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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)**

## **ANNOUNCEMENT CONTINUING CONNECTED TRANSACTIONS**

### **SUMMARY**

#### **Revision of annual caps and extension of existing Continuing Connected Transactions**

Reference is made to (i) the announcement of the Company dated 30 August 2023 in respect of the Weichai Westport Purchase Agreement and (ii) the announcement of the Company date 30 March 2022 in respect of the Existing CNHTC Supply Agreement. Due to actual needs of production, operation and development, the Company expects that the Existing Caps for the three years ending 31 December 2026 or the year ending 31 December 2024 (as the case may be) for the Continuing Connected Transactions contemplated under the Weichai Westport Purchase Agreement and the Existing CNHTC Supply Agreement will be insufficient. The Company therefore entered into the Supplemental Agreements to revise the Existing Caps of such Continuing Connected Transactions to the Revised Caps for the three years ending 31 December 2026 or the year ending 31 December 2024 (as the case may be), and to obtain New Caps for the two years ending 31 December 2026 in respect of the transactions contemplated under the Existing CNHTC Supply Agreement.

#### **Renewal of existing Continuing Connected Transactions**

In addition, references are made to the announcements of the Company dated 30 August 2021, 27 January 2022 and 30 March 2022 in respect of certain continuing connected transactions between the Group and (i) Weichai Heavy Machinery (and its subsidiaries), (ii) CNHTC (and its associates), and (iii) Fast Transmission. As the Group intends to continue to conduct the relevant transactions with such parties following the expiry of the Existing Framework Agreements, the Board announces that on 22 August 2024, the Group has entered into the New Framework Agreements in respect of the Continuing Connected Transactions as more particularly described herein.

## **Listing Rules implications**

As the highest percentage ratio calculated in accordance with the Listing Rules for the Continuing Connected Transactions as set out in sections III. and IV.A. of this announcement exceeds the 5% Threshold on an aggregated basis, such Continuing Connected Transactions constitute Non-exempt Continuing Connected Transactions of the Company and their respective New Framework Agreement or Supplemental Agreement and proposed New Caps or Revised Caps 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.

Further, since (i) Fast Transmission is regarded as a connected person of the Company at subsidiary level; (ii) the Board (including all the independent non-executive Directors) has approved the Fast Transmission Continuing Connected Transactions; and (iii) the independent non-executive Directors have confirmed that the terms of the Fast Transmission Continuing Connected Transactions and the relevant New Caps are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the Fast Transmission Continuing Connected Transactions are subject to the reporting and announcement requirements but are exempt from circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules. However, according to the relevant laws and regulations of the PRC and the Shenzhen Listing Rules, the Fast Transmission Continuing Connected Transactions constitute PRC Continuing Connected Transactions and are subject to the approval by the independent Shareholders at the EGM.

## **General**

A circular containing, inter alia, (i) further details of the Non-exempt Continuing Connected Transactions; (ii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the Non-exempt Continuing Connected Transactions; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Non-exempt Continuing Connected Transactions, will be despatched to the Shareholders on or before 30 September 2024 in accordance with the Listing Rules.

## I. INTRODUCTION

References are made to the announcements of the Company dated 30 August 2021, 27 January 2022, 30 March 2022 and 30 August 2023 in respect of, *inter alia*, the Continuing Connected Transactions of the Company where the Existing Caps for such Continuing Connected Transactions were set.

The Company proposes to revise the Existing Caps for the Continuing Connected Transaction contemplated under the Weichai Westport Purchase Agreement for the three years ending 31 December 2026 and the Existing Cap for the Continuing Connected Transaction contemplated under the Existing CNHTC Supply Agreement for the year ending 31 December 2024, and to obtain New Caps for the two years ending 31 December 2026 in respect of the transactions contemplated under the Existing CNHTC Supply Agreement, and hence, the Group entered into the Supplemental Agreements. Further, the Company intends to continue to conduct the transactions with the relevant parties following expiry of the Existing Framework Agreements, and hence, the Group entered into the New Framework Agreements.

The New Framework Agreements, Supplemental Agreements and the relevant Revised Caps and New Caps in respect of the Non-exempt Continuing Connected Transactions are conditional upon the approval of the Independent Shareholders at the EGM under the Listing Rules; and the New Framework Agreements and the relevant New Caps in respect of the Exempt Continuing Connected Transactions which constitute PRC Continuing Connected Transactions are conditional upon the approval of the independent Shareholders at the EGM as required by the relevant PRC laws and regulations and the Shenzhen Listing Rules.

A summary of the Continuing Connected Transactions, the Supplemental Agreements, the New Framework Agreements and the proposed Revised Caps and proposed New Caps is set out in the section headed “II. Summary of the Continuing Connected Transactions” in this announcement. Further details of terms of the Supplemental Agreements and the New Framework Agreements, the Existing Caps, the actual transaction amounts of the Continuing Connected Transactions for the relevant periods and the bases of determination of the proposed Revised Caps or New Caps are set out in the sections III. and IV. in this announcement.

## II. SUMMARY OF THE CONTINUING CONNECTED TRANSACTIONS

### *SUMMARY OF THE CONTINUING CONNECTED TRANSACTIONS AND THE PROPOSED REVISED CAPS/NEW CAPS*

#### 1. **Revision of annual caps and extension of existing Continuing Connected Transactions**

The Continuing Connected Transactions supplemented to revise the relevant Existing Caps and extend the existing transactions (as appropriate) include the following:

##### *A. Weichai Continuing Connected Transactions*

<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>
(1) CNHTC (and its Associates)	The Company (for itself and on behalf of its subsidiaries)	Shandong Heavy Industry is the holder of 65% of the equity interest of CNHTC	Sale of vehicles, vehicle parts and components and related products, engines, engine parts and components and related products, and provision of relevant services by the Company (and its subsidiaries) to CNHTC (and its Associates)
(2) Weichai Combustion	The Company (for itself and on behalf of its subsidiaries)	Weichai Combustion is held as to 74.33% by Weichai Holdings	Purchase of gas engines, gas engine parts and related products and receipt of labour and related services by the Company (and its subsidiaries) from Weichai Combustion

A summary of the proposed Revised Caps and New Caps (as appropriate) for each of the Continuing Connected Transactions is set out below:

Connected person and details of the relevant Continuing Connected Transactions	Proposed Revised Caps and New Caps		
	For the year ending 31 December 2024 <i>RMB</i>	For the year ending 31 December 2025 <i>RMB</i>	For the year ending 31 December 2026 <i>RMB</i>
<b>(1) CNHTC (and its Associates)</b>			
Sale of vehicles, vehicle parts and components and related products, engines, engine parts and components and related products, and provision of relevant services by the Company (and its subsidiaries) to CNHTC (and its Associates)	23,101,000,000 <sup>#</sup>	26,046,000,000 <sup>#</sup>	28,916,000,000 <sup>#</sup>
<b>(2) Weichai Combustion</b>			
Purchase of gas engines, gas engine parts and related products and receipt of labour and related services by the Company (and its subsidiaries) from Weichai Combustion	6,238,000,000 <sup>#</sup>	6,860,000,000 <sup>#</sup>	7,535,000,000 <sup>#</sup>

## 2. Renewal of existing Continuing Connected Transactions

The Continuing Connected Transactions to be renewed include the following:

### A. Weichai Continuing Connected Transactions

Name of connected person	Name of Group Company	Connected person's relationship with the Group	Nature of the connected transaction with the Group
(1) Weichai Heavy Machinery (and its subsidiaries)	The Company (for itself and on behalf of its subsidiaries)	Weichai Heavy Machinery is held as to approximately 30.59% by Weichai Holdings	<p>(a) Sale of diesel engines and related products and raw materials, and provision of labour and technical related services, etc. by the Company (and its subsidiaries) to Weichai Heavy Machinery (and its subsidiaries)</p> <p>(b) Purchase of diesel engines and related products and raw materials, and receipt of labour and technical related services, etc. by the Company (and its subsidiaries) from Weichai Heavy Machinery (and its subsidiaries)</p>
(2) CNHTC (and its Associates)	The Company (for itself and on behalf of its subsidiaries)	Shandong Heavy Industry is the holder of 65% of the equity interest of CNHTC	Purchase of vehicles, vehicle parts and components and related products, engines, engine parts and components and related products, and receipt of relevant services, etc. by the Company (and its subsidiaries) from CNHTC (and its Associates)

### B. Fast Transmission Continuing Connected Transactions

Name of connected person	Name of Group Company	Connected person's relationship with the Group	Nature of the connected transaction with the Group
Fast Transmission (and its associates)	The Company (for itself and on behalf of its subsidiaries)	Holder of 49% of the equity of SFGC	<p>(a) Sale of parts and components of transmissions and related products and provision of labour services, etc. by the Company (and its subsidiaries) to Fast Transmission (and its associates)</p> <p>(b) Purchase of parts and components of transmissions and related products and receipt of labour services, etc. by the Company (and its subsidiaries) from Fast Transmission (and its associates)</p>

A summary of the proposed New Caps for each of the Continuing Connected Transactions is set out below:

