

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



**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)

ANNOUNCEMENT

**(1) ADJUSTMENTS TO THE LIST OF INCENTIVE PARTICIPANTS,
THE NUMBER OF RESTRICTED SHARES TO BE GRANTED AND
THE GRANT PRICE**

**(2) GRANT OF RESTRICTED SHARES TO THE INCENTIVE
PARTICIPANTS UNDER THE RESTRICTED SHARE INCENTIVE
SCHEME OF A SHARES**

**ADJUSTMENTS TO THE LIST OF INCENTIVE PARTICIPANTS, THE NUMBER
OF RESTRICTED SHARES TO BE GRANTED AND THE GRANT PRICE**

The Board is pleased to announce that, on 8 December 2023, pursuant to the authorisation granted to the Board pursuant to the EGM convened on 13 November 2023, the Board has passed resolutions to, among other things, (i) adjust the list of Incentive Participants such that the total Incentive Participants shall become 693 and adjust the number of Restricted Shares to be granted to the Incentive Participants to 78,270,000 Restricted Shares, given that certain Incentive Participants decided to voluntarily waive all or part of his/her entitlement to the Restricted Shares due to personal reasons, and (ii) adjust the Grant Price to RMB6.264 per A Share in view of the implementation of the Company's interim dividend distribution for 2023 on 27 October 2023.

GRANT OF RESTRICTED SHARES TO THE INCENTIVE PARTICIPANTS UNDER THE INCENTIVE SCHEME

Further, the Board is pleased to announce that, given that the granting conditions for the Incentive Scheme of Restricted Shares of the Company have been satisfied, pursuant to the authorisation granted to the Board pursuant to the EGM convened on 13 November 2023, the Board has on 8 December 2023 resolved to set the grant date on 8 December 2023, and 78,270,000 Restricted Shares have been granted to 693 Incentive Participants at the Grant Price of RMB6.264 per A Share.

References are made to the announcement of Weichai Power Co., Ltd. (the “**Company**”) dated 24 October 2023 and the circular dated 27 October 2023 in relation to the Incentive Scheme of the Company, and the poll results announcement of the Company dated 13 November 2023. Unless the context requires otherwise, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

I. ADJUSTMENTS TO THE LIST OF INCENTIVE PARTICIPANTS, THE NUMBER OF RESTRICTED SHARES TO BE GRANTED AND THE GRANT PRICE

On 8 December 2023, the board of directors (the “**Board**”) of the Company considered and approved resolutions to make certain adjustments to the list of Incentive Participants, the number of Restricted Shares to be granted and the Grant Price as detailed below.

Adjustments to the list of Incentive Participants and the number of Restricted Shares to be granted to the Incentive Participants

During the period from the date of the announcement of the proposed adoption of the Incentive Scheme to prior to the proposed grant of Restricted Shares, certain Incentive Participants decided to voluntarily waive all or part of his/her entitlement to the Restricted Shares due to personal reasons.

In light of the above, pursuant to the authorisation granted to the Board pursuant to the EGM convened on 13 November 2023, the Board of Directors made adjustments to the list of Incentive Participants such that the total Incentive Participants is adjusted from 716 individuals to 693 individuals, and the number of Restricted Shares to be granted to the Incentive Participants is adjusted from 85,440,000 Restricted Shares to 78,270,000 Restricted Shares.

The allocation of the Restricted Shares to be granted among all Incentive Participants after the abovementioned adjustments is set out in the table below:

Name	Position	Number of Restricted Shares to be granted	Percentage in the total number of Restricted Shares to be granted	Percentage in existing total share capital
Wang Decheng (王德成)	Director, CEO and general manager	800,000	1.02%	0.009%
Wang Jian (王健)	Deputy general manager	600,000	0.77%	0.007%
Guo Shenggang (郭聖剛)	Deputy general manager	800,000	1.02%	0.009%
Zhi Baojing (支保京)	Deputy general manager	1,100,000	1.41%	0.013%
Jin Zhao (金釗)	Deputy general manager	600,000	0.77%	0.007%
Li Pengcheng (李鵬程)	Deputy general manager	300,000	0.38%	0.003%
Wang Lingjin (王令金)	Deputy general manager	600,000	0.77%	0.007%
Ling Yun (凌芸)	Deputy general manager	690,000	0.88%	0.008%
Qu Hongkun (曲洪坤)	Chief financial officer	300,000	0.38%	0.003%
Gao Tianchao (高天超)	Secretary to the Board	400,000	0.51%	0.005%
Other middle management, core technology (business) staff (683 persons in total)		72,080,000	92.09%	0.826%
Total		78,270,000	100.00%	0.897%

