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WEICHAI

濰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)

**VARIATION OF EXISTING
CONTINUING CONNECTED TRANSACTIONS
AND
NEW NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS**

The Board announces that the Company and Weichai Factory have entered into the WF General Services Supplemental Agreement and the WF Utility Services Supplemental Agreement on 21st September, 2005 for varying the WF General Services Agreement and the WF Utility Services Agreement, respectively in respect of the calculation of the service charges payable by the Company to Weichai Factory under the said agreements. The Company and Chongqing Weichai have also entered into the CW General Services Supplemental Agreement, the CW Utility Services Supplemental Agreement and the Processing Services Supplemental Agreement on 21st September, 2005 for varying the CW General Services Agreement, the CW Utility Services Agreement and the Processing Services Agreement, respectively in respect of the calculation of the service charges payable by the Company to Chongqing Weichai under the said agreements.

Although such variations do not affect the relevant Existing Caps and those relevant Existing Caps will continue to apply, the WF General Services Supplemental Agreement, the WF Utility Services Supplemental Agreement, the CW General Services Supplemental Agreement, the CW Utility Services Supplemental Agreement and the Processing Services Supplemental Agreement constitute a material change to the term of the WF General Services Agreement, the WF Utility Services Agreement, the CW General Services Agreement, the CW Utility Services Agreement and the Processing Services Agreement, respectively and are therefore subject to the reporting, announcement and independent shareholders' approval requirements in accordance with the Listing Rules.

The Board also announces that, on 21st September, 2005, the Company entered into the following agreements:

- (i) the COPN Supply Agreement which sets out the general terms and the basis of calculation of the sale price upon which COPN supplies oil pumps and nozzles to the Company;
- (ii) the WD Sales and Warranty Agreement which sets out the general terms and the basis of calculation of the service charge upon which the Company provides sales and warranty period repair and maintenance services to Weichai Deutz's customers;
- (iii) the Hangqi Purchases Agreement which sets out the general terms and the basis of calculation of the sales price upon which the Company supplies oil pumps to Hangqi; and
- (iv) the Hangqi Supply Agreement which sets out the general terms and the basis of calculation of the sale price upon which Hangqi supplies diesel engines to the Company.

COPN and Hangqi are wholly owned by CHDTGL. CHDTGL is the holding company of Weichai Factory which in turn is a substantial shareholder and a promoter of the Company. As such, each of COPN and Hangqi is an associate of Weichai Factory and, hence, a connected person of the Company under the Listing Rules.

Weichai Deutz is owned as to 50% by Weichai Factory and, accordingly, Weichai Deutz is an associate of Weichai Factory and, hence, a connected person of the Company under the Listing Rules.

Since COPN, Hangqi and Weichai Deutz are associates of Weichai Factory and the Company has entered into the Previous Transactions with Weichai Factory and its associates as more particularly disclosed in the Announcement and the Circular, the transactions under the New Non-exempt Continuing Connected Transactions Agreements will be aggregated with such Previous Transactions.

The transactions under the New Non-exempt Continuing Connected Transactions Agreements, when aggregate with the Previous Transactions, constitute New Non-exempt Continuing Connected Transactions of the Company and are subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

The EGM will be held on 28th November, 2005 to approve each of the New Non-exempt Continuing Connected Transactions Agreements and the relevant annual cap as set out in the section headed "Aggregate Annual Value" below by the independent shareholders of the Company by way of poll.

The Board will appoint an independent board committee to consider and advise the Company's independent shareholders on the terms of the New Non-exempt Continuing Connected Transactions Agreements, and will appoint an independent financial adviser to advise the independent board committee.

A circular containing, among other things, details of the New Non-exempt Continuing Connected Transactions Agreements, the recommendation of the independent board committee and the advice of the independent financial adviser to the independent board committee will be despatched to the shareholders of the Company within 21 days after the publication of this announcement.

Weichai Factory, being a substantial shareholder and a promoter of the Company, and Mr. Tan Xuguang, being the general manager of Weichai Factory, will abstain from voting at the EGM. No other party is required to abstain from voting at the EGM pursuant to the Listing Rules.

