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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)

**VERY SUBSTANTIAL ACQUISITION INVOLVING
A MERGER BY ABSORPTION OF TAGC
AND
CONTINUING CONNECTED TRANSACTIONS**

**Financial adviser to Weichai Power Co., Ltd. in respect of
the Very Substantial Acquisition**

Citigroup Global Markets Asia Limited



**Independent financial adviser to the independent board committee and the independent
shareholders of Weichai Power Co., Ltd. on the Continuing Connected Transactions**

AMS Corporate Finance Limited



AMS Corporate Finance Limited

SUMMARY

The Board is pleased to announce that Weichai Power has entered into the Merger Agreement with TAGC in respect of the Merger Proposal concerning Weichai Power and TAGC, subject to the satisfaction of various conditions (including, inter alia, obtaining the approvals of the CSRC and other regulatory bodies of the PRC, and the approvals of the Weichai Power EGMs and the TAGC EGMs in the manner referred to below). The implementation of the Merger Proposal will involve the issue of new Weichai A Shares (which will have the same voting right as Weichai Power's H Shares) by Weichai Power at the Exchange Ratio to the TAGC Shareholders (other than InvestCo) on the Final Record Date to be announced, as consideration for the cancellation of the respective TAGC Shares held by them, and TAGC's assets will be absorbed into, and its liabilities will be assumed by, Weichai Power. Upon completion of the Merger, TAGC will cease to exist.

Subject to the satisfaction of the conditions referred to below in this announcement, the Weichai A Shares will be listed on the Shenzhen Stock Exchange; both the Domestic Shares and Foreign Shares will also become listed on the Shenzhen Stock Exchange and rank pari passu in all respects as the Weichai A Shares. The H Shares will continue to be listed on the Hong Kong Stock Exchange.

The Merger Proposal will constitute a very substantial acquisition of Weichai Power under Chapter 14 of the Listing Rules. However, the Merger Proposal will not constitute a reverse takeover under Chapter 14 of the Listing Rules.

The Board also announces that on 12 November 2006, Weichai Power has entered into the Supplemental Agreements in respect of the Weichai Power Continuing Connected Transactions.

A circular in accordance with the requirements of the Listing Rules will be dispatched to the Weichai Power Shareholders on 13 November 2006, containing, inter alia, (1) details of the Merger Proposal and the Weichai Power Continuing Connected Transactions; (2) a letter from the Weichai Power Independent Financial Adviser to the Weichai Power Independent Board Committee and the Weichai Power Independent Shareholders with its recommendation to the Weichai Power Independent Shareholders on the Weichai Power Continuing Connected Transactions; (3) the notice of the Weichai Power Shareholders' EGM for the approval of, inter alia, the Merger Proposal and the Weichai Power Continuing Connected Transactions; and (4) the notices of the Weichai Power H Shareholders' EGM and Weichai Power Domestic and Foreign Shareholders' EGM for the approval of, inter alia, the Merger Proposal.

I. THE MERGER PROPOSAL

1. INTRODUCTION

The Board is pleased to announce that Weichai Power has entered into the Merger Agreement with TAGC in respect of the Merger Proposal concerning Weichai Power and TAGC, subject to the satisfaction of various conditions (including, inter alia, obtaining the approvals of the CSRC and other regulatory bodies of the PRC, and the approvals of the Weichai Power EGMs and the TAGC EGMs in the manner referred to below). The implementation of the Merger Proposal will involve the issue of new Weichai A Shares (which will have the same voting right as Weichai Power's H Shares) by Weichai Power at the Exchange Ratio to the TAGC Shareholders (other than InvestCo) on the Final Record Date to be announced, as consideration for the cancellation of the respective TAGC Shares held by them, and TAGC's assets will be absorbed into, and its liabilities will be assumed by, Weichai Power. At the same time, TAGC will cease to exist. It is the intention of Weichai Power that InvestCo will be dissolved as soon as practicable thereafter.

2. BACKGROUND

The Board refers to the circular of Weichai Power dated 29 August 2005 in respect of the acquisition by InvestCo of 263,279,520 TAGC Shares representing approximately 28.12% of the issued share capital of TAGC from State Asset ManagementCo on 8 August 2005 and the announcement of Weichai Power dated 10 November 2005 in respect of the completion of such acquisition.

The Board further refers to the circular of Weichai Power dated 14 June 2006 in relation to Weichai Power's acquisition of further equity interest in InvestCo from all the other then equity holders in InvestCo and the announcement of Weichai Power dated 30 June 2006 announcing that Weichai Power's shareholders at the annual general meeting of Weichai Power held on 30 June 2006 had approved such acquisition. Weichai Power's equity interest in InvestCo then increased from 45% to 100%, and through InvestCo, Weichai Power is indirectly interested in approximately 28.12% of the issued shares of TAGC.

The Board further refers to the announcement of Weichai Power dated 1 September 2006 in respect of the approvals in principle by the Weichai Power Board and the TAGC Board of the Merger Proposal.

On 11 September 2006, the Board announced that after discussions between TAGC and its shareholders, the Merger Proposal (including the per share price of the TAGC Shares and of the Weichai A Shares for the purpose of determining the Exchange Ratio, the Exchange Ratio, the Zhuzhou State Assets Co Gift Rate and the Cash Alternative Amount), as stated in the announcement dated 1 September 2006, remained unchanged.

The Board is pleased to announce that Weichai Power and TAGC have entered into the Merger Agreement on 12 November 2006.

3. MERGER AGREEMENT

Date: 12 November 2006

- Parties:
- (a) Weichai Power, the principal business of which is the research and development, manufacturing and sale of high speed heavy duty diesel engines and engine parts.
 - (b) TAGC, the principal business of which is investment holding. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the Latest Practicable Date, TAGC and its ultimate beneficial owners were third parties independent of, and were not connected persons of, Weichai Power.

Salient terms and consideration

Under the Merger Proposal, subject to the conditions below, Weichai Power will issue new Weichai A Shares (which will have the same voting right as Weichai Power's H Shares) at the Exchange Ratio to the TAGC Shareholders (other than InvestCo) on the Final Record Date to be announced, as consideration for the cancellation of the respective TAGC Shares held by them, and TAGC's assets will be absorbed into, and its liabilities will be assumed by, Weichai Power.

The Exchange Ratio was determined based on the per share price of TAGC Shares of RMB5.80 and the issue price per new Weichai A Share of RMB20.47.

Upon issue, the new Weichai A Shares will be freely transferable. (Please note that Zhuzhou State Assets Co has undertaken to Weichai Power that it will not dispose of, or appoint other person to manage, its Weichai A Shares within a period of three years from the date such Weichai A Shares become listed on the Shenzhen Stock Exchange.)

The Merger Proposal will be accompanied by a cash alternative to the TAGC Public Shareholders who elect not to receive in whole (or in part) the Weichai A Shares at the rate of RMB5.05 per TAGC Share, subject to the Merger Proposal becoming unconditional. For details, please refer to the section headed "I. Merger Proposal — 5. Cash Alternative" in this announcement.

Zhuzhou State Assets Co will transfer (by way of gift) a part of its holding of TAGC Shares to the TAGC Public Shareholders at the rate of 0.35 TAGC Share for every 10 TAGC Shares held (the "**Zhuzhou State Assets Co Gift Rate**"), and such TAGC Shares so transferred by way of gift will also be exchanged for new Weichai A Shares at the Exchange Ratio. Zhuzhou State Assets Co has also agreed that it will not elect the Cash Alternative. For details, please refer to the section headed "I. Merger Proposal — 6. Undertakings" in this announcement.

Although InvestCo holds approximately 28.12% of TAGC's issued shares, being a wholly-owned subsidiary of Weichai Power, it will elect not to receive any Weichai A Shares or cash payment under the Cash Alternative to be offered under the Merger Proposal.

Any fractional entitlement to the Weichai A Shares will not be issued to TAGC Shareholders and will be aggregated and distributed to such holders of the Weichai A Shares to be determined on a random basis by lot (provided that each such holder will not be given more than one Weichai A Share in such distribution).

Conditions precedent

The Merger Proposal is conditional upon the following:

1. the approvals of the Weichai Power Shareholders' EGM, Weichai Power H Shareholders' EGM and Weichai Power Domestic and Foreign Shareholders' EGM by a two-third majority with respect to the Merger Proposal;
2. the approval of the TAGC Shareholders' EGM (at which InvestCo shall not vote) and the TAGC Public Shareholders' EGM by a two-third majority with respect to the Merger Proposal;
3. the approval of the Weichai Power Shareholders' EGM by a two-third majority with respect to the amendments to the Weichai Power Articles to be set out in the Weichai Power Circular;
4. the Shenzhen Stock Exchange's agreeing to grant listing to the Weichai A Shares, the Domestic Shares and the Foreign Shares;

5. the requisite consents and approvals having been obtained from the relevant governmental and regulatory authorities in the PRC (including, without limitation, the approval of the Merger Proposal and related matters by CSRC, the approval of the TAGC Share Reform by MOC, the approval of the disposal of State-owned shares involved in the Merger Proposal by the Shandong SASAC and Hunan SASAC);
6. the identification of and entering into agreement with the appropriate Cash Alternative Provider(s) in respect of the provision of the Cash Alternative Amount; and
7. the approval of the TAGC Debt Restructuring Framework Agreement by the State Council (unless the relevant loans shall be repaid)

(unless the relevant condition is waived Provided That such condition is not required by law or regulatory authority).

Termination

Prior to the completion of the Merger, the Merger Agreement shall be terminated upon occurrence of any of the following circumstances:

- (a) Weichai Power and TAGC agreeing in writing to terminate the Merger Agreement prior to the completion date;
- (b) approvals or permissions for the Merger and the TAGC Share Reform not being granted by the relevant PRC authorities or departments;
- (c) any material breach of the responsibilities, undertakings or representations of the Merger Agreement by a party to the Merger Agreement and the other party requesting in writing to terminate the Merger Agreement;
- (d) any events required by laws and regulations leading to the termination of the Merger Agreement; or
- (e) the Merger is not completed within one year from the date of the Merger Agreement.

Others

If completion of the Merger Proposal does not occur on or before 30 April 2007, the Board may propose a final dividend for Weichai Power for 2006 for the consideration and approval by the 2006 annual general meeting of Weichai Power, provided that the aggregate amount of such dividend shall not exceed that of the interim dividend declared by Weichai Power for the six months ended 30 June 2006 (and the amount of such final dividend per Weichai Power Share shall be referred to as the “**Weichai Power per Share Final Dividend**”); and TAGC may also propose and declare a final dividend for 2006 at a rate per TAGC Share equal to the amount of Weichai Power per Share Final Dividend divided by 3.53. Save as aforesaid, both Weichai Power and TAGC have agreed not to distribute their respective retained earnings prior to the date of the completion of the Merger. The undistributed profits of Weichai Power and TAGC up to the date of completion of the Merger shall belong to the Shareholders of Weichai Power after completion of the Merger.

Effect of the Merger Agreement

The TAGC Shareholders comprise Zhuzhou State Assets Co, InvestCo and the TAGC Public Shareholders. As stated above, Zhuzhou State Assets Co has undertaken not to elect the Cash Alternative and InvestCo has undertaken not to participate in the Merger Proposal.

The Merger Proposal will only be implemented after the approvals of, inter alia, the Weichai Power EGMs, the TAGC Shareholders’ EGM and the TAGC Public Shareholders’ EGM (each by a two-third majority) have been obtained and the other conditions precedent stated above have been satisfied (or waived).

Under PRC law, after obtaining the said shareholders' approvals and other conditions precedent having been satisfied (or waived), the Company will become entitled to carry out the Merger Proposal and merge with TAGC, and TAGC will then cease to exist. Accordingly, all of TAGC's issued shares will be cancelled notwithstanding that there may exist TAGC Public Shareholders who have voted against the Merger Proposal at the relevant TAGC shareholders' meetings, and these TAGC shareholders will have to either accept the new Weichai A Shares or the Cash Alternative as consideration for the cancellation of their TAGC Shares.

4. BASIS OF DETERMINATION OF CONSIDERATION

The consideration under the Merger Agreement was determined after arm's length negotiations between Weichai Power and TAGC and after taking into account a number of factors including the per share closing price of the H Shares as quoted on the Hong Kong Stock Exchange on the Last Dealing Date, the per share closing price of TAGC Shares as quoted on the Shenzhen Stock Exchange on the Last Dealing Date and the potential advantages that would accompany the Merger Proposal (further details of which are described in the section headed "I. The Merger Proposal — 8. Reasons for and benefits of the Merger Proposal" in this announcement).

The Exchange Ratio has been determined as follows:

- (a) the per share price of the TAGC Shares is RMB5.80, representing a premium of approximately 14.85% over the closing price per TAGC Share of RMB5.05 as at the Last Dealing Date; and
- (b) the issue price of the new Weichai A Shares shall be RMB20.47 per share, representing a premium of approximately 4.87% (based on the exchange rate of HK\$1.00 to RMB1.02328, as quoted by The People's Bank of China on 1 September 2006) over the closing price per H Share of HK\$19.08 as at the Last Dealing Date,

and, accordingly, the Exchange Ratio for the Merger Proposal is that one Weichai A Share will be issued by Weichai Power for 3.53 TAGC Shares held by the TAGC Shareholders on the Final Record Date to be announced by Weichai Power and TAGC.

As required by the applicable regulations and procedures concerning the Guidelines and Guidance Opinions, TAGC held discussions with the TAGC Shareholders concerning the Merger Proposal for a period of 10 days after the release of the PRC announcement dated 1 September 2006 by TAGC in respect of the Merger Proposal. After such discussions, Weichai Power and TAGC have agreed that the prices of the TAGC Shares and the new Weichai A Shares mentioned above for the purpose of the Exchange Ratio, the Zhuzhou State Assets Co Gift Rate and the Cash Alternative Amount remain unchanged.

5. CASH ALTERNATIVE

Subject to below, the Merger Proposal is accompanied by a Cash Alternative at the rate of RMB5.05 per TAGC Share to the TAGC Public Shareholders who elect not to receive in whole (or in part) their entitlements to Weichai A Shares, subject to the Merger Proposal becoming unconditional. Although InvestCo holds approximately 28.12% of TAGC's issued shares, InvestCo will elect not to receive any cash payment under the cash alternative to be offered under the Merger Proposal.

