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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

The Board announces that on 13 July 2018, the Group has entered into the Supplemental Agreements in respect of the Continuing Connected Transactions as more particularly described herein.

As the highest percentage ratios calculated in accordance with the Listing Rules for each of the Weichai Continuing Connected Transactions as set out in sections II.A.1.(a) and II.A.2.(a) of this announcement exceed the 0.1% Threshold but do not exceed the 5% Threshold, such Weichai Continuing Connected Transactions are subject to the reporting, announcement and annual review requirements of Chapter 14A of the Listing Rules but are exempt from the Independent Shareholders' approval under the Listing Rules. However, according to the relevant laws and regulations of the PRC and the Shenzhen Listing Rules, such Weichai Continuing Connected Transactions constitute PRC Continuing Connected Transactions and are subject to the approval by the Shareholders at the EGM.

As the highest percentage ratio calculated in accordance with the Listing Rules for the Weichai Continuing Connected Transactions as set out in sections II.A.1.(b), II.A.2.(b) and (c) of this announcement exceeds the 5% Threshold on an aggregated basis, such Weichai Continuing Connected Transactions constitute Non-exempt Continuing Connected Transactions of the Company and their respective Supplemental Agreement and 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.

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 TAGC Continuing Connected Transactions; and (iii) the independent non-executive Directors have confirmed that the terms of the TAGC 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 TAGC 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, such TAGC Continuing Connected Transactions constitute PRC Continuing Connected Transactions and are subject to the approval by the Shareholders at the EGM.

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 August 2018 in accordance with Rule 19A.39A of the Listing Rules.

I. INTRODUCTION

Reference is made to the announcements of the Company dated 27 August 2015, 30 August 2016 and 30 August 2017, respectively, in respect of, *inter alia*, the Continuing Connected Transactions of the Company where the Existing Caps for such Continuing Connected Transactions were set.

For these Continuing Connected Transactions, the Company proposes to apply for New Caps. For such purposes, the Group entered into the Supplemental Agreements. The Supplemental Agreements and the relevant New Caps in respect of (i) the Non-exempt Continuing Connected Transactions are conditional upon the approval of the Independent Shareholders at the EGM and (ii) the Exempt Continuing Connected Transactions which constitute PRC Continuing Connected Transactions are conditional upon the approval of the Shareholders at the EGM.

A summary of the Continuing Connected Transactions, the Supplemental Agreements, the Existing Caps, the actual transaction amounts of the Continuing Connected Transactions for the relevant periods and the New Caps (and their bases) is set out in the section headed "II. Continuing Connected Transactions" in this announcement.

II. CONTINUING CONNECTED TRANSACTIONS

SUMMARY OF THE CONTINUING CONNECTED TRANSACTIONS AND THE NEW CAPS

The Continuing Connected Transactions 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 Holdings (and its associates) (<i>note 1</i>) (as the case may be)	The Company, Weichai After-sales Services, Weichai Casting, Weichai Reproduction, Huadong Casting and Weichai Logistics (<i>note 2</i>) (as the case may be)	Holder of 16.98% of the equity of the Company	(a) Supply and/or connection of utilities by Weichai Holdings (and its associates) to the Company (and its subsidiaries) (b) Sale of diesel engines, diesel engine parts and components, materials, semi-finished products, hydraulic products and related products and provision of processing services by the Company (and its subsidiaries) to Weichai Holdings (and its associates)
2. Weichai Heavy Machinery (and its subsidiaries) (<i>note 3</i>)	The Company, Weichai After-sales Services, Weichai Casting, Weichai Reproduction, Huadong Casting, Weichai Logistics, Weichai Yangzhou and Baudouin China (<i>note 2</i>) (as the case may be)	Held as to 30.59% by Weichai Holdings	(a) Purchase of diesel engine parts and components, materials, steel and scrap metal, etc., diesel engines and related products and processing and labour services by the Company (and its subsidiaries) from Weichai Heavy Machinery (and its subsidiaries) (b) Sale of diesel engines and related products by the Company (and its subsidiaries) to Weichai Heavy Machinery (and its subsidiaries) (c) Supply of semi-finished diesel engine parts, diesel engine parts and components, reserve parts and related products and provision of labour services by the Company (and its subsidiaries) to Weichai Heavy Machinery (and its subsidiaries)

B. TAGC 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	SFGC (note 4)	Holder of 49% of the equity of SFGC	(a) Sale of parts and components of transmissions and related products by SFGC to Fast Transmission (b) Purchase of parts and components of transmissions and related products and labour services by SFGC from Fast Transmission

Notes:

1. The associates of Weichai Holdings are Chongqing Weichai, Weichai Import and Export, Yangzhou Shengda and Dezhou Degong.
2. Each of Weichai After-sales Services, Weichai Casting, Weichai Reproduction, Huadong Casting and Weichai Logistics is a wholly-owned subsidiary of the Company. Weichai Yangzhou is indirectly held as to approximately 66.78% by the Company. Baudouin China is directly held as to approximately 50.98% and indirectly held as to approximately 49.02% by the Company.
3. The subsidiary of Weichai Heavy Machinery is Weichai Electric Equipment, being a wholly-owned subsidiary of Weichai Heavy Machinery.
4. SFGC is a 51% subsidiary of the Company.

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	2018 RMB	New Caps		
		2019 RMB	2020 RMB	2021 RMB
1. Weichai Holdings (and its associates)				
(a) Supply and/or connection of utilities by Weichai Holdings (and its associates) to the Company (and its subsidiaries)	650,000,000*	740,000,000*	840,000,000*	–
(b) Sale of diesel engines, diesel engine parts and components, materials, semi-finished products, hydraulic products and related products and provision of processing services by the Company (and its subsidiaries) to Weichai Holdings (and its associates)	2,610,000,000#	3,475,000,000#	4,610,000,000#	–

Connected person and details of the relevant Continuing Connected Transactions	2018 RMB	New Caps		2021 RMB
		2019 RMB	2020 RMB	
2. Weichai Heavy Machinery (and its subsidiaries)				
(a) Purchase of diesel engine parts and components, materials, steel and scrap metal, etc., diesel engines and related products and processing and labour services by the Company (and its subsidiaries) from Weichai Heavy Machinery (and its subsidiaries)	550,000,000*	630,000,000*	720,000,000*	–
(b) Sale of diesel engines and related products by the Company (and its subsidiaries) to Weichai Heavy Machinery (and its subsidiaries)	–	570,000,000 [#]	650,000,000 [#]	750,000,000 [#]
(c) Supply of semi-finished diesel engine parts, diesel engine parts and components, reserve parts and related products and provision of labour services by the Company (and its subsidiaries) to Weichai Heavy Machinery (and its subsidiaries)	–	150,000,000 [#]	180,000,000 [#]	220,000,000 [#]

B. TAGC Continuing Connected Transactions

Connected person and details of the relevant Continuing Connected Transactions	2019 RMB	New Caps		2021 RMB
		2020 RMB		
Fast Transmission				
(a) Sale of parts and components of transmissions and related products by SFGC to Fast Transmission	3,850,000,000*	5,000,000,000*	6,420,000,000*	
(b) Purchase of parts and components of transmissions and related products and labour services by SFGC from Fast Transmission	7,100,000,000*	9,150,000,000*	11,700,000,000*	

Note:

- 1. Where a New Cap is marked “*”, that means the proposed New Caps for the relevant Continuing Connected Transactions do not exceed the 5% Threshold (or, in respect of the TAGC Continuing Connected Transactions, pursuant to Rule 14A.101 of the Listing Rules) and are exempt from the approval by the Independent Shareholders under the Listing Rules. However, since the relevant Continuing Connected Transactions constitute PRC Continuing Connected Transactions, the same are subject to the approval by the Shareholders at the EGM.*
- 2. Where a New Cap is marked “#”, that means the proposed New Caps for the relevant Continuing Connected Transaction exceed the 5% Threshold and are 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 A.1.(b), A.2.(b) and A.2.(c) have been aggregated.*

DETAILS OF THE CONTINUING CONNECTED TRANSACTIONS AND THE RELEVANT SUPPLEMENTAL AGREEMENTS

A. Weichai Continuing Connected Transactions

The Company and its subsidiaries

The Company is principally engaged in the research and development, manufacture and sale of high-speed heavy-duty diesel engines and engine parts. Chongqing Branch is the Company’s facility (being its branch office) in Chongqing Municipality.