Adjustments to the Grant Price

On 27 October 2023, a cash dividend of RMB2.26 (including tax) for every 10 shares held has been distributed to all shareholders of the Company eligible for distribution based on 8,639,291,296 shares eligible for profit distribution (calculated by deducting 87,265,525 shares in the securities account designated for share repurchase from the total share capital of the Company of 8,726,556,821 shares).

In view of the implementation of the Company's abovementioned interim dividend distribution for 2023 on 27 October 2023 which was made during the period from the date of the announcement of the proposed adoption of the Incentive Scheme to prior to the proposed grant of Restricted Shares, in accordance with the terms of the Incentive Scheme, the Grant Price per Restricted Share shall be adjusted pursuant to the following formula:

$$P = P_0 - V = \text{RMB}6.49 - \text{RMB}0.226 = \text{RMB}6.264$$

Where: P_0 represents the Grant Price before the adjustment
 V represents the dividend per Share
 P represents the Grant Price after the adjustment
 P shall be larger than 1 after the adjustment for distribution of dividends

Accordingly, the Grant Price of Restricted Share has been adjusted from RMB6.49 to RMB6.264 per A Share.

Other than the above adjustments to the list of Incentive Participants, the number of Restricted Shares to be granted to the Incentive Participants and the Grant Price (collectively, the “**Adjustments**”), all other terms of the Incentive Scheme as approved by the Shareholders at the EGM convened on 13 November 2023 remain unchanged.

Impact of the Adjustments

The above Adjustments to the list of Incentive Participants, the number of Restricted Shares to be granted to the Incentive Participants and the Grant Price would have no material impact on the Company’s implementation of the Incentive Scheme, nor the financial condition and operating results of the Company.

Opinion of the Board of Supervisors

The Adjustments were made in compliance with the relevant requirements of the applicable laws and regulations including the Administrative Measures on Share Incentives of Listed Companies (上市公司股權激勵管理辦法) (the “**Management Measures**”), as well as the terms of the 2023 Restricted A Share Incentive Scheme (Draft) (2023年A股限制性股票激勵計劃(草案)) (the “**Incentive Scheme (Draft)**”), and are within the scope of the authorisation granted by the Shareholders to the Board at the EGM and the procedures of which are lawful and compliant with the relevant regulations. There exists no circumstances which are detrimental to the interests of the Company and the Shareholders as a whole.

Legal opinion of the PRC legal advisor

Commerce and Finance, the Company’s legal advisor as to PRC laws, considers that as of the issuing date of the PRC legal opinion, the Company has obtained the necessary approval and authorisation in respect of the Adjustments at the current stage. The Adjustments are made in compliance with the relevant requirements of the applicable laws and regulations including the Management Measures, as well as the terms of the Incentive Scheme (Draft).

Opinion of the PRC independent financial advisor

Shanghai Realize Corporate Consulting Services (Group) Co., Ltd. (上海榮正企業諮詢服務(集團)股份有限公司), the PRC independent financial advisor of the Company, considers that as at the date of its report, the Company has obtained the necessary approval and authorisation in respect of the Adjustments and the grant at the current stage. The Adjustments made to the Grant Price and other matters related to the grant, including the Grant Date, Grant Price, Incentive Participants and number of Restricted Shares to be granted, are in compliance with the relevant requirements of the applicable laws and regulations including the Company’s Laws, Securities Laws and the Management Measures.