**A. Weichai Continuing Connected Transactions**

Connected person and details of the relevant Continuing Connected Transactions	Proposed New Caps		
	For the year ending 31 December 2025 <i>RMB</i>	For the year ending 31 December 2026 <i>RMB</i>	For the year ending 31 December 2027 <i>RMB</i>
<b>(1) Weichai Heavy Machinery (and its subsidiaries)</b>			
(a) Sale of diesel engines and related products and raw materials, and provision of labour and technical related services, etc. by the Company (and its subsidiaries) to Weichai Heavy Machinery (and its subsidiaries)	1,500,000,000 <sup>#</sup>	1,560,000,000 <sup>#</sup>	1,620,000,000 <sup>#</sup>
(b) Purchase of diesel engines and related products and raw materials, and receipt of labour and technical related services, etc. by the Company (and its subsidiaries) from Weichai Heavy Machinery (and its subsidiaries)	1,340,000,000 <sup>#</sup>	1,510,000,000 <sup>#</sup>	1,730,000,000 <sup>#</sup>
<b>(2) CNHTC (and its Associates)</b>			
Purchase of vehicles, vehicle parts and components and related products, engines, engine parts and components and related products, and receipt of relevant services, etc. by the Company (and its subsidiaries) from CNHTC (and its Associates)	845,000,000 <sup>#</sup>	894,000,000 <sup>#</sup>	952,000,000 <sup>#</sup>

**B. Fast Transmission Continuing Connected Transactions**

Connected person and details of the relevant Continuing Connected Transactions	Proposed New Caps		
	For the year ending 31 December 2025 RMB	For the year ending 31 December 2026 RMB	For the year ending 31 December 2027 RMB
<b>Fast Transmission</b>			
(a) Sale of parts and components of transmissions and related products and provision of labour services, etc. by the Company (and its subsidiaries) to Fast Transmission (and its associates)	1,588,000,000*	1,985,000,000*	2,481,000,000*
(b) Purchase of parts and components of transmissions and related products and receipt of labour services, etc. by the Company (and its subsidiaries) from Fast Transmission (and its associates)	5,939,000,000*	7,410,000,000*	9,246,000,000*

*Notes:*

1. *Where a Revised Cap or New Cap is marked “\*”, that means the proposed Revised Cap or New Cap for the relevant Continuing Connected Transaction (i) does not exceed the 5% Threshold and is exempt from the approval by the Independent Shareholders under the Listing Rules, or (ii) is exempt from the approval by the Independent Shareholders pursuant to Rule 14A.101 of the Listing Rules. However, since the relevant Continuing Connected Transaction constitutes a PRC Continuing Connected Transaction, the same is subject to the approval by the independent Shareholders at the EGM.*
2. *Where a Revised Cap or New Cap is marked “#”, that means the proposed Revised Cap or New Cap for the relevant Continuing Connected Transaction exceed the 5% Threshold and is subject to the approval by the Independent Shareholders.*
3. *For the purposes of ascertaining whether a Continuing Connected Transaction would exceed the 5% Threshold, the transactions under paragraphs 1.A.(1) and 2.A.(1)(a) have been aggregated and the transactions under paragraphs 1.A.(2), 2.A.(1)(b) and 2.A.(2) have been aggregated with the transaction between the Group and Weichai Holdings (and its associates) as disclosed in the announcement of the Company dated 30 August 2022.*



### III. REVISION OF ANNUAL CAPS OF EXISTING CONTINUING CONNECTED TRANSACTIONS

#### *DETAILS OF THE CONTINUING CONNECTED TRANSACTIONS AND THE RELEVANT SUPPLEMENTAL AGREEMENTS*

##### **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.

#### **1. *Continuing Connected Transactions between CNHTC (and its Associates) and the Group***

##### *CNHTC*

CNHTC is a commercial vehicles manufacturer. It is a state-owned enterprise organised 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 16.30% 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. As Shandong Heavy Industry is a holder of 65% of the equity interest in CNHTC, CNHTC is a subsidiary 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 provision of relevant services by the Company (and its subsidiaries) to CNHTC (and its Associates)*

Agreement: Supplemental Agreement to the Existing CNHTC Supply Agreement

Date: 22 August 2024

Parties: 1. The Company  
2. CNHTC

Term: 1 January 2024 to 31 December 2026

Due to operational needs of the Group, the Company expects that the Existing Cap for the year ending 31 December 2024 under the Existing CNHTC Supply Agreement will be insufficient, and the Group intends to continue to conduct the relevant transactions with CNHTC (and its Associates) following the expiry of the Existing CNHTC Supply Agreement. The Company therefore entered into Supplemental Agreement to the Existing CNHTC Supply Agreement to revise the Existing Cap for the year ending 31 December 2024 and obtain New Caps for the two years ending 31 December 2026.

Save for the said revision of the Existing Caps for the year ending 31 December 2024 to the Revised Cap and the setting of the New Caps for the two years ending 31 December 2026, all other material terms of the Existing CNHTC Supply Agreement remain unchanged.

Pursuant to the Existing CNHTC Supply Agreement (as supplemented by the Supplemental 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 provide relevant services (as the case may be) to the CNHTC Group at market prices and settled on a monthly or quarterly basis (depending on the terms of the definitive agreements to be entered into by the parties), for a term of three years ending 31 December 2026, 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 and/or services shall be determined according to the following mechanism: the marketing department of the Company regularly conducts market research and analysis regarding relevant products and/or services, in which a number of factors, including the overall market prices, market shares, ordering situation and performance of major competitors of such products and/or services, are comprehensively considered in order to formulate its pricing proposal which will be put before the price management department of the Company for approval, and the final prices are determined at arm's length negotiation among the parties. The price management department of the Company regularly reviews the reasonableness of prices and makes amendments when necessary.

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 and not prejudicial to the interests of the Company and its minority Shareholders.

The table below summarises the Existing Caps for the three years ending 31 December 2024 for the Continuing Connected Transaction set out in this subsection 1.:

	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing Cap	16,127,000,000	17,889,000,000	19,758,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2023 (audited) and the six months ended 30 June 2024 (unaudited) in respect of the Group's sale of relevant products and services to the CNHTC Group:

	<b>For the year ended 31 December 2022</b>	<b>For the year ended 31 December 2023</b>	<b>For the six months ended 30 June 2024</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction amount	3,970,718,032	14,180,621,543	9,998,459,831

The sales volume of heavy duty trucks by CNHTC has continued to rank first within the industry, and the sales volume of heavy duty trucks had shown substantive increase in the first half of 2024 as compared to that in the corresponding period in 2023. Since 2023, the domestic price for natural gas remained low, and this has prompted the market's high demand in gas engines, being an area deeply cultivated by the Group for many years. With the Group's competitive edge in such products, coupled with the strengthening synergy effect of the CNHTC's development strategies, it is expected that there will be a further increase in the sales volume of gas engines and diesel engines by the Group to the CNHTC Group in 2024. In light of the above, given that the Existing Cap for the year ending 31 December 2024 had already been utilised as to approximately 51% by the end of June 2024, the Company estimates that the Existing Cap for this Continuing Connected Transaction will be insufficient in view of the expected increase in sales volume of the relevant products. Accordingly, based on the Group's adjusted sales plan prepared based on the latest market development and on the assumption that the abovementioned trend of growth would continue throughout 2024, it is considered that the annual cap for the year ending 31 December 2024 be adjusted upwards by approximately 16.9% to the Revised Cap of RMB23,101 million from the Existing Cap of RMB19,758 million for the year ending 31 December 2024. In addition, the Company estimates that the transaction amount in respect of the Continuing Connected Transaction set out in this subsection 1. for the two years ending 31 December 2026 will not exceed RMB26,046 million and RMB28,916 million, respectively, and such amounts have accordingly been set as the proposed New Caps for the two years ending 31 December 2026 for this Continuing Connected Transaction.

The above proposed Revised Cap for the year ending 31 December 2024 and the proposed New Caps for the two years ending 31 December 2026 have been estimated by the Company primarily based on (i) the relevant historical transaction amounts, (ii) the estimate increase in the number of products required by the CNHTC Group in view of the implementation of the Group's sales plan for the three years ending 2026, 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) the fact that since 2023, the domestic price for natural gas remained low, and the obvious difference between the price of natural gas and the price of petroleum has prompted the a high demand in gas engines, resulting in a thriving market for heavy duty truck gas engines; and (v) a buffer in preparation of possible market fluctuations.

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 increase by approximately 16.9% for the year ending 31 December 2024 as compared with the Existing Cap for the same year, and further by approximately 12.7% and 11.0% for each of the years ending 31 December 2025 and 31 December 2026, respectively.

The table below sets out the proposed Revised Cap and New Caps for the Continuing Connected Transaction set out in this sub-section 1. for the three years ending 31 December 2026:

	<b>2024</b>	<b>2025</b>	<b>2026</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Proposed Revised Cap and New Cap	23,101,000,000	26,046,000,000	28,916,000,000

As the highest percentage ratios calculated in accordance with the Listing Rules for the Continuing Connected Transaction as set out in sub-section 1. of this announcement (when aggregated with the proposed New Caps for the same period under section IV.A.1.(a) herein) exceed the 5% Threshold, such Continuing Connected Transaction constitutes a Non-exempt Continuing Connected Transaction of the Company and the Existing CNHTC Supply Agreement as supplemented by the Supplemental Agreement and the relevant proposed Revised Cap and New Caps 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 this Continuing Connected Transaction (on an aggregated basis) is a Non-exempt Continuing Connected Transaction and the proposed Revised Cap and New Caps are subject to the approval of the Independent Shareholders, the Supplemental Agreement is conditional upon the relevant resolution being passed at the EGM.