Weichai After-sales Services is a wholly-owned subsidiary of the Company and is principally engaged in the sales of parts and components of diesel engines.

Weichai Casting is a wholly-owned subsidiary of the Company and is principally engaged in the supply of casting products and related services.

Weichai Reproduction is a wholly-owned subsidiary of the Company and is principally engaged in the reproduction of parts and components of vehicles.

Huadong Casting is an indirect wholly-owned subsidiary of the Company and is principally engaged in casting and sale of engine parts.

Weichai Logistics is a wholly-owned subsidiary of the Company and is principally engaged in general transportation, storage, delivery and basic assembly of machine accessories and power.

Weichai Yangzhou is indirectly held as to approximately 66.78% by the Company and is principally engaged in the design, development, manufacture, sale and maintenance of diesel engines.

Baudouin China is directly held as to approximately 50.98% and indirectly held as to approximately 49.02% by the Company and is principally engaged in the manufacture, sale, design, research and development of diesel engines and related products.

1. Continuing Connected Transactions between Weichai Holdings (and its associates) and the Group

Weichai Holdings and its associates

Weichai Holdings and Chongqing Weichai are principally engaged in the management, investment and the provision of general services.

Weichai Import and Export is principally engaged in the import and export of certain products including diesel engine parts and components and the provision of the relevant service.

Yangzhou Shengda is principally engaged in the manufacturing and sale of automobiles, semi-trailers and modified vehicles

Dezhou Degong is principally engaged in the research and manufacture, production, sale, maintenance, lease of wheel-loaders, road building and maintenance machineries and components, and relevant technical consulting.

Weichai Holdings is a substantial shareholder of the Company, and is accordingly a connected person of the Company. Chongqing Weichai, Weichai Import and Export and Yangzhou Shengda are wholly-owned subsidiaries of Weichai Holdings and are, accordingly, associates of Weichai Holdings and connected persons of the Company.

Dezhou Degong is a wholly-owned subsidiary of Shandong Heavy Industry, the holding company of Weichai Holdings. Hence, Dezhou Degong is an associate of Weichai Holdings and a connected person of the Company.

- (a) *Supply and/or connection of utilities by Weichai Holdings (and its associates) to the Company (and its subsidiaries)*

Agreement: Supplemental Agreement to:

- (i) the utility services agreement between the Company and Weichai Holdings dated 17 November 2003 (“**Weichai Holdings Utilities Services Agreement**”) (as supplemented by the supplemental agreements dated 15 September 2004, 21 September 2005, 12 November 2006, 27 November 2008, 23 August 2010, 29 August 2013, 27 August 2015 and 30 August 2016, respectively); and
- (ii) the utility services agreement between the Company and Chongqing Weichai dated 17 November 2003 (“**Chongqing Weichai Utilities Services Agreement**”) (as supplemented by the supplemental agreements dated 15 September 2004, 21 September 2005, 12 November 2006, 27 November 2008, 23 August 2010, 29 August 2013, 27 August 2015 and 30 August 2016, respectively)

Date: 13 July 2018

- Parties:
1.
 - (a) The Company
 - (b) Weichai Casting
 - (c) Weichai Reproduction
 - (d) Huadong Casting
 - (e) Weichai Logistics
 2.
 - (a) Weichai Holdings
 - (b) Chongqing Weichai

Term: 1 January 2018 to 31 December 2020

Other terms and details:

- (i) *Supply and/or connection of utilities by Weichai Holdings to the Company and Weichai Casting*

Pursuant to the Weichai Holdings Utilities Services Agreement (as supplemented by the abovementioned supplemental agreements but prior to the entering into of this latest Supplemental Agreement), Weichai Holdings (and its associates) (as the case may be) has provided or provided the connection of (as the case may be) certain utility and energy services to the Company, Weichai Casting, Weichai

Reproduction, Huadong Casting, Weichai Logistics and/or other Group Company (as the case may be), namely, water, electricity, gas, steam, oxygen, nitrogen, compressed air, waste water treatment and supply of treated waste water, etc., for a term ending 31 December 2019, upon the expiry of which the parties shall have an option to renew the same for a term of three years on a mutually agreed basis.

Pursuant to this latest Supplemental Agreement, Weichai Holdings (and its associates) (as the case may be) shall provide or provide the connection of (as the case may be) the said services to the Company, Weichai Casting, Weichai Reproduction, Huadong Casting, Weichai Logistics and/or other Group Company (as the case may be) for a period of three years ending 31 December 2020. Save as set out herein, all other terms of the Weichai Holdings Utilities Services Agreement (as supplemented by the abovementioned supplemental agreements but prior to the entering into of this latest Supplemental Agreement) remain unchanged.

The fees payable by the Company, Weichai Casting, Weichai Reproduction, Huadong Casting, Weichai Logistics and/or other Group Company (as the case may be) to Weichai Holdings (and its associates) (as the case may be) with respect to the provision and/or connection of the said utility and energy services are determined based on the actual usage by the Company, Weichai Casting, Weichai Reproduction, Huadong Casting, Weichai Logistics and/or other Group Company (as the case may be) and by reference to the market prices of such utilities. If only government published rates are available with respect to certain utilities, the fees payable would be determined by reference to the government published rates plus the wastage, depreciation and repair expenses incurred by Weichai Holdings (and its associates) (as the case may be) in relation thereto. If no market price or government published rates with respect to the above utility and energy services are available, the Company, Weichai Casting, Weichai Reproduction, Huadong Casting, Weichai Logistics and/or other Group Company (as the case may be) will pay the actual costs incurred by Weichai Holdings (and its associates) (as the case may be) in relation to the provision of such utility and energy services plus a service charge representing not more than 20% of such costs. The fees are settled on a monthly basis. The Directors are of the view that the abovementioned methods and procedures under the pricing policies can ensure that this Continuing Connected Transaction is conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

(ii) *Supply and/or connection of utilities by Chongqing Weichai to the Company*

Pursuant to the Chongqing Weichai Utilities Services Agreement (as supplemented by the abovementioned supplemental agreements but prior to the entering into of this latest Supplemental Agreement), Chongqing Weichai (and its associates) (as the case may be) has provided or provided the connection of (as the case may be) certain utility and energy services to the Chongqing Branch and/or other Group Company (as the case may be), namely, water, electricity, natural gas, steam, oxygen, nitrogen and compressed air, etc. for a term ending 31 December 2019, upon the expiry of which the parties shall have an option to renew the same for a term of three years on a mutually agreed basis.