The cash alternative will be made available by one or more third parties (who may (or may not) be securities underwriter or investment funds) (each a "**Cash Alternative Provider**") to be arranged by the listing sponsors to the Weichai A Share listing on the Shenzhen Stock Exchange. Weichai Power itself will not be a Cash Alternative Provider. For the TAGC Public Shareholders who elect to receive the Cash Alternative, the Cash Alternative Provider(s) will pay the Cash Alternative Amount to such TAGC Public Shareholders and such TAGC Public Shareholders will transfer their respective TAGC Shares to such Cash Alternative Provider(s), who will then become entitled to exchange such TAGC Shares with the new Weichai A Shares at the Exchange Ratio, provided that no single Cash Alternative Provider will, as a result of

this arrangement, be issued such number of new Weichai A Shares amounting to more than the shareholding of Weichai Factory in Weichai Power's issued shares following the completion of the Merger. After completion of the Merger Proposal, assuming that the shareholdings of the TAGC shareholders appearing in the shareholders' list of TAGC as referred to in the paragraph headed "I. The Merger Proposal — 7. Effect of the Merger Proposal on the shareholdings in Weichai Power" below remains unchanged, Weichai Factory will remain as the single largest shareholder (other than HKSCC Nominees Limited, being the nominee of CCASS) of Weichai Power and there will be no change of control of Weichai Power.

As at the date of this announcement, Weichai Power is in the process of negotiating with the potential Cash Alternative Provider(s). Upon finalization of the terms and entering into an agreement with the appropriate Cash Alternative Provider(s), Weichai Power will make a further announcement on the details of the cash alternative arrangements. Accordingly, as stated in the Merger Agreement, the identification of and entering into agreement with the appropriate Cash Alternative Provider(s) is a condition precedent to the completion of the Merger.

6. UNDERTAKINGS

1. Pursuant to an undertaking dated 31 August 2006, Zhuzhou State Assets Co has undertaken to Weichai Power that:
 - (a) it will transfer (by way of gift) a part of its holding of TAGC Shares to the TAGC Public Shareholders at the Zhuzhou State Assets Co Gift Rate, and such TAGC Shares so transferred by way of gift will also be exchanged for new Weichai A Shares at the Exchange Ratio. The above gift of TAGC Shares by Zhuzhou State Assets Co and issue of Weichai A Shares under the Merger Proposal will be completed at the same time; and
 - (b) it will not elect the Cash Alternative.
2. Pursuant to an undertaking dated 31 August 2006, InvestCo has undertaken to Weichai Power that it will not receive any Weichai A Shares or Cash Alternative in the Merger Proposal.
3. Pursuant to an undertaking dated 31 August 2006, Zhuzhou State Assets Co has undertaken to Weichai Power not to dispose of, or appoint other person to manage, its shares within a period of three years from the date they become listed on the Shenzhen Stock Exchange.
4. The holders of the Domestic Shares and Foreign Shares have also undertaken to Weichai Power that, following the listing of the Weichai A Shares on the Shenzhen Stock Exchange (the "**Shenzhen Stock Exchange Listing**"), they will not dispose of their Weichai A Shares for a period of three years after the Shenzhen Stock Exchange Listing.

7. EFFECT OF THE MERGER PROPOSAL ON THE SHAREHOLDINGS IN WEICHAI POWER

The Merger Proposal, if implemented, will involve the issue of the Weichai A Shares, on the basis of the Exchange Ratio, by Weichai Power (which will have the same voting right as Weichai Power's H Shares) to the shareholders of TAGC (other than InvestCo) as consideration for the cancellation of the respective TAGC Shares held by them, and TAGC will then cease to exist.

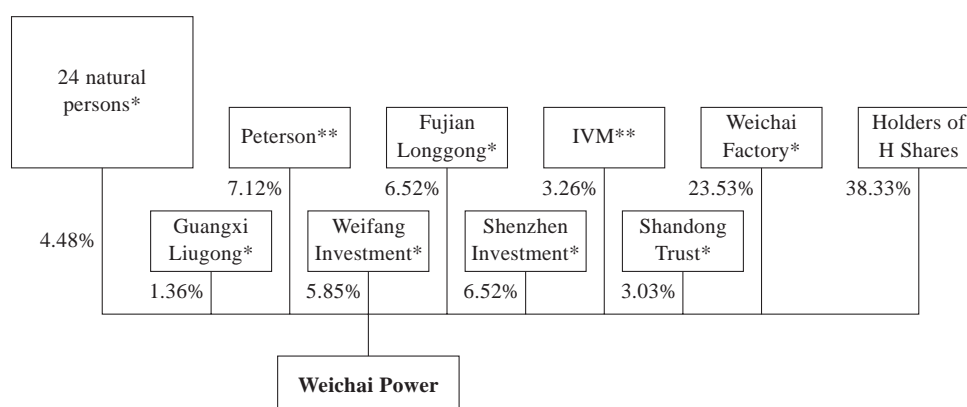
Based on the shareholders' list of TAGC as at 27 October 2006, InvestCo was the single largest shareholder of TAGC; the second largest shareholder (namely, Zhuzhou State Assets Co) held approximately 7.95% of TAGC's issued shares. The shares in TAGC are widely held, and, based on the said shareholders' list, TAGC had 50,599 shareholders as at 27 October 2006. The third, fourth and fifth largest shareholders of TAGC held approximately 2.46%, 1.47% and 0.77%, respectively of TAGC's issued shares.

On the basis of the Exchange Ratio and that TAGC has 936,286,560 shares in issue, of which 673,007,040 shares (being shares of TAGC in issue other than those held by InvestCo) will be cancelled pursuant to the Merger Proposal, Weichai Power will issue a maximum of 190,653,552 new Weichai A Shares, representing approximately 36.62% of Weichai Power's total issued shares (as enlarged by the issue of such new Weichai A Shares). Accordingly, on the aforesaid basis, after the completion of the Merger, Weichai Power will have 520,653,552 shares in issue, comprising 126,500,000 H Shares, 169,250,000 Domestic Shares and 34,250,000 Foreign Shares which will also be tradable on the Shenzhen Stock Exchange as Weichai A Shares, and 190,653,552 new Weichai A Shares issued under the Merger Proposal. Accordingly, after the completion of the Merger and, pursuant to the requirements of the CSRC, as a consequence thereof, the Domestic Shares and Foreign Shares of Weichai Power will become Weichai A Shares and will also be listed on the Shenzhen Stock Exchange and rank pari passu in all respects with the new Weichai A Shares to be issued under the Merger. The H Shares will continue to be listed on the Hong Kong Stock Exchange.

On the basis of the above shareholders' list of TAGC and assuming that the shareholdings of Weichai Power's shareholders as outlined in the charts below remain unchanged, the completion of the Merger will not result in a change of control of Weichai Power.

The distribution of the shareholders of Weichai Power and their respective shareholding interests in the Company before and after the completion of the Merger Proposal are as follows:

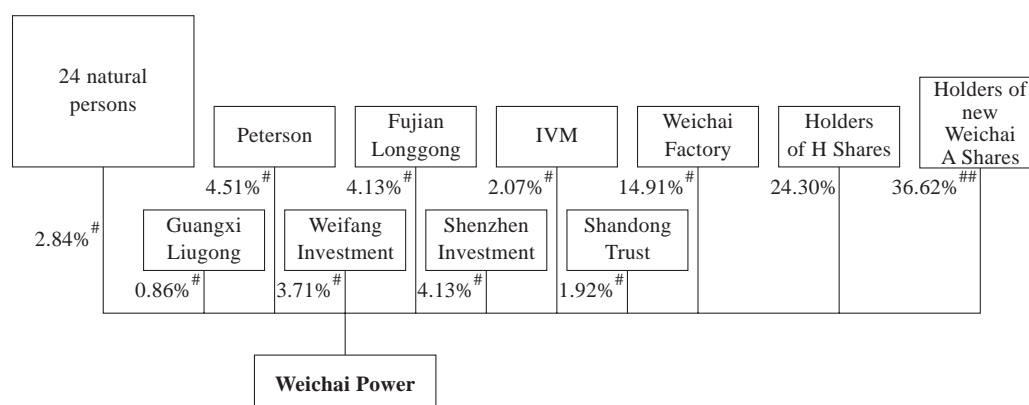
(a) Immediately before the completion of the Merger Proposal (as at the Latest Practicable Date)



Notes: * These are holders of Domestic Shares.

** These are holders of Foreign Shares.

(b) Immediately after the Merger Proposal (assuming that the shareholdings of Weichai Power's shareholders as outlined in the above chart remain unchanged)



Notes: [#] These shares will only become Weichai A Shares after the Merger.

^{##} These Weichai A Shares will be issued pursuant to the Merger.

8. REASONS FOR AND BENEFITS OF THE MERGER PROPOSAL

The Directors believe that there are a number of reasons for and benefits of the Merger Proposal. These include:

(a) Enhance positioning in the heavy-duty truck value chain

The Enlarged Group creates a greater breadth of products that the Weichai Power management team can control and grow in the heavy-duty trucks market. Due to the complementary nature of these businesses, the Directors believe that the Enlarged Group will be a dominant player in the heavy-duty trucks market. With the combination of Weichai Power's diesel engines and TAGC Group's transmissions and axles, the Enlarged Group will be a leader in the ability to provide an integrated power train for heavy-duty trucks, and Weichai Power will be able to better position itself as the provider of choice for the heavy-duty trucks market.

(b) Create effectiveness and synergies

The Directors believe that the Merger may create the following effectiveness and synergies for the Enlarged Group:

Cost Synergies

Due to the complementary nature of the respective businesses of the Weichai Power Group and the TAGC Group, there are opportunities to reduce duplicate functions in both groups of companies to create a unified force and reduce costs. Many administrative functions can be consolidated under a single management team. After-sales services centres for parts and services, supply chains and certain sales channels could be consolidated, creating both cost savings for the Enlarged Group as well as increasing customer satisfaction by moving such services into a single network.

Revenue Synergies

Both the Weichai Power Group and the TAGC Group have different sales chains that the Enlarged Group will be able to integrate and create more outlets for the Enlarged Group's products. This increased sales network and capability could provide greater push into the market. Additionally, incentives for current customers of one product may be able to help pull other associate products to increase the revenues of the Enlarged Group.

Finance Synergies

The Enlarged Group's financial position, created through the financial strength of Weichai Power, will have a greater ability to restructure financing in an optimal manner. The reduction in financial costs will increase net income and allow capital to be more efficiently redeployed back into the businesses or to shareholders.

(c) Create a more streamlined organisation

Through the Merger, management will be consolidated and time and resources will be saved by having less overheads and a simplified organization structure. Improvements and efficiencies will be achieved through a more direct management chain offering better control of TAGC's subsidiaries and will provide enhanced efficiency in the overall operation of the Enlarged Group.

For the reasons stated above and elsewhere in this announcement and in the Weichai Power Circular to be issued, the Directors believe that the terms of the Merger Proposal are fair and reasonable and in the interests of the Shareholders as a whole.

9. INFORMATION ON WEICHAI POWER

Weichai Power is established under PRC law as a limited company on 23 December 2002. Its H Shares are listed on the Hong Kong Stock Exchange.

Weichai Power is principally engaged in the research and development, manufacturing and sale of high-speed heavy-duty diesel engines and engine parts.

As at the Latest Practicable Date, Weichai Factory held approximately 23.53% of the issued share capital of Weichai Power.

For the three years ended 31 December 2005 and the six months ended 30 June 2006 (or as at 31 December 2003, 2004 or 2005, or 30 June 2006 (as the case may be)), the turnover, profit before taxation, net profit attributable to the equity holders of Weichai Power and total assets of the Weichai Power Group, prepared in accordance with the HKFRS, are as follows:

	Year ended 31 December (unless otherwise indicated)			Six months ended 30 June (unless otherwise indicated)
	2003 RMB'000 (audited)	2004 RMB'000 (audited)	2005 RMB'000 (audited)	2006 RMB'000 (unaudited)
Turnover	3,555,670	6,155,779	5,250,735	3,493,590
Profit before taxation	455,493	738,738	410,602	391,016
Net profit attributable to equity holders of Weichai Power	277,468	533,254	315,203	318,742
Total assets (as at 31 December or 30 June, as the case may be)	2,371,908	4,914,308	5,611,955	6,602,561

10. INFORMATION ON THE TAGC GROUP

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 motor vehicle parts and accessories (which include heavy-duty vehicle transmissions, spark plugs, axles, chassis, air-conditioner compressors, etc.) for heavy-duty trucks. The TAGC Group is also engaged in the manufacture and sale of metal products (such as metal fencing) and general trading.

TAGC

TAGC was established under PRC law as a joint stock limited company on 17 December 1993 and its shares are listed on the Shenzhen Stock Exchange. TAGC is principally engaged in investment holding. During the financial years ended 31 December 2003, 2004 and 2005 and the six months ended 30 June 2006, TAGC principally derived its income from the operations of its subsidiaries, and other investments.

As at the Latest Practicable Date, InvestCo, a wholly-owned subsidiary of Weichai Power, holds approximately 28.12% of the issued share capital of TAGC.

As at the Latest Practicable Date, TAGC had 39 subsidiaries. Amongst TAGC's subsidiaries, SFGC (a 51% subsidiary of TAGC) and Shaanxi Zhongqi (a 51% subsidiary of TAGC), together, accounted for approximately 74% of the revenues of the TAGC Group in the six months ended 30 June 2006.

SFGC

SFGC was established under PRC law as a limited liability company on 28 September 2001. It is 51% held by TAGC and 49% held by 陝西汽車齒輪總廠 (Shaanxi Automobile Gear Factory).

SFGC is principally engaged in the manufacture, sale, design and development of transmissions and other motor vehicle parts and components such as gears. It is the largest manufacturer of transmissions for heavy duty trucks in the PRC.