## **2. *Continuing Connected Transactions between Weichai Combustion and the Group***

### *Weichai Combustion*

Weichai Combustion (formerly known as 濰柴西港新能源動力有限公司 (Weichai Westport Inc.)) is principally engaged in the business of research and development, manufacture and sale of gas engines and parts used in motor vehicles, power generation and marine vessels and relevant parts and components, modification of gas engines, business consultation and services. Weichai Combustion is held as to 74.33% by Weichai Holdings, a substantial Shareholder of the Company and hence, it is also ultimately governed and controlled by the Shandong Provincial People's Government\* (山東省人民政府). Accordingly, Weichai Combustion is a connected person of the Company.

### *Purchase of gas engines, gas engine parts and related products and receipt of labour and related services by the Company (and its subsidiaries) from Weichai Combustion*

Agreement: Supplemental Agreement to the Weichai Westport Purchase Agreement

Date: 22 August 2024

Parties: 1. The Company  
2. Weichai Combustion

Term: 1 January 2024 to 31 December 2026

Due to operational needs of the Group, the Company expects that the Existing Caps for the three years ending 31 December 2026 under the Weichai Westport Purchase Agreement will be insufficient. The Company therefore entered into the Supplemental Agreement to the Weichai Westport Purchase Agreement, to revise the Existing Caps to the Revised Caps for the three years ending 31 December 2026.

Save for the said revision of Existing Caps to the Revised Caps, all other material terms of the Weichai Westport Purchase Agreement remain unchanged.

Pursuant to the Weichai Westport Purchase Agreement (as supplemented by the relevant Supplemental Agreement), the Company and its subsidiaries shall purchase certain gas engines, gas engine parts and related products and receive labour and related services from Weichai Combustion, at market prices and/or prices agreed according to the principle of fairness and reasonableness, for a term of three years ending 31 December 2026. Depending on the terms of the definitive agreements to be entered into by the parties, the relevant price for the relevant products and/or services shall, as the case maybe, be settled on a monthly or quarterly basis or in accordance with the progress of the provision of the relevant products and/or services. Upon the expiry of the term of the agreement, the parties may extend the term for three years on a mutually agreed basis.

The price of the said products and services is determined according to the following mechanism: the procurement department of the Company shall regularly carry out market research and analysis, taking into account a number of factors (including the prices of at least one to two relevant products in the market in general, market share, orders situation and performance of major competitors in the market). The final price shall be determined based on arm's length negotiations between the parties. The price management department shall review the reasonableness of the price on a regular basis and make adjustments where necessary.

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 and not prejudicial to the interests of the Company and the minority Shareholders.

The table below summarises the Existing Caps for the three years ending 31 December 2026 for the Continuing Connected Transaction set out in this sub-section 2.:

	<b>2024</b>	<b>2025</b>	<b>2026</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing Cap	4,644,000,000	4,656,000,000	4,704,000,000

The table below summarises the actual transaction amounts involved for each of the two years ended 31 December 2023 (audited) and the six months ended 30 June 2024 (unaudited) for the Continuing Connected Transaction set out in this sub-section 2.:

	<b>For the year ended 31 December 2022</b>	<b>For the year ended 31 December 2023</b>	<b>For the six months ended 30 June 2024</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction amount	810,590,661	4,704,195,346	2,706,705,895

Since 2023, the domestic price for natural gas remained low, and the obvious difference between the price of natural gas and the price of petroleum has prompted the a high demand in gas engines, resulting in a thriving market for heavy duty truck gas engines. The gas engine market has been an area deeply cultivated by the Group for many years, and with the Group's competitive edge in such products, it is expected that such trend on the increase in the sales volume of gas engines by the Group will continue in 2024. Accordingly, it is expected that there will be a further demand for gas engine and the relevant parts from Weichai Combustion in the production of gas engines by the Group in 2024. In light of the above, given that the Existing Cap for the year ending 31 December 2024 has been utilised as to approximately 58% by the end of June 2024, the Company estimates that the Existing Caps for this Continuing Connected Transaction will be insufficient.

Based on the above expected increase in demand for Weichai Combustion's products by the Group, it is considered that the Revised Cap for the year ending 31 December 2024 be adjusted upwards to RMB6,238,000,000 from the Existing Cap of RMB4,644,000,000 for the year ending 31 December 2024 to reflect the latest development trend. Further, taking into account and on the basis of all the aforesaid factors, it is estimated that the overall transaction amount of the purchase of gas engines, gas engine parts, labour services and related products and services from Weichai Combustion on an annual basis will increase by approximately 10.0% and 9.8% for each of the two years ending 31 December 2026, respectively, and accordingly, RMB6,860,000,000 and RMB7,535,000,000 have been set as the Revised Caps for the two years ending 31 December 2026 for this Continuing Connected Transaction.

The table below summarises the proposed Revised Caps for the Continuing Connected Transaction as set out in this sub-section 2. for the three years ending 31 December 2026:

	<b>2024</b> <i>RMB</i>	<b>2025</b> <i>RMB</i>	<b>2026</b> <i>RMB</i>
Proposed Revised Cap	6,238,000,000	6,860,000,000	7,535,000,000

As the highest percentage ratio calculated in accordance with the Listing Rules for this Continuing Connected Transaction for the three years ending 31 December 2026 (whether considered singly or when aggregated with the proposed New Caps for the same period under sections IV.A.1.(b) and IV.A.2 herein and the relevant annual cap for the transaction between the Group and Weichai Holdings (and its associates) as disclosed in the announcement of the Company dated 30 August 2022) exceeds the 5% Threshold, this Continuing Connected Transaction constitutes a Non-exempt Continuing Connected Transaction of the Company for the relevant period, and the proposed Revised Caps for the relevant period are 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 this Continuing Connected Transaction for the three years ending 31 December 2026 is a Non-exempt Continuing Connected Transaction and the proposed Revised Caps are subject to the approval of the Independent Shareholders, the Supplemental Agreement to the Weichai Westport Purchase Agreement is conditional upon the relevant resolution being passed at the EGM.

#### IV. RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

##### ***DETAILS OF THE CONTINUING CONNECTED TRANSACTIONS AND THE RELEVANT NEW FRAMEWORK AGREEMENTS***

###### **A. Weichai Continuing Connected Transactions**

###### **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.

###### ***1. Continuing Connected Transactions between Weichai Heavy Machinery (and its subsidiaries) and the Group***

###### *Weichai Heavy Machinery*

Weichai Heavy Machinery is principally engaged in the manufacture and sale of medium-speed diesel engines and diesel engine parts and components, power generators and related products, and construction machinery and the provision of repair processing services for machinery parts. Weichai Heavy Machinery is a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 000880) and its single largest shareholder, Weichai Holdings, holds approximately 30.59% of its issued shares. To the best knowledge, information and belief of the Directors and having made all reasonable enquiries: (i) Weichai Holdings is wholly-owned by Shandong Heavy Industry, which is in turn one of the leading automobile and equipment groups in the PRC, and (ii) Shandong Heavy Industry is ultimately governed and controlled by the Shandong Provincial People's Government.

Weichai Heavy Machinery is an associate of Weichai Holdings (a substantial shareholder of the Company), and accordingly, Weichai Heavy Machinery is a connected person of the Company.

###### ***(a) Sale of diesel engines and related products and raw materials, and provision of labour and technical related services, etc. by the Company (and its subsidiaries) to Weichai Heavy Machinery (and its subsidiaries)***

The Existing Weichai Heavy Machinery Sale and Supply Agreements which governs certain continuing connected transactions in respect of sale of certain products and services by the Group to the Weichai Heavy Machinery Group shall expire by the end of 31 December 2024, and the Company intends to continue to carry out such continuing connected transactions following expiry of the Existing Weichai Heavy Machinery Sale and Supply Agreements.



Following a recent review by the Company of the relevant transactions governed under the Existing Weichai Heavy Machinery Sale and Supply Agreements, whilst the Group intends to continue the existing Continuing Connected Transactions with the Weichai Heavy Machinery Group following the expiry of the Existing Weichai Heavy Machinery Sale and Supply Agreements, considering that the Existing Weichai Heavy Machinery Sale and Supply Agreements both relate to the supply of products and/or services by the Group to the Weichai Heavy Machinery Group, the Board has resolved that, going forward, the transactions regulated under the Existing Weichai Heavy Machinery Sale and Supply Agreements shall be combined into one framework agreement, such that the Shareholders could be presented with a more streamlined view of the continuing connected transactions involving the Group's sale of products and/or services to the Weichai Heavy Machinery Group and, in turn, enable the Shareholders to better appreciate the extent of the Group's supply of products and/or services to the Weichai Heavy Machinery Group on an aggregated basis.

Accordingly, on 22 August 2024, the Company (for itself and on behalf of its subsidiaries) and Weichai Heavy Machinery (for itself and on behalf of the Weichai Heavy Machinery Group) entered into the New Weichai Heavy Machinery Supply Agreement on terms substantially the same as those of the Existing Weichai Heavy Machinery Sale and Supply Agreements (on a combined basis).

The principal terms of the New Weichai Heavy Machinery Supply Agreement and the transactions contemplated thereunder are as follows:

Agreement:           New Weichai Heavy Machinery Supply Agreement

Date:                 22 August 2024

Parties:             1.    The Company  
                          2.    Weichai Heavy Machinery

Term:                1 January 2025 to 31 December 2027

Pursuant to the New Weichai Heavy Machinery Supply Agreement, the Company (and/or other Group Company) (as the case may be) shall sell to the Weichai Heavy Machinery Group diesel engines and related products and raw materials, and provision of labour and technical related services, etc. (as the case may be) at market prices and settled on a monthly or quarterly basis (depending on the terms of the definitive agreements to be entered into by the parties), for a term of three years ending 31 December 2027, upon the expiry of which the parties may renew the term for another three years on a mutually agreed basis.

