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WEICHAI

潍柴动力股份有限公司

WEICHAI POWER CO., LTD.

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

(Stock Code: 2338)

NOTICE OF EXTRAORDINARY GENERAL MEETING OF THE SHAREHOLDERS OF WEICHAI POWER CO., LTD.

Reference is made to the announcement of Weichai Power Co., Ltd. (the “**Company**”) dated 13 July 2018 (the “**CCT Announcement**”) in respect of certain continuing connected transactions of the Company. A circular containing details of the Non-exempt Continuing Connected Transactions (as defined in the CCT Announcement) is expected to be despatched to the shareholders of the Company in accordance with Rule 19A.39A of the Listing Rules on or before 30 August 2018.

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of the Company will be held at the Company’s conference room at 197, Section A, Fu Shou East Street, High Technology Industrial Development Zone, Weifang, Shandong Province, the People’s Republic of China (the “**PRC**”) on 14 September 2018 at 2:30 pm for the purposes of considering and, if thought fit, approving the matters set out below. Unless the context requires otherwise, terms defined in the CCT Announcement shall have the same meanings when used herein.

SPECIAL RESOLUTIONS

To consider and, if thought fit, approve the following resolutions as special resolutions:

1. **“THAT**

Resolution regarding the proposal for the specific approval to be granted to the board of Directors to repurchase the Company’s A shares within the cap amount of RMB500 million (“Specific Approval”)

(i) Method of the share repurchase

The Company shall repurchase the Company's A shares on the Shenzhen Stock Exchange by way of centralized bidding.

(ii) Price range of the share repurchase

Taking into account the financial and operational conditions of the Company, the proposed price of the repurchase of the Company's A shares shall not exceed RMB15.00 per A share. The specific repurchase price shall be determined by the board of Directors with the authorization of the EGM in accordance with the price of A shares in the secondary market during the share repurchase period.

The price cap of the repurchase will be adjusted from ex-right and ex-dividend date in view of bonus shares, capitalization, cash dividend, allotment or reduction of capital during the share repurchase period.

(iii) Type, quantity and proportion to the total issued share capital

Type of share repurchase: public A shares of the Company

Quantity and proportion to the total issued share capital: Subject to the conditions of the cap limit of not more than RMB500 million and the price of not more than RMB15.00 per A share, if the Specific Approval is fully implemented, it is expected the total number of A shares repurchased will be not less than 33,333,333 A shares, representing not less than 0.42% of the Company's total issued share capital. The Company will repurchase its A shares taking into consideration the share price change during the implementation of the Specific Approval as well as the Company's operational condition, and the actual amount of A shares repurchased shall be determined upon the expiration of the Relevant Period.

(iv) The total proceeds of the share repurchase and the source of funding

The capital amount for the repurchase of the Company's A shares shall not exceed RMB500 million and shall be funded by the Company's internal resources.

(v) The period of share repurchase

The period of the share repurchase shall commence on the date of passing of the respective resolutions at the EGM for a period of 12 months. If, during this period, the cap amount of RMB500 million has been reached, the Specific Approval is therefore fully implemented, meaning that the validity of share repurchase has ended in advance of its expiry. With the authorization of the EGM, the board of Directors will consider and implement the share repurchase during the implementation period according to the market conditions, and if the board of Directors determines to terminate the share repurchase proposal, then the period of share repurchase shall expire accordingly.

(vi) **The validity period of the resolution**

The Specific Approval, if approved, will be valid until the expiration of a period of 12 months from the date of the EGM.

For the purposes of this resolution,

‘**Relevant Period**’ means the period from the passing of the respective resolutions at the EGM until the expiration of a period of 12 months from the date of the EGM.” *(Note J)*

2. “**THAT** the board of Directors be authorized to handle matters in relation to and associated with the resolution of the repurchase of the Company’s A shares, including:

- (i) to open any securities account designated for the repurchase of A shares, or other relevant securities account;
- (ii) to determine matters relating to the repurchase of A shares, including its time, price and quantity, etc.;
- (iii) to determine whether to continue or terminate the repurchase of A shares according to the practical circumstances of the Company and the share price of A shares;
- (iv) to cancel the repurchased A shares;
- (v) to handle, according to the actual circumstances of repurchase of A shares, the amendments of the Articles of Association and the registration of the relevant authorities in relation to the change of the Company’s capital;
- (vi) to adjust the implementation of and handle other matters relating to the repurchase of A shares according to the relevant provisions of the laws, regulations or administrative departments; and
- (vii) to handle any other matters necessary for the repurchase of and the cancellation of the repurchased A shares not specifically set out above,

and that such authorization starts from the date of the passing of the aforementioned resolutions at the EGM until the completion of the relevant authorized matters.” *(Note J)*