Products

The major products produced and sold by SFGC are transmissions and parts and components. The major transmissions manufactured by SFGC are heavy-duty vehicles transmissions. Such transmissions adopt the technologies of twin-countershaft, floating main shaft and double-H operation mechanism and have the following characteristics and advantages: compact size, low noise emission, and stable, smooth and reliable operation.

Shaanxi Zhongqi

Shaanxi Zhongqi was established under PRC law as a limited liability company on 19 September 2002. It is 51% held by TAGC and 49% held by 陝西汽車集團有限責任公司 (Shaanxi Automobile Group Co., Ltd.).

Shaanxi Zhongqi is principally engaged in the manufacture and sale of heavy-duty vehicles and parts and components of heavy-duty vehicles. It is one of the five largest heavy-duty truck manufacturers in the PRC in 2005 in terms of revenue.

Products

The major products of Shaanxi Zhongqi are heavy-duty vehicles, which can be divided into four main categories in terms of use, namely, trucks, tractors, dump trucks and special-purpose vehicles.

Shaanxi Zhongqi's trucks are used for the carriage of goods, whilst its tractors are usually used for towing in ports; its dump trucks are mainly used for the transporting of loose materials for construction engineering; and its special-purpose vehicles are produced for specific needs, including concrete stirring vehicles and freezer vehicles.

The major heavy-duty vehicles produced and sold by Shaanxi Zhongqi are the 奧龍系列 (O'Long Series) and 德龍系列 (D'Long Series). The O'Long Series vehicles have the advantages of being reliable, comfortable and durable. The D'Long Series is technologically more advanced compared to the O'Long Series.

Other TAGC subsidiaries

Other subsidiaries of TAGC include 株洲湘火炬火花塞有限責任公司 (Torch Spark Plug Co., Ltd.), a 97.5% subsidiary of TAGC ("TSPC"), 牡丹江富通汽車空調有限公司 (Mudanjiang Futong Auto Air Conditioner Co., Ltd.), a 51% subsidiary of TAGC ("Mudanjiang Futong"), and 株洲湘火炬機械製造有限責任公司 (Zhuzhou Torch Machinery Manufacturing Co., Ltd.), a wholly-owned subsidiary of TAGC ("Zhuzhou Torch Machinery"). TSPC is principally engaged in the production and sale of spark plugs, Mudanjiang Futong is principally engaged in the production and sale of air-conditioner compressors and Zhuzhou Torch Machinery is principally engaged in the production and sale of automobile parts such as piston pins, jibs, handspikes and rocker axles.

For the three years ended 31 December 2005 and the six months ended 30 June 2006 (or as at 31 December 2003, 2004 or 2005, or 30 June 2006 (as the case may be)), the turnover, profit before taxation, net profit after taxation attributable to the TAGC Shareholders, total assets and net assets of the TAGC Group, prepared in accordance with the HKFRS, are as follows:

	Year ended 31 December (unless otherwise indicated)			Six months ended 30 June (unless otherwise indicated)
	2003	2004	2005	2006
	RMB'000	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(audited)	(audited)
Turnover	11,063,355	12,399,814	7,995,568	5,870,070
Profit before taxation	716,532	850,693	457,651	373,099
Net profit after taxation attributable to the TAGC Shareholders	218,322	220,586	150,047	115,915
Total assets (as at 31 December or 30 June as the case may be)	9,816,671	8,740,950	8,013,550	9,597,237
Net assets (as at 31 December or 30 June as the case may be)	2,808,643	2,767,921	2,999,771	3,263,736

11. LISTING RULES IMPLICATIONS

In the financial year of 2005, the consolidated revenue of the Weichai Power Group was approximately RMB5,250,735,000 and the consolidated revenue of the TAGC Group was approximately RMB7,995,568,000 and as at 30 June 2006, the consolidated total assets of the Weichai Power Group amounted to approximately RMB6,602,561,000 and the consolidated total assets of the TAGC Group amounted to approximately RMB9,597,237,000. Accordingly, based on the revenue ratio and assets ratio under Chapter 14 of the Listing Rules, the Merger Proposal (if it is implemented, becomes unconditional and is completed) will constitute a very substantial acquisition of Weichai Power under Chapter 14 of the Listing Rules and is therefore subject to the prior approval of the Weichai Power Shareholders. However, the Merger Proposal will not constitute a reverse takeover under Chapter 14 of the Listing Rules.

12. PRC DISCLOSURES

Pursuant to the request of the CSRC, Weichai Power is required to disclose, in the PRC, a combined profit forecast (prepared in accordance with the PRC generally accepted accounting principles) of the Enlarged Group for the year ending 31 December 2006 **on the hypothetical assumption that both the acquisition of the 71.88% interest in TAGC not held by InvestCo and the Merger were completed on 1 January 2006** (the “Hypothetical PRC GAAP Profit Forecast”) (Note). As the Weichai Power EGMs for the purpose of considering the Merger Proposal are only convened to be held on 29 December 2006, the Merger cannot be completed by 31 December 2006. Accordingly, the Directors of Weichai Power consider the principal assumptions of the Hypothetical PRC GAAP Profit Forecast that both the acquisition of the 71.88% interest in TAGC not held by InvestCo and the Merger were completed on 1 January 2006 to be unrealistic. The Directors of Weichai Power are further of the view that the Hypothetical PRC GAAP Profit Forecast is not consistent with HKFRS or Weichai Power’s existing accounting policy which requires the acquisition be accounted for as from the effective date of the acquisition, which, if the Merger will be completed, will only be in 2007.

(Note: The Hypothetical PRC GAAP Profit Forecast will be published on the website of the Shenzhen Stock Exchange (www.szse.cn), 《中國證券報》 (China Securities Journal), 《證券時報》 (Securities Times) and 《上海證券報》 (Shanghai Securities News) on 13 November 2006.)

The Directors of Weichai Power strongly urge the Weichai Power Shareholders and investors, and potential investors, of Weichai Power Shares to disregard, and not to rely on or take account of, the Hypothetical PRC GAAP Profit Forecast when making any decision in relation to any investment in or disposal of any Weichai Power Shares (or any interest therein). **Accordingly, investors and potential investors in H Shares should not rely on information published or disseminated from the PRC when they deal, or contemplate dealing, in the H Shares or other securities of Weichai Power.**

13. AMENDMENTS TO THE WEICHAI POWER ARTICLES

For the purpose of the listing of the Weichai A Shares on the Shenzhen Stock Exchange, to comply with the recently amended PRC Company Law and other relevant PRC laws and regulations, and to maintain an orderly operation of the various corporate functions of Weichai Power, the Board proposes to make certain amendments to the Weichai Power Articles.

Subject to the approval of the Weichai Power Shareholders' EGM in relation thereto being obtained and the approvals by, and the necessary filings at, the relevant governmental and/or regulatory bodies of the PRC, the amended Articles of Association will become effective upon the completion of issue of the Weichai A Shares.

The proposed amendments concern a number of areas, including:

- (a) the scope of business;
- (b) the registered capital and shareholding structure, reduction of capital and share repurchase, and share register;
- (c) the rights and obligations of shareholders and controlling shareholders, and the proceedings of shareholders' general meetings and class meetings;
- (d) the rights and obligations of Directors, Supervisors, general manager and other senior management officers, and the proceedings of Board meetings and supervisory committee meetings;
- (e) the distribution of profits;
- (f) the appointment of accounting firms;
- (g) the merger and division of company;
- (h) the procedures of the amendment to the Weichai Power Articles; and
- (i) the publication of notice and announcement, dispute resolutions and interpretation of the Weichai Power Articles.

II. CONTINUING CONNECTED TRANSACTIONS OF THE ENLARGED GROUP AFTER THE MERGER

1. WEICHAI POWER CONTINUING CONNECTED TRANSACTIONS

A. Renewal of the Weichai Power Continuing Connected Transactions

Reference is made to the 2004 Announcement, the 2004 Weichai Power Circular, the 2005 Announcement and the 2005 Weichai Power Circular in relation to, inter alia, the Weichai Power Continuing Connected Transactions. The Weichai Power Continuing Connected Transactions were approved and varied (as the case may be) by the Weichai Power Shareholders at the 2004 Weichai Power Shareholders' EGM and 2005 Weichai Power Shareholders' EGM (as the case may be).

The Weichai Power Continuing Connected Transactions Agreements are due to expire on 31 December 2006 (except the asset lease agreement dated 21 October 2003 in relation to the lease of certain buildings and equipment by Weichai Factory to Weichai Power and the lease agreement dated 1 July 2003 in relation to the lease of certain land and buildings by Chongqing Weichai to Weichai Power, which are both due to expire on 30 June 2008). Weichai Power has entered into the Supplemental Agreements (certain of which are conditional on the Weichai Power Independent Shareholders approving the relevant New Caps at the Weichai Power Shareholders' EGM) to extend the term of the Weichai Power Continuing Connected Transactions Agreements to 31 December 2009.

A summary of the Weichai Power Continuing Connected Transactions, the Supplemental Agreements, the Existing Caps for the three years ending 31 December 2006 and the actual transaction amounts for the two years ended 31 December 2005 (audited) and for the six months ended 30 June 2006 (unaudited) for the Weichai Power Continuing Connected Transactions is set out below. As the audited results for the financial year ending 31 December 2006 are not available as at the Latest Practicable Date, the transaction amounts of the Weichai Power Continuing Connected Transactions for such period are hence not provided for in this announcement.

The Existing Caps for the Weichai Power Continuing Connected Transactions, as approved by the Weichai Power Shareholders at the 2004 Weichai Power Shareholders' EGM and 2005 Weichai Power Shareholders' EGM (as the case may be), were assigned to such Weichai Power Continuing Connected Transactions for the three years ending 31 December 2006. Weichai Power proposes to renew the Existing Caps (such renewed caps shall be referred to as the "New Caps") as set out below. The New Caps for the three years ending 31 December 2009 are based on the internal estimates of Weichai Power, which are in turn determined by reference to the historical performance and the operating conditions of the Weichai Power Group. The bases of the New Caps are more particularly set out below.

A summary of the proposed New Caps for each of the Weichai Power Continuing Connected Transactions is set out below:

Connected person and details of relevant Continuing Connected Transactions			2007 RMB' million	2008 RMB' million	2009 RMB' million
I. Weichai Factory					
1.	Provision of general services by Weichai Factory to Weichai Power	<i>New Cap</i>	7.0 [#]	7.5 [#]	8.0 [#]
2.	Supply and/or connection of utilities by Weichai Factory to Weichai Power	<i>New Cap</i>	110 [#]	125 [#]	140 [#]
3.	Lease of Buildings and Equipment by Weichai Factory to Weichai Power	<i>New Cap</i>	43*	43*	43*
4.	Supply of WD615 Engines by Weichai Power to Weichai Factory	<i>New Cap</i>	26 [#]	29 [#]	34 [#]

Connected person and details of relevant Continuing Connected Transactions			2007 <i>RMB'</i> <i>million</i>	2008 <i>RMB'</i> <i>million</i>	2009 <i>RMB'</i> <i>million</i>
5.	Supply of finished diesel engine parts by Weichai Factory to Weichai Power	<i>New Cap</i>	136 [#]	160 [#]	185 [#]
6.	Supply of semi-finished diesel engine parts by Weichai Power to Weichai Factory	<i>New Cap</i>	220 [#]	250 [#]	290 [#]
7.	Provision of sales and warranty period repair services by Weichai Power to Weichai Factory	<i>New Cap</i>	11.5 [#]	13 [#]	15 [#]
II. Chongqing Weichai					
1.	Provision of general services by Chongqing Weichai to Weichai Power	<i>New Cap</i>	8.5 [#]	9.5 [#]	10.5 [#]
2.	Supply and/or connection of utilities by Chongqing Weichai to Weichai Power	<i>New Cap</i>	16 [#]	17 [#]	18 [#]
3.	Lease of Chongqing Properties by Chongqing Weichai to Weichai Power	<i>New Cap</i>	4 [*]	4 [*]	4 [*]
4.	Provision of processing services by Chongqing Weichai to Weichai Power	<i>New Cap</i>	70 [#]	80 [#]	90 [#]
III. Weichai Gas					
	Supply of WD615 Engines and related parts by Weichai Power to Weichai Gas	<i>New Cap</i>	9 [*]	14 [*]	19 [*]
IV. Guangxi Liugong Machinery					
	Supply of WD615 Engines and parts by Weichai Power to Guangxi Liugong Machinery	<i>New Cap</i>	500 [#]	520 [#]	610 [#]
V. Fujian Longgong					
	Supply of diesel engines and parts by Weichai Power to Fujian Longgong	<i>New Cap</i>	135 [#]	150 [#]	165 [#]
VI. Shanghai Longgong					
	Supply of diesel engines and parts by Weichai Power to Shanghai Longgong	<i>New Cap</i>	500 [#]	520 [#]	570 [#]
VII. Weichai Deutz					
1.	Supply of semi-finished diesel engine parts by Weichai Power to Weichai Deutz	<i>New Cap</i>	48 [*]	58 [*]	69 [*]
2.	Provision of sales and warranty period repair services by Weichai Power to Weichai Deutz	<i>New Cap</i>	9 [*]	11 [*]	13 [*]

Notes:

- (1) For the purposes of ascertaining whether a Weichai Power Continuing Connected Transaction would exceed the 2.5% Threshold and hence whether it is an Exempt Continuing Connected Transaction or a Non-exempt Continuing Connected Transaction, the transactions within each of the following paragraphs (a) to (e) have been aggregated:

- (a) sections I(1), I(2), II(1) and II(2) above;
- (b) sections I(4), I(6) and I(7) above;
- (c) sections I(3) and II(3) above;

- (d) sections I(5) and II(4) above; and
 - (e) sections V and VI above.
- (2) Where a New Cap is marked “*”, that means the relevant Weichai Power Continuing Connected Transactions are Exempt Continuing Connected Transactions.
 - (3) Where a New Cap is marked “#”, that means the relevant Weichai Power Continuing Connected Transactions are Non-exempt Continuing Connected Transactions, because they either individually or when aggregated in the manner as referred to in paragraph (1) above exceed the 2.5% Threshold.