II. GRANT OF RESTRICTED SHARES TO THE INCENTIVE PARTICIPANTS UNDER THE INCENTIVE SCHEME

Explanation of the Board regarding satisfaction of conditions of the grant

The Restricted Shares shall only be granted to the Incentive Participants pursuant to the Incentive Scheme upon the satisfaction of the following conditions by the Company and the Incentive Participants:

- (I) The Company is not involved in any of the following circumstances:
 - 1. a certified public accountant having issued a negative opinion or was unable to express an opinion an audit report in respect of the Company's financial and accounting report for the latest fiscal year;
 - 2. a certified public accountant having issued a negative opinion or was unable to express an opinion in respect of the Company's internal control over financial reporting for the latest fiscal year;
 - 3. within the most recent 36 months and after the Company's listing, there have been cases of failure to distribute profits according to laws and regulations, the Articles of Association and public commitments;
 - 4. the relevant laws and regulations having prohibited the implementation of the share incentives;
 - 5. other circumstances as stipulated by the CSRC.
- (II) The Incentive Participant is not involved in any of the following circumstances:
 - 1. such Incentive Participant having been recognised as an ineligible person by SSE during the latest 12 months;
 - 2. such Incentive Participant having been recognised as an ineligible person by the CSRC and its delegated institutions during the latest 12 months;
 - 3. such Incentive Participant having been imposed administrative punishment or market access prohibition by the CSRC and its delegated institutions due to material breach of or noncompliance with laws and regulations during the latest 12 months;
 - 4. such Incentive Participant having been prohibited from being appointed as a director or senior management according to the requirements of the PRC Company Law;
 - 5. such Incentive Participant having been prohibited from participating in the incentive scheme of a listed company according to the requirements of laws and regulations;
 - 6. other circumstances as stipulated by the CSRC.

Upon careful review of the Board, the Board considered that there was no occurrence of any of the above circumstances nor were there any circumstances resulting in any Incentive Participants not being allowed to be granted the Restricted Shares, and the conditions for grant of the Restricted Shares as stipulated in the Incentive Scheme had been satisfied.

Particulars of the grant of the Restricted Shares

- (1) Grant Date: 8 December 2023
- (2) Number of Restricted Shares granted: 78,270,000 Restricted Shares
- (3) Number of Incentive Participants granted: 693 individuals
- (4) Grant Price: RMB6.264 per Share
- (5) Source of Shares: Ordinary A Shares repurchased by the Company from secondary market
- (6) Lock-up period and unlocking of the Incentive Scheme:

Lock-up periods of the Restricted Shares granted under the Incentive Scheme shall be for periods of 24 months, 36 months and 48 months, respectively, from the relevant completion date of registration of the Restricted Shares. The Restricted Shares granted to the Incentive Participants under the Incentive Scheme shall be subject to lock-up restrictions, and accordingly shall not be transferred or used to provide guarantee or used for repayment of debt during the lock-up periods.

The locked Shares acquired by the Incentive Participants as a result of conversion of capital reserve into share capital, distribution of script dividend, division of shares by virtue of holding the Restricted Shares shall be subject to lock-up pursuant to the Incentive Scheme. The lock-up restrictions attached to the granted Restricted Shares for the Incentive Participants shall be unlocked if the unlocking conditions imposed pursuant to the terms of the Incentive Scheme have been satisfied. In the event that the unlocking conditions have not been satisfied, the granted Restricted Shares shall be repurchased by the Company pursuant to the terms of the Incentive Scheme.

The unlocking periods and unlocking schedule are set out below:

Unlocking arrangement	Unlocking periods	Unlocking proportion to equity interests granted
The first unlocking period	Commencing from the first trading day upon the expiry of the 24-month period from the date of completion of registration of the Restricted Shares granted and ending on the last trading day falling within the period of 36 months from the date of completion of registration of the Restricted Shares granted	30%
The second unlocking period	Commencing from the first trading day upon the expiry of the 36-month period from the date of completion of registration of the Restricted Shares granted and ending on the last trading day falling within the period of the 48 months from the date of completion of registration of the Restricted Shares granted	30%
The third unlocking period	Commencing from the first trading day upon the expiry of the 48-month period from the date of completion of registration of the Restricted Shares granted and ending on the last trading day falling within the period of the 60 months from the date of completion of registration of the Restricted Shares granted	40%

The Restricted Shares which have not been unlocked during each of the relevant unlocking periods as stipulated above are not allowed to be deferred to be unlocked in the subsequent unlocking period(s).

