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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)

DISCLOSEABLE TRANSACTION

SUBSCRIPTION OF STRUCTURED DEPOSIT PRODUCT

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On 13 January 2022, the Company has agreed to subscribe from CMB the CMB Structured Deposit Product, being a structured deposit product with a principal amount of RMB1,500 million (equivalent to approximately HK\$1,837 million).

LISTING RULES IMPLICATIONS

In accordance with Rule 14.22 of the Listing Rules, the Subscription and the Previous CMB Subscriptions should be aggregated given that the counterparty for each of the transactions is the same (namely, CMB), and the relevant products under subscription are of a similar nature.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Subscription, when aggregated with the Previous CMB Subscriptions, exceeds 5% but all of which are less than 25%, the Subscription constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the announcement requirement under the Listing Rules.

I. INTRODUCTION

The Board is pleased to announce that on 13 January 2022, the Company has agreed to subscribe from CMB the CMB Structured Deposit Product, being a structured deposit product with a principal amount of RMB1,500 million (equivalent to approximately HK\$1,837 million).

II. PRINCIPAL TERMS OF THE SUBSCRIPTION

The principal terms of the Subscription are as follows:

The CMB Structured Deposit Product with a principal amount of RMB1,500 million

Date of subscription	:	13 January 2022
Parties	:	(1) The Company, as the subscriber (2) CMB, as the issuer
Name of product	:	Gold-linked Series Progressive Bearish Three-tier 14-day Structured Deposit of China Merchants Bank (Product Code: NQD00170) (招商銀行點金系列看跌三層區間14天結構性存款 (產品代碼：NQD00170))
Type of product	:	Guaranteed principal with floating return
Principal amount of the subscription	:	RMB1,500 million
Expected annualised return rate	:	1.65%, 3.30% or 3.50%
Term of the product	:	From 14 January 2022 to 28 January 2022 (14 days)
Risk level of the product (internal risk assessment by CMB)	:	R1 (cautious) (謹慎型)

Deposit link and return calculation : The linked indicator under this structured deposit product is the daily reference rate of gold price denominated in US dollars on the Bloomberg GOLDLNPM Index.

The observation date is 26 January 2022, with a target range (the “**Target Range**”) of 67 base points below and 145 base points above the mid-price of gold denominated in US dollars (XAU-USD) as announced on the Bloomberg FX Fixings on 14 January 2022 at 14:00 Beijing time.

The actual annualised return rate will be determined depending on whether the reference rate of the gold price denominated in US dollars as at the abovementioned observation date falls within the Target Range:

- (a) if the relevant reference rate falls within the Target Range, the actual annualised return rate shall be 3.30%;
- (b) if the relevant reference rate is below the Target Range, the actual annualised return rate shall be 3.50%; and
- (c) if the relevant reference rate is above the Target Range, the actual annualised return rate shall be 1.65%.

Right of early termination : The subscriber has no right of early redemption and the issuer is not entitled to terminate the product prior to the maturity date of the investment.

The terms of the Subscription were arrived at after arm’s length negotiation between the Company and CMB, and the Subscription will be funded by the Group’s temporarily idle funds from the proceeds of the non-public issuance of A shares (details of such proceeds are set out in the Company’s announcement dated 26 May 2021).

III. SUMMARY OF THE PREVIOUS CMB SUBSCRIPTIONS

A summary of the Previous CMB Subscriptions pursuant to which the Group had subscribed for certain structured deposit products issued by CMB is set out below:

No.	Term of the product	Parties	Name of product	Type of product	Principal amount of the subscription RMB' million	Actual return upon maturity of the product RMB' 000
1.	26 January 2021 to 26 February 2021 (31 days)	SFGC (or its subsidiary), as the subscriber CMB, as the issuer	Gold-linked Series Progressive Bullish Three-tier 31-day Structured Deposit of China Merchants Bank (Product Code: NXA00181) (招商銀行點金系列看漲三層區間31天結構性存款 (產品代碼: NXA00181))	Guaranteed principal with floating return	10	14.0
2.	4 February 2021 to 8 March 2021 (32 days)	Shaanxi Zhongqi (or its subsidiary), as the subscriber CMB, as the issuer	Gold-linked Series Progressive Bullish Three-tier 32-day Structured Deposit of China Merchants Bank (Product Code: NXA00193) (招商銀行點金系列看漲三層區間32天結構性存款 (產品代碼: NXA00193))	Guaranteed principal with floating return	300	434.0
3.	9 February 2021 to 11 March 2021 (30 days)	Shaanxi Zhongqi (or its subsidiary), as the subscriber CMB, as the issuer	Gold-linked Series Progressive Bullish Three-tier 30-day Structured Deposit of China Merchants Bank (Product Code: NXA00215) (招商銀行點金系列看漲三層區間30天結構性存款 (產品代碼: NXA00215))	Guaranteed principal with floating return	200	271.2
4.	10 February 2021 to 18 February 2021 (8 days)	SFGC (or its subsidiary), as the subscriber CMB, as the issuer	Gold-linked Series Progressive Bullish Three-tier 8-day Structured Deposit of China Merchants Bank (Product Code: NXA00219) (招商銀行點金系列看漲三層區間8天結構性存款 (產品代碼: NXA00219))	Guaranteed principal with floating return	14	5.1
5.	1 March 2021 to 1 June 2021 (92 days)	SFGC (or its subsidiary), as the subscriber CMB, as the issuer	Gold-linked Series Progressive Bullish Three-tier 92-day Structured Deposit of China Merchants Bank (Product Code: NXA00233) (招商銀行點金系列看漲三層區間92天結構性存款 (產品代碼: NXA00233))	Guaranteed principal with floating return	30	229.1

No.	Term of the product	Parties	Name of product	Type of product	Principal amount of the subscription RMB' million	Actual return upon maturity of the product RMB' 000
6.	16 March 2021 to 16 April 2021 (31 days)	SFGC (or its subsidiary), as the subscriber CMB, as the issuer	Gold-linked Series Progressive Bearish Three-tier 31-day Structured Deposit of China Merchants Bank (Product Code: NXA00272) (招商銀行點金系列看跌三層區間31天結構性存款 (產品代碼: NXA00272))	Guaranteed principal with floating return	10	25.0
7.	19 April 2021 to 19 July 2021 (91 days)	SFGC (or its subsidiary), as the subscriber CMB, as the issuer	Gold-linked Series Progressive Bearish Three-tier 91-day Structured Deposit of China Merchants Bank (Product Code: NXA00356) (招商銀行點金系列看跌三層區間91天結構性存款 (產品代碼: NXA00356))	Guaranteed principal with floating return	20	154.1
8.	3 September 2021 to 30 September 2021 (27 days)	The Company, as the subscriber CMB, as the issuer	Gold-linked Series Progressive Bearish Three-tier 27-day Structured Deposit of China Merchants Bank (Product Code: NQD00096) (招商銀行點金系列看跌三層區間27天結構性存款 (產品代碼: NQD00096))	Guaranteed principal with floating return	2,000	4,676.9
9.	13 October 2021 to 31 December 2021 (79 days)	The Company, as the subscriber CMB, as the issuer	Gold-linked Series Progressive Bearish Three-tier 79-day Structured Deposit of China Merchants Bank (Product Code: NQD00118) (招商銀行點金系列看跌三層區間79天結構性存款 (產品代碼: NQD00118))	Guaranteed principal with floating return	1,500	10,064.4
10.	19 October 2021 to 20 December 2021 (62 days)	Shaanxi Zhongqi (or its subsidiary), as the subscriber CMB, as the issuer	Gold-linked Series Progressive Bearish Three-tier 62-day Structured Deposit of China Merchants Bank (Product Code: NXA00806) (招商銀行點金系列看跌三層區間62天結構性存款 (產品代碼: NXA00806))	Guaranteed principal with floating return	100	535.1

The structured deposit products subscribed by the Group pursuant to the Previous CMB Subscriptions as disclosed above with an aggregate principal amount of RMB4,184 million have variable annualised return rates linked to the price of gold, and are of a low risk level based on the internal risk assessment by CMB.