I. Continuing connected transactions between Weichai Power and Weichai Factory

Weichai Factory is engaged in the manufacture and sale of 6160A series, 170Z series and R and 95 series diesel engines, but none of them are high-speed heavy-duty diesel engines and they cannot be used in heavy-duty vehicles with a load capacity of 15 tonnes (or above) or heavy-duty construction machines, which are the key markets for Weichai Power’s WD615 and WD618 Engines.

Weichai Factory is a substantial shareholder and a promoter of Weichai Power and is accordingly a connected person of Weichai Power.

1. Provision of general services by Weichai Factory to Weichai Power

Agreement: Supplemental agreement to the general services agreement dated 17 November 2003 (as amended and supplemented by the supplemental agreements dated 15 September 2004 and 21 September 2005)

Date: 12 November 2006

Parties: 1. Weichai Power
2. Weichai Factory

Term: 1 January 2007 to 31 December 2009

Other terms and details:

Pursuant to the general services agreement (prior to the entering into of this latest supplemental agreement), Weichai Factory has agreed to provide certain general services to Weichai Power, namely, environmental protection, security, fire, repair, maintenance and other general services and the payment of certain town land use right tax in relation to the property occupied and/or used by Weichai Power (and/or its staff, if applicable), for a term of three years with effect from 1 January 2003. The original general services agreement (prior to the entering into of this latest supplemental agreement) is due to expire on 31 December 2006 and this latest supplemental agreement will extend the original general services agreement for a term of three years with effect from 1 January 2007. Save as aforesaid, all other terms of the original general services agreement remain unchanged.

Under the general services agreement (as supplemented by this latest supplemental agreement), the fees payable by Weichai Power to Weichai Factory with respect to the provision of the said general services are determined based on the actual costs incurred by Weichai Factory and apportioned on a pro-rata basis according to the area of the relevant property occupied and/or used by Weichai Power plus a service charge representing not more than 20% of such costs.

The table below summarises the Existing Caps for the three years ending 31 December 2006 for the Weichai Power Continuing Connected Transactions set out in this sub-section:

	2004 <i>RMB</i>	2005 <i>RMB</i>	2006 <i>RMB</i>
Existing Cap	15,000,000	16,000,000	18,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2005 (audited) and for the six months ended 30 June 2006 (unaudited) for the Weichai Power Continuing Connected Transactions set out in this sub-section:

	1 January 2004– 31 December 2004 (audited) <i>RMB</i>	1 January 2005– 31 December 2005 (audited) <i>RMB</i>	1 January 2006– 30 June 2006 (unaudited) <i>RMB</i>
Actual transaction amount	13,281,164	15,588,594	6,179,544

In 2003 to 2005, Weichai Factory charged Weichai Power a service charge of 20% of the actual costs incurred by it for the provision of the above general services, which rate was reduced to 5% since 1 January 2006, being after the amendment to the original general services agreement (the details of which were set out in the 2005 Announcement and the 2005 Weichai Power Circular) and Weichai Power expects that the same rate will be charged by Weichai Factory for the three years ending 31 December 2009.

Weichai Power estimates that the total transaction amounts for the provision of the above general services by Weichai Factory to Weichai Power will reduce significantly as a result of the above-mentioned reduction in the service charge rate applied by Weichai Factory. Weichai Power estimates that the amounts payable by Weichai Power to Weichai Factory in respect of such general services for the three years ending 31 December 2009 will not exceed RMB7 million, RMB7.5 million and RMB8 million, respectively, and such amounts have accordingly been set as the proposed New Caps for these Weichai Power Continuing Connected Transactions.

The New Caps have been estimated by Weichai Power primarily based on the relevant historical costs incurred plus a service charge representing 5% of such costs.

The table below summarises the proposed New Caps for the Weichai Power Continuing Connected Transactions set out in this sub-section for the three years ending 31 December 2009:

	2007 <i>RMB</i>	2008 <i>RMB</i>	2009 <i>RMB</i>
New Cap	7,000,000	7,500,000	8,000,000

As the New Caps for these Weichai Power Continuing Connected Transactions for the three years ending 31 December 2009 (when aggregated with those New Caps for the same period under sections I(2), II(1) and II(2) below) exceed the 2.5% Threshold, they constitute Non-exempt Continuing Connected Transactions of Weichai Power under Chapter 14A of the Listing Rules and will be subject to the reporting requirements set out in Rules 14A.45 and 14A.46 and the annual review requirements of Rules 14A.37 and 14A.38, and approval from the Weichai Power

Independent Shareholders (being Weichai Power Shareholders other than Weichai Factory and Tan Xuguang (who is the general manager of Weichai Factory), who will abstain from voting at the Weichai Power Shareholders' EGM in relation to the resolution to be proposed in respect of these New Caps, and no other Weichai Power Shareholders will be required to abstain from voting in relation thereto at the Weichai Power Shareholders' EGM) at the Weichai Power Shareholders' EGM will be required.

Since these Weichai Power Continuing Connected Transactions are Non-exempt Continuing Connected Transactions and the New Caps are subject to Weichai Power Independent Shareholders' approval as aforesaid, this latest supplemental agreement (which will extend the term of the original general services agreement to 31 December 2009) is conditional upon the said resolution being passed at the Weichai Power Shareholders' EGM. All other terms and conditions of the original general services agreement remain unchanged.

2. *Supply and/or connection of utilities by Weichai Factory to Weichai Power*

Agreement: Supplemental agreement to the utility services agreement dated 17 November 2003 (as supplemented by the supplemental agreements dated 15 September 2004 and 21 September 2005)

Date: 12 November 2006

Parties: 1. Weichai Power
2. Weichai Factory

Term: 1 January 2007 to 31 December 2009

Other terms and details:

Pursuant to the utility services agreement (prior to the entering into of this latest supplemental agreement), Weichai Factory has agreed to provide or provide the connection of (as the case may be) certain utility and energy services to Weichai Power, namely, water, electricity, gas, steam, oxygen, nitrogen, compressed air, waste water treatment and supply of treated waste water, etc., for a term of three years with effect from 1 January 2003. The original utility services agreement (prior to the entering into of this latest supplemental agreement) is due to expire on 31 December 2006 and this latest supplemental agreement will extend the utility services agreement for a term of three years with effect from 1 January 2007. Save as aforesaid, all other terms of the original utility services agreement remain unchanged.

Under the utility services agreement, the fees payable by Weichai Power to Weichai Factory with respect to the provision and/or connection of the said utility and energy services are determined based on the actual usage of Weichai Power and by reference to the market prices of such utilities. If only government published rates are available with respect to certain utilities, the fees payable would be determined by reference to the government published rates plus the wastage, depreciation and repair expenses incurred by Weichai Factory in relation thereto. If no market price or government published rates with respect to the above utility and energy services are available, Weichai Power will pay the actual costs incurred by Weichai Factory in relation to the provision of such utility and energy services plus a service charge representing not more than 20% of such costs.

The table below summarises the Existing Caps for the three years ending 31 December 2006 for the Weichai Power Continuing Connected Transactions set out in this sub-section:

	2004 <i>RMB</i>	2005 <i>RMB</i>	2006 <i>RMB</i>
Existing Cap	135,000,000	170,000,000	170,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2005 (audited) and for the six months ended 30 June 2006 (unaudited) for the Weichai Power Continuing Connected Transactions set out in this sub-section:

	1 January 2004– 31 December 2004 (audited) <i>RMB</i>	1 January 2005– 31 December 2005 (audited) <i>RMB</i>	1 January 2006– 30 June 2006 (unaudited) <i>RMB</i>
Actual transaction amount	108,219,020	113,850,411	47,471,711

In 2003 to 2005, Weichai Factory charged Weichai Power a service charge of 20% of the actual costs incurred by it for the provision of the above utility and energy services, which rate was reduced to 5%, being after the amendment to the original utility services agreement (the details of which were set out in the 2005 Announcement and the 2005 Weichai Power Circular), since 1 January 2006 and Weichai Power expects that the same rate will be charged by Weichai Factory for the three years ending 31 December 2009.

Weichai Power estimates that the total transaction amounts for the provision of the above utility and energy services by Weichai Factory to Weichai Power for the three years ending 31 December 2009 will be less than the actual transaction amounts for the two years ended 31 December 2005 due to the reduction of the service charge rate applied by Weichai Factory and the new production facility of Weichai Power in the High Technology Industrial Development Zone (which commenced operation in 2005), which has assumed part of the production work of Weichai Power at its Weifang Production Line.

Despite the above, however, Weichai Power estimates that it will experience a steady increase in the demand of its products for the three years ending 31 December 2009, which will drive the utilization of its production facility leading to an increase in the utility to be consumed by Weichai Power. Weichai Power estimates that the amounts payable by Weichai Power to Weichai Factory in respect of such utility and energy services for the three years ending 31 December 2009 will not exceed RMB110 million, RMB125 million and 140 million, respectively, and such amounts have accordingly been set as the New Caps for these Weichai Power Continuing Connected Transactions.

The New Caps have been estimated by Weichai Power primarily based on the relevant historical costs incurred plus a service charge representing 5% of such costs. The estimate has taken into account an increase in production volume of approximately 13-15% per year, which is partially offset by shifting of part of its production work from its Weifang Production Line to the new production line in the High Technology Industrial Development Zone.

The table below summarises the proposed New Caps for New Weichai Power Continuing Connected Transactions set out in this sub-section for the three years ending 31 December 2009:

	2007 RMB	2008 RMB	2009 RMB
New Cap	110,000,000	125,000,000	140,000,000

As the New Caps for these Weichai Power Continuing Connected Transactions for the three years ending 31 December 2009 (when aggregated with those New Caps for the same period under sections I(1) above and II(1) and II(2) below) exceed the 2.5% Threshold, they constitute Non-exempt Continuing Connected Transactions of Weichai Power under Chapter 14A of the Listing Rules and will be subject to the reporting requirements set out in Rules 14A.45 and 14A.46 and the annual review requirements of Rules 14A.37 and 14A.38, and approval from the Weichai Power Independent Shareholders (being Weichai Power Shareholders other than Weichai Factory and Tan Xuguang (who is the general manager of Weichai Factory), who will abstain from voting at the Weichai Power Shareholders' EGM in relation to the resolution to be proposed in respect of these New Caps, and no other Weichai Power Shareholders will be required to abstain from voting in relation thereto at the Weichai Power Shareholders' EGM) at the Weichai Power Shareholders' EGM will be required.

Since these Weichai Power Continuing Connected Transactions are Non-exempt Continuing Connected Transactions and the New Caps are subject to Weichai Power Independent Shareholders' approval as aforesaid, this latest supplemental agreement (which will extend the term of the original utility services agreement to 31 December 2009) is conditional upon the said resolution being passed at the Weichai Power Shareholders' EGM. All other terms and conditions of the original general services agreement remain unchanged.

3. *Lease of buildings and equipment by Weichai Factory to Weichai Power*

Agreement: Supplemental agreement to the asset lease agreement dated 21 October 2003

Date: 12 November 2006

Parties:

1. Weichai Power
2. Weichai Factory

Term: 1 July 2008 to 31 December 2009

Other terms and details:

Pursuant to the asset lease agreement (prior to the entering into of this latest supplemental agreement), Weichai Factory has agreed to lease to Weichai Power certain buildings (including factories and warehouses with a total gross floor area of 63,245 sq.m.) situated at Weichai Factory (the "**Buildings**") and all the equipment in relation to the manufacture of certain semi-finished diesel engine parts (collectively referred to as "**Equipment**") located in the Buildings (and such Buildings and Equipment are commonly known as the "casting and forging workshop") for a term of 5 years with effect from 1 July 2003 at an annual rental of RMB42,814,310.

The table below summarises the Existing Caps for the three years ending 31 December 2006 for the Weichai Power Continuing Connected Transactions set out in this sub-section:

	2004 <i>RMB</i>	2005 <i>RMB</i>	2006 <i>RMB</i>
Existing Cap	43,000,000	43,000,000	43,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2005 (audited) and for the six months ended 30 June 2006 (unaudited) for the Weichai Power Continuing Connected Transactions set out in this sub-section:

	1 January 2004– 31 December 2004 (audited) <i>RMB</i>	1 January 2005– 31 December 2005 (audited) <i>RMB</i>	1 January 2006– 30 June 2006 (unaudited) <i>RMB</i>
Actual transaction amount	42,814,310	42,814,310	21,407,155

The term of the original asset lease agreement (prior to the entering into of this latest supplemental agreement) is due to expire on 30 June 2008 and this latest supplemental agreement will extend the original asset lease agreement for a term of 18 months with effect from 1 July 2008. The annual rent for the lease of the Buildings and Equipment for the 18 months ending 31 December 2009 remains at RMB42,814,310, and, accordingly, RMB43 million is set as the New Caps for these Weichai Power Continuing Connected Transactions for the three years ending 31 December 2009. Save as aforesaid, all other terms of the original asset lease agreement remain unchanged.

Vigers Appraisal & Consulting Limited, the property valuer engaged by Weichai Power for the purpose of preparing a valuation in respect of the lease of the Buildings and the Equipment, has confirmed that the above annual rentals reflect the prevailing market rates and is fair and reasonable.

The table below summarises the New Caps for the Weichai Power Continuing Connected Transactions set out in this sub-section for the three years ending 31 December 2009:

	2007 <i>RMB</i>	2008 <i>RMB</i>	2009 <i>RMB</i>
New Cap	43,000,000	43,000,000	43,000,000

As the New Caps for these Weichai Power Continuing Connected Transactions for the three years ending 31 December 2009 do not exceed the 2.5% Threshold, they constitute Exempt Continuing Connected Transactions of Weichai Power under Chapter 14A of the Listing Rules and will be subject to the reporting requirements set out in Rules 14A.45 and 14A.46 and the annual review requirements of Rules 14A.37 and 14A.38.

Since these Weichai Power Continuing Connected Transactions for the three years ending 31 December 2009 are Exempt Continuing Connected Transactions and the New Caps are not subject to the approval of Weichai Power Independent Shareholders, this latest supplemental agreement (which will extend the term of the original asset lease agreement to 31 December 2009) is unconditional. All other terms and conditions of the original asset lease agreement remain unchanged.