Pursuant to this latest Supplemental Agreement, Chongqing Weichai (and its associates) (as the case may be) shall provide or provide the connection of (as the case may be) the said services to the Chongqing Branch and/or other Group Company (as the case may be) for a period of three years ending 31 December 2020. Save as set out herein, all other terms of the Chongqing Weichai Utilities Services Agreement (as supplemented by the abovementioned supplemental agreements but prior to the entering into of this latest Supplemental Agreement) remain unchanged.

The fees payable by the Company and/or other Group Company (as the case may be) to Chongqing Weichai (and its associates) (as the case may be) in respect of the relevant utility and energy services are determined based on the usage thereof by the Chongqing Branch and/or other Group Company (as the case may be) or, if it is not possible to measure such usage, pro-rated according to the respective sales of Chongqing Weichai and the Chongqing Branch and/or other Group Company (as the case may be) and by reference to the market prices of such utilities. If only government published rates are available with respect to certain utilities, the fees payable will be determined by reference to the government published rates plus the wastage, depreciation and repair expenses incurred by Chongqing Weichai (and its associates) (as the case may be) in relation to the provision of the relevant utilities. If no market prices or government published rates with respect to any of the above utilities are available, the Company and/or other Group Company (as the case may be) will pay the costs incurred by Chongqing Weichai (and its associates) (as the case may be) in relation to the provision of the above utility and energy services plus a service charge representing not more than 20% of such costs. The

fees are settled on a monthly basis. The Directors are of the view that the abovementioned methods and procedures under the pricing policies can ensure that this Continuing Connected Transaction is conducted on normal commercial terms 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 2019 for the Weichai Continuing Connected Transaction set out in paragraphs (i) and (ii) in this sub-section 1.(a):

	2017	2018	2019
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing Cap	390,000,000	410,000,000	420,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2017 (audited) and the six months ended 30 June 2018 (unaudited) for the Weichai Continuing Connected Transaction set out in paragraphs (i) and (ii) in this sub-section 1.(a):

	Year ended	Six months	
	31 December	ended 30 June	
	2016	2017	2018
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction amount	260,484,008	358,820,994	206,560,469

The Company estimates that the transaction amounts in respect of the Weichai Continuing Connected Transaction set out in paragraphs (i) and (ii) in this sub-section 1.(a) for the three years ending 31 December 2020 will not exceed RMB650 million, RMB740 million and RMB840 million, respectively, and such amounts have accordingly been set as the proposed New Caps for this Weichai Continuing Connected Transaction.

The above proposed New Caps have been estimated by the Company primarily based on (i) the relevant historical costs incurred plus a service charge by Weichai Holdings and Chongqing Weichai representing not exceeding 20% of such costs, and (ii) the estimate of the sales of the Group's products in view of the implementation the Group's "2020–2030 Strategy". Taking into account and on the basis of all the aforesaid factors, it is estimated that the overall transaction amount of the said provision of services will increase by approximately 13.8% and 13.5% for each of the years ending 31 December 2019 and 31 December 2020, respectively.

The table below summarises the proposed New Caps for the Weichai Continuing Connected Transaction set out in paragraphs (i) and (ii) in this sub-section 1.(a) for the three years ending 31 December 2020:

	2018	2019	2020
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Cap	650,000,000	740,000,000	840,000,000

As the New Caps for this Weichai Continuing Connected Transaction for the three years ending 31 December 2020 do not exceed the 5% Threshold, this Weichai 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.

Since this Weichai Continuing Connected Transaction for the three years ending 31 December 2020 is an Exempt Continuing Connected Transaction, the New Caps are not subject to the approval of Independent Shareholders under the Listing Rules.

However, since this Weichai Continuing Connected Transaction constitutes a PRC Continuing Connected Transaction, the relevant New Caps and the Supplemental Agreement are subject to the approval by the Shareholders at the EGM.

- (b) *Sale of diesel engines, diesel engine parts and components, materials, semi-finished products, hydraulic products and related products and provision of processing services by the Company (and its subsidiaries) to Weichai Holdings (and its associates)*

Agreement: Supplemental Agreement to the diesel engines, diesel engine parts and components, materials and related products sale and provision of processing services agreement between (i) the Company, Weichai After-sales Services and (ii) Weichai Holdings, Chongqing Casting, Weichai Import and Export and Chongqing Weichai (“**Weichai Sale and Processing Services Agreement**”) dated 27 November 2008 (as supplemented by the supplemental agreements dated 23 August 2010, 29 August 2013, 30 August 2016 and 30 August 2017, respectively)

Date: 13 July 2018

- Parties:
1. (a) The Company
(b) Weichai After-sales Services
(c) Weichai Casting
(d) Weichai Reproduction
(e) Weichai Logistics

 2. (a) Weichai Holdings
(b) Weichai Import and Export
(c) Chongqing Weichai
(d) Yangzhou Shengda
(e) Dezhou Degong

Term: 1 January 2018 to 31 December 2020

Other terms and details:

Pursuant to the Weichai Sale and Processing Services Agreement (as supplemented by the above supplemental agreements but prior to the entering into of this Supplemental Agreement), the Company (and Chongqing Branch), Weichai After-sales Services, Weichai Casting, Weichai Reproduction, Weichai Logistics and/or other Group Company (as the case may be) has sold diesel engines, diesel engine parts and components, materials, semi-finished products and related products and to provide the processing services (as the case may be) to Weichai Holdings, Weichai Import and Export, Chongqing Weichai and/or other associates of Weichai Holdings (as the case may be) at market prices and settled on a monthly basis, for a term ending 31 December 2019, 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.

Pursuant to this Supplemental Agreement, the Company (and Chongqing Branch), Weichai After-sales Services, Weichai Casting, Weichai Reproduction, Weichai Logistics and/or other Group Company (as the case may be) shall sell the said diesel engines, diesel engine parts and components, materials, semi-finished products, hydraulic products and related products and to provide the said processing services (as the case may be) to Weichai Holdings, Weichai Import and Export, Chongqing Weichai, Yangzhou Shengda, Dezhou Degong and/or other associates of Weichai Holdings (as the case may be) at market prices and settled on a monthly basis. The said Supplemental Agreement shall be effective for a term of three years ending 31 December 2020. Save as set out herein, all other terms of the Weichai Sale and Processing Services Agreement (as supplemented by the abovementioned supplemental agreements but prior to the entering into of this latest Supplemental Agreement) as set out above remain unchanged.

The price of the said products shall be determined according to the following mechanism: the marketing department of the Company regularly conducts market research and analysis regarding specific products, in which a number of factors, including the overall market prices, market shares, ordering situation and performance of major competitors of such products,

are comprehensively considered and submits a price suggestion after its analysis to the Company's price management department and the final prices are determined at arm's length negotiation among the parties. 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 Weichai Continuing Connected Transaction set out in this sub-section 1.(b) for the three years ending 31 December 2019:

	2017	2018	2019
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing Cap	1,100,000,000	1,250,000,000	1,400,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2017 (audited) and the six months ended 30 June 2018 (unaudited) for the Weichai Continuing Connected Transaction set out in this sub-section 1.(b):

	Year ended	Six months	
	31 December	ended 30 June	
	2016	2017	2018
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction amount	508,930,264	881,739,148	782,079,968

Due to the favourable environment in the industry and the strong demand for the Group's products, the transaction amount of the sale of the abovementioned products and processing services by the Group to Weichai Holdings (and its associates) has increased substantially for the first six months of 2018. Further, Dezhou Degong, a company principally engaged in the research and manufacture, production, sale, maintenance, lease of wheel-loaders, road building and maintenance machineries and components, and relevant technical consulting, was recently acquired by Shandong Heavy Industry in June 2018 and became an associate of Weichai Holdings and a connected person of the Company thereafter. The Company anticipates that in order for Dezhou Degong to meet its production plans, there will be an increase in the number of diesel engines, hydraulic parts and related products required by Dezhou Degong from the Group.