Holders of the Company's shares whose names appear on the register of members of the Company on 28th November, 2005 will be entitled to attend the EGM. The register of members of the Company will be closed from 28th October, 2005 to 28th November, 2005 (both days inclusive), during which no transfer of H Shares will be effected.

VARIATIONS OF EXISTING CONTINUING CONNECTED TRANSACTIONS

Reference is made to the Announcement and the Circular in respect of, inter alia, the Existing Continuing Connected Transactions. The terms of the WF General Services Supplemental Agreement, the WF Utility Services Supplemental Agreement, the CW General Services Supplemental Agreement, the CW Utility Services Supplemental Agreement and the Processing Services Supplemental Agreement are as follows:

WF General Services Supplemental Agreement

As stated in the Announcement and the Circular, pursuant to the WF General Services Agreement, Weichai Factory has agreed to provide certain general services to the Company as more particularly set out in the Announcement and the Circular. The Company has been paying Weichai Factory a fee equal to the costs incurred by Weichai Factory in relation to the provision of the relevant general services plus a service charge representing 20% of such costs in accordance with the WF General Services Agreement.

The Company and Weichai Factory entered into the WF General Services Supplemental Agreement on 21st September, 2005 for varying the basis of calculating the service charge such that the service charge payable by the Company to Weichai Factory should equal to the actual costs incurred by Weichai Factory plus a service charge representing not more than 20% of such costs, as opposed to the actual costs incurred plus a fixed percentage of 20% of such costs as originally stated in the WF General Services Agreement. Save and except for the

aforesaid, the other terms of the WF General Services Agreement remain unchanged. The variation does not affect the relevant Existing Cap for the transactions under the WF General Services Agreement and the relevant Existing Cap will continue to apply. However, as the WF General Services Supplemental Agreement constitutes a material change to the term of the WF General Services Agreement, the WF General Services Supplemental Agreement is therefore subject to the reporting, announcement and independent shareholders' approval requirements in accordance with the Listing Rules.

Subject to obtaining the approval of the independent shareholders of the Company, the WF General Services Supplemental Agreement will be valid as from 1st September, 2005 up to 31st December, 2006 (both days inclusive).

WF Utility Services Supplemental Agreement

As stated in the Announcement and the Circular, pursuant to the WF Utility Services Agreement, Weichai Factory has agreed to provide or provide the connection of (as the case may be) certain utility and energy services to the Company as more particularly set out in the Announcement and the Circular. The Company has been paying Weichai Factory a fee equal to the costs incurred by Weichai Factory in relation to the provision of the relevant utility and energy services plus a service charge representing 20% of such costs in accordance with the WF Utility Services Agreement.

The Company and Weichai Factory entered into the WF Utility Services Supplemental Agreement on 21st September, 2005 for varying the basis of calculating the service charge such that the service charge payable by the Company to Weichai Factory should equal to the actual costs incurred by Weichai Factory plus a service charge representing not more than 20% of such costs, as opposed to the actual costs incurred plus a fixed percentage of 20% of such costs as originally stated in the WF Utility Services Agreement. Save and except for the aforesaid, the other terms of the WF Utility Services Agreement remain unchanged. The variation does not affect the relevant Existing Cap for the transactions under the WF Utility Services Agreement and the relevant Existing Cap will continue to apply. However, as the WF Utility Services Supplemental Agreement constitutes a material change to the term of the WF Utility Services Agreement, the WF Utility Services Supplemental Agreement is therefore subject to the reporting, announcement and independent shareholders' approval requirements in accordance with the Listing Rules.

Subject to obtaining the approval of the independent shareholders of the Company, the WF Utility Services Supplemental Agreement will be valid as from 1st September, 2005 up to 31st December, 2006 (both days inclusive).

CW General Services Supplemental Agreement

As stated in the Announcement and the Circular, pursuant to the CW General Services Agreement, Chongqing Weichai has agreed to provide certain general services to Chongqing Branch as more particularly set out in the Announcement and the Circular. The Company has been paying Chongqing Weichai a fee equal to the

costs incurred by Chongqing Weichai in relation to the provision of the relevant general services plus a service charge representing 20% of such costs in accordance with the CW General Services Agreement.

