legal impediments for providing the assured entitlement to the Company's shareholders, it is not feasible for the Company to comply with the requirement of paragraph 3(f) of PN15 in connection with the Possible Spin-off. Thus the Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement under paragraph 3(f) of PN15 (the "Waiver").

REASONS FOR AND BENEFITS OF THE POSSIBLE SPIN-OFF

Weichai Lovol and its subsidiaries are principally engaged in the development, manufacture and sale of intelligent agriculture machinery and is committed to provide full-process intelligent agriculture solutions to its customers, with the main products being tractors and harvest machinery.

The Board considers that the listing of the shares in Weichai Lovol on the ChiNext Board of the Shenzhen Stock Exchange will unlock the internal value of Weichai Lovol and allow the Company to capitalise the value of its existing investment in Weichai Lovol. The Possible Spin-off is expected to provide Weichai Lovol with direct access to capital markets, diversifying its financing channels and improving its operational capability, thereby bringing stable return to its investors and contributing to its sustainable development. In addition, the Possible Spin-off is expected to enhance the influence of Weichai Lovol over the market and strengthen its competitive advantages and position in the market. Given that the Company will continue to be the holding company of Weichai Lovol after the Possible Spin-off, the above are expected to add overall value to the Group and further the interests of the Shareholders as a whole.

After taking in to account the above reasons and the legal impediments for providing the assured entitlement to the Company's shareholders as set out in the section headed "Waiver from strict compliance with paragraph 3(f) of PN15" above, the Board also confirms that it considers that the Possible Spin-off and the Waiver are fair and reasonable and in the interest of the Company and its shareholders as a whole.

GENERAL

As at the date of this announcement, no final decision has been made as to whether and/or when to proceed with the Possible Spin-off.

The Company will keep its shareholders and potential investors informed by making further announcement(s) in connection with the Possible Spin-off as and when appropriate in compliance with the Listing Rules.

Shareholders of the Company and potential investors should note that the Possible Spin-off is subject to, among others, approvals from the relevant regulatory authorities and the relevant market conditions. There is no assurance that the Possible Spin-off will proceed or as to when it may take place. Shareholders of the Company and potential investors are reminded to exercise caution when dealing in the securities of the Company.

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

The PRC, 24 March 2023

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.