The Company estimates that the transaction amounts for the Weichai Continuing Connected Transaction set out in this sub-section 1.(b) for the three years ending 31 December 2020 will not exceed RMB2,610 million, RMB3,475 million and RMB4,610 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, and (ii) the estimate of the number of diesel engines, diesel engine parts and components, materials, semi-finished products and hydraulic products required by Weichai Holdings, Weichai Import and Export, Chongqing Weichai, Yangzhou Shengda and Dezhou Degong (as the case may be) in view of the implementation of the Group's "2020–2030 Strategy", the average unit prices of the same, and the costs of the processing services to be provided. Taking into account and on the basis of all the aforesaid factors, it is estimated that the overall transaction amount of the said sale of products and services will grow by approximately 33.1% and 32.7% for each of the years ending 31 December 2019 and 31 December 2020, respectively.

The table below summarises the proposed New Caps for the Weichai Continuing Connected Transaction set out in this sub-section 1.(b) for the three years ending 31 December 2020:

	2018	2019	2020
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Cap	2,610,000,000	3,475,000,000	4,610,000,000

As the highest percentage ratio calculated in accordance with the Listing Rules for this Weichai Continuing Connected Transaction for the three years ending 31 December 2020 (when aggregated with the proposed New Caps for the same period under sub-section A.2.(b) and A.2.(c)) exceeds the 5% Threshold, this Weichai Continuing Connected Transaction constitutes a Non-exempt Continuing Connected Transaction of the Company for the relevant period, and the proposed New 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 Weichai Continuing Connected Transaction (on an aggregated basis) is a Non-exempt Continuing Connected Transaction, this Supplemental Agreement and the proposed New Caps are subject to the relevant resolution being passed at the EGM.

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

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 Electric Equipment is a wholly-owned subsidiary of Weichai Heavy Machinery and is principally engaged in the research and development, production, sale and repair of power generators, pump units, air compressor units, hydraulic pump units and their respective components and the import and export of permitted goods and technology.

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

(a) *Purchase of diesel engine parts and components, materials, steel and scrap metal etc., diesel engines and related products and processing and labour services by the Company (and its subsidiaries) from Weichai Heavy Machinery (and its subsidiaries)*

Agreement: Supplemental Agreement to the diesel engine parts and components, materials, steel and scrap metal, etc. and related products purchase and processing services agreement between (i) the Company and Weichai After-sales Services and (ii) Weichai Heavy Machinery dated 27 November 2008 (as supplemented by the supplemental agreements dated 23 August 2010, 29 August 2013 and 30 August 2016, respectively) (“**Weichai Heavy Machinery Purchase and Processing Services Agreement**”)

Date: 13 July 2018

Parties:

1. (a) The Company
(b) Weichai After-sales Services
(c) Weichai Casting
(d) Weichai Reproduction
(e) Huadong Casting
(f) Weichai Logistics
(g) Baudouin China
2. (a) Weichai Heavy Machinery
(b) Weichai Electric Equipment

Term: 1 January 2018 to 31 December 2020

Other terms and details:

Pursuant to the Weichai Heavy Machinery Purchase and Processing Services Agreement (as supplemented by the above supplemental agreements but prior to the entering into of this Supplemental Agreement), the Company (and Chongqing Branch), Weichai After-sales Services, Weichai Casting, Weichai Reproduction, Huadong Casting, Weichai Logistics, Baudouin China, Weichai Singapore and/or other Group Company (as the case may be) have purchased certain diesel engine parts and components, steel and scrap metal etc., materials, diesel engines and processing and labour services from Weichai Heavy Machinery, Weichai Electric Equipment and/or other associates of Weichai Heavy Machinery (as the case may be) at market prices and settled on a monthly basis, for a term ending 31 December 2019, upon the expiry of which the parties shall have an option to renew the term for another three years on a mutually agreed basis.

Pursuant to this Supplemental Agreement, the Company (and Chongqing Branch), Weichai After-sales Services, Weichai Casting, Weichai Reproduction, Huadong Casting, Weichai Logistics, Baudouin China and/or other Group Company (as the case may be) shall purchase the said parts and components, steel and scarp metal etc., materials, diesel engines and processing and labour services from Weichai Heavy Machinery, Weichai Electric Equipment and/or other associates of Weichai Heavy Machinery (as the case may be) at market prices and settled on a monthly basis. This Supplemental Agreement shall be effective for a term of three years ending 31 December 2020. Save as set out herein, all other terms of the Weichai Heavy Machinery Purchase and Processing Services Agreement (as supplemented by the abovementioned supplemental agreements but prior to the entering into of this latest Supplemental Agreement) remain unchanged.

The price of the said products shall be determined according to the following mechanism: the marketing department of the Company regularly conducts market research and analysis regarding specific products, in which a number of factors, including the overall market prices, market shares, ordering situation and performance of major competitors of such products, are comprehensively considered and submits a price suggestion after its analysis to the Company's price management department and the final prices are determined at arm's length negotiation among the parties. 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 2019 the Weichai Continuing Connected Transaction set out in this sub-section 2.(a):

	2017 <i>RMB</i>	2018 <i>RMB</i>	2019 <i>RMB</i>
Existing Cap	330,000,000	370,000,000	410,000,000

The table below summarises the aggregate actual transaction amounts involved for the purchases and processing services for the two years ended 31 December 2017 (audited) and the six months ended 30 June 2018 (unaudited) for the Weichai Continuing Connected Transaction set out in this sub-section 2.(a):

	Year ended 31 December 2016 <i>RMB</i> <i>(audited)</i>	2017 <i>RMB</i> <i>(audited)</i>	Six months ended 30 June 2018 <i>RMB</i> <i>(unaudited)</i>
Actual transaction amount	307,056,036	326,455,979	207,030,226

The Company estimates that the aggregate transaction amounts in respect of the Weichai Continuing Connected Transaction set out in this sub-section 2.(a) will not exceed RMB550 million, RMB630 million and RMB720 million for each of the three years ending 31 December 2020 and therefore such amount has accordingly been set as the proposed New Caps for this Weichai Continuing Connected Transaction.

The above proposed 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 in view of the implementation of the Group's "2020–2030 Strategy", and (iii) the market prices of the relevant raw materials, steel, scrap metal, diesel engines and related products and the costs of processing and labour services to be purchased by the Group. Taking into account and on the basis of all the aforesaid factors, it is estimated that the overall transaction amount of the said purchase of products and services will increase by approximately 14.5% and 14.3%, for each of the years ending 31 December 2019 and 31 December 2020, respectively.