The Company and Chongqing Weichai entered into the CW General Services Supplemental Agreement on 21st September, 2005 for varying the basis of calculating the service charge such that the service charge payable by the Company to Chongqing Weichai should equal to the actual costs incurred by Chongqing Weichai plus a service charge representing not more than 20% of such costs, as opposed to the actual costs incurred plus a fixed percentage of 20% of such costs as originally stated in the CW General Services Agreement. Save and except for the aforesaid, the other terms of the CW General Services Agreement remain unchanged. The variation does not affect the relevant Existing Cap for the transactions under the CW General Services Agreement and the relevant Existing Cap will continue to apply. However, as the CW General Services Supplemental Agreement constitutes a material change to the term of the CW General Services Agreement, the CW General Services Supplemental Agreement is therefore subject to the reporting, announcement and independent shareholders' approval requirements in accordance with the Listing Rules.

Subject to obtaining the approval of the independent shareholders of the Company, the CW General Services Supplemental Agreement will be valid as from 1st September, 2005 up to 31st December, 2006 (both days inclusive).

CW Utility Services Supplemental Agreement

As stated in the Announcement and the Circular, pursuant to the CW Utility Services Agreement, Chongqing Weichai has agreed to provide or provide the connection of (as the case may be) certain utility and energy services to Chongqing Branch as more particularly set out in the Announcement and the Circular. The Company has been paying Chongqing Weichai a fee equal to the costs incurred by Chongqing Weichai in relation to the provision of the relevant utility and energy services plus a service charge representing 20% of such costs in accordance with the CW Utility Services Agreement.

The Company and Chongqing Weichai entered into the CW Utility Services Supplemental Agreement on 21st September, 2005 for varying the basis of calculating the service charge such that the service charge payable by the Company to Chongqing Weichai should equal to the actual costs incurred by Chongqing Weichai plus a service charge representing not more than 20% of such costs, as opposed to the actual costs incurred plus a fixed percentage of 20% of such costs as originally stated in the CW Utility Services Agreement. Save and except for the aforesaid, the other terms of the CW Utility Services Agreement remain unchanged. The variation does not affect the relevant Existing Cap for the transactions under the CW Utility Services Agreement and the relevant Existing Cap will continue to apply. However, as the CW Utility Services Supplemental Agreement constitutes a material change to the term of the CW Utility Services Agreement, the CW Utility Services Supplemental Agreement is therefore subject to the reporting, announcement and independent shareholders' approval requirements in accordance with the Listing Rules.

Subject to obtaining the approval of the independent shareholders of the Company, the CW Utility Services Supplemental Agreement will be valid as from 1st September, 2005 up to 31st December, 2006 (both days inclusive).

Processing Services Supplemental Agreement

As stated in the Announcement and the Circular, pursuant to the Processing Services Agreement, Chongqing Weichai has agreed to provide processing services to Chongqing Branch as more particularly set out in the Announcement and the Circular. The Company has been paying Chongqing Weichai a fee equal to the costs incurred by Chongqing Weichai in relation to the provision of the processing services plus a service charge representing 20% of such costs in accordance with the Processing Services Agreement.

The Company and Chongqing Weichai entered into the Processing Services Supplemental Agreement on 21st September, 2005 for varying the basis of calculating the service charge such that the service charge payable by the Company to Chongqing Weichai should equal to the actual costs incurred by Chongqing Weichai plus a service charge representing not more than 20% of such costs, as opposed to the actual costs incurred plus a fixed percentage of 20% of such costs as originally stated in the Processing Services Agreement. Save and except for the aforesaid, the other terms of the Processing Services Agreement remain unchanged. The variation does not affect the relevant Existing Cap for the transactions under the Processing Services Agreement and the relevant Existing Cap will continue to apply. However, as the Processing Services Supplemental Agreement constitutes a material change to the term of the Processing General Services Agreement, the Processing General Services Supplemental Agreement is therefore subject to the reporting, announcement and independent shareholders' approval requirements in accordance with the Listing Rules.