ORDINARY RESOLUTIONS

To consider and, if thought fit, approve the following resolutions as ordinary resolutions:

3. “**THAT** the supplemental agreement to the Weichai Sale and Processing Services Agreement dated 13 July 2018 referred to in the section headed “II.A. Weichai Continuing Connected Transactions — 1. Continuing Connected Transactions between Weichai Holdings (and its associates) and the Group — (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)” in the announcement dated 13 July 2018 and the relevant New Caps (as defined in the said announcement) be and are hereby approved.” *(Note K)*
4. “**THAT** the supplemental agreement to the Weichai Holdings Utilities Services Agreement and Chongqing Weichai Utilities Services Agreement dated 13 July 2018 referred to in the section headed “II.A. Weichai Continuing Connected Transactions — 1. Continuing Connected Transactions between Weichai Holdings (and its associates) and the Group — (a) Supply and/or connection of utilities by Weichai Holdings (and its associates) to the Company (and its subsidiaries)” in the announcement dated 13 July 2018 and the relevant New Caps (as defined in the said announcement) be and are hereby approved.” *(Note K)*
5. “**THAT** the supplemental agreement to the Weichai Heavy Machinery Purchase and Processing Services Agreement dated 13 July 2018 referred to in the section headed “II.A. Weichai Continuing Connected Transactions — 2. Continuing Connected Transactions between Weichai Heavy Machinery (and its subsidiaries) and the Group — (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)” in the announcement dated 13 July 2018 and the relevant New Caps (as defined in the said announcement) be and are hereby approved.” *(Note L)*
6. “**THAT** the supplemental agreement to the Weichai Heavy Machinery Sale Agreement dated 13 July 2018 referred to in the section headed “II.A. Weichai Continuing Connected Transactions — 2. Continuing Connected Transactions between Weichai Heavy Machinery (and its subsidiaries) and the Group — (b) Sale of diesel engines and related products by the Company (and its subsidiaries) to Weichai Heavy Machinery (and its subsidiaries)” in the announcement dated 13 July 2018 and the relevant New Caps (as defined in the said announcement) be and are hereby approved.” *(Note L)*

7. “**THAT** the supplemental agreement to the Weichai Heavy Machinery Supply Agreement dated 13 July 2018 referred to in the section headed “II.A. Weichai Continuing Connected Transactions — 2. Continuing Connected Transactions between Weichai Heavy Machinery (and its subsidiaries) and the Group — (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)” in the announcement dated 13 July 2018 and the relevant New Caps (as defined in the said announcement) be and are hereby approved.” *(Note L)*
8. “**THAT** the supplemental agreement to the Fast Transmission Sale Agreement dated 13 July 2018 referred to in the section headed “II.B. TAGC Continuing Connected Transactions — Continuing Connected Transactions between SFGC and Fast Transmission — (a) Sale of parts and components of transmissions and related products by SFGC to Fast Transmission” in the announcement dated 13 July 2018 and the relevant New Caps (as defined in the said announcement) be and are hereby approved.” *(Note M)*
9. “**THAT** the supplemental agreement to the Fast Transmission Purchase Agreement dated 13 July 2018 referred to in the section headed “II.B. TAGC Continuing Connected Transactions — Continuing Connected Transactions between SFGC and Fast Transmission — (b) Purchase of parts and components of transmissions and related products and labour services by SFGC from Fast Transmission” in the announcement dated 13 July 2018 and the relevant New Caps (as defined in the said announcement) be and are hereby approved.” *(Note M)*

By Order of the Board of Directors
Weichai Power Co., Ltd.
Kwong Kwan Tong
Company Secretary

Hong Kong, 17 July 2018

Notes:

- (A) The Company will not process registration of transfers of H shares (being overseas listed foreign shares and ordinary shares) in the share capital of the Company with a Renminbi denominated par value of RMB1.00 each, which are subscribed and/or paid for in Hong Kong dollars and listed on The Stock Exchange of Hong Kong Limited (“**H Shares**”) from 15 August 2018 to 14 September 2018 (both days inclusive). Holders of H Shares whose names appear on the register of H Shares kept at Computershare Hong Kong Investor Services Limited on 15 August 2018 are entitled to attend and vote at the EGM following completion of the registration procedures. To qualify for attendance and voting at the EGM, documents on transfers of H Shares of the Company, accompanied by the relevant share certificates, must be lodged with the Company’s H-Share Registrar and Transfer Office, not later than 4:30 p.m. on 14 August 2018. The address of the Company’s H-Share Registrar and Transfer Office is as follows:

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor, Hopewell Centre
183 Queen’s Road East
Wanchai
Hong Kong