The table below summarises the proposed New Caps for the Weichai Continuing Connected Transaction set out in this sub-section 2.(a) for the three years ending 31 December 2020:

	2018	2019	2020
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Cap	550,000,000	630,000,000	720,000,000

As the New Caps for this Weichai Continuing Connected Transaction for the three years ending 31 December 2020 do not exceed the 5% Threshold, this Weichai 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.

Since this Weichai Continuing Connected Transaction for the three years ending 31 December 2020 is an Exempt Continuing Connected Transaction, the New Caps are not subject to the approval of the Independent Shareholders under the Listing Rules.

However, since this Weichai Continuing Connected Transaction constitutes a PRC Continuing Connected Transaction, the relevant New Caps and the Supplemental Agreement are subject to the approval by the Shareholders at the EGM.

(b) Sale of diesel engines and related products by the Company (and its subsidiaries) to Weichai Heavy Machinery (and its subsidiaries)

Agreement: Supplemental Agreement to the framework agreement between the Company and Weichai Holdings dated 17 November 2003 (“**Weichai Heavy Machinery Sale Agreement**”) (as supplemented by the supplemental agreements dated 15 September 2004, 12 November 2006, 9 June 2007, 27 November 2008, 13 August 2009, 23 August 2010, 30 August 2012, 29 August 2013 and 27 August 2015, respectively)

Date: 13 July 2018

Parties:

1. (a) The Company
(b) Weichai Reproduction
(c) Weichai Yangzhou
(d) Baudouin China
2. (a) Weichai Heavy Machinery
(b) Weichai Electric Equipment

Term: 1 January 2019 to 31 December 2021

Other terms and details:

Pursuant to the Weichai Heavy Machinery Sale Agreement (as supplemented by the abovementioned supplemental agreements but prior to the entering into of this latest Supplemental Agreement), the Company, Weichai Reproduction, Weichai Yangzhou, Baudouin China (and/or other Group Company) (as the case may be) has sold certain diesel engines and related products to Weichai Heavy Machinery, Weichai Electric Equipment and/or other subsidiaries of Weichai Heavy Machinery (as the case may be) at market prices and settled on a monthly basis, for a term ending 31 December 2018, upon the expiry of which the parties may renew the term for another three years on a mutually agreed basis.

Pursuant to this latest Supplemental Agreement, the Company, Weichai Reproduction, Weichai Yangzhou and Baudouin China (and/or other Group Company) (as the case may be) shall sell to Weichai Heavy Machinery, Weichai Electric Equipment and/or other associates of Weichai Heavy Machinery (as the case may be) the said diesel engines and related products at market prices and settled on a monthly basis, for a term of three years ending 31 December 2021, upon the expiry of which the parties may renew the term for another three years on a mutually agreed basis. Save as set out herein, all other terms of the Weichai Heavy Machinery Sale Agreement (as supplemented by the abovesaid supplemental agreements but prior to the entering into of this latest Supplemental Agreement) shall remain unchanged.

The price of the said products shall be determined according to the following mechanism: the marketing department of the Company regularly conducts market research and analysis regarding specific products and comprehensively considers the costs of such products 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 2018 for the Weichai Continuing Connected Transaction set out in this sub-section 2.(b):

	2016 <i>RMB</i>	2017 <i>RMB</i>	2018 <i>RMB</i>
Existing Cap	450,000,000	600,000,000	800,000,000

The table below summarises the actual transaction amounts involved for two years ended 31 December 2017 (audited) and the six months ended 30 June 2018 (unaudited) for the Weichai Continuing Connected Transaction set out in this sub-section 2.(b):

	Year ended 31 December 2016 <i>RMB</i> (audited)	2017 <i>RMB</i> (audited)	Six months ended 30 June 2018 <i>RMB</i> (unaudited)
Actual transaction amount	211,086,484	263,119,895	190,307,834

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 Weichai Heavy Machinery will continue to purchase the Group's diesel engines for the manufacture of power generators. In addition, increase in demand for the vessels sold by Weichai Heavy Machinery will also in turn lead to an increase in the sales of the vessel engines by the Group to Weichai Heavy Machinery. The Group has also sold certain diesel engines to Weichai Generator Equipment for its manufacture of generator sets.

In line with the current market conditions in respect of the said diesel engines, the Company estimates that the transaction amounts for the Weichai Continuing Connected Transaction set out in this sub-section 2.(b) for the three years ending 31 December 2021 will not exceed RMB570,000,000, RMB650,000,000 and RMB750,000,000, respectively, and such amounts have accordingly been set as the proposed New Caps for this Weichai Continuing Connected Transaction. These estimates have also referred to the estimated salary growth rate and an expected increase in the sales of the said diesel engines by the Company to Weichai Heavy Machinery and Weichai Generator Equipment by approximately 14.0% and 15.4% for each of the years ending 31 December 2020 and 31 December 2021, respectively.

The table below summarises the New Caps for the Weichai Continuing Connected Transaction set out in this sub-section 2.(b) for the three years ending 31 December 2021:

	2019	2020	2021
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Cap	570,000,000	650,000,000	750,000,000

As the highest percentage ratio calculated in accordance with the Listing Rules for this Weichai Continuing Connected Transaction for the three years ending 31 December 2021 (when aggregated with the proposed New Caps for the same period under sub-section A.1.(b) and A.2.(c)) exceeds the 5% Threshold, this Weichai Continuing Connected Transaction constitutes a Non-exempt Continuing Connected Transaction of the Company for the relevant period, and the proposed New 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 Weichai Continuing Connected Transaction (on an aggregated basis) is a Non-exempt Continuing Connected Transaction, this Supplemental Agreement and the proposed New Caps are subject to the relevant resolution being passed at the EGM.

- (c) *Supply of semi-finished diesel engine parts, diesel engine parts and components, reserve parts and related products and provision of labour services by the Company (and its subsidiaries) to Weichai Heavy Machinery (and its subsidiaries)*

Agreement: Supplemental Agreement to the semi-finished diesel engine parts supply agreement (“**Weichai Heavy Machinery Supply Agreement**”) dated 17 November 2003 between the Company and Weichai Holdings (as supplemented by supplemental agreements dated 15 September 2004, 12 November 2006, 9 June 2007, 9 November 2009, 29 August 2011, 29 August 2013 and 27 August 2015, respectively)

Date: 13 July 2018

- Parties:
1. (a) The Company
(b) Weichai Reproduction
(c) Weichai After-sales Services
(d) Weichai Casting
(e) Huadong Casting
(f) Weichai Logistics
 2. (a) Weichai Heavy Machinery
(b) Weichai Electric Equipment

Term: 1 January 2019 to 31 December 2021

Other terms and details:

Pursuant to the Weichai Heavy Machinery Supply Agreement (as supplemented by the abovesaid supplemental agreements but prior to the entering into of this latest Supplemental Agreement), each of the Company, Weichai Reproduction, Weichai After-sales Services, Weichai Casting, Huadong Casting and Weichai Logistics (and/or their subsidiaries) has sold certain semi-finished diesel engine parts, diesel engine parts and components, reserve parts and related products and provided the relevant labour services (as the case may be) to Weichai Heavy Machinery, Weichai Electric Equipment and/or other associates of Weichai Heavy Machinery (as the case may be) at market prices and settled on a monthly basis for a term ending 31 December 2018, upon the expiry of which the parties may renew the term for another three years on a mutually agreed basis.