Subject to obtaining the approval of the independent shareholders of the Company, the Processing Services Supplemental Agreement will be valid as from 1st September, 2005 up to 31st December, 2006 (both days inclusive).

REASONS FOR THE VARIATIONS

There is an increase in demand for the services provided by Weichai Factory and Chongqing Weichai due to the year-to-year increase in the turnover of the Company. In order to better control the costs of the Company, the Company entered into negotiation with Weichai Factory and Chongqing Weichai, respectively regarding the rate of their service charges. The variations are negotiated on arm's length basis and are on normal commercial terms. The Directors are of the opinion that the variations are fair and reasonable to the shareholders of the Company as a whole.

NEW NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

On 21st September, 2005, the Company entered into the COPN Supply Agreement, the WD Sales and Warranty Agreement, the Hangqi Purchases Agreement and the Hangqi Supply Agreement.

COPN Supply Agreement

Particulars of the COPN Supply Agreement are set out below:

Date : 21st September, 2005

Parties : (a) Purchaser : The Company
(b) Supplier : COPN, a wholly owned subsidiary of CHDTGL which in turn wholly owns Weichai Factory; Weichai Factory holds approximately 23.53% of the entire issued share capital of the Company and is a promoter of the Company

Products to be supplied : Supply of oil pumps and nozzles by COPN to the Company

Pricing : Such transactions will be conducted on the basis of market price which shall be not more favourable to COPN than the price at which COPN supplies similar products to other independent third party having regard to the quantity and other conditions of the sales

Term : From 1st September, 2005 to 31st December, 2006, both days inclusive

WD Sales and Warranty Agreement

Particulars of the WD Sales and Warranty Agreement are set out below:

- Date : 21st September, 2005
- Parties : (a) Service provider : The Company
- (b) Customer : Weichai Deutz, a 50% owned subsidiary of Weichai Factory; Weichai Factory holds approximately 23.53% of the entire issued share capital of the Company and is a promoter of the Company
- Services to be provided : Provision of sales and warranty period repair and maintenance services by the Company to Weichai Deutz's customers
- Pricing : At a price which is not more favourable to Weichai Deutz than the price at which the Company provides similar services to other independent third party having regard to the quantity and other conditions of the provision of services
- Term : From 1st September, 2005 to 31st December, 2006, both days inclusive

Hangqi Purchases Agreement

Particulars of the Hangqi Purchases Agreement are set out below:

- Date : 21st September, 2005
- Parties : (a) Supplier : The Company
- (b) Purchaser : Hangqi, a wholly owned subsidiary of CHDTGL which in turn wholly owns Weichai Factory; Weichai Factory holds approximately 23.53% of the entire issued share capital of the Company and is a promoter of the Company
- Products to be supplied : Supply of oil pumps by the Company to Hangqi

- Pricing : Such transactions will be conducted on the basis of market price which shall be not more favourable to Hangqi than the price at which the Company supplies similar products to other independent third party having regard to the quantity and other conditions of the sales
- Term : From 1st September, 2005 to 31st December, 2006, both days inclusive

Hangqi Supply Agreement

Particulars of the Hangqi Supply Agreement are set out below:

- Date : 21st September, 2005
- Parties : (a) Purchaser : The Company
- (b) Supplier : Hangqi, a wholly owned subsidiary of CHDTGL which in turn wholly owns Weichai Factory; Weichai Factory holds approximately 23.53% of the entire issued share capital of the Company and is a promoter of the Company
- Products to be supplied : Supply of diesel engines by Hangqi to the Company
- Pricing : Such transactions will be conducted on the basis of market price which shall be not more favourable to Hangqi than the price at which Hangqi supplies similar products to other independent third party having regard to the quantity and other conditions of the sales
- Term : From 1st September, 2005 to 31st December, 2006, both days inclusive

The terms of all the above agreements were arrived at after arm's length negotiation with COPN, Weichai Deutz and Hangqi respectively. The Directors (including the independent non-executive Directors) consider that the terms of all the above agreements are normal commercial terms and are fair and reasonable and in the interests of the shareholders of the Company as a whole. The New Non-exempt Continuing Connected Transactions are carried out in the ordinary and usual course of business of the Company.

