

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



潍柴動力股份有限公司
WEICHAI POWER CO., LTD.

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

(Stock Code: 2338)

DISCLOSEABLE TRANSACTION

SUBSCRIPTION OF STRUCTURED DEPOSIT PRODUCT

SUBSCRIPTION OF STRUCTURED DEPOSIT PRODUCT

On 19 December 2022, the Company has agreed to subscribe from ICBC Weifang Dongguan Branch, the ICBC Structured Deposit Product, being a structured deposit product with a principal amount of RMB4,000 million (equivalent to approximately HK\$4,466 million).

LISTING RULES IMPLICATIONS

In accordance with Rule 14.22 of the Listing Rules, the Subscription and the Previous ICBC Subscriptions should be aggregated given that the counterparties for the transactions are all branches of ICBC, and the relevant products under subscription are of a similar nature.

As (i) the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Subscription, when aggregated with the Previous ICBC Subscriptions, exceeds 5% but all of which are less than 25%, and (ii) all of the applicable percentage ratio in respect of the Subscription, when aggregated with the Announced ICBC Subscriptions and the Previous ICBC Subscriptions, 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 19 December 2022, the Company has agreed to subscribe from ICBC Weifang Dongguan Branch, the ICBC Structured Deposit Product, being a structured deposit product with a principal amount of RMB4,000 million (equivalent to approximately HK\$4,466 million).

II. PRINCIPAL TERMS OF THE SUBSCRIPTION

The principal terms of the Subscription are as follows:

The ICBC Structured Deposit Product with a principal amount of RMB4,000 million

Date of subscription	:	19 December 2022
Parties	:	(1) The Company, as the subscriber (2) ICBC Weifang Dongguan Branch, as the issuer
Name of product	:	ICBC accumulated exchange rate range linked legal person Renminbi structured deposit product – Designated account 2022 No. 460 Type B (中國工商銀行掛鈎匯率區間累計型法人人民幣結構性存款產品－專戶型2022年第460期B款)
Type of product	:	Guaranteed principal with floating return
Principal amount of the subscription	:	RMB4,000 million
Expected annualized return rate	:	1.20% to 3.30%
Term of the product	:	From 22 December 2022 to 27 March 2023 (95 days)
Risk level of the product (internal risk assessment by ICBC)	:	Very low

Deposit link and return calculation : The linked indicator under this structured deposit product is the daily reference rate of US dollar against Japanese Yen on the Bloomberg FX Fixings as at 3:00 pm Tokyo Time.

The observation period is from 22 December 2022 to 23 March 2023, with a target range of 790 base points above and below the reference rate of US dollar against Japanese Yen on the Bloomberg FX Fixings as at 3:00 pm Tokyo Time on 22 December 2022.

The formula for calculating the return: subscription amount x actual annualised return rate x actual investment days/365.

The actual annualised return rate will be calculated by: $1.20\% + 2.10\% \times N/M$, with N being the actual number of days on which the daily reference rate is within the target range, and M being the actual number of dates of the observation period.

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 ICBC Weifang Dongguan Branch, 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 ICBC SUBSCRIPTIONS

A summary of the Previous ICBC Subscriptions pursuant to which the Group has subscribed for certain structured deposit products issued by ICBC (via its various branches) and which remain outstanding as at the date of this announcement is set out below:

No.	Date of subscription	Parties	Name of product	Type of product	Principal amount of the subscription <i>RMB' million</i>	Actual return upon maturity of the product (or expected annualised return rate) <i>RMB' 000</i>	Term of the product
1	8 November 2022	The Company as the subscriber ICBC Weifang Dongguan Branch as the issuer	ICBC accumulated exchange rate range linked legal person Renminbi structured deposit product – Designated account 2022 No. 414 Type E (中國工商銀行掛鈎匯率區間累計型法人人民幣結構性存款產品－專戶型2022年第414期E款)	Guaranteed principal with floating return	500	1.20%-3.30%	10 November 2022 to 10 February 2023 (92 days)
2	18 November 2022	Weichai Lovol as the subscriber ICBC Weifang Dongguan Branch as the issuer	ICBC accumulated exchange rate range linked legal person Renminbi structured deposit product – Designated account 2022 No. 426 Type B (中國工商銀行掛鈎匯率區間累計型法人人民幣結構性存款產品－專戶型2022年第426期B款)	Guaranteed principal with floating return	500	0.95%-3.25%	22 November 2022 to 29 December 2022 (37 days)

The structured deposit products subscribed by the Group pursuant to the Previous ICBC Subscriptions as disclosed above with an aggregate principal amount of RMB1,000 million have variable annualised return rates linked to the exchange rate of US dollars against Japanese Yen, and are of a very low risk level based on the internal risk assessment by ICBC.

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 timeline for the application of proceeds adjusted in the manner as set out in the Company's announcement dated 30 March 2022), 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 are 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.

ICBC 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: 601398) and the Main Board of the Stock Exchange (stock code: 1398), respectively. ICBC Weifang Dongguan Branch is a sub-branch of ICBC.

The Directors, after making all reasonable inquiries, to the best of their knowledge and belief, ICBC 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 ICBC 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 ICBC Subscriptions do not constitute discloseable transactions of the Company.

In accordance with Rule 14.22 of the Listing Rules, the Subscription and the Previous ICBC Subscriptions should be aggregated given that the counterparties for the transactions are all branches of ICBC, and that the relevant products under subscription are of a similar nature.

As (i) the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Subscription, when aggregated with the Previous ICBC Subscription, exceeds 5% but all of which are less than 25%, and (ii) all of the applicable percentage ratio in respect of the Subscription, when aggregated with the Announced ICBC Subscriptions and the Previous ICBC Subscriptions, 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:

“Announced ICBC Subscriptions”	certain structured deposit products subscribed by the Group from ICBC as announced in the Company’s announcement dated 9 September 2022 that were subscribed within a 12 month period prior to the Subscription, and which remain outstanding as at the date of this announcement
“Board”	the board of Directors
“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
“ICBC”	Industrial and Commercial Bank of China Limited (中國工商銀行股份有限公司), a joint stock limited company incorporated in the PRC with limited liability
“ICBC Structured Deposit Product”	the structured deposit product subscribed by the Company from ICBC Weifang Dongguan Branch on 19 December 2022, details of which are disclosed in the section headed “II. Principal terms of the Subscription” in this announcement
“ICBC Weifang Dongguan Branch”	the Dongguan sub-branch of ICBC at Weifang City (中國工商銀行股份有限公司濰坊東關支行)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China

“Previous ICBC Subscriptions”	the subscription of structured deposit products by the Group from ICBC (via its various branches) between 8 November 2022 and 18 November 2022 which remain outstanding as at the date of this announcement, details of which are set out in the section headed “III. Summary of the Previous ICBC Subscriptions” of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the shares in the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the ICBC Structured Deposit Product
“Weichai Lovol”	Weichai Lovol Intelligent Agricultural Technology Co., Ltd.* (潍柴雷沃智慧农业科技股份有限公司) (formerly known as Weichai Lovol Heavy Industry Co., Ltd.* (潍柴雷沃重工股份有限公司)), a joint stock limited company established in the PRC with limited liability and an approximately 61.1% subsidiary of the Company
“%”	per cent

* For identification purposes only

(The exchange rate used for the purpose of this announcement is HK\$1 = RMB0.89573.)

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

The PRC, 19 December 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.