- (B) Holders of H Shares intending to attend the EGM should complete and return the reply slip for attending the EGM personally, by facsimile or by post to the Secretary to the board of Directors of the Company 20 days before the EGM, (i.e. on or before 25 August 2018). The contact details of the Secretary to the board of Directors of the Company are as follows:

Capital Operation Department
197, Section A, Fu Shou East Street
High Technology Industrial Development Zone
Weifang
Shandong Province
The People's Republic of China
Postal Code: 261061
Telephone No.: 86 (536) 819 7069
Facsimile No.: 86 (536) 819 7073

- (C) Each holder of H Shares of the Company entitled to attend and vote at the EGM may, by completing the form of proxy of the Company, appoint one or more proxies to attend and vote at the EGM on his/her behalf. A proxy need not be a shareholder of the Company. With respect to any shareholder who has appointed more than one proxy, the proxy holders may only vote on a poll.
- (D) Holders of H Shares of the Company must use the form of proxy of the Company for appointing a proxy and the appointment must be in writing. The form of proxy must be signed by the relevant shareholder or by a person duly authorised by the relevant shareholder in writing (a “**power of attorney**”). If the form of proxy is signed by the person authorised by the relevant shareholder as aforesaid, the relevant power of attorney and other relevant documents of authorisation (if any) must be notarised. If a corporate shareholder appoints a person other than its legal representative to attend the EGM on its behalf, the relevant form of proxy must be affixed with the company seal/chop of the corporate shareholder or duly signed by its director or any other person duly authorised by that corporate shareholder as required by the Articles of Association of the Company.
- (E) To be valid, the form of proxy and the relevant notarised power of attorney (if any) and other relevant documents of authorisation (if any) as mentioned in Note (D) above must be delivered to the Company's H-Share Registrar, Computershare Hong Kong Investor Services Limited (address: 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong), not less than 24 hours before the time appointed for the EGM.
- (F) Each holder of A Shares of the Company who is entitled to attend and vote at the EGM may also, by completing the form of proxy of the Company, appoint one or more proxies to attend and vote at the EGM on his behalf. A proxy need not be a shareholder of the Company. Notes (C) and (D) above also apply to the holders of A Shares of the Company, except that, to be valid, the form of proxy and the relevant power of attorney (if any) and other relevant documents of authorisation (if any) must be delivered to the Secretary to the board of Directors of the Company not less than 24 hours before the time appointed for the EGM. The address of the Secretary to the board of Directors of the Company is stated in Note (B) above.
- (G) A shareholder or his/her proxy should produce proof of identity when attending the EGM. If a corporate shareholder's legal representative or any other person authorised by the board of directors or other governing body of such corporate shareholder attends the EGM, such legal representative or other person shall produce his/her proof of identity, and proof of designation as legal representative and the valid resolution or authorisation document of the board of directors or other governing body of such corporate shareholder (as the case may be) to prove the identity and authorisation of that legal representative or other person.

- (H) Any proposal to appoint any person to the office of director of the Company at the EGM shall be given in writing and, notice in writing by that person of his consent to be elected as director shall be, lodged at the registered office of the Company at 197, Section A, Fu Shou East Street, High Technology Industrial Development Zone, Weifang, Shandong Province, the People's Republic of China. The period for lodgement of such notices shall be at least seven days, which shall commence from the day after the date of this notice of the EGM and end on the date that is seven days before the date of the EGM.
- (I) The EGM is expected to last for not more than half a day. Shareholders who attend the EGM shall bear their own travelling and accommodation expenses.
- (J) The effectiveness of the Specific Approval is also subject to the approval of the holders of the A shares of the Company at the A share class meeting and the obtaining of all consents and approvals required for the Specific Approval from the relevant regulatory authorities (if any). Holders of A shares of the Company please refer to the separate notice of the class meeting of the holders of A shares published on the website of the Shenzhen Stock Exchange. Please refer to the appendix hereto for an explanatory statement in relation to the proposed repurchase of A shares.
- (K) (i) Weichai Holdings and its associates, (ii) Mr. Tan Xuguang, Mr. Zhang Quan, Mr. Xu Xinyu and Mr. Sun Shaojun, executive Directors of the Company, and (iii) Mr. Wu Hongwei and Mr. Lu Wenwu, supervisors of the Company, will abstain from voting at the EGM in respect of this resolution.
- (L) (i) Weichai Holdings and its associates, (ii) Mr. Tan Xuguang, Mr. Zhang Quan, Mr. Xu Xinyu and Mr. Sun Shaojun, executive Directors of the Company, and (iii) Mr. Wu Hongwei, a supervisor of the Company, will abstain from voting at the EGM in respect of this resolution.
- (M) Mr. Yan Jianbo, an executive Director of the Company, will abstain from voting at the EGM in respect of this resolution.