INFORMATION ON THE COMPANY, COPN, WEICHAİ DEUTZ AND HANGQİ

The principal activity of the Company is the research and development, manufacturing and sale of high speed heavy duty diesel engines. The products of the Company are widely applicable to different markets, including heavy-duty vehicles, coaches, construction machines, vessels and power generators.

COPN is wholly owned by CHDTGL and is engaged in the manufacture and sale of oil pumps and nozzles.

Weichai Deutz is engaged in, inter alia, the manufacture and sale of 226B series of diesel engines and parts which are mainly used in agricultural (and related) machines.

Hangqi is principally engaged in the manufacture of diesel engines, which are mainly used in heavy duty trucks, large, medium and small-sized coaches/passenger cars, power generators and vessels.

REASONS FOR THE NEW NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

For better control on products quality and technical specification compliance, CHDTGL requests that all truck diesel engines supplied by the Company to CHDTGL have to be installed with oil pumps and nozzles manufactured by COPN. As such, the Company entered into the COPN Supply Agreement with COPN for purchasing oil pumps and nozzles from COPN.

Weichai Deutz sold its products through its own sales network in the past. However, due to the restructuring of Weichai Factory and its associated companies (including Weichai Deutz), the sales networks of Weichai Factory and its associated companies (including Weichai Deutz) are combined with that of the Company. As such, the Company entered into the WD Sales and Warranty Agreement with Weichai Deutz for providing sales and warranty period repair and maintenance services to the customers of Weichai Deutz with respect to the diesel engines manufactured by Weichai Deutz.

CHDTGL has been purchasing diesel engines from Hangqi. In anticipation of the acquisition of Hangqi by the Company as announced by the Company on 27th September, 2004, CHDTGL starts to centralize its sourcing of diesel engines on the Company so that all sales of diesel engines by Hangqi to CHDTGL have to be made through the Company. The Company will purchase the diesel engines from Hangqi and then sell them to CHDTGL at cost. As such, the Company entered into the Hangqi Supply Agreement with Hangqi for purchasing the diesel engines from Hangqi.

To control the quality of diesel engines manufactured and supplied by Hangqi and in order to ensure that such diesel engines meet with the technical specifications of CHDTGL, CHDTGL requests that all diesel engines manufactured and supplied by Hangqi to CHDTGL through the Company have to be installed with oil pumps supplied by the Company. As such, the Company entered into the Hangqi Purchases Agreement with Hangqi for supplying oil pumps to Hangqi.

AGGREGATE ANNUAL VALUE

The Directors expect that the aggregate annual value of the transactions under the COPN Supply Agreement will not exceed RMB60,000,000 (approximately HK\$57,692,300) in 2005 and RMB125,000,000 (approximately HK\$120,192,300) in 2006. The caps are prepared based on: (i) the Company's estimate of the number of diesel engines to be sold by the Company to CHDTGL; and (ii) the assumption that the market price of oil pumps will remain stable. There is a significant increase in the annual cap for 2006 because the annual cap for 2005 is only for the period from September 2005 to December 2005 while the annual cap for 2006 is for the period from January 2006 to December 2006.

The Directors expect that the aggregate annual value of the transactions under the WD Sales and Warranty Agreement will not exceed RMB7,500,000 (approximately HK\$7,211,500) in 2005 and RMB15,000,000 (approximately HK\$14,423,100) in 2006. The caps are prepared based on the Company's estimate of the number of diesel engines to be sold by Weichai Deutz to its customers. There is a significant increase in the annual cap for 2006 because the annual cap for 2005 is only for the period from September 2005 to December 2005 while the annual cap for 2006 is for the period from January 2006 to December 2006.