4. *Supply of WD615 Engines by Weichai Power to Weichai Factory*

Agreement: Supplemental agreement to the framework agreement dated 17 November 2003 (as supplemented by a supplemental agreement dated 15 September 2004)

Date: 12 November 2006

Parties: 1. Weichai Power
2. Weichai Factory

Term: 1 January 2007 to 31 December 2009

Other terms and details:

Pursuant to the framework agreement (prior to the entering into of this latest supplemental agreement), Weichai Power has agreed to supply Weichai Factory, at market prices, not more than certain stated quantities of WD615 Engines for each of the three years ending 31 December 2006. The WD615 Engines are one of the components of the power generators manufactured by Weichai Factory. The original framework agreement (prior to the entering into of this latest supplemental agreement) is due to expire on 31 December 2006 and this latest supplemental agreement will extend the original framework agreement for a term of three years with effect from 1 January 2007. Save as aforesaid and the removal of the above references to the amount of WD615 Engines for the past periods (as they are no longer relevant), all other terms of the original framework agreement remain unchanged.

The table below summarises the Existing Caps for the three years ending 31 December 2006 for the Weichai Power Continuing Connected Transactions set out in this sub-section:

	2004 <i>RMB</i>	2005 <i>RMB</i>	2006 <i>RMB</i>
Existing Cap	90,000,000	115,000,000	115,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2005 (audited) and for the six months ended 30 June 2006 (unaudited) for the Weichai Power Continuing Connected Transactions set out in this sub-section:

	1 January 2004– 31 December 2004 (audited) <i>RMB</i>	1 January 2005– 31 December 2005 (audited) <i>RMB</i>	1 January 2006– 30 June 2006 (unaudited) <i>RMB</i>
Actual transaction amount	39,484,509	36,955,140	21,042,441

As WD615 Engines are one of the components of the power generators manufactured by Weichai Factory, any increase in demand for Weichai Factory's power generators will in turn drive the sales of WD615 Engines by Weichai Power to Weichai Factory.

At the time the Existing Caps for the supply of WD615 Engines by Weichai Power to Weichai Factory under the original framework agreement were determined in 2004, there was a significant power shortage in the PRC and many factories in the PRC had to purchase their own power generators to maintain their normal operations, which led to a significant increase in the demand for power generators

in the PRC. The estimate of the sales of WD615 Engines, and hence the Existing Caps for the three years ended 31 December 2006 were produced on this basis. The power shortage in the PRC eased off in the last quarter of 2004 which reduced the demand for power generators. Furthermore, as disclosed in the annual report of Weichai Power for the year ended 31 December 2005, the central government of the PRC had implemented a series of austerity measures in infrastructure in 2005, which also led to a decrease in the demand for power generators. As a result, the sales of WD615 Engines by Weichai Power to Weichai Factory for the three years ending 31 December 2006 were less than those originally anticipated in 2004.

However, the PRC has maintained a strong economic growth in recent years and Weichai Power estimates that the demand for power generators in the PRC will remain steady for the three years ending 31 December 2009. Weichai Power is a leading manufacturer of diesel engines in the PRC and this evidences the quality and competitiveness of Weichai Power's Engines generally. With the proximity between Weichai Power's production facilities and those of Weichai Factory, and in view of the high quality and the competitiveness of Weichai Power's Engines, Weichai Power believes that Weichai Factory will continue to purchase Weichai Power's Engines for the manufacture of Weichai Factory's power generators.

As discussed above, sales of WD615 Engines in 2005 was much lower than originally estimated as a result of the implementation of certain austerity measures by the central government of the PRC. The management accounts for the current financial year indicated that the sales of WD615 Engines to Weichai Factory to-date is substantially lower than the Existing Cap for the year and, accordingly, the New Cap for 2007 is set at a lower base, which is comparable to the 2006 sales record to-date.

Weichai Power estimates that the sale of its WD615 Engine to Weichai Factory for the three years ending 31 December 2009 will not exceed RMB26 million, RMB29 million and RMB34 million, respectively, and such amounts have according been set as the proposed New Caps for these Weichai Power Continuing Connected Transactions. The estimate has also taken into account a stable increase in the average unit prices of WD615 Engines by reference to the estimated salary growth rate.

The table below summarises the New Caps for the Weichai Power Continuing Connected Transactions set out in this sub-section for the three years ending 31 December 2009:

	2007	2008	2009
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Caps	26,000,000	29,000,000	34,000,000

As the New Caps for these Weichai Power Continuing Connected Transactions for the three years ending 31 December 2009 (when aggregated with those New Caps for the same period under sections I(6) and I(7) below) exceed the 2.5% Threshold, they constitute Non-exempt Continuing Connected Transactions of Weichai Power under Chapter 14A of the Listing Rules and will be subject to the reporting requirements set out in Rules 14A.45 and 14A.46 and the annual review requirements of Rules 14A.37 and 14A.38, and approval from the Weichai Power Independent Shareholders (being Weichai Power Shareholders other than Weichai Factory and Tan Xuguang (who is the general manager of Weichai Factory), who will abstain from voting at the Weichai Power Shareholders' EGM in relation to the resolution to be proposed in respect of these New Caps, and no other Weichai Power Shareholders will be required to abstain from voting in relation thereto at the Weichai Power Shareholders' EGM) at the Weichai Power Shareholders' EGM will be required.

Since these Weichai Power Continuing Connected Transactions are Non-exempt Continuing Connected Transactions and the New Caps are subject to Weichai Power Independent Shareholders' approval as aforesaid, this latest supplemental agreement (which will, inter alia, extend the term of the original framework agreement to 31 December 2009) is conditional upon the said resolution being passed at the Weichai Power Shareholders' EGM.

5. *Supply of finished diesel engine parts by Weichai Factory to Weichai Power*

Agreement: Supplemental agreement to the finished diesel engine parts supply agreement dated 17 November 2003 (as supplemented by a supplemental agreement dated 15 September 2004)

Date: 12 November 2006

Parties:

1. Weichai Power
2. Weichai Factory

Term: 1 January 2007 to 31 December 2009

Other terms and details:

Pursuant to the finished diesel engine parts supply agreement (prior to the entering into of this latest supplemental agreement), Weichai Factory has agreed to supply to Weichai Power finished diesel engine parts for a term of three years with effect from 1 January 2003. The original finished diesel engine parts supply agreement (prior to the entering into of this latest supplemental agreement) is due to expire on 31 December 2006 and this supplemental agreement will extend the original finished diesel engine parts supply agreement for a term of three years with effect from 1 January 2007. Save as aforesaid, all other terms of the original finished diesel engine parts supply agreement remain unchanged.

Under the finished diesel engine parts supply agreement (as supplemented by this latest supplemental agreement), the consideration for the supply of the said finished diesel engine parts is equal to the lower of (i) the costs in relation to the manufacture of the relevant finished diesel engine parts incurred by Weichai Factory plus a service charge not exceeding 20% of such costs, or (ii) the relevant market prices (if available). Weichai Factory has agreed that the consideration for the supply of finished diesel engine parts to Weichai Power will not be higher than the consideration paid to Weichai Factory by any independent third parties.

The table below summarises the Existing Caps for the three years ending 31 December 2006 for the Weichai Power Continuing Connected Transactions set out in this sub-section:

	2004 <i>RMB</i>	2005 <i>RMB</i>	2006 <i>RMB</i>
Existing Cap	75,000,000	115,000,000	180,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2005 (audited) and for the six months ended 30 June 2006 (unaudited) for the Weichai Power Continuing Connected Transactions set out in this sub-section:

	1 January 2004– 31 December 2004 (audited) RMB	1 January 2005– 31 December 2005 (audited) RMB	1 January 2006– 30 June 2006 (unaudited) RMB
Actual transaction amount	62,116,331	48,136,880	60,699,030

As disclosed in the annual report of Weichai Power for the financial year ended 2005, the PRC government had implemented a series of macro-tightening measures to slow down investments in infrastructure in the PRC. With effect from 1 April 2005, the central government implemented a new policy of 《道路車輛外廓尺寸、軸荷及質量限制》 (Vehicles' Maximum Measurement On Size, Weight and Loading Capacity), which required all truck manufacturers to redesign their trucks so as to meet certain design standards with specific length, height and chassis structure requirements. As a result, the nationwide crackdown on truck overloading eased off in 2005. The implementation of the above-mentioned measures had certain negative impacts on the heavy-duty trucks industry, which in turn substantially slowed down the sales of Weichai Power's diesel engines which were used in heavy-duty trucks. The reduction in the production volume of Weichai Power's diesel engines led to the purchase of finished diesel engine parts from Weichai Factory in 2005 being less than anticipated.

The heavy-duty truck and construction machinery markets showed a significant recovery in 2006 after the downturn caused by the promulgation of the various industry policies mentioned above. Weichai Power estimates that the total consideration payable by Weichai Power for the supply of finished diesel engine parts by Weichai Factory for the three years ending 31 December 2009 will not exceed RMB136 million, RMB160 million and RMB185 million, respectively, and such amounts have accordingly been set as the proposed New Caps for these Weichai Power Continuing Connected Transactions.

The New Caps have been prepared by Weichai Power primarily based on its estimate of its production volume, having taken into account the recovery of the heavy-duty truck and construction machinery markets as mentioned above, and of the average unit prices (which have been projected based on Weichai Power's estimated salary growth rate) of those finished diesel engine parts to be purchased by Weichai Power. Weichai Power estimates that its production volume for diesel engines will increase at a rate of approximately 13% to 15% for the three years ending 31 December 2009. Weichai Power estimates that the salary levels of its labour force will increase at a rate of 5% per year for the three years ending 31 December 2009.

The table below summarises the proposed New Caps for the Weichai Power Continuing Connected Transactions set out in this sub-section for the three years ending 31 December 2009:

	2007 RMB	2008 RMB	2009 RMB
New Caps	136,000,000	160,000,000	185,000,000

As the New Caps for these Weichai Power Continuing Connected Transactions for the three years ending 31 December 2009 (when aggregated with those New Caps for the same period under sections II(4) below) exceed the 2.5% Threshold, they constitute Non-exempt Continuing Connected Transactions of Weichai Power under

Chapter 14A of the Listing Rules and will be subject to the reporting requirements set out in Rules 14A.45 and 14A.46 and the annual review requirements of Rules 14A.37 and 14A.38, and approval from the Weichai Power Independent Shareholders (being Weichai Power Shareholders other than Weichai Factory and Tan Xuguang (who is the general manager of Weichai Factory), who will abstain from voting at the Weichai Power Shareholders' EGM in relation to the resolution to be proposed in respect of these New Caps, and no other Weichai Power Shareholders will be required to abstain from voting in relation thereto at the Weichai Power Shareholders' EGM) at the Weichai Power Shareholders' EGM will be required.

Since these Weichai Power Continuing Connected Transactions are Non-exempt Continuing Connected Transactions and the New Caps are subject to Weichai Power Independent Shareholders' approval as aforesaid, this latest supplemental agreement (which will extend the term of the original finished diesel engine parts supply agreement to 31 December 2009) is conditional upon the said resolution being passed at the Weichai Power Shareholders' EGM. All other terms and conditions of the original finished diesel engine parts supply agreement remain unchanged.

6. *Supply of semi-finished diesel engine parts by Weichai Power to Weichai Factory*

Agreement: Supplemental agreement to the semi-finished diesel engine parts supply agreement dated 17 November 2003 (as supplemented by a supplemental agreement dated 15 September 2004)

Date: 12 November 2006

Parties: 1. Weichai Power
2. Weichai Factory

Term: 1 January 2007 to 31 December 2009

Other terms and details:

Pursuant to the semi-finished diesel engine parts supply agreement (prior to the entering into of this latest supplemental agreement), Weichai Power has agreed to provide semi-finished diesel engine parts to Weichai Factory for a term of three years with effect from 1 July 2003, the term of which has been extended to 31 December 2006 by a supplemental agreement dated 15 September 2004. The original semi-finished diesel engine parts supply agreement (prior to the entering into of this latest supplemental agreement) is due to expire on 31 December 2006 and this latest supplemental agreement will extend the original semi-finished diesel engine parts supply agreement for a term of three years with effect from 1 January 2007. Save as aforesaid, all other terms of the original semi-finished diesel engine parts supply agreement remain unchanged.

Under the semi-finished diesel engine parts supply agreement (as supplemented by this latest supplemental agreement), the consideration payable by Weichai Factory are determined based on the costs incurred by Weichai Power in the provision of the semi-finished diesel engine parts plus a service charge not exceeding 20% of such costs, and that the consideration will not be less than the relevant market prices, if any (provided that it is permitted by the relevant laws and regulations in the PRC to do so).

The table below summarises the Existing Caps for the three years ending 31 December 2006 for the Weichai Power Continuing Connected Transactions set out in this sub-section:

	2004 <i>RMB</i>	2005 <i>RMB</i>	2006 <i>RMB</i>
Existing Cap	175,000,000	200,000,000	200,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2005 (audited) and for the six months ended 30 June 2006 (unaudited) for the Weichai Power Continuing Connected Transactions set out in this sub-section:

	1 January 2004– 31 December 2004 (audited) <i>RMB</i>	1 January 2005– 31 December 2005 (audited) <i>RMB</i>	1 January 2006– 30 June 2006 (unaudited) <i>RMB</i>
Actual transaction amount	173,273,153	199,665,571	118,981,851

In 2003 to 2005, Weichai Power charged Weichai Factory a service charge of 20% of the actual costs incurred by it for the supply of the semi-finished diesel engine parts to Weichai Factory, which rate was reduced to 5% since 1 January 2006, being after Weichai Factory reduced its service charge for the provision of general services and utility services to Weichai Power from 20% to 5%, as more particularly described in the sub-section headed “1. Provision of general services by Weichai Factory to Weichai Power” and “2. Supply and/or connection of utilities by Weichai Factory to Weichai Power” above. Weichai Power expects that the same rate will be applied to Weichai Factory for the three years ending 31 December 2009.

