



**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)**

**ANNOUNCEMENT**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

山東省人民政府國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of Shandong Province People's Government) issued a document on 20th March, 2006 approving the segregation of ownership between 中國重型汽車集團有限公司 (China National Heavy Duty Truck Group Co. Ltd.) and 濰坊柴油機廠 (Weifang Diesel Engine Works).

This announcement is made by Weichai Power Co., Ltd. (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

It is stated in a document issued by 山東省人民政府國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of Shandong Province People's Government) (“**Shandong SASAC**”) that: for the purposes of: (i) supporting the reorganisation of 中國重型汽車集團有限公司 (China National Heavy Duty Truck Group Co. Ltd.) (“**CHDTGL**”) for its “red-chip” listing (用紅籌股上市); and (ii) resolving the issue concerning business competition between CHDTGL and 濰坊柴油機廠 (Weifang Diesel Engine Works) (“**Weichai Factory**”) in relation to, among others, diesel engines for heavy-duty trucks and heavy-duty trucks, Shandong SASAC approved the segregation of ownership between CHDTGL and Weichai Factory such that CHDTGL has to transfer (in one transaction) its entire ownership in Weichai Factory (being a wholly-owned subsidiary of CHDTGL before such transfer) to Shandong SASAC for its direct holding (the “**Transfer**”). After the completion of the Transfer, Shandong SASAC will perform its duty as the owner of Weichai Factory. CHDTGL is wholly owned by Shandong SASAC.

As at the date of this announcement, Weichai Factory is interested in approximately 23.53% shareholding interest in the Company and is the single largest shareholder of the Company. After the completion of the Transfer, Shandong SASAC will become the ultimate owner of the single largest shareholder of the Company and will, through its wholly-owned interest in Weichai Factory, be interested in approximately 23.53% shareholding interest in the Company.

**THE SHAREHOLDING AND CUSTOMER RELATIONSHIPS BETWEEN THE COMPANY AND CHDTGL**

Following the completion of the Transfer, the Company and Weichai Factory will cease to have any shareholding relationship with CHDTGL. The relationship between the Company and CHDTGL will become that of purely commercial supply of goods (if any).

As disclosed in the announcement and the circular of the Company dated 15th September, 2004 and 27th October, 2004, respectively, the Company has entered into agreements with CHDTGL for: (i) the supply of diesel engines and finished diesel engine parts by the Company to CHDTGL and/or its subsidiaries (the “**CHDTGL Group**”); and (ii) the supply of finished and semi-finished diesel engine parts by the CHDTGL Group to the Company. Such agreements will expire on 31st December, 2006. For the year ended 31st December, 2004, the Company’s purchases from, and sales to, the CHDTGL Group were approximately RMB62.6 million and RMB1,722.6 million, respectively, and representing approximately 1.4% of the Company’s cost of sales and approximately 28.0% of the Company’s turnover in 2004.

Since January 2006, the Company has not received any order from the CHDTGL Group. In the event that the CHDTGL Group shall cease to purchase the Company’s diesel engines, and to the extent that the Company cannot increase its sales to other existing and/or new customers, the Company’s business and financial results may be adversely affected.

## **ACQUISITION OF THE ASSETS OF 杭州汽車發動機廠 (HANGZHOU MOTOR ENGINE FACTORY ) (“HANGQI”)**

Reference is made to the announcements of the Company dated 3rd January, 2006 and 18th January, 2006, in which it was announced that the Company entered into a framework agreement (the “**Framework Agreement**”) with CHDTGL on 27th September, 2004 in relation to the proposed acquisition of the assets of Hangqi. The Company has paid a refundable deposit of RMB80 million to CHDTGL pursuant to the provisions of the Framework Agreement. The Company reserves its right against CHDTGL for its failure to perform its legal obligations under the Framework Agreement and other related agreements.

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

By order of the Board  
**Tan Xuguang**  
Chairman

Hong Kong, 22nd March, 2006

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