The Directors expect that the aggregate annual value of the transactions under the Hangqi Purchases Agreement will not exceed RMB80,000,000 (approximately HK\$76,923,100) in 2005 and RMB160,000,000 (approximately HK\$153,846,200) in 2006 (the "2006 Hangqi Purchase Cap"). The caps are prepared based on: (i) the Company's estimate of the number of diesel engines to be sold by Hangqi through the Company to CHDTGL as explained below; and (ii) the assumption that the market price of oil pumps will remain stable. There is a significant increase in the annual cap for 2006 because the annual cap for 2005 is only for the period from September 2005 to December 2005 while the annual cap for 2006 is for the period from January 2006 to December 2006.

The Directors expect that the aggregate annual value of the transactions under the Hangqi Supply Agreement will not exceed RMB480,000,000 (approximately HK\$461,538,500) in 2005 and RMB1,000,000,000 (approximately HK\$961,538,500) in 2006 (the "Hangqi Supply Cap"). The caps are prepared based on the Company's estimate of the number of diesel engines to be sold by Hangqi through the Company to CHDTGL. CHDTGL purchases diesel engines from either the Company or Hangqi. The purchases from the Company represent approximately 65% of the total purchases of CHDTGL while the purchases from Hangqi represent approximately 35% of the total purchases of CHDTGL. As stated in the section headed "Reasons for the New Non-exempt Continuing Connected Transactions" above, in anticipation of the acquisition of Hangqi by the Company as announced by the Company on 27th September, 2004, CHDTGL starts to centralize its sourcing of diesel engines on the Company. Based on the estimated total purchases of RMB2,600 million by CHDTGL as disclosed in the Announcement and the Circular, the total purchases by CHDTGL from Hangqi through the Company shall be approximately RMB910 million for the whole year of 2005. After deducting the purchases made by CHDTGL directly from Hangqi before it starts to centralize its sourcing on the Company, the total purchases

by CHDTGL from Hangqi through the Company for the remaining months of 2005 shall not exceed RMB480 million. As CHDTGL starts to centralize its sourcing of diesel engines on the Company, it is expected that the purchases by CHDTGL from the Company will gradually increase in the future while purchases from Hangqi will gradually decrease. Based on the discussion with CHDTGL, the Company estimates that the total purchases by CHDTGL from Hangqi through the Company for the year of 2006 will only represent approximately 24% of the total purchases of CHDTGL. Based on the estimated total purchases of RMB4,100 million by CHDTGL for the year of 2006 as disclosed in the Announcement and the Circular, the Company estimates that the total purchases by CHDTGL from Hangqi through the Company shall not exceed RMB1,000 million. There is a significant increase in the annual cap for 2006 because the annual cap for 2005 is only for the period from September 2005 to December 2005 while the annual cap for 2006 is for the period from January 2006 to December 2006.

LISTING RULES IMPLICATIONS

COPN and Hangqi are both wholly owned by CHDTGL. CHDTGL is the holding company of Weichai Factory which in turn is a substantial shareholder and a promoter of the Company. As such, each of COPN and Hangqi is an associate of Weichai Factory and, hence, a connected person of the Company under the Listing Rules.

Weichai Deutz is owned as to 50% by Weichai Factory and, accordingly, Weichai Deutz is an associate of Weichai Factory and, hence, a connected person of the Company under the Listing Rules.

Since COPN, Hangqi and Weichai Deutz are associates of Weichai Factory and the Company has entered into the Previous Transactions with Weichai Factory and its associates as more particularly disclosed in the Announcement and the Circular, the transactions under the New Non-exempt Continuing Connected Transactions Agreements will be aggregated with such Previous Transactions.

The transactions under the New Non-exempt Continuing Connected Transactions Agreements, when aggregate with the Previous Transactions, constitute New Non-exempt Continuing Connected Transactions of the Company and are subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

The Company will convene the EGM for considering and, if thought fit, passing the resolutions for the approval of each of the New Non-exempt Continuing Connected Transactions Agreements and the relevant annual cap as set out in the section headed "Aggregate Annual Value" above by the independent shareholders of the Company by way of poll.

The Board will appoint an independent board committee to consider and advise the Company's independent shareholders on the terms of the New Non-exempt Continuing Connected Transactions Agreements, and will appoint an independent financial adviser to advise the independent board committee.