The price of the said products and/or services shall be determined according to the following mechanism: the marketing department of the Company regularly conducts market research and analysis regarding specific products and/or services, in which a number of factors, including the overall market prices, market shares, ordering situation and performance of major competitors of such products and/or services, are comprehensively considered in order to formulate its pricing proposal which will be put before the price management department of the Company for approval, and the final prices are determined at arm's length negotiation among the parties. The price management department of the Company regularly reviews the reasonableness of prices and makes amendments when necessary.

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 and not prejudicial to the interests of the Company and its minority Shareholders.

The table below summarises the Existing Caps for the three years ending 31 December 2024 for the transactions contemplated under the Existing Weichai Heavy Machinery Sale and Supply Agreements:

	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing Caps:			
(a) under the Existing Weichai Heavy Machinery Sale Agreement	900,000,000	1,060,000,000	1,200,000,000
(b) under the Existing Weichai Heavy Machinery Supply Agreement	200,000,000	210,000,000	240,000,000
On an aggregated basis:	1,100,000,000	1,270,000,000	1,440,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2023 (audited) and the six months ended 30 June 2024 (unaudited) for the transactions contemplated under the Existing Weichai Heavy Machinery Sale and Supply Agreements:

	Year ended 31 December 2022 RMB (audited)	Year ended 31 December 2023 RMB (audited)	Six months ended 30 June 2024 RMB (unaudited)
Actual transaction amount:			
(a) under the Existing Weichai Heavy Machinery Sale Agreement	846,600,282	928,097,124	478,760,772
(b) under the Existing Weichai Heavy Machinery Supply Agreement	70,739,256	194,911,448	77,798,926
On an aggregated basis:	917,339,538	1,123,008,572	556,559,698

The Company is a leading manufacturer of diesel engines in the PRC and this evidences the quality and competitiveness of the Group's diesel engines generally. With the proximity between the Company's production facilities and those of Weichai Heavy Machinery, and in view of the high quality and the competitiveness of the Company's engines, the Company believes that the Weichai Heavy Machinery Group will continue to purchase the Group's diesel engines for the manufacture of power generators and purchase the Group's semi-finished diesel engine parts, diesel engine parts and components, reserve parts and related products for the manufacture of its products, including medium-speed diesel engines and power generators. It is expected that in the foreseeable few years the Chinese economy will continue to steadily recover; in recent years, the relevant national departments issued certain policies including the Action Plan for Promoting Large-scale Equipment Renewals and Consumer Goods Trade-ins (《推動大規模設備更新和消費品以舊換新行動方案》), the Implementation Opinions on Accelerating Green and Smart Development of Ships for Inland Waterways (《關於加快內河船舶綠色智能發展的實施意見》), Five-year Action Plan for Accelerating the Building of a Nation with Strong Transportation (2023 -2027) (《加快建設交通強國五年行動計劃(2023-2027年)》), the Action Plan for the Green Development of Shipbuilding Industry (2024-2030) (《船舶製造業綠色發展行動綱要(2024-2030年)》), driving the positive development of the national shipbuilding industry and showing a stable and positive development trend, and the domestic large diameter medium-speed engines has encountered new development opportunities. The aforesaid factors shall in turn drive the Weichai Heavy Machinery Group's demand for the Group's said products and services, and accordingly it is expected that there will be further expansion of the business cooperation between the Group and the Weichai Heavy Machinery.

The Company estimates that the transaction amount in respect of the Continuing Connected Transaction set out in this sub-section 1.(a) for the three years ending 31 December 2027 will not exceed RMB1,500 million, RMB1,560 million and RMB1,620 million, respectively, and such amounts have accordingly been set as the proposed New Caps for this Continuing Connected Transaction.

The proposed New Caps have been prepared by the Company primarily based on (i) the historical costs, (ii) the estimate of the volume of the said diesel engine and related products, semi-finished diesel engine parts, diesel engine parts and components, reserve parts and related products required by the Weichai Heavy Machinery Group, and (iii) the average unit prices of the said diesel engine and related products, semi-finished diesel engine parts, diesel engine parts and components, reserve parts and related products. Taking into account and on the basis of all the aforesaid factors, as well as the estimation that the Existing Cap for the year ended 31 December 2024 will be utilised as to approximately 90% based on the existing circumstances of the Group's sales and the expected development trend in the second half of 2024, the New Cap for the year ending 31 December 2025 has been adjusted upwards by approximately 4.2% compared to the Existing Cap for the year ending 31 December 2024, and it is estimated that, comparing to each of the years ending 31 December 2025 and 2026, the overall transaction amounts for the said sale of products and services will further increase by approximately 4.0% and 3.8% for each of the years ending 31 December 2026 and 31 December 2027, respectively.

The table below summarises the New Caps for the Weichai Continuing Connected Transaction set out in this sub-section 1.(a) for the three years ending 31 December 2027:

	<b>2025</b>	<b>2026</b>	<b>2027</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Cap	1,500,000,000	1,560,000,000	1,620,000,000

As the highest percentage ratio calculated in accordance with the Listing Rules for this Continuing Connected Transaction for the three years ending 31 December 2027 (when aggregated with the proposed New Caps for the same period under section III.1 herein) exceeds the 5% Threshold, this Continuing Connected Transaction constitutes a Non-exempt Continuing Connected Transaction of the Company and the New Weichai Heavy Machinery Supply Agreement and the relevant proposed New Caps 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 this Continuing Connected Transaction (on an aggregated basis) is a Non-exempt Continuing Connected Transaction and the proposed New Caps are subject to the approval of the Independent Shareholders, the New Weichai Heavy Machinery Supply Agreement is conditional upon the relevant resolution being passed at the EGM.

(b) *Purchase of diesel engines and related products and raw materials, and receipt of labour and technical related services, etc. by the Company (and its subsidiaries) from Weichai Heavy Machinery (and its subsidiaries)*

Agreement: New Weichai Heavy Machinery Purchase Agreement

Date: 22 August 2024

Parties: 1. The Company  
2. Weichai Heavy Machinery

Term: 1 January 2025 to 31 December 2027

The terms of the New Weichai Heavy Machinery Purchase Agreement are substantially the same as those of the Existing Heavy Machinery Purchase Agreement.

Pursuant to the New Weichai Heavy Machinery Purchase Agreement, the Company, and/or other Group Company (as the case may be) shall purchase certain diesel engines and related products and raw materials, and receive related labour and technical services, etc. from the Weichai Heavy Machinery Group at market prices and settled on a monthly or quarterly basis (depending on the terms of the definitive agreements to be entered into by the parties), for a term of three years ending 31 December 2027, upon the expiry of which the parties shall have an option to renew the term for another three years on a mutually agreed basis.

The price of the said products and/or services shall be determined according to the following mechanism: the procurement department of the Company regularly conducts market research and analysis regarding specific products and/or services, in which a number of factors, including the overall market prices, market shares, ordering situation and performance of major competitors of such products and/or services, are comprehensively considered in order to formulate its pricing proposal which will be put before the price management department of the Company for approval, and the final prices are determined at arm's length negotiation among the parties. The price management department of the Company regularly reviews the reasonableness of prices and makes amendments when necessary.

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 and not prejudicial to the interests of the Company and its minority Shareholders.

The table below summarises the Existing Caps for the three years ending 31 December 2024 for the Continuing Connected Transaction set out in this sub-section 1.(b):

	<b>2022</b> <i>RMB</i>	<b>2023</b> <i>RMB</i>	<b>2024</b> <i>RMB</i>
Existing Caps	1,320,000,000	1,500,000,000	1,750,000,000

The table below summarises the actual transaction amounts involved for the purchases and services for the two years ended 31 December 2023 (audited) and the six months ended 30 June 2024 (unaudited) for the Continuing Connected Transaction set out in this sub-section 1.(b):

	<b>For the year ended 31 December 2022</b> <i>RMB</i> <i>(audited)</i>	<b>For the year ended 31 December 2023</b> <i>RMB</i> <i>(audited)</i>	<b>For the six months ended 30 June 2024</b> <i>RMB</i> <i>(unaudited)</i>
Actual transaction amount	723,039,060	778,279,789	427,948,578

In light of the above, the Company estimates that the aggregate transaction amounts in respect of the Continuing Connected Transaction set out in this sub-section 1.(b) will not exceed RMB1,340 million, RMB1,510 million and RMB1,730 million for each of the three years ending 31 December 2027 and therefore such amount has accordingly been set as the New Caps for this Continuing Connected Transaction.

In 2022 and 2023, the economic recovery was slower than expected. Affected by the weak performance of the heavy duty vehicle industry, the sales by the Group to the Weichai Heavy Machinery Group was less than expected. However, in the first half of 2024, along with the improvement of economic conditions and the introduction of policies which resulted in the gradual release of demand, the favourable factors for industry development have increased, accordingly, it is expected that the heavy duty vehicle industry will rebound. This has been evidenced by the actual transaction amounts for the first half of 2024. The Company expects that the aforesaid transaction amounts in respect of the purchase of diesel engines and related products and raw materials and receipt of labour and technical related services by the Group from Weichai Heavy Machinery Group will maintain steady increase for the three years ending 31 December 2027.

