



**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)

**COMPLETION OF ACQUISITION OF EQUITY INTEREST IN  
湘火炬汽車集團股份有限公司  
(TORCH AUTOMOBILE GROUP CO., LTD)  
THROUGH A JOINT VENTURE  
AND REGISTRATION OF OFFER SHARES**

Further to the announcement of the Company dated 11th August, 2005, the Board is pleased to announce that on 8th November, 2005, 濰柴動力(濰坊)投資有限公司 (Weichai Power (Weifang) Investment Co., Ltd.) (“**JV Co**”, an associated company of the Company established in the PRC in which the Company holds a 45% equity interest) completed the acquisition and registration of the Offer Shares. The Offer Shares represent an approximately 28.12% unlisted shareholding interest in 湘火炬汽車集團股份有限公司 (Torch Automobile Group Co., Ltd) (“**TAGC**”, a company listed on the Shenzhen Stock Exchange).

## **INTRODUCTION**

Further to the announcement of the Company dated 11th August, 2005, the Board is pleased to announce that on 8th November, 2005, 濰柴動力(濰坊)投資有限公司 (Weichai Power (Weifang) Investment Co., Ltd.) (“**JV Co**”, an associated company of the Company established in the PRC in which the Company holds a 45% equity interest) completed the acquisition and registration of the Offer Shares. Terms defined in the circular of the Company dated 29th August, 2005 (the “**Circular**”) shall have the same meanings when used herein, unless the context requires otherwise.

## **BACKGROUND**

The Company invested in JV Co in August 2005, which is an equity joint venture established in the PRC for the sole purpose of submitting the Offer and acquiring the Offer Assets. Details of JV Co, the Offer and the Offer Assets were included in the Circular.

On 8th August, 2005, State Asset ManagementCo held a competitive offering meeting (報價會) for the Offer Assets, and at such meeting, JV Co submitted the Offer to State Asset ManagementCo for the purchase the Offer Assets, and, after the competitive offering process, State Asset ManagementCo announced that the Offer was successful and had been accepted as the winning offer.

## **COMPLETION OF THE ACQUISITION AND REGISTRATION OF THE OFFER SHARES**

The transfer of the 263,279,520 TAGC Shares (being the Offer Shares and representing approximately 28.12% of TAGC's total issued shares) was processed and registered by the China Securities Depository and Clearing Co., Ltd, Shenzhen branch of the Shenzhen Stock Exchange on 8th November, 2005.

## REASONS FOR AND BENEFITS OF THE TRANSACTION

Given the complementary nature of the business of the Company and those of the TAGC Group, the Directors are of the view that the Company's investment (through JV Co) in a strategic stake in TAGC will allow the Company to exploit potential business opportunities and synergies with the TAGC Group in the near future. As such, it is expected that such investment in the TAGC Group will contribute positively to the future development of the Company.

## INFORMATION ON TAGC

The TAGC Group is one of China's leading automobile groups and is principally engaged in the manufacture and sale of heavy-duty trucks and vehicle parts. TAGC ranked 18th amongst the top 500 machinery enterprises in China (中國機械工業500強) and 170th amongst the 500 largest enterprises in China (中國企業500強) in 2004. Amongst TAGC's subsidiaries are 陝西重型汽車有限公司 (Shaanxi Heavy Duty Motor Company Limited) ("Shaanxi Zhongqi", a 51% subsidiary of TAGC), 株洲湘火炬火花塞有限責任公司 (Torch Spark Plug Co., Ltd.) ("TSPC", a 97.5% subsidiary of TAGC) and 陝西法士特齒輪有限責任公司 (Shaanxi Fast Gear Co., Ltd.) ("SFGC", a 51% subsidiary of TAGC).

Shaanxi Zhongqi is one of the five largest heavy duty truck manufacturers in the PRC. TSPC is the largest spark plug manufacturer in the PRC, and sells its products both domestically and to more than 20 countries and regions overseas. SFGC is the largest manufacturer of gearboxes for heavy duty trucks in the PRC. (The aforesaid information concerning the TAGC Group was extracted from published records of TAGC.)

Based on 《國務院關於推進資本市場改革開放和穩定發展的若干意見》 (*Guidelines of the State Council for Promoting the Reform and Opening-up and Sustained Development of the Capital Market*) promulgated by the State Council, 《關於上市公司股權分置改革的指導意見》 (*Guidance Opinions on the Split Share Structure Reform of Listed Companies*) and 《上市公司股權分置改革管理辦法》 (*Administrative Measures on the Split Share Structure Reform of Listed Companies*) promulgated by the CSRC and other related rules, measures and regulations, companies listed on PRC stock exchanges need to introduce 股權分置改革方案 (Split Share Structure Reforms). Accordingly, TAGC, being a Shenzhen stock exchange listed company, has recently announced its Split Share Structure Reform proposal (the "**TAGC Split Share Structure Reform Proposal**") underwhich, it is proposed that (subject to the satisfaction of the conditions set out below) each holder of the listed TAGC Share(s) on a record date to be determined will (i) receive 0.3 TAGC Share for every 10 TAGC Shares held by it from 株洲市國有資產管理局 (State-owned Assets Supervision and Administration Commission of the State Council, Zhuzhou City), and (ii) be entitled to require JV Co to purchase 3 TAGC Shares for every 10 TAGC Shares held by it at RMB3.86 per share during the last five days of the 15 month period after the date on which the TAGC Split Share Structure Reform Proposal becomes effective, after which such entitlement will lapse. (For reference purpose, as stated in the Circular, the Consideration paid by JV Co attributable to the Offer Shares (on a per share basis) was approximately RMB3.89.)

The TAGC Split Share Structure Reform Proposal is subject to (i) the approval of 國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of the State Council), and (ii) receiving a 2/3 majority of the unlisted TAGC shareholders and a 2/3 majority of the listed TAGC shareholders at a shareholders' meeting of TAGC. If and when the TAGC Split Share Structure Reform Proposal is approved and becomes effective, the Offer Shares held by JV Co will become tradeable (subject to certain lock-up periods) on the Shenzhen stock exchange.

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

Hong Kong, 10th November, 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.

Please also refer to the published version of this announcement in **South China Morning Post**.