Pursuant to this latest Supplemental Agreement, each of the Company, Weichai Reproduction, Weichai After-sales Services, Weichai Casting, Huadong Casting and Weichai Logistics (and/or other Group companies) has agreed to sell the said semi-finished diesel engine parts, diesel engine parts and components, reserve parts and related products and to provide the relevant labour services (as the case may be) to Weichai Heavy Machinery, Weichai Electric Equipment and/or other associates of Weichai Heavy Machinery (as the case may be) at market prices and settled on a monthly basis for a term of three years ending 31 December 2021, upon the expiry of which the parties may renew the term for another three years on a mutually agreed basis. Save as set out herein, all other terms of the Weichai Heavy Machinery Supply Agreement (as supplemented by the abovesaid supplemental agreements, but prior to the entering into of this latest Supplemental Agreement) remain unchanged.

The price of the said products shall be determined according to the following mechanism: the marketing department of the Company regularly conducts market research and analysis regarding specific products, in which a number of factors, including the overall market prices, market shares, ordering situation and performance of major competitors of such products, are comprehensively considered 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 2018 for the Weichai Continuing Connected Transaction set out in this sub-section 2.(c):

	2016 <i>RMB</i>	2017 <i>RMB</i>	2018 <i>RMB</i>
Existing Cap	300,000,000	400,000,000	520,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2017 (audited) and the six months ended 30 June 2018 (unaudited) for the Weichai Continuing Connected Transaction set out in this sub-section 2.(c):

	Year ended 31 December 2016 <i>RMB</i> (audited)	2017 <i>RMB</i> (audited)	Six months ended 30 June 2018 <i>RMB</i> (unaudited)
Actual transaction amount	57,228,667	83,871,772	40,613,792

The Company is a leading manufacturer of diesel engines in the PRC and this evidences the quality and competitiveness of the Company'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 products, the Company believes that Weichai Heavy Machinery and its subsidiaries will continue to 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. In view of the economic growth in the PRC in recent years and the strong demand for the products of Weichai Heavy Machinery and its subsidiaries, which shall in turn drive the demand for the Group's said products and labour services by Weichai Heavy Machinery and its subsidiaries, it is expected that the transaction amount for this Weichai Continuing Connected Transaction will increase steadily for the three years ending 31 December 2021.

The Company estimates that the sale of the said semi-finished diesel engine parts, diesel engine parts and components, reserve parts and related products and the provision of the relevant labour services by the Group to Weichai Heavy Machinery and its associates for the three years ending 31 December 2021 will not exceed RMB150,000,000, RMB180,000,000 and RMB220,000,000, respectively, and such amounts have accordingly been set as the proposed New Caps for this Weichai 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 semi-finished diesel engine parts, diesel engine parts and components, reserve parts and related products required by Weichai Heavy Machinery and its subsidiaries, (iii) the average unit prices of the said semi-finished diesel engine parts, diesel engine parts and components, reserve parts and related products, and (iv) the assumption that the transaction amount of the provision of the said products and labour services by the Group to Weichai Heavy Machinery and its subsidiaries will increase by approximately 20% and 22.2% for each of the years ending 31 December 2020 and 31 December 2021, respectively.

The table below summarises the New Caps for the Weichai Continuing Connected Transaction set out in this sub-section 2.(c) for the three years ending 31 December 2021:

	2019	2020	2021
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Cap	150,000,000	180,000,000	220,000,000

As the highest percentage ratio calculated in accordance with the Listing Rules for this Weichai Continuing Connected Transaction for the three years ending 31 December 2021 (when aggregated with the proposed New Caps for the same period under sub-section A.1.(b) and A.2.(b)) exceeds the 5% Threshold, this Weichai Continuing Connected Transaction constitutes a Non-exempt Continuing Connected Transaction of the Company for the relevant period, and the proposed New 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 Weichai Continuing Connected Transaction (on an aggregated basis) is a Non-exempt Continuing Connected Transaction, this Supplemental Agreement and the proposed New Caps are subject to the relevant resolution being passed at the EGM.

B. TAGC Continuing Connected Transactions

Continuing Connected Transactions between SFGC and Fast Transmission

SFGC is a 51% subsidiary of the Company and is principally engaged in the manufacture, sale, design and development of transmissions and other motor vehicle parts and components such as gears.

Fast Transmission is principally engaged in the manufacture and sale of transmission products and parts and components of vehicles. Fast Transmission is a substantial shareholder of SFGC (which is a subsidiary of the Company) and is accordingly a connected person of the Company.

(a) Sale of parts and components of transmissions and related products by SFGC to Fast Transmission

Agreement: Supplemental Agreement to the parts and components sale agreement (“**Fast Transmission Sale Agreement**”) dated 1 August 2007 (as supplemented by the supplemental agreements dated 27 November 2008, 9 November 2009, 23 August 2010, 30 August 2012 and 27 August 2015, respectively)

Date: 13 July 2018

Parties: 1. SFGC
2. Fast Transmission

Term: 1 January 2019 to 31 December 2021

Other terms and details:

Pursuant to the Fast Transmission Sale Agreement (as supplemented by the abovementioned supplemental agreements but prior to the entering into of this latest Supplemental Agreement), SFGC has sold to Fast Transmission certain parts and components of transmissions, namely, gearboxes, and related products at market prices and settled by the parties generally every two to three months, for a term ending 31 December 2018, 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.

Pursuant to this Supplemental Agreement, SFGC has agreed to sell and Fast Transmission has agreed to purchase such parts and components and related products on the same terms for a term of three years ending 31 December 2021, upon the expiry of which the parties may renew the term for another three years on a mutually agreed basis. Save as set out herein, all other terms of the Fast Transmission Sale Agreement remain unchanged.

The price of the said products shall be determined according to the following mechanism: SFGC regularly conducts research and analysis regarding product prices in the market. Upon discussions with the price committee with reference to market prices and product costs, and on the basis of the thorough consideration of the interests of both parties, the final prices are determined at arm's length negotiation among the parties. The price management department of SFGC 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 TAGC 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 2018 for the TAGC Continuing Connected Transaction set out in this sub-section (a):

	2016	2017	2018
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing Cap	3,600,000,000	4,800,000,000	6,500,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2017 (audited) and the six months ended 30 June 2018 (unaudited) for the TAGC Continuing Connected Transaction set out in this sub-section (a):

	Year ended 31 December		Six months ended 30 June
	2016	2017	2018
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	(audited)	(audited)	(unaudited)
Actual transaction amount	1,442,541,862	2,132,778,808	1,089,350,350

The Company estimates that the transaction amount for the TAGC Continuing Connected Transaction set out in this sub-section (a) for the three years ending 31 December 2021 will not exceed RMB3,850,000,000, RMB5,000,000,000 and RMB6,420,000,000, respectively and such amounts have accordingly been set as the proposed New Caps for this TAGC Continuing Connected Transaction.

The parts and components sold by SFGC to Fast Transmission pursuant to this TAGC Continuing Connected Transaction are used by Fast Transmission in its manufacture of transmission products and parts and components of vehicles. With the expected increase in the production of heavy duty hydraulic automatic transmissions of SFGC and the expected improvement in the market, the Company expects that the sales of SFGC will increase by approximately 30% for each of the years ending 31 December 2020 and 31 December 2021. Accordingly, it is expected that the volume of the parts and components to be sold by SFGC to Fast Transmission for its processing will increase accordingly.