The above New Caps have been estimated by the Company primarily based on (i) the relevant historical costs, (ii) the estimate of its production volume, having taken into account the development of the heavy-duty truck and construction machinery markets, the average unit prices of finished diesel engine parts and in view of the implementation of the Group's procurement plan for the years 2025 to 2027 and (iii) the increase in the market prices of the relevant diesel engines and related products and the costs of labour and technical services to be purchased by the Group. Taking into account the relatively low utilisation rate of the Existing Caps, the New Cap for the year ending 31 December 2025 has been adjusted downwards by approximately 23.4% compared to the Existing Cap for the year ending 31 December 2024, and further, taking into account and on the basis of all the abovementioned factors, the overall transaction amounts for the said purchase of products and services will further increase by approximately 12.7% and 14.6% for each of the years ending 31 December 2026 and 31 December 2027, respectively.

The table below summarises the New Caps for the Continuing Connected Transaction set out in this sub-section 1.(b) for the three years ending 31 December 2027:

	<b>2025</b>	<b>2026</b>	<b>2027</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Cap	1,340,000,000	1,510,000,000	1,730,000,000

As the highest percentage ratio calculated in accordance with the Listing Rules for the Continuing Connected Transaction as set out in this sub-section 1.(b) (when aggregated with the proposed Revised Caps and New Caps for the same period under sections III.2 and IV.A.2 herein and the relevant annual cap for the transaction between the Group and Weichai Holdings (and its associates) as disclosed in the announcement of the Company dated 30 August 2022) exceeds the 5% Threshold, such Continuing Connected Transaction constitutes a Non-exempt Continuing Connected Transaction of the Company and the New Weichai Heavy Machinery Purchase Agreement and the relevant proposed New Caps 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 this Continuing Connected Transaction (on an aggregated basis) is a Non-exempt Continuing Connected Transaction and the proposed New Caps are subject to the approval of the Independent Shareholders, the New Weichai Heavy Machinery Purchase Agreement is conditional upon the relevant resolution being passed at the EGM.

**2. *Continuing Connected Transactions between CNHTC (and its Associates) and the Group***

*CNHTC*

CNHTC is a commercial vehicles manufacturer. It is a state-owned enterprise organised 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 16.30% 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. As Shandong Heavy Industry is a holder of 65% of the equity interest in CNHTC, CNHTC is an associate of Shandong Heavy Industry and, accordingly, a connected person of the Company.

*Purchase of vehicles, vehicle parts and components and related products, engines, engine parts and components and related products, and receipt of relevant services, etc. by the Company (and its subsidiaries) from CNHTC (and its Associates)*

Agreement: New CNHTC Purchase Agreement

Date: 22 August 2024

Parties: 1. The Company

2. CNHTC

Term: 1 January 2025 to 31 December 2027

The terms of the New CNHTC Purchase Agreement are substantially the same as those of the Existing CNHTC Purchase Agreement.

Pursuant to the New CNHTC Purchase Agreement, the CNHTC Group shall supply certain vehicles, vehicle parts and components and related products, engines, engine parts and components and related products and provide relevant services, etc. (as the case may be) to the Company and/or other Group Company (as the case may be) at market prices and settled on a monthly or quarterly basis (depending on the terms of the definitive agreements to be entered into by the parties), for a term of three years ending 31 December 2027, 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 and/or services shall be determined according to the following mechanism: the procurement department of the Company regularly conducts market research and analysis regarding specific products and/or services, in which a number of factors, including the overall market prices, market shares, ordering situation and performance of major competitors of such products and/or services, are comprehensively considered in order to formulate its pricing proposal which will be put before the price management department of the Company for approval, and the final prices are determined at arm's length negotiation among the parties. The price management department of the Company regularly reviews the reasonableness of prices and makes amendments when necessary.

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 and not prejudicial to the interests of the Company and its minority Shareholders.

The table below summarises the Existing Caps for the three years ending 31 December 2024 for the Continuing Connected Transaction set out in this sub-section 2.:

	<b>2022</b> <i>RMB</i>	<b>2023</b> <i>RMB</i>	<b>2024</b> <i>RMB</i>
Existing Cap	617,000,000	847,000,000	1,083,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2023 (audited) and the six months ended 30 June 2024 (unaudited) in respect of the Group's purchase of relevant products and services from the CNHTC Group:

	<b>For the</b> <b>year ended</b> <b>31 December</b> <b>2022</b> <i>RMB</i> <i>(audited)</i>	<b>For the</b> <b>year ended</b> <b>31 December</b> <b>2023</b> <i>RMB</i> <i>(audited)</i>	<b>For the</b> <b>six months</b> <b>ended</b> <b>30 June 2024</b> <i>RMB</i> <i>(unaudited)</i>
Actual transaction amount	320,062,740	740,678,752	347,170,225

The Company estimates that the transaction amounts in respect of the Continuing Connected Transaction set out in this sub-section 2. for the three years ending 31 December 2027 will not exceed RMB845 million, RMB894 million and RMB952 million, respectively, and such amounts have accordingly been set as the proposed New Caps for this Continuing Connected Transaction.

The above proposed New Caps have been estimated by the Company primarily based on (i) the relevant historical costs, (ii) its estimate of an increase in transaction volume of the said purchases in view of the implementation of the Group's sales plan for the years 2025 to 2027, which in turn is based on the estimated production volume, material cost, processing cost and the volume of diesel engines to be sold and exported, (iii) the fact that the Group has since 2019 established a business relationship with the CNHTC Group involving the supply of relevant products and services by the CNHTC Group to the Group for the processing and manufacturing of vehicles and vehicle engines, and (iv) the increased demands from customers of the Group requesting for the installation of vehicle parts and components and engines from the CNHTC Group, and the Group's anticipated adjustment in replacing third party suppliers with the CNHTC Group in order to meet with such demands. Given the track record of CNHTC Group being able to constantly supply products and services of reliable quality to the Group, it is expected the Group will undertake closer cooperation with the CNHTC Group. Although the utilisation rate of the Existing Cap for the year ended 31 December 2022 was relatively low mainly due to an unexpected change of the then market circumstances, it is estimated that the Existing Cap for the year ended 31 December 2024 will be utilised as to approximately 74% based on the existing circumstances of the Group's procurement and expected development trend in the second half of 2024, and the said further cooperation is expected to bring synergy effect to both the Group and the CNHTC Group and accordingly will bring more businesses and source of revenue for the Group.

Taking into account the relatively low utilisation rate of the Existing Caps and on the basis of all the aforesaid factors, the New Cap for the year ending 31 December 2025 has been adjusted downwards by approximately 22.0% compared to the Existing Cap for the year ending ending 31 December 2024, and it is estimated that, comparing to each of the years ending 31 December 2025 and 2026, the overall transaction amounts for the said purchase of products and services will further increase by approximately 5.8% and 6.5% for each of the years ending 31 December 2026 and 31 December 2027, respectively.

The table below sets out the proposed New Caps for the Continuing Connected Transaction set out in this sub-section 2. for the three years ending 31 December 2027:

	<b>2025</b>	<b>2026</b>	<b>2027</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Proposed New Caps	845,000,000	894,000,000	952,000,000

As the highest percentage ratio calculated in accordance with the Listing Rules for the Continuing Connected Transaction as set out in this sub-section 2. (when aggregated with the proposed Revised Caps and New Caps for the same period under sections III.2 and IV.A.1.(b) herein and the relevant annual cap for the transaction between the Group and Weichai Holdings (and its associates) as disclosed in the announcement of the Company dated 30 August 2022) exceeds the 5% Threshold, such Continuing Connected Transaction constitutes a Non-exempt Continuing Connected Transaction of the Company and the New CNHTC Purchase Agreement and the relevant proposed New Caps 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 this Continuing Connected Transaction (on an aggregated basis) is a Non-exempt Continuing Connected Transaction and the proposed New Caps are subject to the approval of the Independent Shareholders, the New CNHTC Purchase Agreement is conditional upon the relevant resolution being passed at the EGM.

## **B. Fast Transmission Continuing Connected Transactions**

### ***Continuing Connected Transactions between Fast Transmission (and its associates) and the Group***

#### *Fast Transmission*

Fast Transmission is principally engaged in the manufacture and sale of transmission products and parts and components of vehicles. Fast Transmission, holding 49% interest in SFGC, is a substantial shareholder of SFGC (which is a subsidiary of the Company) and is accordingly a subsidiary-level connected person of the Company. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Fast Transmission is ultimately beneficially owned by the State-owned Assets Supervision and Administration Commission of Shaanxi Provincial People's Government (陝西省人民政府國有資產監督管理委員會).

#### *(a) Sale of parts and components of transmissions and related products and provision of labour services, etc. by the Company (and its subsidiaries) to Fast Transmission (and its associates)*

Agreement: New Fast Transmission Sale Agreement

Date: 22 August 2024

Parties: 1. The Company  
2. Fast Transmission

Term: 1 January 2025 to 31 December 2027

The terms of the New Fast Transmission Sale Agreement are substantially the same as those of the Existing Fast Transmission Sales Agreement.

Pursuant to the New Fast Transmission Sale Agreement, the Company and/or other Group Company (as the case may be) shall sell to the Fast Transmission Group certain parts and components of transmissions and related products and provide labour services, etc. at market prices and settled on a monthly or quarterly basis (depending on the terms of the definitive agreements to be entered into by the parties), for a term of three years ending 31 December 2027, upon the expiry of which the parties may renew the term for another three years on a mutually agreed basis.