IV. REASONS AND BENEFITS FOR THE SUBSCRIPTION

Following the completion of the non-public issuance of A shares as set out in the Company's announcement dated 26 May 2021, whilst the Group intends to apply the relevant proceeds in accordance with the proposed uses as set out in the Company's circular dated 11 January 2021, with the actual utilisation of such proceeds being based on the overall progress and actual circumstances of the relevant projects, part of such proceeds has been temporary left idle.

Considering that the risk in connection with the Subscription is low, and that the Group can enjoy a higher return compared with fixed term deposits in commercial banks in the PRC, the Board is of the view that the Subscription represents a reasonable and efficient use of such temporarily idle funds which will enhance the overall capital gain of the Group, and is in line with the Management Measures on the Use of Raised Proceeds of Weichai Power Co., Ltd. (《潍柴動力股份有限公司募集資金使用管理辦法》) adopted by the Company on 29 January 2021.

In light of the above, the Directors (including the independent non-executive Directors) consider that the Subscription is fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

V. INFORMATION ON THE PARTIES TO THE SUBSCRIPTION

The Company is principally engaged in the research and development, manufacture and sale of high-speed heavy-duty diesel engines and engine parts.

CMB is a licensed bank established under the laws of the PRC and principally engages in the provision of corporate and personal banking and other financial services. Its A shares and H shares are listed on the Shanghai Stock Exchange (stock code: 600036) and the Main Board of the Stock Exchange (stock code: 3968), respectively.

The Directors, after making all reasonable inquiries, to the best of their knowledge and belief, each of CMB and their ultimate beneficial owners is a third party independent of the Company and its connected persons.

VI. THE LISTING RULES IMPLICATIONS

With respect to the total subscription amount of the Previous CMB Subscriptions, all applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules), on an aggregated basis, are below 5%. As such, the Previous CMB Subscriptions do not constitute discloseable transactions of the Company.

In accordance with Rule 14.22 of the Listing Rules, the Subscription and the Previous CMB Subscriptions should be aggregated given that the counterparty for each of the transactions is the same (namely, CMB), and that the relevant products under subscription are of a similar nature.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Subscription, when aggregated with the Previous CMB Subscriptions, exceeds 5% but all of which are less than 25%, the Subscription constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the announcement requirement under the Listing Rules.

VII. DEFINITIONS

In this announcement, the following expressions shall have the following meanings, unless the context requires otherwise:

“Board”	the board of Directors
“CMB”	China Merchants Bank Co., Ltd. (招商銀行股份有限公司), a joint stock limited company incorporated in the PRC with limited liability
“CMB Structured Deposit Product”	the structured deposit product subscribed by the Company from CMB on 13 January 2022, details of which are disclosed in the section headed “II. Principal terms of the Subscription” in this announcement
“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”	has the meaning as ascribed to it under the Listing Rules
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Previous CMB Subscriptions”	the subscription of structured deposit products by the Group from CMB between 26 January 2021 to 19 October 2021, details of which are set out in the section headed “III. Summary of the Previous CMB Subscriptions” of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“SFGC”	陝西法士特齒輪有限責任公司 (Shaanxi Fast Gear Co. Ltd.), a company established in the PRC and a 51% subsidiary of the Company

“Shaanxi Zhongqi”	陝西重型汽車有限公司 (Shaanxi Heavy Duty Motor Company Limited*), a company established in the PRC and a 51% subsidiary of the Company
“Shareholder(s)”	holder(s) of the shares in the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the CMB Structured Deposit Product
“%”	per cent.

* For identification purposes only

(The exchange rate used for the purpose of this announcement is HK\$1= RMB0.81662.)

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

The PRC, 13 January 2022

As at the date of this announcement, the executive Directors of the Company are Mr. Tan Xuguang, Mr. Zhang Quan, Mr. Xu Xinyu, Mr. Sun Shaojun, Mr. Yuan Hongming and Mr. Yan Jianbo; the non-executive Directors of the Company are Mr. Zhang Liangfu, Mr. Jiang Kui, Mr. Gordon Riske and Mr. Michael Martin Macht; and the independent non-executive Directors of the Company are Mr. Li Hongwu, Mr. Wen Daocai, Ms. Jiang Yan, Mr. Yu Zhuoping and Ms. Zhao Huifang.