The proposed New Caps have been prepared by the Company primarily based on (i) the historical transaction amounts, (ii) the estimate of the volume and amount of the said parts and components of transmissions to be sold by SFGC to Fast Transmission, and (iii) the assumption that the overall transaction amount of the sale of the said parts and components will increase by approximately 29.9% and 28.4% for each of the years ending 31 December 2020 and 31 December 2021, respectively.

The table below summarises the New Caps for the TAGC Continuing Connected Transaction set out in this sub-section (a) for the three years ending 31 December 2021:

	2019	2020	2021
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Cap	3,850,000,000	5,000,000,000	6,420,000,000

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 TAGC Continuing Connected Transaction; and (iii) the independent non-executive Directors have confirmed that the terms of this TAGC Continuing Connected Transaction and the 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 TAGC 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 TAGC Continuing Connected Transaction for the three years ending 31 December 2021 is an Exempt Continuing Connected Transaction, this Supplemental Agreement is not subject to the approval of the Independent Shareholders under the Listing Rules.

However, since this TAGC Continuing Connected Transaction constitutes a PRC Continuing Connected Transaction, the relevant New Caps and the Supplemental Agreement are subject to the approval by the Shareholders at the EGM.

(b) *Purchase of parts and components of transmissions and related products and labour services by SFGC from Fast Transmission*

Agreement: Supplemental Agreement to the parts and components sale agreement (“**Fast Transmission Purchase Agreement**”) dated 1 August 2007 (as supplemented by the supplemental agreements dated 27 November 2008, 9 November 2009, 23 August 2010, 30 August 2012 and 27 August 2015, respectively)

Date: 13 July 2018

Parties: 1. SFGC
2. Fast Transmission

Term: 1 January 2019 to 31 December 2021

Other terms and details:

Pursuant to the Fast Transmission Purchase Agreement (as supplemented by the abovementioned supplemental agreements but prior to the entering into of this latest Supplemental Agreement), SFGC has purchased from Fast Transmission certain parts and components of transmissions and gears, namely, power take off assemblies and castings, and related products at market prices and settled by the parties generally every two to three months, for a term ending 31 December 2018, 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.

Pursuant to this Supplemental Agreement, SFGC has agreed to purchase and Fast Transmission has agreed to sell such parts and components and related products and labour services on the same terms for a term of three years ending 31 December 2021, upon the expiry of which the parties may renew the term for another three years on a mutually agreed basis. Save as set out herein, all other terms of the Fast Transmission Purchase Agreement remain unchanged.

The price of the said products shall be determined according to the following mechanism: through the analysis of the products in the market, taking into account other factors including the raw materials, remuneration cost, processing cost, SFGC shall conduct an analysis on the reasonableness of the relevant prices. A proposal on the price shall then be submitted to the price management department of SFGC for approval, after an analysis of the products and comparison of such costs with the costs submitted by Fast Transmission. 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 TAGC 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 2018 for the TAGC Continuing Connected Transaction set out in this sub-section (b):

	2016 <i>RMB</i>	2017 <i>RMB</i>	2018 <i>RMB</i>
Existing Cap	4,500,000,000	6,000,000,000	7,800,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2017 (audited) and the six months ended 30 June 2018 (unaudited) for the TAGC Continuing Connected Transaction set out in this sub-section (b):

	Year ended 31 December		Six months ended 30 June
	2016 <i>RMB</i> (audited)	2017 <i>RMB</i> (audited)	2018 <i>RMB</i> (unaudited)
Actual Transaction Amount	2,564,824,108	4,836,619,704	2,490,374,626

The Company estimates that the transaction amount for the TAGC Continuing Connected Transaction set out in this sub-section B.(b) for the three years ending 31 December 2021 will not exceed RMB7,100,000,000, RMB9,150,000,000 and RMB11,700,000,000 respectively and such amounts have accordingly been set as the proposed New Caps for this TAGC Continuing Connected Transaction.

The parts and components purchased by SFGC from Fast Transmission pursuant to this TAGC Continuing Connected Transaction are used in its production. With the expected increase in the production of heavy duty hydraulic automatic transmissions of SFGC and the expected improvement in the market, the Company expects that the sales of SFGC will increase by approximately 30% for each of the years ending 31 December 2021. Accordingly, it is expected that the volume of the parts and components to be purchased by SFGC from Fast Transmission for its production will increase accordingly.

The proposed New Caps have been prepared by the Company primarily based on (i) the historical transaction amounts, (ii) the estimate of the volume and amount of the said parts and components of transmissions and labour services to be purchased by SFGC from Fast Transmission, and (iii) the assumption that the overall transaction amount of the purchase of the said parts and components by SFGC will increase by approximately 28.9% and 27.9% for each of the years ending 31 December 2020 and 31 December 2021, respectively.

The table below summarises the New Caps for the TAGC Continuing Connected Transaction set out in this sub-section (b) for the three years ending 31 December 2021:

	2019	2020	2021
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Cap	7,100,000,000	9,150,000,000	11,700,000,000

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 TAGC Continuing Connected Transaction; and (iii) the independent non-executive Directors have confirmed that the terms of this TAGC Continuing Connected Transaction and the 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 TAGC 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 TAGC Continuing Connected Transaction for the three years ending 31 December 2021 is an Exempt Continuing Connected Transaction, this Supplemental Agreement is not subject to the approval of the Independent Shareholders under the Listing Rules.

However, since this TAGC Continuing Connected Transaction constitutes a PRC Continuing Connected Transaction, the relevant New Caps and the Supplemental Agreement are subject to the approval by the Shareholders at the EGM.

III. REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS AND LISTING RULES IMPLICATIONS

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 Weichai Continuing Connected 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 Weichai Continuing Connected 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 Weichai Continuing Connected Transactions with Weichai Holdings were transferred to Weichai Heavy Machinery.

As the Company has conducted these Weichai Continuing Connected Transactions with the relevant entities for many years and the Company has built up a long term strategic and solid business relationship with these entities, the Directors (excluding the independent non-executive Directors in respect of the Non-exempt Continuing Connected Transaction) consider it beneficial to the Company to continue to conduct these Weichai Continuing Connected Transactions in order to ensure and maximize operating efficiency and stability of the operations of the Company. The Directors (excluding the independent non-executive Directors in respect of the Non-exempt Continuing Connected Transaction) are not aware of any disadvantage to the Group in continuing to conduct the Weichai Continuing Connected Transactions.

As prior to completion of the Merger, SFGC has conducted the TAGC Continuing Connected Transaction with Fast Transmission (and its associates) (as the case may be) for many years and the Company has taken up such TAGC Continuing Connected Transaction 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 TAGC Continuing Connected Transaction 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. The Directors are of the view that the abovementioned methods and procedures under the pricing policies can ensure that these Continuing Connected Transactions are conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

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 13 July 2018 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 Holdings (and its associates) set out under section II.A.1. in this announcement — Tan Xuguang, Jiang Kui, Zhang Quan, Xu Xinyu and Sun Shaojun;

2. Continuing Connected Transaction with Weichai Heavy Machinery (and its subsidiaries) set out under section II.A.2. in this announcement — Tan Xuguang, Wang Yuepu, Jiang Kui, Zhang Quan, Xu Xinyu, Sun Shaojun; and
3. Continuing Connected Transactions with Fast Transmission set out under section II.B. in this announcement — Yan Jianbo.