As mentioned above, the PRC has maintained a strong economic growth in recent years and Weichai Power estimates that the demand for power generators in the PRC will remain steady for the three years ending 31 December 2009. Weichai Power is a leading manufacturer of diesel engines in the PRC and this evidences the quality and competitiveness of Weichai Power’s Engines generally. With the proximity between Weichai Power’s production facilities and those of Weichai Factory, and in view of the high quality and the competitiveness of Weichai Power’s diesel engines, Weichai Power believes that Weichai Factory will continue to purchase Weichai Power’s Engines for the manufacture of Weichai Factory’s power generators. Weichai Power estimates that the sale of its semi-finished diesel engine parts to Weichai Factory will increase steadily for the three years ending 31 December 2009. Weichai Power estimates that the transaction amounts involved for such sale for the three years ending 31 December 2009 will not exceed RMB220 million, RMB250 million and RMB290 million, respectively, and such amounts have accordingly been set as the New Caps for these Weichai Power Continuing Connected Transactions. This estimate has also taken into account a stable increase in the average unit prices of WD615 Engines by reference to the estimated salary growth rate of 5% per year.

The table below summarises the proposed New Caps for the Weichai Power Continuing Connected Transactions set out in this sub-section for the three years ending 31 December 2009:

	2007 <i>RMB</i>	2008 <i>RMB</i>	2009 <i>RMB</i>
New Caps	220,000,000	250,000,000	290,000,000

As the New Caps for these Weichai Power Continuing Connected Transactions for the three years ending 31 December 2009 exceed the 2.5% Threshold, they constitute Non-exempt Continuing Connected Transactions of Weichai Power under Chapter 14A of the Listing Rules and will be subject to the reporting requirements set out in Rules 14A.45 and 14A.46 and the annual review requirements of Rules 14A.37 and 14A.38, and approval from the Weichai Power Independent Shareholders (being Weichai Power Shareholders other than Weichai Factory and Tan Xuguang (who is the general manager of Weichai Factory), who will abstain from voting at the Weichai Power Shareholders' EGM in relation to the resolution to be proposed in respect of these New Caps, and no other Weichai Power Shareholders will be required to abstain from voting in relation thereto at the Weichai Power Shareholders' EGM) at the Weichai Power Shareholders' EGM will be required.

Since these Weichai Power Continuing Connected Transactions are Non-exempt Continuing Connected Transactions and the New Caps are subject to Weichai Power Independent Shareholders' approval as aforesaid, this latest supplemental agreement (which will extend the term of the original semi-finished diesel engine parts supply agreement to 31 December 2009) is conditional upon the said resolution being passed at the Weichai Power Shareholders' EGM. All other terms and conditions of the original semi-finished diesel engine parts supply agreement remain unchanged.

7. *Provision of sales and warranty period repair services by Weichai Power to Weichai Factory*

Agreement: Supplemental agreement to the master sales and warranty period repair services agreement dated 17 November 2003 (as supplemented by a supplemental agreement dated 15 September 2004)

Date: 12 November 2006

Parties: 1. Weichai Power
2. Weichai Factory

Term: 1 January 2007 to 31 December 2009

Other terms and details:

Weichai Power and Weichai Factory share the same sales and maintenance network prior to the incorporation of Weichai Power, and such network has become part of the business of Weichai Power after its incorporation. Weichai Power and Weichai Factory entered into the master sales and warranty period repair services agreement (prior to the entering into of this latest supplemental agreement) in this regard.

Pursuant to the master sales and warranty period repair services agreement (prior to the entering into of this latest supplemental agreement), Weichai Power has agreed to provide sales and warranty period repair services to the customers of Weichai Factory with respect to the diesel engines manufactured by Weichai Factory for a period of three years with effect from 1 September 2003, the term of which was extended to 31 December 2006 by a supplemental agreement dated 15 September 2004. The original master sales and warranty period repair services agreement (prior to the entering into of this latest supplemental agreement) is due to expire on 31 December 2006 and this latest supplemental agreement will extend the original master sales and warranty period repair services agreement for a term of three years with effect from 1 January 2007. Save as aforesaid, all other terms of the original master sales and warranty period repair services agreement remain unchanged.

Under the master sales and warranty period repair services agreement (as supplemented by this latest supplemental agreement), Weichai Factory has agreed to pay Weichai Power an annual service fee of 3% of the total amount of sales of diesel engines procured by Weichai Power. The 3% service charge is determined based on the historical sales and maintenance costs incurred by Weichai Factory.

The table below summarises the Existing Caps for the three years ending 31 December 2006 for the Weichai Power Continuing Connected Transactions set out in this sub-section:

	2004	2005	2006
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing Cap	16,000,000	16,000,000	16,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2005 (audited) and for the six months ended 30 June 2006 (unaudited) for the Weichai Power Continuing Connected Transactions set out in this sub-section:

	1 January 2004– 31 December 2004 (audited)	1 January 2005– 31 December 2005 (audited)	1 January 2006– 30 June 2006 (unaudited)
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Actual transaction amount	13,453,696	15,641,133	6,567,918

The annual service fees charged by Weichai Power will depend on the estimated amount of sale of the diesel engines manufactured by Weichai Factory procured by Weichai Power, which will partly depend on the demand of Weichai Factory's power generators.

Weichai Power estimates that the total service fees payable by Weichai Factory to Weichai Power for the three years ending 31 December 2009 will not exceed RMB11.5 million, RMB13 million and RMB15 million, respectively and such amounts have accordingly been set as the proposed New Caps for these Weichai Power Continuing Connected Transactions. The proposed New Caps have taken into account the estimated growth rate of the sale of Weichai Factory's power generator, details of which are more particularly set out in the section headed "3. Supply of WD615 Engines by Weichai Power to Weichai Factory", and the proportion of such sale to be procured by Weichai Power.

The table below summarises the proposed New Caps for the Weichai Power Continuing Connected Transactions set out in this sub-section for the three years ending 31 December 2009:

	2007	2008	2009
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Caps	11,500,000	13,000,000	15,000,000

As the New Caps for these Weichai Power Continuing Connected Transactions for the three years ending 31 December 2009 (when aggregated with those New Caps for the same period under sections I(4) and I(6) above) exceed the 2.5% Threshold, they constitute Non-exempt Continuing Connected Transactions of Weichai Power under Chapter 14A of the Listing Rules and will be subject to the reporting requirements set out in Rules 14A.45 and 14A.46 and the annual review requirements of Rules 14A.37 and 14A.38, and approval from the Weichai Power Independent Shareholders (being Weichai Power Shareholders other than Weichai Factory and Tan Xuguang

(who is the general manager of Weichai Factory), who will abstain from voting at the Weichai Power Shareholders' EGM in relation to the resolution to be proposed in respect of these New Caps, and no other Weichai Power Shareholders will be required to abstain from voting in relation thereto at the Weichai Power Shareholders' EGM) at the Weichai Power Shareholders' EGM will be required.

Since these Weichai Power Continuing Connected Transactions are Non-exempt Continuing Connected Transactions and the New Caps are subject to Weichai Power Independent Shareholders' approval as aforesaid, this latest supplemental agreement (which will extend the term of the original master sales and warranty period repair services agreement to 31 December 2009) is conditional upon the said resolution being passed at the Weichai Power Shareholders' EGM. All other terms and conditions of the original master sales and warranty period repair services agreement remain unchanged.

II. Continuing connected transactions between Weichai Power and Chongqing Weichai

Chongqing Weichai is engaged in a similar business as Weichai Factory, namely, the manufacture and sale of 6160A series, 170Z series and R and 95 series diesel engines, but none of them are high-speed heavy-duty diesel engines, and they cannot be used in heavy-duty construction machines, which are the key markets for Weichai Power's WD615 Engines and WD618 Engines.

Chongqing Weichai is wholly-owned by Weichai Factory, and since Weichai Factory is a substantial shareholder of Weichai Power, Chongqing Weichai is a connected person of Weichai Power.

1. Provision of general services by Chongqing Weichai to Weichai Power

Agreement: Supplemental agreement to the general services agreement dated 17 November 2003 (as supplemented by the supplemental agreements dated 15 September 2004 and 21 September 2005)

Date: 12 November 2006

Parties: 1. Weichai Power
2. Chongqing Weichai

Term: 1 January 2007 to 31 December 2009

Other terms and details:

Pursuant to the general services agreement (prior to the entering into of this latest supplemental agreement), Chongqing Weichai has agreed to provide certain general services to Chongqing Branch, namely, environmental protection, security, fire and other general services and the payment of certain town land use right tax in relation to the property used by Chongqing Branch for a term of three years with effect from 1 July 2003, the term of which has been extended to 31 December 2006 by a supplemental agreement dated 15 September 2004. The term of the original general services agreement (prior to the entering into of this latest supplemental agreement) is due to expire on 31 December 2006 and this latest supplemental agreement will extend the general services agreement for a term of three years with effect from 1 January 2007. Save as aforesaid, all other terms of the original general services agreement remain unchanged.

Under the general services agreement (as supplemented by this latest supplemental agreement), the fees payable by Weichai Power to Chongqing Weichai are determined based on the actual costs incurred by it and apportioned on a pro-rata basis according to the area of the relevant property occupied and/or used by

Chongqing Branch (and/or its staff, if applicable) plus a service charge not exceeding 20% of such costs (save that the town land use right tax paid by Chongqing Weichai on behalf of Chongqing Branch and its staff, if applicable, will not be subject to the said 20% service charge). With respect to certain public utilities provided by Chongqing Weichai to certain common area used by both Chongqing Weichai and Chongqing Branch, the costs with respect to such public utilities incurred by Chongqing Weichai would be shared between Chongqing Weichai and Chongqing Branch pro-rated according to their respective annual sales.

In addition, Chongqing Weichai has agreed that the charges for the general services referred to above will not be higher than the fees payable to it by any independent third parties. If Weichai Power is able to secure the provision of any services similar to those referred to above by itself or from a third party on terms more favourable than those set out in the general services agreement, then Weichai Power is entitled to terminate the relevant services by giving not less than 30 days' prior notice to Chongqing Weichai.

The table below summarises the Existing Caps for the three years ending 31 December 2006 for the Weichai Power Continuing Connected Transaction set out in this sub-section:

	2004 <i>RMB</i>	2005 <i>RMB</i>	2006 <i>RMB</i>
Existing Cap	10,000,000	13,000,000	16,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2005 (audited) and for the six months ended 30 June 2006 (unaudited) for the Weichai Power Continuing Connected Transactions set out in this sub-section:

	1 January 2004– 31 December 2004 (audited) <i>RMB</i>	1 January 2005– 31 December 2005 (audited) <i>RMB</i>	1 January 2006– 30 June 2006 (unaudited) <i>RMB</i>
Actual transaction amount	8,006,752	7,982,758	3,489,817

Chongqing Weichai has been charging Weichai Power a service charge of 20% of the actual costs incurred by it for the provision of the above general services and Weichai Power expects that the same rate will be charged by Chongqing Weichai for the three years ending 31 December 2009.

Weichai Power estimates that the total transaction amounts for the provision of the above general services by Chongqing Weichai to Weichai Power for the three years ending 31 December 2009 will not exceed RMB8.5 million, RMB9.5 million and RMB10.5 million, respectively, and such amounts have accordingly been set as the proposed New Caps for these Weichai Power Continuing Connected Transactions.

The New Caps have been estimated by Weichai Power primarily based on the relevant historical costs incurred plus a service charge representing 20% of such costs, and the estimated salary growth rate of 10% in Chongqing for each of the three years ending 31 December 2009.

The table below summarises the proposed New Caps for the Weichai Power Continuing Connected Transactions set out in this sub-section for the three years ending 31 December 2009:

	2007 <i>RMB</i>	2008 <i>RMB</i>	2009 <i>RMB</i>
New Caps	8,500,000	9,500,000	10,500,000

As the New Caps for these Weichai Power Continuing Connected Transactions for the three years ending 31 December 2009 (when aggregated with those New Caps for the same period under sections I(1) and I(2) above and II(2) below) exceed the 2.5% Threshold, they constitute Non-exempt Continuing Connected Transactions of Weichai Power under Chapter 14A of the Listing Rules and will be subject to the reporting requirements set out in Rules 14A.45 and 14A.46 and the annual review requirements of Rules 14A.37 and 14A.38, and approval from the Weichai Power Independent Shareholders (being Weichai Power Shareholders other than Weichai Factory and Tan Xuguang (who is the general manager of Weichai Factory), who will abstain from voting at the Weichai Power Shareholders' EGM in relation to the resolution to be proposed in respect of these New Caps, and no other Weichai Power Shareholders will be required to abstain from voting in relation thereto at the Weichai Power Shareholders' EGM) at the Weichai Power Shareholders' EGM will be required.

Since these Weichai Power Continuing Connected Transactions are Non-exempt Continuing Connected Transactions and the New Caps are subject to Weichai Power Independent Shareholders' approval as aforesaid, this latest supplemental agreement (which will extend the term of the original general services agreement to 31 December 2009) is conditional upon the said resolution being passed at the Weichai Power Shareholders' EGM. All other terms and conditions of the original general services agreement remain unchanged.

2. *Supply and/or connection of utilities by Chongqing Weichai to Weichai Power*

Agreement: Supplemental agreement to the utility services agreement dated 17 November 2003 (as supplemented by the supplemental agreements dated 15 September 2004 and 21 September 2005)

Date: 12 November 2006

Parties:

1. Weichai Power
2. Chongqing Weichai

Term: 1 January 2007 to 31 December 2009

Other terms and details:

Pursuant to the utility services agreement (prior to the entering into of this latest supplemental agreement), Chongqing Weichai has agreed to provide or provide the connection of (as the case may be) certain utility and energy services to the Chongqing Branch, namely, water, electricity, natural gas, steam, oxygen, nitrogen and compressed air, etc. for a term of three years with effect from 1 July 2003, the term of which has been extended to 31 December 2006 by a supplemental agreement dated 15 September 2004. The original utility services agreement (prior to the entering into of this latest supplemental agreement) is due to expire on 31 December 2006 and this latest supplemental agreement will extend the original utility services agreement for a term of three years with effect from 1 January 2007. Save as aforesaid, all other terms of the original utility services agreement remain unchanged.