The price of the said products and/or services shall be determined according to the following mechanism: the marketing department of the Company regularly conducts market research and analysis regarding specific products and/or services, in which a number of factors, including the overall market prices, market shares, ordering situation and performance of major competitors of such products and/or services, are comprehensively considered in order to formulate its pricing proposal which will be put before the price management department of the Company for approval, and the final prices are determined at arm's length negotiation among the parties. The price management department of the Company regularly reviews the reasonableness of prices and makes amendments when necessary.

The Directors are of the view that the abovementioned methods and procedures under the pricing policies can ensure that this Fast Transmission Continuing Connected Transaction is conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

The table below summarises the Existing Caps for the three years ending 31 December 2024 for the Fast Transmission Continuing Connected Transaction set out in this sub-section (a):

	<b>2022</b> <i>RMB</i>	<b>2023</b> <i>RMB</i>	<b>2024</b> <i>RMB</i>
Existing Cap	6,192,000,000	7,536,000,000	9,000,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2023 (audited) and the six months ended 30 June 2024 (unaudited) for the Fast Transmission Continuing Connected Transaction set out in this sub-section (a):

	<b>Year ended</b> <b>31 December</b> <b>2022</b> <i>RMB</i> (audited)	<b>Year ended</b> <b>31 December</b> <b>2023</b> <i>RMB</i> (audited)	<b>Six months</b> <b>ended 30 June</b> <b>2024</b> <i>RMB</i> (unaudited)
Actual transaction amount	1,332,943,730	2,233,846,707	613,364,194

The Company estimates that the transaction amount for the Fast Transmission Continuing Connected Transaction set out in this sub-section (a) for the three years ending 31 December 2027 will not exceed RMB1,588 million, RMB1,985 million and RMB2,481 million, respectively and such amounts have accordingly been set as the proposed New Caps for this Fast Transmission Continuing Connected Transaction.

The parts and components sold by the Group to the Fast Transmission Group pursuant to this Fast Transmission Continuing Connected Transaction are used by the Fast Transmission Group in its manufacture of transmission products and parts and components of vehicles. Due to general market conditions, the actual transaction amounts for the three years ending 31 December 2024 were less than expected and the utilisation rates of the Existing Caps are relatively low. In particular in light of the actual transaction amounts for the six months ended 30 June 2024 being approximately RMB614 million, the proposed New Cap for the year ending 31 December 2025 has been set at RMB1,588 million, which amounts to approximately 2.6 times of the actual transaction amounts for the six months ended 30 June 2024 with reference also to the rising market sentiment and a buffer for future increase. Further, with the expected increase in the production of heavy duty hydraulic automatic transmissions of the Group and the expected improvement in the market, the Company expects that the business cooperation between the Group and the Fast Transmission Group will further expand and that the sales of parts and components by the Group will increase by approximately 25% for each of the years ending 31 December 2026 and 31 December 2027. Accordingly, it is expected that the volume of the parts and components to be sold by the Group to the Fast Transmission Group for its processing will increase accordingly.

The proposed New Caps have been prepared by the Company primarily based on (i) the historical transaction amounts, and (ii) the estimate of the volume and amount of the said parts and components of transmissions to be sold by the Group to the Fast Transmission Group. Taking into account and on the basis of all the aforesaid factors, the New Cap for the year ending 31 December 2025 has been adjusted downwards by approximately 82.4% compared to the Existing Cap for the year ending ending 31 December 2024, and it is estimated that, comparing to each of the years ending 31 December 2025 and 2026, the overall transaction amounts for the said sale of products and services will further increase by approximately 25.0% for each of the years ending 31 December 2026 and 31 December 2027, respectively.

The table below summarises the proposed New Caps for the Fast Transmission Continuing Connected Transaction set out in this sub-section (a) for the three years ending 31 December 2027:

	<b>2025</b>	<b>2026</b>	<b>2027</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Cap	1,588,000,000	1,985,000,000	2,481,000,000

As the highest percentage ratio calculated in accordance with the Listing Rules for the Continuing Connected Transaction for the three years ending 31 December 2027 as set out in this sub-section (a) exceeds the 0.1% Threshold but does not exceed the 5% Threshold, this Continuing Connected Transaction constitutes an Exempt Continuing Connected Transaction of the Company under Chapter 14A of the Listing Rules and will be subject to the reporting, announcement and annual review requirements of Chapter 14A of the Listing Rules but is exempt from the independent Shareholders' approval under the Listing Rules.

Since this Fast Transmission Continuing Connected Transaction for the three years ending 31 December 2027 is an Exempt Continuing Connected Transaction, the New Fast Transmission Sale Agreement is not subject to the approval of the Independent Shareholders under the Listing Rules.

However, since this Fast Transmission Continuing Connected Transaction constitutes a PRC Continuing Connected Transaction, the relevant proposed New Caps and the New Fast Transmission Sale Agreement are subject to the approval by the independent Shareholders at the EGM.

*(b) Purchase of parts and components of transmissions and related products and receipt of labour services, etc. by the Company (and its subsidiaries) from Fast Transmission (and its associates)*

Agreement: New Fast Transmission Purchase Agreement

Date: 22 August 2024

Parties: 1. The Company  
2. Fast Transmission

Term: 1 January 2025 to 31 December 2027

The terms of the New Fast Transmission Purchase Agreement are substantially the same as those of the Existing Fast Transmission Sales Agreement.

Pursuant to the New Fast Transmission Purchase Agreement, the Group shall purchase from the Fast Transmission Group certain parts and components of transmissions and related products and receive labour services, etc., and related products at market prices and settled on a monthly or quarterly basis (depending on the terms of the definitive agreements to be entered into by the parties), for a term of three years ending 31 December 2027, upon the expiry of which the parties shall have an option to renew the agreement for a term of three years on a mutually agreed basis.

The price of the said products and/or services shall be determined according to the following mechanism: the procurement department of the Company regularly conducts market research and analysis regarding specific products and/or services, in which a number of factors, including the overall market prices, market shares, ordering situation and performance of major competitors of such products and/or services, are comprehensively considered in order to formulate its pricing proposal which will be put before the price management department of the Company for approval, and the final prices are determined at arm's length negotiation among the parties. The price management department of the Company regularly reviews the reasonableness of prices and makes amendments when necessary.

The Directors are of the view that the abovementioned methods and procedures under the pricing policies can ensure that this Fast Transmission Continuing Connected Transaction is conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

The table below summarises the Existing Caps for the three years ending 31 December 2024 for the Fast Transmission Continuing Connected Transaction set out in this sub-section (b):

	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing Cap	15,000,000,000	18,120,000,000	22,080,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2023 (audited) and the six months ended 30 June 2024 (unaudited) for the Fast Transmission Continuing Connected Transaction set out in this sub-section (b):

	<b>Year ended 31 December 2022 RMB (audited)</b>	<b>Year ended 31 December 2023 RMB (audited)</b>	<b>Six months ended 30 June 2024 RMB (unaudited)</b>
Actual transaction amount	2,613,855,024	5,471,478,017	2,779,634,008

The Company estimates that the transaction amount for the Fast Transmission Continuing Connected Transaction set out in this sub-section (b) for the three years ending 31 December 2027 will not exceed RMB5,939 million, RMB7,410 million and RMB9,246 million respectively and such amounts have accordingly been set as the proposed New Caps for this Fast Transmission Continuing Connected Transaction.

The parts and components purchased from Fast Transmission pursuant to this Fast Transmission Continuing Connected Transaction have been used in the Group's production. Due to general industry performance, the actual transaction amounts for the three years ending 31 December 2024 were less than expected and the utilisation rates of the Existing Caps are relatively low. In particular in light of the actual transaction amounts for the six months ended 30 June 2024 being approximately RMB2,780 million, the proposed New Cap for the year ending 31 December 2025 has been set at RMB5,939 million, which amounts to approximately 2.14 times of the actual transaction amounts for the six months ended 30 June 2024 with reference also to the rising market sentiment and a buffer for future increase. With the expected increase in the production of heavy duty hydraulic automatic transmissions of the Group and the expected improvement in the market, the Company expects that the sales of such products by the Group will increase by approximately 25% for each of the years ending 31 December 2027. Accordingly, it is expected that the volume of the parts and components to be purchased by the Group from the Fast Transmission Group for its production will increase accordingly.



The proposed New Caps have been prepared by the Company primarily based on (i) the historical transaction amounts, and (ii) the estimate of the volume and amount of the said parts and components of transmissions and labour services to be purchased by the Group from the Fast Transmission Group. Taking into account and on the basis of all the aforesaid factors, the New Cap for the year ending 31 December 2025 has been adjusted downwards by approximately 73.1% compared to the Existing Cap for the year ending 31 December 2024, and it is estimated that, comparing to each of the years ending 31 December 2025 and 2026, the overall transaction amounts for the said purchase of products and services will further increase by approximately 24.8% for each of the years ending 31 December 2026 and 31 December 2027, respectively.