A circular containing, among other things, details of the New Non-exempt Continuing Connected Transactions Agreements, the recommendation of the independent board committee and the advice of the independent financial adviser to the independent board committee will be despatched to the shareholders of the Company within 21 days after the publication of this announcement.

Weichai Factory, being a substantial shareholder and a promoter of the Company, and Mr. Tan Xuguang, being the general manager of Weichai Factory, will abstain from voting at the EGM. No other party is required to abstain from voting at the EGM pursuant to the Listing Rules.

Holders of the Company's shares whose names appear on the register of members of the Company on 28th November, 2005 will be entitled to attend the EGM. The register of members of the Company will be closed from 28th October, 2005 to 28th November, 2005 (both days inclusive), during which no transfer of H Shares will be effected.

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 15th September, 2004 in respect of, inter alia, the Existing Continuing Connected Transactions
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	濰柴動力股份有限公司 (Weichai Power Co., Ltd.), a joint stock limited company incorporated in the PRC with limited liability
“CHDTGL”	中國重型汽車集團有限公司 (China Heavy Duty Truck Group Co., Ltd.), a PRC state-owned enterprise
“Chongqing Branch”	the Company's branch in Chongqing, the PRC
“Chongqing Weichai”	重慶濰柴發動機廠 (Chongqing Weichai Diesel Engine Works), a legal person established in the PRC and is wholly owned by Weichai Factory
“Circular”	the circular of the Company dated 27th October, 2004 in respect of, inter alia, the Existing Continuing Connected Transactions
“COPN”	重慶油泵油嘴廠 (Chongqing Fuel System Plant), a legal person established in the PRC and is wholly owned by CHDTGL

“COPN Supply Agreement”	the agreement dated 21st September, 2005 entered into between the Company and COPN in relation to the sale of oil pumps and nozzles by COPN to the Company
“CW Continuing Connected Transactions”	the transactions under the CW General Services Agreement, the CW Utility Services Agreement and the Processing Services Agreement, respectively which constitute non-exempt continuing connected transactions of the Company under the Listing Rules and have been approved by the shareholders of the Company in accordance with the Listing Rules
“CW General Services Agreement”	the agreement dated 17th November, 2003 as amended by the supplemental agreement dated 15th September, 2004 entered into between the Company and Chongqing Weichai in relation to the provision of certain general services by Chongqing Weichai to Chongqing Branch
“CW General Services Supplemental Agreement”	the agreement entered into between the Company and Chongqing Weichai on 21st September, 2005 to amend and supplement the CW General Services Agreement
“CW Utility Services Agreement”	the agreement dated 17th November, 2003 as amended by the supplemental agreement dated 15th September, 2004 entered into between the Company and Chongqing Weichai in relation to the provision of certain utility and energy services by Chongqing Weichai to Chongqing Branch
“CW Utility Services Supplemental Agreement”	the agreement entered into between the Company and Chongqing Weichai on 21st September, 2005 to amend and supplement the CW Utility Services Agreement
“Director(s)”	director(s) of the Company
“Existing Continuing Connected Transactions”	the WF Continuing Connected Transactions and the CW Continuing Connected Transactions
“EGM”	the extraordinary general meeting of the Company to be held on 28th November, 2005
“Existing Cap”	the annual cap for the transactions under the WF General Services Agreement, the WF Utility Services Agreement, the CW General Services Agreement, the CW Utility Services Agreement and the Processing Services Agreement, respectively for each of the two years ending 31st December, 2006 as set out in the Announcement and the Circular and as approved by the shareholders of the Company on 15th December, 2004