Allocation of the Restricted Shares granted to the Incentive Participants

The allocation of the Restricted Shares granted among all Incentive Participants is set out in the table below:

Name	Position	Number of Restricted Shares to be granted (ten thousand shares)	Percentage in the total number of Restricted Shares to be granted	Percentage in existing total share capital
Wang Decheng (王德成)	Director, CEO, general manager	80	1.02%	0.009%
Wang Jian (王健)	Deputy general manager	60	0.77%	0.007%
Guo Shenggang (郭聖剛)	Deputy general manager	80	1.02%	0.009%
Zhi Baojing (支保京)	Deputy general manager	110	1.41%	0.013%
Jin Zhao (金釗)	Deputy general manager	60	0.77%	0.007%
Li Pengcheng (李鵬程)	Deputy general manager	30	0.38%	0.003%
Wang Lingjin (王令金)	Deputy general manager	60	0.77%	0.007%
Ling Yun (凌芸)	Deputy general manager	69	0.88%	0.008%
Qu Hongkun (曲洪坤)	Chief financial officer	30	0.38%	0.003%
Gao Tianchao (高天超)	Secretary to the Board	40	0.51%	0.005%
Other middle management, core technology (business) staff (683 persons in total)		7,208	92.09%	0.826%
Total		7,827	100.00%	0.897%

Notes:

1. The Incentive Participants under the Incentive Scheme shall not participate in two or more share incentive schemes of any listed companies.
2. The Incentive Participants will not include external directors, supervisors, or Shareholders or actual controllers holding, individually or collectively, more than 5% of the total shareholding of the Company and their spouses, parents and children.
3. The value of the grant to directors and members of the senior management shall be determined as 40% of their total respective remuneration (including the value of the grant), whereas the value of the grant to other Incentive Participants such as the middle management, personnel and core technology (business) key personnel shall be determined by the board of directors of the Company.
4. The aggregate number of Shares granted under the Company's incentive schemes during the validity period of the Incentive Scheme shall not exceed 10% of the Company's total share capital. The aggregate number of the Restricted Shares granted to any of the Incentive Participants under the Incentive Scheme through all of the Company's incentive schemes during the validity period shall not exceed 1% of the Company's total share capital.

Impact of the grant of Restricted Shares on the financial position and operation of the Company

Under the requirements of the Accounting Standards for Business Enterprises No. 11 – Share-based Payment, at each balance sheet date within the lock-up period, the Company shall revise the number of the Restricted Shares which are expected to be unlocked according to the change in the latest available number of persons eligible to unlock the Restricted Shares, completion of the performance targets and other subsequent information, and recognise the services acquired during such period in relevant costs or expenses and capital reserve at the fair value of the Restricted Shares on the Grant Date.

The Board has determined that the Grant Date of the Incentive Scheme shall be 8 December 2023. The total costs to be recognised for the 78,270,000 Restricted Shares granted shall be approximately RMB599,235,100, which shall be confirmed by the Company in phases based on the unlocking proportions in the corresponding year and charged to the recurring profits and losses. The table below provides for further details:

Total expenses	2023	2024	2025	2026	2027
<i>(RMB0'000)</i>	<i>(RMB0'000)</i>	<i>(RMB0'000)</i>	<i>(RMB0'000)</i>	<i>(RMB0'000)</i>	<i>(RMB0'000)</i>
59,923.51	1,747.77	20,973.23	20,224.19	11,485.34	5,492.99

Note: The above result does not represent the final accounting cost. In addition to the Grant Date, Grant Price and number of Restricted Shares granted, the accounting cost also relates to the actual number of Shares that are effective and lapsed. The final result of the impact of the implementation of the above on the operating performance of the Company shall be subject to the annual audited report issued by the accounting firm

After the grant of the Restricted Shares, the Company will announce in its annual reports the audited costs of the Incentive Scheme and the confirmed cost expenses amount for each year.