The table below summarises the proposed New Caps for the Fast Transmission Continuing Connected Transaction set out in this sub-section (b) for the three years ending 31 December 2027:

	<b>2025</b>	<b>2026</b>	<b>2027</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Cap	5,939,000,000	7,410,000,000	9,246,000,000

Since (i) Fast Transmission is regarded as a connected person of the Company at subsidiary level; (ii) the Board (including all the independent non-executive Directors) has approved this Fast Transmission Continuing Connected Transaction; and (iii) the independent non-executive Directors have confirmed that the terms of this Fast Transmission Continuing Connected Transaction and the proposed New Caps are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, this Fast Transmission Continuing Connected Transaction is subject to the reporting and announcement requirements but is exempt from circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

Since this Fast Transmission Continuing Connected Transaction for the three years ending 31 December 2027 is an Exempt Continuing Connected Transaction, the New Fast Transmission Purchase Agreement is not subject to the approval of the Independent Shareholders under the Listing Rules.

However, since this Fast Transmission Continuing Connected Transaction constitutes a PRC Continuing Connected Transaction, the relevant proposed New Caps and the New Fast Transmission Purchase Agreement are subject to the approval by the independent Shareholders at the EGM.

## **V. REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS AND LISTING RULES IMPLICATIONS**

### **1. Continuing Connected Transactions between Weichai Heavy Machinery (and its subsidiaries) and the Group**

The Company is principally engaged in the research and development, manufacture and sale of high-speed, heavy-duty diesel engines. Prior to the incorporation of the Company and the listing of the shares on the Stock Exchange, the Company has had business relationships with certain entities. Under the Listing Rules, such entities have become connected persons of the Company since the listing of the Company and the transactions between the Company and such entities constitute continuing connected transactions of the Company. In respect of the continuing transactions between the Company and Weichai Holdings, since their production facilities are located in close proximity to each other and in view of the PRC government's policy not to duplicate construction of production and other facilities, certain such transactions have been continuing since the listing of the Company on the Stock Exchange. After the completion of the Weichai Holdings Juli Restructuring in 2007, certain of these continuing transactions with Weichai Holdings were transferred to Weichai Heavy Machinery.

As the Company has conducted the Continuing Connected Transactions with the Weichai Heavy Machinery Group for many years and the Company has built up a long term strategic and solid business relationship with the Weichai Heavy Machinery Group, the Board considers it beneficial to the Company to continue to conduct such Continuing Connected Transactions in order to ensure and maximize operating efficiency and stability of the operations of the Company. The Board is not aware of any disadvantage to the Group in continuing to conduct such Continuing Connected Transactions.

### **2. Continuing Connected Transactions between CNHTC (and its Associates) and the Group**

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 such Continuing Connected Transactions 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 Transactions between the Group and the CNHTC Group, the Board is of the view that the purchase of vehicles, vehicle parts and components and related products, engines, engine parts and components and related products and relevant services from the CNHTC Group will enable the Group to secure a stable and reliable supply of quality products and services from the CNHTC Group which will, in turn, further support the increase of the overall sale volumes of the products of the Group. 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 also provide a secure source of revenue for the Group and contribute to the implementation of the Group's sales plan.

**3. Continuing Connected Transactions between Weichai Combustion and the Group**

In respect of the Continuing Connected Transaction between the Group and Weichai Combustion, the Board is of the view that the purchase of gas engines, gas engine parts and receipt of labour services and related products and services from Weichai Combustion, and the onward sale of the gas engines, gas engine parts and related products by the Group to its customers will allow the Group to maintain a strong strategic and business relationship with Weichai Combustion, thereby generating synergy potential and mutual economic benefits between the Group and Weichai Combustion. The Board considers that the revision of annual caps for such Continuing Connected Transaction pursuant to the Supplemental Agreement will continue to provide the Group with a stable and reliable supply of quality gas engines from Weichai Combustion instead of sourcing from other market suppliers, which, is expected to maintain a stable production of the Group's products and, in turn, contribute to the Group's generation of income.

**4. Continuing Connected Transactions between Fast Transmission (and its associates) and the Group**

As prior to completion of the Merger, SFGC has conducted the Fast Transmission Continuing Connected Transactions with Fast Transmission for many years and the Company has taken up such Fast Transmission Continuing Connected Transactions after completion of the Merger, the Directors (including the independent non-executive Directors), consider it to be beneficial to the Company to continue to conduct the Fast Transmission Continuing Connected Transactions in order to ensure and maximise operating efficiency and stability of the operations of the Group.

The Directors (excluding the independent non-executive Directors in respect of the Non-exempt Continuing Connected Transactions) have confirmed that all the Continuing Connected Transactions have been subject to arm's length negotiation between the Group and the relevant parties, and have been entered into by the Group in the ordinary and usual course of business and either (i) on normal commercial terms or better, or (ii) on terms no less favourable to the Group than those available to or from (as appropriate) independent third parties. Accordingly, the Directors (excluding the independent non-executive Directors in respect of the Non-exempt Continuing Connected Transactions) are of the view that all the Continuing Connected Transactions, and the relevant proposed New Caps, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

At the meeting of the Board on 22 August 2024 approving, inter alia, the Continuing Connected Transactions, the following Directors have abstained from voting on the resolutions in respect of certain Continuing Connected Transactions as follows, for the reasons of their respective interest and/or position (as the case may be) in the relevant connected persons:

1. Continuing Connected Transactions with Weichai Heavy Machinery (and its subsidiaries) set out under section IV.A.1. in this announcement – Mr. Ma Changhai, Mr. Zhang Quan, Mr. Wang Decheng, Mr. Sun Shaojun and Mr. Zhang Liangfu
2. Continuing Connected Transactions with CNHTC (and its Associates) set out under sections III.1. and IV.A.2. in this announcement – Mr. Ma Changhai and Mr. Zhang Quan
3. Continuing Connected Transactions with Weichai Combustion set out under section III.2. in this announcement – Mr. Ma Changhai, Mr. Zhang Quan, Mr. Wang Decheng and Mr. Sun Shaojun
4. Continuing Connected Transactions with Fast Transmission (and its associates) set out under section IV.B. in this announcement – Mr. Ma Xuyao

Save as disclosed, no other Directors have any material interest in the Continuing Connected Transactions.

For the purposes of ascertaining whether a Continuing Connected Transaction would exceed the 5% Threshold, the transactions under sections III.1. and IV.A.1.(a) have been aggregated and the transactions under paragraphs III.2, IV.A.1.(b) and IV.A.2. have been aggregated with the transaction between the Group and Weichai Holdings (and its associates) as disclosed in the announcement of the Company dated 30 August 2022.

As the highest percentage ratio calculated in accordance with the Listing Rules for the Continuing Connected Transactions as set out in sections III. and IV.A of this announcement exceeds the 5% Threshold on an aggregated basis, such Continuing Connected Transactions constitute Non-exempt Continuing Connected Transactions of the Company and their respective New Framework Agreement or Supplemental Agreement and proposed New Caps or Revised Caps 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.

Further, since (i) Fast Transmission is regarded as a connected person of the Company at subsidiary level; (ii) the Board (including all the independent non-executive Directors) has approved the Fast Transmission Continuing Connected Transactions; and (iii) the independent non-executive Directors have confirmed that the terms of the Fast Transmission Continuing Connected Transactions and the relevant New Caps are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the Fast Transmission Continuing Connected Transactions are subject to the reporting and announcement requirements but are exempt from circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules. However, according to the relevant laws and regulations of the PRC and the Shenzhen Listing Rules, the Fast Transmission Continuing Connected Transactions constitute PRC Continuing Connected Transactions and are subject to the approval by the independent Shareholders at the EGM.

## **VI. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

An Independent Board Committee comprising the independent non-executive Directors (namely, Ms. Jiang Yan, Mr. Chi Deqiang, Mr. Zhao Fuquan, Mr. Xu Bing and Mr. Tao Huaan) will be appointed to consider the Non-exempt Continuing Connected Transactions and their Revised Caps or New Caps (as the case may be). An Independent Financial Adviser has been appointed and will advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the Non-exempt Continuing Connected Transactions and their Revised Caps or New Caps (as the case may be).

## **VII. DESPATCH OF CIRCULAR**

A circular containing, inter alia, (i) further details of the Non-exempt Continuing Connected Transactions; (ii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the Non-exempt Continuing Connected Transactions; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Non-exempt Continuing Connected Transactions, will be despatched to the Shareholders. As the Company expects that more time will be needed to prepare the information to be contained in the circular, the circular will be despatched to the Shareholders on or before 30 September 2024 in accordance with the Listing Rules.