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

As the highest percentage ratios calculated in accordance with the Listing Rules for each of the Weichai Continuing Connected Transactions as set out in sections II.A.1.(a) and II.A.2.(a) exceed the 0.1% Threshold but do not exceed the 5% Threshold, such Weichai Continuing Connected Transactions are subject to the reporting, announcement and annual review requirements of Chapter 14A of the Listing Rules but are exempt from the Independent Shareholders' approval under the Listing Rules. However, according to the relevant laws and regulations of the PRC and the Shenzhen Listing Rules, such Weichai Continuing Connected Transactions constitute PRC Continuing Connected Transactions and are subject to the approval by the Shareholders at the EGM.

As the highest percentage ratio calculated in accordance with the Listing Rules for the Weichai Continuing Connected Transactions as set out in sections II.A.1.(b) and II.A.2.(b) and (c) exceed the 5% Threshold on an aggregated basis, they constitute Non-exempt Continuing Connected Transactions of the Company and their respective Supplemental Agreement and 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.

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 TAGC Continuing Connected Transactions; and (iii) the independent non-executive Directors have confirmed that the terms of the TAGC 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 TAGC 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 TAGC Continuing Connected Transactions constitute PRC Continuing Connected Transactions and are subject to the approval by the Shareholders at the EGM.

IV. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee comprising the independent non-executive Directors (namely, Mr. Zhang Zhong, Mr. Wang Gongyong, Mr. Ning Xiangdong, Mr. Li Hongwu and Mr. Wen Daocai) will be appointed to consider the Non-exempt Continuing Connected Transactions and its New Caps. An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the Non-exempt Continuing Connected Transactions and their New Caps.

V. 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 on or before 30 August 2018 in accordance with Rule 19A.39A of the Listing Rules.

VI. 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
“Baudouin China”	博杜安(濰坊)動力有限公司 (Baudouin (Weifang) Power Co., Ltd.*), a company established in the PRC and a subsidiary of the Company
“Chongqing Branch”	the Company’s facility (being its branch office) in Chongqing Municipality, the PRC
“Chongqing Casting”	重慶市江津區重濰鑄造有限公司 (Chongqing City Jiangjin District Chongwei Casting Co. Ltd.*), a company established in the PRC which was subsequently deregistered

“Chongqing Weichai”	重慶濰柴發動機有限公司 (Chongqing Weichai Diesel Engine Company Limited*) (formerly known as 重慶濰柴發動機廠 (Chongqing Weichai Diesel Engine Factory*)), a Company established in the PRC and a connected person of the Company
“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 section headed “II. Continuing Connected Transactions” in this announcement, comprising the Weichai Continuing Connected Transaction(s) and the TAGC Continuing Connected Transaction(s)
“Director(s)”	the director(s) of the Company
“Dezhou Degong”	德州德工機械有限公司 (Dezhou Degong Machinery Co., Ltd.*), a company established in the PRC and a connected person of the Company
“EGM”	the extraordinary general meeting of the Company to be held to consider and, if thought fit, approve, <i>inter alia</i> , the New Caps and the Supplemental Agreements in respect of the Non-exempt Continuing Connected Transactions and the PRC Continuing Connected Transactions
“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 or the 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 section headed “II. Continuing Connected Transactions” in this announcement

“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
“Group”	the Company and its subsidiaries, and “Group Company” means any of the same
“Huadong Casting”	山東華動鑄造有限公司 (Shandong Huadong Casting Co., Ltd*), a company established in the PRC and a subsidiary of the Company
“Independent Board Committee”	a committee of the Board comprising Mr. Zhang Zhong, Mr. Wang Gongyong, Mr. Ning Xiangdong, Mr. Li Hongwu and Mr. Wen Daocai, being the independent non-executive Directors
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Non-Exempt Continuing Connected Transactions
“Independent Shareholders”	Shareholders who are not required to abstain from voting at the EGM in respect of the Non-exempt Continuing Connected Transactions
“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, together with other the assets and liabilities of TAGC, were absorbed by the Company
“New Cap(s)”	as defined in the section headed “II. Continuing Connected Transactions” 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 Continuing Connected Transaction(s) set out under the sections headed “II.A. and II.B.” in this announcement, which constitute continuing connected transaction(s) 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 in the Ordinary Course of Business”) dated 13 July 2018 on the Shenzhen Stock Exchange
“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 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 “II. Continuing Connected Transactions” in this announcement and “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
“TAGC Continuing Connected Transaction(s)”	the Continuing Connected Transaction(s) under section II.B. of this announcement

“Weichai After-sales Services”	濰柴(濰坊)後市場服務有限公司 (Weichai (Weifang) After-sales Market Services Co., Ltd.*) (formerly known as 濰柴動力備品資源公司 (Weichai Power Reserves and Resources Company*)), a company established in the PRC and a subsidiary of the Company
“Weichai Casting”	濰柴動力(濰坊)鑄鍛有限公司 (Weichai Power (Weifang) Casting Co., Ltd.*), a company established in the PRC and a subsidiary of the Company
“Weichai Continuing Connected Transaction(s)”	the Continuing Connected Transaction(s) under section II.A. of this announcement
“Weichai Electric Equipment”	濰柴電力設備有限公司 (Weichai Electric Equipment Co., Ltd.*) (formerly known as 濰柴重機(濰坊)發電設備有限公司 (Weichai Heavy-duty Machinery (Weifang) Generator Equipment Co., Ltd.*) and 濰柴發電設備有限公司 (Weichai Generator Equipment Co., Ltd.*)), a company established in the PRC and a connected person of the Company
“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 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 Import and Export”	山東濰柴進出口有限公司 (Shandong Weichai Import and Export Co., Ltd.*), a company established in the PRC wholly-owned by Weichai Holdings and a connected person of the Company

“Weichai Logistics”	濰柴動力(濰坊)集約配送有限公司 (Weichai Power (Weifang) Intensive Logistics Co., Ltd.*), a company established in the PRC and a wholly-owned subsidiary of the Company
“Weichai Reproduction”	濰柴動力(濰坊)再製造有限公司 (Weichai Power (Weifang) Reconstruction Co., Ltd.*), a company established in the PRC and a subsidiary of the Company
“Weichai Singapore”	Weichai Singapore Pte. Ltd., a company established in Singapore and a subsidiary of the Company
“Weichai Yangzhou”	濰柴動力揚州柴油機有限責任公司 (Weichai Power Yangzhou Diesel Engine Co., Ltd.), a company established in the PRC and a subsidiary of the Company
“Yangzhou Shengda”	揚州盛達特種車有限公司 (Yangzhou Shengda Special Vehicles Co., Ltd.), a company established in the PRC, wholly-owned by Weichai Holdings and a connected person of the Company

* For identification purposes only

By order of the Board
Tan Xuguang
Chairman and CEO

Hong Kong, 13 July 2018

As at the date of this announcement, the executive Directors of the Company are Mr. Tan Xuguang, Mr. Zhang Quan, Mr. Xu Xinyu, Mr. Sun Shaojun, Mr. Yuan Hongming and Mr. Yan Jianbo; the non-executive Directors of the Company are Mr. Wang Yuepu, Mr. Jiang Kui, Mr. Gordon Riske and Mr. Michael Martin Macht; and the independent non-executive Directors of the Company are Mr. Zhang Zhong, Mr. Wang Gongyong, Mr. Ning Xiangdong, Mr. Li Hongwu and Mr. Wen Daocai.