Under the utility services agreement (as supplemented by this latest supplemental agreement), the fees payable by Weichai Power to Chongqing Weichai in respect of the relevant utility and energy services are determined based on the usage thereof by the Chongqing Branch or, if it is not possible to measure such usage, pro-rated according to the respective sales of Chongqing Weichai and the Chongqing Branch and by reference to the market prices of such utilities. If only government published rates are available with respect to certain utilities, the fees payable will be determined by reference to the government published rates plus the wastage, depreciation and repair expenses incurred by Chongqing Weichai in relation to the provision of the relevant utilities. If no market prices or government published rates with respect to any of the above utilities are available, Weichai Power will pay the costs incurred by Chongqing Weichai in relation to the provision of the above utility and energy services plus a service charge representing not more than 20% of such costs.

The table below summarises the Existing Caps for the three years ending 31 December 2006 for the Weichai Power Continuing Connected Transactions set out in this sub-section:

	2004 <i>RMB</i>	2005 <i>RMB</i>	2006 <i>RMB</i>
Existing Cap	65,000,000	90,000,000	90,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2005 (audited) and for the six months ended 30 June 2006 (unaudited) for the Weichai Power Continuing Connected Transactions set out in this sub-section:

	1 January 2004– 31 December 2004 (audited) <i>RMB</i>	1 January 2005– 31 December 2005 (audited) <i>RMB</i>	1 January 2006– 30 June 2006 (unaudited) <i>RMB</i>
Actual transaction amount	15,274,732	15,321,504	7,678,610

Chongqing Weichai has been charging Weichai Power a service charge of 20% of the actual costs incurred by it for the provision of the above utility and energy services and Weichai Power expects that the same rate will be charged by Chongqing Weichai for the three years ending 31 December 2009.

As discussed above, sale of Weichai Power's Engines was substantially lower than anticipated due to various austerity measures implemented by the central government of the PRC. The decrease in production volume and the new production facility of Weichai Power in the High Technology Industrial Development Zone (which commenced operation in 2005), which has assumed part of the production work of Weichai Power at Chongqing Branch, led to a substantial reduction of consumption of utility by Weichai Power for two years ended 31 December 2005.

Weichai Power estimates that the amount payable by Weichai Power to Chongqing Weichai for the above utility and energy services for the three years ending 31 December 2009 will not exceed RMB16 million, RMB17 million and RMB18 million, respectively, and such amounts have accordingly been set as the proposed New Caps for these Weichai Power Continuing Connected Transactions.

The New Caps have been estimated by Weichai Power by reference to the historical costs incurred plus a service charge representing 20% of such costs. The New Caps are stated at a lower base than the Existing Caps, which is in line with the actual transaction amounts for the two years ending 31 December 2005 and the

management account for 2006 to-date. The New Caps have also taken into account the estimated salary growth rate of 10% due to the economic boom in Chongqing and that the increase of the costs for such utility and energy services at a rate of 5%.

The table below summarises the proposed New Caps for the Weichai Power Continuing Connected Transactions set out in this sub-section for the three years ending 31 December 2009:

	2007 <i>RMB</i>	2008 <i>RMB</i>	2009 <i>RMB</i>
New Caps	16,000,000	17,000,000	18,000,000

As the New Caps for these Weichai Power Continuing Connected Transactions for the three years ending 31 December 2009 (when aggregated with those New Caps for the same period under sections I(1), I(2) and II(1) above) exceed the 2.5% Threshold, they constitute Non-exempt Continuing Connected Transactions of Weichai Power under Chapter 14A of the Listing Rules and will be subject to the reporting requirements set out in Rules 14A.45 and 14A.46 and the annual review requirements of Rules 14A.37 and 14A.38, and approval from the Weichai Power Independent Shareholders (being Weichai Power Shareholders other than Weichai Factory and Tan Xuguang (who is the general manager of Weichai Factory), who will abstain from voting at the Weichai Power Shareholders' EGM in relation to the resolution to be proposed in respect of these New Caps, and no other Weichai Power Shareholders will be required to abstain from voting in relation thereto at the Weichai Power Shareholders' EGM) at the Weichai Power Shareholders' EGM will be required.

Since these Weichai Power Continuing Connected Transactions are Non-exempt Continuing Connected Transactions and the New Caps are subject to Weichai Power Independent Shareholders' approval as aforesaid, this latest supplemental agreement (which will extend the term of the original utility services agreement to 31 December 2009) is conditional upon the said resolution being passed at the Weichai Power Shareholders' EGM. All other terms and conditions of the original utility services agreement remain unchanged.

3. *Lease of properties by Chongqing Weichai to Weichai Power*

Agreement: Supplemental agreement to the lease agreement dated 1 July 2003 (as supplemented by a supplemental agreement dated 15 September 2004)

Date: 12 November 2006

Parties:

1. Weichai Power
2. Chongqing Weichai

Term: 1 July 2008 to 31 December 2009

Other terms and details:

Pursuant to the lease agreement (prior to the entering into of this latest supplemental agreement), Chongqing Weichai has agreed to lease to Weichai Power certain land and building situated thereon at which the Chongqing Production Line is situated (the "**Chongqing Properties**") for a term of five years with effect from 1 July 2003 at an annual rental of RMB3,404,000.

The table below summarises the Existing Caps for the three years ending 31 December 2006 for the Weichai Power Continuing Connected Transactions set out in this sub-section:

	2004 <i>RMB</i>	2005 <i>RMB</i>	2006 <i>RMB</i>
Existing Cap	4,000,000	4,000,000	4,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2005 (audited) and for the six months ended 30 June 2006 (unaudited) for the Weichai Power Continuing Connected Transactions set out in this sub-section:

	1 January 2004– 31 December 2004 (audited) <i>RMB</i>	1 January 2005– 31 December 2005 (audited) <i>RMB</i>	1 January 2006– 30 June 2006 (unaudited) <i>RMB</i>
Actual transaction amount	3,404,000	3,404,000	1,702,000

The term of the lease agreement is due to expire on 30 June 2008 and this latest supplemental agreement will extend the original lease agreement for a term of 18 months with effect from 1 July 2008. The annual rent for the lease of the Chongqing Properties for the 18 months ending 31 December 2009 remains at RMB3,404,000, and, accordingly, RMB4 million is set as the New Caps for these Weichai Power Continuing Connected Transactions for the three years ending 31 December 2009. Save as aforesaid, all other terms of the original lease agreement remain unchanged.

Vigers Appraisal & Consulting Limited, the property valuer engaged by Weichai Power for the purpose of preparing a valuation in respect of the lease of the Chongqing Properties has confirmed that the above annual rentals reflect the prevailing market rates and is fair and reasonable.

The table below summarises the New Caps for the Weichai Power Continuing Connected Transactions set out in this sub-section for the three years ending 31 December 2009:

	2007 <i>RMB</i>	2008 <i>RMB</i>	2009 <i>RMB</i>
New Cap	4,000,000	4,000,000	4,000,000

As the New Caps for these Weichai Power Continuing Connected Transactions for the three years ending 31 December 2009 do not exceed the 2.5% Threshold, they constitute Exempt Continuing Connected Transactions of Weichai Power under Chapter 14A of the Listing Rules and will be subject to the reporting requirements set out in Rules 14A.45 and 14A.46 and the annual review requirements of Rules 14A.37 and 14A.38.

Since these Weichai Power Continuing Connected Transactions for the three years ending 31 December 2009 are Exempt Continuing Connected Transactions and the New Caps are not subject to the approval of Weichai Power Independent Shareholders, this latest supplemental agreement (which will extend the term of the original lease agreement to 31 December 2009) is unconditional. All other terms and conditions of the original lease agreement remain unchanged.

4. *Provision of processing services by Chongqing Weichai to Weichai Power*

Agreement: Supplemental agreement to the processing agreement dated 17 November 2003 (as supplemented by the supplemental agreements dated 15 September 2004 and 21 September 2005)

Date: 12 November 2006

Parties: 1. Weichai Power
2. Chongqing Weichai

Term: 1 January 2007 to 31 December 2009

Other terms and details:

Pursuant to the processing services agreement (prior to the entering into of this latest supplemental agreement), Chongqing Weichai has agreed to provide processing services to Chongqing Branch with respect to certain semi-finished diesel engine parts for a period of three years with effect from 1 July 2003, the term of which has been extended to 31 December 2006 by a supplemental agreement dated 15 September 2004. The original processing services agreement (prior to the entering into of this latest supplemental agreement) is due to expire on 31 December 2006 and this latest supplemental agreement will extend the original processing agreement for a term of three years with effect from 1 January 2007. Save as aforesaid, all other terms of the original processing services agreement remain unchanged.

Under the processing services agreement (as supplemented by this latest supplemental agreement), the fees payable by Weichai Power to Chongqing Weichai are determined based on the lower of (i) the costs in relation to the provision of such processing services incurred by Chongqing Weichai plus a service charge representing not more than 20% of such costs; or (ii) the relevant market prices (if available).

The table below summarises the Existing Caps for the three years ending 31 December 2006 for the Weichai Power Continuing Connected Transactions set out in this sub-section:

	2004 <i>RMB</i>	2005 <i>RMB</i>	2006 <i>RMB</i>
Existing Cap	96,000,000	164,000,000	164,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2005 (audited) and for the six months ended 30 June 2006 (unaudited) for the Weichai Power Continuing Connected Transactions set out in this sub-section:

	1 January 2004– 31 December 2004 (audited) <i>RMB</i>	1 January 2005– 31 December 2005 (audited) <i>RMB</i>	1 January 2006– 30 June 2006 (unaudited) <i>RMB</i>
Actual transaction amount	89,178,265	60,041,887	31,968,822

As discussed above, the central government of the PRC had implemented a series of austerity measures in 2005, which had certain negative impact on the heavy-duty trucks industry, which in turn led to a substantial reduction of the sales of Weichai Power's Engines, which are used in heavy-duty trucks. The reduction in the production volume of Weichai Power's Engines led to a decrease in the processing

services required from Chongqing Weichai for Weichai Power's Engines. As a result, the services fees for the processing services paid by Weichai Power was substantially lower than anticipated.

Despite the above, however, Weichai Power estimates that it will experience a steady increase in the demand of its product for the three years ending 31 December 2009, which will drive its production volume leading to an increase in the processing services required by Chongqing.

Weichai Power estimates that the service fees payable by Weichai Power to Chongqing Weichai in respect of the above processing services for the three years ending 31 December 2009 will not exceed RMB70 million, RMB80 million and RMB90 million, respectively, and such amounts have accordingly been set as the proposed New Caps for these Weichai Power Continuing Connected Transactions.

The above New Caps were prepared by Weichai Power primarily based on its estimate of the processing volume, which in turn is based on the production volume, of Weichai Power and the processing cost. Weichai Power estimates that the processing costs will increase steadily over the three years ending 31 December 2009, having taken into account the estimated increase in salary at a rate of 10% in Chongqing.

The table below summarises the proposed New Caps for the Weichai Power Continuing Connected Transactions set out in this sub-section for the three years ending 31 December 2009:

	2007	2008	2009
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Caps	70,000,000	80,000,000	90,000,000

As the New Caps for these Weichai Power Continuing Connected Transactions for the three years ending 31 December 2009 (when aggregated with those New Caps for the same period under sections I(5) above) exceed the 2.5% Threshold, they constitute Non-exempt Continuing Connected Transactions of Weichai Power under Chapter 14A of the Listing Rules and will be subject to the reporting requirements set out in Rules 14A.45 and 14A.46 and the annual review requirements of Rules 14A.37 and 14A.38, and approval from the Weichai Power Independent Shareholders (being Weichai Power Shareholders other than Weichai Factory and Tan Xuguang (who is the general manager of Weichai Factory), who will abstain from voting at the Weichai Power Shareholders' EGM in relation to the resolution to be proposed in respect of these New Caps, and no other Weichai Power Shareholders will be required to abstain from voting in relation thereto at the Weichai Power Shareholders' EGM) at the Weichai Power Shareholders' EGM will be required.

Since these Weichai Power Continuing Connected Transactions are Non-exempt Continuing Connected Transactions and the New Caps are subject to Weichai Power Independent Shareholders' approval as aforesaid, this latest supplemental agreement (which will extend the term of the original processing services agreement to 31 December 2009) is conditional upon the said resolution being passed at the Weichai Power Shareholders' EGM. All other terms and conditions of the original processing services agreement remain unchanged.

III. Continuing connected transactions between Weichai Power and Weichai Gas

Weichai Gas is engaged in the business of, inter alia, manufacture and sale of gas-propelled internal combustion engines and parts, certain of which incorporate the entire WD615 Engines, with modifications, into them.

Weichai Gas is owned as to 50% by Weichai Factory and as to 50% by Peterson (CNG) Equipment Limited, which is indirectly owned by 50% Yeung Sai Hong, a non-executive Director, and as to 50% by Yeung Sai Hong's brother-in-law. Peterson is a Promoter and is directly and indirectly wholly owned by Yeung Sai Hong. Accordingly, Weichai Gas is a connected person of Weichai Power.

Supply of WD615 Engines and related parts by Weichai Power to Weichai Gas

Agreement: Supplemental agreement to the framework agreement dated 21 October 2003 (as supplemented by a supplemental agreement dated 15 September 2004)

Date: 12 November 2006

Parties: 1. Weichai Power
2. Weichai Gas

Term: 1 January 2007 to 31 December 2009

Other terms and details:

Pursuant to the framework agreement (prior to the entering into of this latest supplemental agreement), Weichai Power has agreed to supply Weichai Gas, at market prices, not more than certain stated quantities of WD615 Engines and related parts for each of the three years ending 31 December 2006. The original framework agreement (prior to the entering into of this latest supplemental agreement) is due to expire on 31 December 2006 and this latest supplemental agreement will extend the original framework agreement for a term of three years with effect from 1 January 2007. Save as aforesaid and the removal of the above references to the amount of diesel engines and diesel engine parts for the past periods (as they are no longer relevant), all other terms of the original framework agreement remain unchanged.