## VIII. DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“0.1% Threshold”	the thresholds referred to in Rule 14A.76(1)(a) of the Listing Rules
“1% Threshold”	the threshold referred to in Rule 14A.76(1)(b) of the Listing Rules
“5% Threshold”	the thresholds referred to in Rule 14A.76(2) of the Listing Rules
“Associate(s)”	has the meaning ascribed to an “associate” under Rule 14A.06(2) of the Listing Rules, and further includes any company that constitutes a connected subsidiary of the Company pursuant to Rule 14A.16 of the Listing Rules due to such associate’s shareholding therein
“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 organised under the laws of the PRC with limited liability and a connected person of the Company
“CNHTC Group”	CNHTC and its Associates
“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
“Continuing Connected Transaction(s)”	the continuing connected transaction(s) of the Group set out in the sections III. and IV. in this announcement, comprising the Weichai Continuing Connected Transaction(s) and the Fast Transmission Continuing Connected Transaction(s)
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held to consider and, if thought fit, approve, inter alia, the Revised Caps, the New Caps, the Supplemental Agreements and the New Framework Agreements

“Exempt Continuing Connected Transaction(s)”	being those Continuing Connected Transaction(s) exempt from circular, independent financial advice and shareholders’ approval requirements pursuant to Rule 14A.101 of the Listing Rules, or the proposed New Caps for which do not exceed the 5% Threshold and, accordingly, are not subject to the approval by the Independent Shareholders under the Listing Rules, and, where such New Caps exceed the 0.1% Threshold, are only subject to the reporting, announcement and annual review requirements of Chapter 14A of the Listing Rules
“Existing Cap(s)”	the existing cap(s) for the Continuing Connected Transactions set out in the sections III. and IV. in this announcement
“Existing CNHTC Purchase Agreement”	the purchase agreement between the Company and CNHTC dated 30 March 2022, details of which are disclosed in section II.(a). of the announcement of the Company dated 30 March 2022
“Existing CNHTC Supply Agreement”	the supply agreement between the Company and CNHTC dated 30 March 2022, details of which are disclosed in section II.(b). of the announcement of the Company dated 30 March 2022
“Existing Fast Transmission Purchase Agreement”	the parts and components purchase agreement between SFGC and Fast Transmission dated 1 August 2007 (as amended and supplemented on 27 November 2008, 9 November 2009, 23 August 2010, 30 August 2012, 27 August 2015, 13 July 2018 and 30 August 2021), details of which are disclosed in section II.B.(b). of the announcement of the Company dated 30 August 2021
“Existing Fast Transmission Sale Agreement”	the parts and components sale agreement between SFGC and Fast Transmission dated 1 August 2007 (as amended and supplemented on 27 November 2008, 9 November 2009, 23 August 2010, 30 August 2012, 27 August 2015, 13 July 2018 and 30 August 2021), details of which are disclosed in section II.B.(a). of the announcement of the Company dated 30 August 2021
“Existing Framework Agreements”	the Existing Weichai Heavy Machinery Sale and Supply Agreements, Existing Weichai Heavy Machinery Purchase Agreement, Existing CNHTC Supply Agreement, Existing CNHTC Purchase Agreement, Existing Fast Transmission Sale Agreement and Existing Fast Transmission Purchase Agreement

“Existing Weichai Heavy Machinery Purchase Agreement”	the purchase and services agreement between the Company and Weichai Heavy Machinery dated 27 January 2022, details of which are disclosed in the announcement of the Company dated 27 January 2022
“Existing Weichai Heavy Machinery Sale Agreement”	the framework agreement between the Company and Weichai Holdings dated 17 November 2003 (as supplemented by the supplemental agreements dated 5 September 2004, 12 November 2006, 9 June 2007, 27 November 2008, 13 August 2009, 23 August 2010, 30 August 2012, 29 August 2013, 27 August 2015, 13 July 2018 and 30 August 2021), details of which are disclosed in section II.A.(a) of the announcement of the Company dated 30 August 2021
“Existing Weichai Heavy Machinery Sale and Supply Agreements”	the Existing Weichai Heavy Machinery Sale Agreement and Existing Weichai Heavy Machinery Supply Agreement
“Existing Weichai Heavy Machinery Supply Agreement”	the semi-finished diesel engine parts supply agreement dated 17 November 2003 between the Company and Weichai Holdings (as supplemented by the supplemental agreements dated 15 September 2004, 12 November 2006, 9 June 2007, 9 November 2009, 29 August 2011, 29 August 2013, 27 August 2015, 13 July 2018 and 30 August 2021), details of which are disclosed in section II.A.(b) of the announcement of the Company dated 30 August 2021
“Fast Transmission”	陝西法士特汽車傳動集團有限責任公司 (Shaanxi Fast Gear Automotive Transmission Co. Ltd.), a company established in the PRC and a connected person of the Company
“Fast Transmission Group”	Fast Transmission and its associates
“Fast Transmission Continuing Connected Transaction(s)”	the Continuing Connected Transaction(s) under section IV.B. of this announcement
“Group”	the Company and its subsidiaries, and “Group Company” means any of the same
“Independent Board Committee”	a committee of the Board comprising Ms. Jiang Yan, Mr. Chi Deqiang, Mr. Zhao Fuquan, Mr. Xu Bing and Mr. Tao Huaan, 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
“Independent Shareholders”	Shareholders who are not required under the Listing Rules to abstain from voting at the EGM in respect of the Non-exempt Continuing Connected Transaction
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Merger”	the Merger on 24 April 2007 (as announced in the announcement of the Company dated 25 April 2007), as a result of which the original subsidiaries of TAGC (including SFGC), together with other the assets and liabilities of TAGC, were absorbed by the Company
“New Cap(s)”	the new annual cap(s) to the Continuing Connected Transactions as set out in the sections headed “II. Summary of the Continuing Connected Transactions – 1. Revision of annual caps and extension of existing Continuing Connected Transactions” and “II. Summary of the Continuing Connected Transactions – 2. Renewal of existing Continuing Connected Transactions” in this announcement” in this announcement
“New CNHTC Purchase Agreement”	the purchase agreement entered into between the Company and CNHTC on 22 August 2024 as more particularly set out in section IV.A.2. in this announcement
“New Fast Transmission Purchase Agreement”	the parts and components purchase agreement entered into between the Company and Fast Transmission on 22 August 2024 as more particularly set out in section IV.B.(b) in this announcement
“New Fast Transmission Sale Agreement”	the parts and components sale agreement entered into between the Company and Fast Transmission on 22 August 2024 as more particularly set out in section IV.B.(a) in this announcement
“New Framework Agreements”	the new framework agreements relating to the Continuing Connected Transactions entered into between the Group and the relevant connected persons as more particularly set out in the section headed “IV. Renewal of existing Continuing Connected Transactions” in this announcement and “New Framework Agreement” means any of them

“New Weichai Heavy Machinery Purchase Agreement”	the purchase agreement entered into between the Company and Weichai Heavy Machinery on 22 August 2024 as more particularly set out in section IV.A.1.(b) in this announcement
“New Weichai Heavy Machinery Supply Agreement”	the supply agreement entered into between the Company and Weichai Heavy Machinery on 22 August 2024 as more particularly set out in section IV.A.1.(a) in this announcement
“Non-exempt Continuing Connected Transaction(s)”	being those Continuing Connected Transaction(s) at the Company level, the proposed New Caps for which exceed the 5% Threshold, and accordingly, they 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(s)”	the transactions set out under the sections III. and IV. in this announcement, which constitute continuing connected transactions of the Company under the relevant laws and regulations of the PRC and the Shenzhen Listing Rules and are subject to the approval by the Shareholders at the EGM. For details, please refer to the announcement of the Company entitled 《濰柴動力股份有限公司日常持續性關聯交易公告》 (“Announcement of Weichai Power Co., Ltd.in respect of its Continuing Connected Transactions”) dated 22 August 2024 on the Shenzhen Stock Exchange
“Revised Cap(s)”	the revised annual cap(s) for the Continuing Connected Transactions set out in the section headed “II. Summary of the Continuing Connected Transactions – 1. Revision of annual caps and extension of existing Continuing Connected Transactions” in this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“SFGC”	陝西法士特齒輪有限責任公司 (Shaanxi Fast Gear Co. Ltd.), a company established in the PRC and a 51% subsidiary of the Company
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreements”	the supplemental agreements to the Existing CNHTC Supply Agreement and the Weichai Westport Purchase Agreement, respectively, details of which are set out in section III. in this announcement, and a “Supplemental Agreement” means any of them
“TAGC”	湘火炬汽車集團股份有限公司 (Torch Automotive Group Co., Ltd.*), a company established in the PRC and has ceased to exist
“Weichai Continuing Connected Transaction(s)”	the Continuing Connected Transaction(s) under sections III. and IV.A. of this announcement
“Weichai Heavy Machinery”	濰柴重機股份有限公司 (Weichai Heavy-duty Machinery Co., Ltd.*) (formerly known as 山東巨力股份有限公司 (Shandong Juli Company Limited*)), a company established in the PRC and a connected person of the Company
“Weichai Heavy Machinery Group”	Weichai Heavy Machinery and its subsidiaries
“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
“Weichai Holdings Juli Restructuring”	the restructuring of the assets of Weichai Holding and the group of entities concerning Weichai Heavy Machinery as more particularly set out in the announcement of Weichai Heavy Machinery on the Shenzhen Stock Exchange dated 8 September 2006
“Weichai Combustion”	濰柴 (濰坊) 燃氣動力有限公司 (Weichai (Weifang) Combustion Power Co., Ltd.*) (formerly known as “濰柴西港新能源動力有限公司” (Weichai Westport Inc.) or “濰柴動力西港新能源發動機有限公司”), a company established in the PRC and a connected person of the Company

“Weichai Westport  
Purchase Agreement”

the framework agreement in relation to the purchase of gas engines, gas engine parts, labour services and related products and services by the Company (and its subsidiaries and/or associates) to Weichai Combustion dated 30 August 2023, details of which are disclosed in section II.3.(b) of the announcement of the Company dated 30 August 2023

“%”

per cent

\* *For identification purposes only*

By order of the Board  
**Weichai Power Co., Ltd.**  
**Ma Changhai**  
*Chairman*

Hong Kong, 22 August 2024

*As at the date of this announcement, the executive Directors of the Company are Mr. Ma Changhai, Mr. Zhang Quan, 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. Chi Deqiang, Mr. Zhao Fuquan, Mr. Xu Bing and Mr. Tao Huaan.*