“H Shares”	the overseas listed foreign shares in the capital of the Company with a RMB denominated par value of RMB1.00 each which are subscribed for and traded in Hong Kong Dollars, and they are listed on the main board of the Stock Exchange
“Hangqi”	杭州汽車發動機廠 (Hangzhou Motor Engine Factory), a legal person established in the PRC and is wholly owned by CHDTGL
“Hangqi Purchases Agreement”	the agreement dated 21st September, 2005 entered into between the Company and Hangqi in relation to the sale of oil pumps by the Company to Hangqi
“Hangqi Supply Agreement”	the agreement dated 21st September, 2005 entered into between the Company and Hangqi in relation to the sale of diesel engines by Hangqi to the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$” or “HK Dollar”	Hong Kong dollar, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Non-exempt Continuing Connected Transactions”	being those transactions under each of the COPN Supply Agreement, the WD Sales and Warranty Agreement, the Hangqi Purchases Agreement and the Hangqi Supply Agreement, the proposed annual caps for which exceed the de minimis level under Rule 14A.34 of the Listing Rules and are therefore subject to the reporting, announcement and independent shareholders’ approval requirements under the Listing Rules
“New Non-exempt Continuing Connected Transactions Agreements”	the COPN Supply Agreement, the WD Sales and Warranty Agreement, the Hangqi Purchases Agreement and the Hangqi Supply Agreement
“PRC” or “China”	the People’s Republic of China, which, for the purpose of this announcement, unless otherwise specified, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Previous Transactions”	the transactions between the Company and Weichai Factory and its associates as more particularly set out in the Announcement and the Circular

“Processing Services Agreement”	the agreement dated 17th November, 2003 as amended by the supplemental agreement dated 15th September, 2004 entered into between the Company and Chongqing Weichai in relation to the provision of processing services by Chongqing Weichai to Chongqing Branch
“Processing Services Supplemental Agreement”	the agreement entered into between the Company and Chongqing Weichai on 21st September, 2005 to amend and supplement the Processing Services Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Weichai Deutz”	濰坊濰柴道依茨柴油機有限公司 (Weifang Weichai Deutz Diesel Engine Co., Ltd.), a company established in the PRC and is owned as to 50% by Weichai Factory
“WD Sales and Warranty Agreement”	the agreement dated 21st September, 2005 entered into between the Company and Weichai Deutz in relation to the provision of sales and warranty period repair and maintenance services by the Company to Weichai Deutz
“WF Continuing Connected Transactions”	the transactions under the WF General Services Agreement and the WF Utility Services Agreement, respectively which constitute non-exempt continuing connected transactions of the Company under the Listing Rules and have been approved by the shareholders of the Company in accordance with the Listing Rules
“WF General Services Agreement”	the agreement dated 17th November, 2003 as amended by the supplemental agreement dated 15th September, 2004 entered into between the Company and Weichai Factory in relation to the provision of certain general services by Weichai Factory to the Company
“WF General Services Supplemental Agreement”	the agreement entered into between the Company and Weichai Factory on 21st September, 2005 to amend and supplement the WF General Services Agreement
“WF Utility Services Agreement”	the agreement dated 17th November, 2003 as amended by the supplemental agreement dated 15th September, 2004 entered into between the Company and Weichai Factory in relation to the provision of certain utility and energy services by Weichai Factory to the Company
“WF Utility Services Supplemental Agreement”	the agreement entered into between the Company and Weichai Factory on 21st September, 2005 to amend and supplement the WF Utility Services Agreement

“Weichai Factory”

濰坊柴油機廠 (Weifang Diesel Engine Works), a legal person established in the PRC and is a substantial shareholder and a promoter of the Company. Weichai Factory is wholly owned by CHDTGL

By Order of the Board
Weichai Power Co., Ltd.
Tan Xuguang
Chairman

Hong Kong, 21st September, 2005

As at the date of this announcement, the executive directors of the Company are: Tan Xuguang, Xu Xinyu, Sun Shaojun and Zhang Quan; the non-executive directors of the Company are: Yeung Sai Hong, Yao Yu, Li San Yim, Tong Jingen, Zhang Fusheng, Julius G. Kiss, Feng Gang and Chen Xue Jian; the independent non-executive directors of the Company are: Zhang Xiaoyu, Koo Fook Sun, Louis and Fang Zhong Chang.

This announcement contains translations of RMB into HK Dollar at the rate of HK\$1.00 to RMB1.04 solely for reference. No representation or assurance is made or given that the RMB amounts set out in this announcement have been, could have been, could be, may be or will be converted into HK\$ as such rate or any other rates.

Please also refer to the published version of this announcement in (The Standard)