Statement on trading of Shares by Incentive Participants who are Directors or members of the senior management of the Company within six months prior to the Grant Date

Upon self-inspection by the Company, the Incentive Participants who are Directors or members of the senior management did not purchase or sell the Shares of the Company within six months prior to the Grant Date.

Opinion of the Supervisory Committee

In respect of the grant made pursuant to the Incentive Scheme, the Supervisory Committee has the following opinion:

1. The Incentive Participants are in compliance with the conditions of Incentive Participants under the Incentive Scheme of the Company as approved at the EGM.
2. The Incentive Participants who are intended to be granted the Restricted Shares have satisfied the qualifications stipulated under the relevant laws and regulations and regulatory documents including the Company Law and the Securities Law of the People's Republic of China. None of the Incentive Participants is unqualified to be an Incentive Participant under Article 8 of the Management Measures, and the Incentive Participants do not include external directors, supervisors, or Shareholders or actual controllers holding, individually or collectively, more than 5% of the total shareholding of the Company and their spouses, parents and children. The qualifications of Incentive Participants who are intended to be granted the Restricted Shares are lawful and valid, and the conditions for such Incentive Participants to be granted the Restricted Shares have been satisfied.
3. Neither the Company nor any of the Incentive Participants who are intended to be granted the Restricted Shares is subject to the circumstances that would result in the prohibition of the grant of Restricted Shares. The conditions for such Incentive Participants to be granted the Restricted Shares have been satisfied.
4. The Grant Date determined by the Board is in compliance with the relevant requirements on the on the grant date under the Management Measures and the Incentive Scheme (Draft).

In view of the above, the Supervisory Committee has agreed with the Company's list of Incentive Participants, the determining of the Grant Date on 8 December 2023, and the grant a total of 78,270,000 Restricted Shares to 693 Incentive Participants at the Grant Price of RMB6.264 per Share.

Legal opinion of the PRC legal advisor

Commerce and Finance, the Company's legal advisor as to PRC laws, considers that the Company has obtained the necessary approval and authorisation for the grant at the current stage; the determination of the Grant Date, the Incentive Participants of this grant, the number of the Restricted Shares granted and the Grant Price are in compliance with the relevant requirements of the applicable laws and regulations including the Management Measures, as well as the Incentive Scheme (Draft); the grant conditions for this grant have been satisfied, and the Company's granting the Restricted Shares to the Incentive Participants is in compliance with the relevant requirements of the applicable laws and regulations including the Management Measures, as well as the Incentive Scheme (Draft).

Opinion of the PRC independent financial advisor

Shanghai Realize Corporate Consulting Services (Group) Co., Ltd. (上海榮正企業諮詢服務(集團)股份有限公司), the PRC independent financial advisor of the Company, considers that as at the date of its report, the Company has obtained the necessary approval and authorisation in respect of the Adjustments and the grant at the current stage. The Adjustments made to the Grant Price and other matters related to the grant, including the Grant Date, Grant Price, Incentive Participants and number of Restricted Shares to be granted, are in compliance with the relevant requirements of the applicable laws and regulations including the Company's Laws, Securities Laws and the Management Measures, and the grant conditions for the Company's grant of the Restricted Shares under the Incentive Scheme have been satisfied. The grant of the Restricted Shares is also subject to the relevant information disclosure within the prescribed period and the relevant subsequent formalities to be handled with the Shenzhen Stock Exchange and the China Securities Depository and Clearing Co., Ltd. Shenzhen Branch.

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

The PRC, 8 December 2023

As at the date of this announcement, the executive Directors of the Company are Mr. Tan Xuguang, Mr. Zhang Quan, Mr. Ma Changhai, Mr. Wang Decheng, Mr. Sun Shaojun, Mr. Yuan Hongming, and Mr. Ma Xuyao; the non-executive Directors of the Company are Mr. Zhang Liangfu, Mr. Richard Robinson Smith and Mr. Michael Martin Macht; and the independent non-executive Directors of the Company are Ms. Jiang Yan, Mr. Yu Zhuoping, Mr. Chi Deqiang, Mr. Zhao Fuquan and Mr. Xu Bing.