Appendix

This appendix serves as an explanatory statement, as required under Rule 10.06(1)(b) of the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) (as modified by Rules 19A.24 and 19A.25 of the Listing Rules), to provide the requisite information to the shareholders of the Company (the “**Shareholders**”) for their consideration of the proposed Specific Approval.

NUMBER OF A SHARES PROPOSED TO BE REPURCHASED

Subject to the conditions of the cap limit of not more than RMB500 million and the repurchase price of not more than RMB15.00 per share as set out in the notice convening the EGM (the “**EGM Notice**”), the Company will repurchase its A shares (the “**A Shares**”) by taking into consideration the change of share price during the implementation of the Specific Approval as well as the Company’s operational condition. If the Specific Approval is fully implemented, it is expected that the total number of A Shares repurchased by the Company will be no less than 33,333,333 A Shares, amounting to no less than 0.42% of the Company’s total issued share capital.

REASONS FOR REPURCHASE

The directors of the Company (the “**Directors**”) believe that the Specific Approval affords the Company the flexibility and ability in pursuing the best interests for the Company and its Shareholders and to protect investors’ interests. Such repurchases will, depending on market conditions, be made when the Directors believe that such repurchases will benefit the Company and its Shareholders as a whole.

SOURCE OF FUNDS

In repurchasing A Shares of the Company, the Company may only apply funds legally available for such purpose in accordance with its Articles of Association and the applicable laws of PRC and the Listing Rules, as the case may be.

The Directors propose that such A Shares repurchases, if and when effected, would be appropriately financed by the Company’s internal resources.

IMPACT ON WORKING CAPITAL

As compared with the financial position of the Company as of 31 December 2017 (being the date to which the latest audited accounts of the Company were made up), the Directors consider that there will not be a material adverse impact on the working capital or the gearing position of the Company in the event that the Specific Approval was to be exercised in full during the proposed repurchase period.

PRESENT INTENTION OF THE DIRECTORS AND CLOSE ASSOCIATES

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their close associates (as defined in the Listing Rules) have any present intention to sell any A Shares to the Company under the Specific Approval if such resolution is approved by the Shareholders.

DIRECTORS' UNDERTAKING

The Directors have undertaken to The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases of A Shares pursuant to resolution 1 as set out in the EGM Notice in accordance with the Listing Rules and the applicable laws of PRC.

EFFECT OF THE TAKEOVERS CODE

If a Shareholder's proportionate interest in the voting rights of the Company increases as a result of the Directors' exercising the powers of the Company to repurchase A Shares pursuant to the Specific Approval, such increase will be treated as an acquisition of voting rights for the purposes of Rule 32 of the Codes on Takeovers and Mergers and Share Buy-backs (the “**Takeovers Code**”) and, if such increase results in a change of control, may in certain circumstances give rise to an obligation to make a mandatory offer for Shares under Rule 26 of the Takeovers Code.

As at 11 July 2018, being the latest practicable date for the purpose of ascertaining certain information contained herein (the “**Latest Practicable Date**”) and insofar the Directors are aware, Weichai Group Holdings Limited, as a beneficial owner, directly held 1,357,706,603 A shares of the Company, representing approximately 22.43% of the Company's A shares and approximately 16.98% of the Company's total Shares. If the Specific Approval is fully exercised, the interest of Weichai Group Holdings Limited in the Company will be increased to approximately 17.05%. In the opinion of the Directors, such an increase would not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code.

Save as aforesaid, the Directors are currently not aware of any consequences which will arise under either or both the Takeovers Code and any similar applicable law of which the Directors are aware as a result of any repurchase of A Shares made under the Specific Approval.

SHARES REPURCHASE MADE BY THE COMPANY

The Company has not purchased any Shares (whether on the Hong Kong Stock Exchange or otherwise) in the six months immediately preceding the Latest Practicable Date. The Directors have no present intention to repurchase any A Shares pursuant to the Specific Approval.

CORE CONNECTED PERSONS

No core connected persons have notified the Company that they have a present intention to sell A Shares to the Company, or have undertaken not to do so, in the event that the Specific Approval is approved by the Shareholders.

MARKET PRICES

The highest and lowest closing prices at which the A Shares were traded on the Shenzhen Stock Exchange during each of the previous 12 months were as follows:

	A Shares	
	Lowest RMB	Highest RMB
2017		
August	6.60	7.36
September	7.16	7.82
October	7.32	8.46
November	8.03	9.20
December	7.43	8.49
2018		
January	8.34	9.35
February	7.65	9.03
March	7.56	8.57
April	8.02	8.80
May	8.00	8.78
June	8.36	9.89
July (as of the Latest Practicable Date)	7.79	8.84

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.