The table below summarises the Existing Caps for the three years ending 31 December 2006 and the actual transaction amounts involved for the two years ended 31 December 2005 for the Weichai Power Continuing Connected Transactions set out in this sub-section:

	2004	2005	2006
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing Cap	30,000,000	70,000,000	140,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2005 (audited) and for the six months ended 30 June 2006 (unaudited) for the Weichai Power Continuing Connected Transactions set out in this sub-section:

	1 January 2004– 31 December 2004 (audited)	1 January 2005– 31 December 2005 (audited)	1 January 2006– 30 June 2006 (unaudited)
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Actual transaction amount	18,284,924	30,630,727	577,341

Weichai Power has recorded a substantial increase in its sales of WD615 Engines and related parts to Weichai Gas from 2004 to 2005, which in turn was a result of the increase in demand of the gas-propelled internal combustion engines which Weichai Gas is engaged in the manufacture and sale of. The increase in demand of gas-propelled internal combustion engines was due to the new policy issued by the provincial government of the

Guangzhou Province which required all the public transportation companies in the Guangzhou Province to have gas-propelled internal combustion engines installed in their vehicles. Weichai Power estimates that the demand for Weichai Gas' production, and hence the demand on Weichai Power's WD615 Engines and related parts, for the three years ending 31 December 2009 would be substantially lower than that in 2005. However, Weichai Power estimates that the demand for Weichai Gas' products will increase steadily as private enterprises gradually change their engines to gas-propelled internal combustion engines in line with the new policy promoted by the government.

Weichai Power estimates that the sale of WD615 and related parts to Weichai Gas for the three years ending 31 December 2009 will not exceed RMB9 million, RMB14 million and RMB19 million and such amounts have accordingly been set as the proposed New Caps for these Weichai Power Continuing Connected Transactions.

The table below summarises the proposed New Caps for the Weichai Power Continuing Connected Transactions set out in this sub-section for the three years ending 31 December 2009:

	2007	2008	2009
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Caps	9,000,000	14,000,000	19,000,000

As the New Caps for these Weichai Power Continuing Connected Transactions for the three years ending 31 December 2009 do not exceed the 2.5% Threshold, they constitute Exempt Continuing Connected Transactions of Weichai Power under Chapter 14A of the Listing Rules and will be subject to the reporting requirements set out in Rules 14A.45 and 14A.46 and the annual review requirements of Rules 14A.37 and 14A.38.

Since these Weichai Power Continuing Connected Transactions for the three years ending 31 December 2009 are Exempt Continuing Connected Transactions and the New Caps are not subject to the approval of Weichai Power Independent Shareholders, this latest supplemental agreement (which will, inter alia, extend the term of the original framework agreement to 31 December 2009) is unconditional.

IV. Continuing connected transactions between Weichai Power and Guangxi Liugong Machinery

Guangxi Liugong Machinery is engaged in the manufacture and repair of construction machines, which require the WD615 Engines and parts manufactured by Weichai Power.

Guangxi Liugong Machinery is owned as to 63% by Guangxi Liugong, which is a Promoter, and, accordingly, Guangxi Liugong Machinery is an associate of Guangxi Liugong and, hence, a connected person of Weichai Power.

Supply of WD615 Engines and parts by Weichai Power to Guangxi Liugong Machinery

Agreement: Supplemental agreement to the framework agreement dated 21 October 2003 (as supplemented by a supplemental agreement dated 15 September 2004)

Date: 12 November 2006

Parties:

1. Weichai Power
2. Guangxi Liugong Machinery

Term: 1 January 2007 to 31 December 2009

Other terms and details:

Pursuant to the framework agreement (prior to the entering into of this latest supplemental agreement), Weichai Power has agreed to supply Guangxi Liugong Machinery, at market prices, not more than certain stated quantities of WD615 Engines and parts for each of the three years ending 31 December 2006. The original framework agreement (prior to the entering into of this latest supplemental agreement) is due to expire on 31 December 2006 and this latest supplemental agreement will extend the original framework agreement for a term of three years with effect from 1 January 2007. Save as aforesaid and the removal of the above references to the amount of WD615 Engines and parts for the past periods (as they are no longer relevant), all other terms of the original framework agreement remain unchanged.

The table below summarises the Existing Caps for the three years ending 31 December 2006 for the Weichai Power Continuing Connected Transactions set out in this sub-section:

	2004 <i>RMB</i>	2005 <i>RMB</i>	2006 <i>RMB</i>
Existing Cap	400,000,000	600,000,000	710,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2005 (audited) and for the six months ended 30 June 2006 (unaudited) for the Weichai Power Continuing Connected Transactions set out in this sub-section:

	1 January 2004– 31 December 2004 (audited) <i>RMB</i>	1 January 2005– 31 December 2005 (audited) <i>RMB</i>	1 January 2006– 30 June 2006 (unaudited) <i>RMB</i>
Actual transaction amount	335,463,248	266,338,256	198,610,256

As disclosed in the annual report of Weichai Power for the financial year ended 2005, the central government of the PRC had implemented a series of austerity measures in 2005. The implementation of such measures had certain negative impacts on the construction machinery industry in the PRC, which in turn substantially slowed down the sales of Weichai Power's Engines which are used in construction machines in 2005. As a result, the purchase orders from Guangxi Liugong Machinery for Weichai Power's WD615 Engines were substantially less than anticipated.

However, the PRC has maintained a strong economic growth over the past years and the construction machinery market showed a very strong recovery following a depressed market in 2005. Guangxi Liugong Machinery is a leading manufacturer in construction machinery in the PRC, and the demand for its products has increased as a result of the launching of a number of major infrastructure projects in the PRC. Weichai Power anticipates that Guangxi Liugong Machinery will increase its purchase order for WD615 Engines from Weichai Power for the three years ending 31 December 2009. Due to the strategic alliance between Weichai Power and Guangxi Liugong Machinery reached in August 2006, whereby Weichai Power's Engines will be incorporated in all of the products of Guangxi Liugong Machinery, the sales of WD615 Engines to Guangxi Liugong Machinery are also forecast to increase. Weichai Power estimates that the total consideration payable to Weichai Power by Guangxi Liugong Machinery for such sales for the three years ending 31 December 2009 will be approximately RMB500 million, RMB520 million and RMB600 million and such amounts have accordingly been set as the proposed New Caps for these Weichai Power Continuing Connected Transactions. The

sales of WD615 Engines to Guangxi Liugong Machinery to-date is substantially higher than that of 2005 and, accordingly, the New Cap for 2007 is set at a higher base, which is comparable to the 2006 sales to-date.

The above proposed New Caps have been prepared by Weichai Power primarily based on the estimate of the number of diesel engines required by Guangxi Liugong Machinery and of the average unit prices of such diesel engines. Weichai Power is a leading manufacturer of diesel engines in the PRC. This evidences the quality and competitiveness of Weichai Power's Engines generally and, therefore, Weichai Power believes that Guangxi Liugong Machinery will continue to purchase Weichai Power's Engines for the manufacture of its products.

The table below summarises the proposed New Caps for the Weichai Power Continuing Connected Transactions set out in this sub-section for the three years ending 31 December 2009:

	2007	2008	2009
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Caps	500,000,000	520,000,000	610,000,000

As the New Caps for these Weichai Power Continuing Connected Transactions for the three years ending 31 December 2009 exceed the 2.5% Threshold, they constitute Non-exempt Continuing Connected Transactions of Weichai Power under Chapter 14A of the Listing Rules and will be subject to the reporting requirements set out in Rules 14A.45 and 14A.46 and the annual review requirements of Rules 14A.37 and 14A.38, and approval from the Weichai Power Independent Shareholders (being Weichai Power Shareholders other than Guangxi Liugong, who will abstain from voting at the Weichai Power Shareholders' EGM in relation to the resolution to be proposed in respect of these New Caps, and no other Weichai Power Shareholders will be required to abstain from voting in relation thereto at the Weichai Power Shareholders' EGM) at the Weichai Power Shareholders' EGM will be required.

Since these Weichai Power Continuing Connected Transactions are Non-exempt Continuing Connected Transactions and the New Caps are subject to Weichai Power Independent Shareholders' approval as aforesaid, this latest supplemental agreement (which will, inter alia, extend the term of the original framework agreement to 31 December 2009) is conditional upon the said resolution being passed at the Weichai Power Shareholders' EGM.

V. Continuing connected transactions between Weichai Power and Fujian Longgong

Fujian Longgong was engaged in the manufacture and sale of, inter alia, wheel-loaders, certain of which require the diesel engines and parts manufactured by Weichai Power. Fujian Longgong is indirectly owned by Li San Yim, a non-executive Director, and Ngai Ngan Ying, Li San Yim's wife. Fujian Longgong is a Promoter and, hence, a connected person of Weichai Power.

As Li San Yim and Ngai Ngan Ying have restructured their interests in, and the businesses of, Fujian Longgong and Shanghai Longgong, the business of the manufacture and sale of, inter alia, wheel-loaders is also carried out by Fujian Longgong's associates (as defined in the Listing Rules), which are also indirectly majority owned by Li San Yim and Ngai Ngan Ying.

Supply of diesel engines and parts by Weichai Power to Fujian Longgong and its associates

Agreement: Supplemental agreement to the framework agreement dated 21 October 2003 (as supplemented by a supplemental agreement dated 15 September 2004)

Date: 12 November 2006

Parties:

1. Weichai Power
2. Fujian Longgong

Term: 1 January 2007 to 31 December 2009

Other terms and details:

Pursuant to the framework agreement (prior to the entering into of this latest supplemental agreement), Weichai Power has agreed to supply Fujian Longgong, at market prices, not more than certain stated quantities of diesel engines and parts for each of the three years ending 31 December 2006. The original framework agreement (prior to the entering into of this latest supplemental agreement) is due to expire on 31 December 2006 and this latest supplemental agreement will extend the original framework agreement for a term of three years with effect from 1 January 2007. As Li San Yim and Ngai Ngan Ying have restructured their interests in, and the businesses of, Fujian Longgong as mentioned above, this latest supplemental agreement will include the sale of diesel engines and parts to Fujian Longgong and its associates (as defined in the Listing Rules). Save as aforesaid and the removal of the above references to the amount of diesel engines and parts for the past periods (as they are no longer relevant), all other terms of the original framework agreement remain unchanged.

The table below summarises the Existing Caps for the three years ending 31 December 2006 for the Weichai Power Continuing Connected Transactions set out in this sub-section:

	2004	2005	2006
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing Cap	105,000,000	155,000,000	185,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2005 (audited) and for the six months ended 30 June 2006 (unaudited) for the Weichai Power Continuing Connected Transactions set out in this sub-section:

	1 January 2004– 31 December 2004 (audited)	1 January 2005– 31 December 2005 (audited)	1 January 2006– 30 June 2006 (unaudited)
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Actual transaction amount	67,641,633	81,714,060	66,400,000

As disclosed in the annual report of Weichai Power for the financial year ended 2006, the PRC government had implemented a series of austerity measures in 2005. The implementation of such measures had certain negative impacts on the construction machinery industry in the PRC, which in turn substantially slowed down the sales of Weichai Power's diesel engines which were used in the wheel-loaders. As a result, the purchase orders from Fujian Longgong for Weichai Power's diesel engines and parts were substantially less than anticipated.

However, the PRC has maintained a strong economic growth over the past years and the construction machinery market showed a very strong recovery following a depressed market in 2005. Fujian Longgong is a leading manufacturer in construction machinery in the PRC, and the demand for its wheel-loaders has increased as a result of the launching of a number of major infrastructure projects in the PRC. Weichai Power anticipates that Fujian Longgong will increase its purchase order for diesel engines and parts from Weichai Power for the three years ending 31 December 2009. Weichai Power estimates that the total consideration payable to Weichai Power by Fujian Longgong for such sales for the three years ending 31 December 2009 will be approximately RMB135 million, RMB150 million and RMB165 million and such amounts have accordingly been set as the proposed New Caps for these Weichai Power Continuing Connected Transactions. The sales of diesel engines and parts by Weichai Power to Fujian Longgong and its associates to-date are substantially higher than 2005 and accordingly, the New Cap for 2007 is set at a higher base, which is comparable to the 2006 sales to-date.

The above proposed New Caps have been prepared by Weichai Power primarily based on the estimate of the number of diesel engines required by Fujian Longgong and of the average unit prices of such diesel engines. Weichai Power is a leading manufacturer of diesel engines in the PRC. This evidences the quality and competitiveness of Weichai Power's Engines generally and, therefore, Weichai Power believes that Fujian Longgong will continue to purchase Weichai Power's Engines for the manufacture of its products.

The table below summarises the proposed New Caps for the Weichai Power Continuing Connected Transactions set out in this sub-section for the three years ending 31 December 2009:

	2007	2008	2009
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Caps	135,000,000	150,000,000	165,000,000

As the New Caps for these Weichai Power Continuing Connected Transactions for the three years ending 31 December 2009 exceed the 2.5% Threshold, they constitute Non-exempt Continuing Connected Transactions of Weichai Power under Chapter 14A of the Listing Rules and will be subject to the reporting requirements set out in Rules 14A.45 and 14A.46 and the annual review requirements of Rules 14A.37 and 14A.38, and approval from the Weichai Power Independent Shareholders (being Weichai Power Shareholders other than Fujian Longgong, who will abstain from voting at the Weichai Power Shareholders' EGM in relation to the resolution to be proposed in respect of these New Caps, and no other Weichai Power Shareholders will be required to abstain from voting in relation thereto at the Weichai Power Shareholders' EGM) at the Weichai Power Shareholders' EGM will be required.

Since these Weichai Power Continuing Connected Transactions are Non-exempt Continuing Connected Transactions and the New Caps are subject to Weichai Power Independent Shareholders' approval as aforesaid, this latest supplemental agreement (which will, inter alia, extend the term of the original framework agreement to 31 December 2009) is conditional upon the said resolution being passed at the Weichai Power Shareholders' EGM.

VI. Continuing connected transactions between Weichai Power and Shanghai Longgong

Shanghai Longgong was engaged in the manufacture and sale of, inter alia, construction machines, certain of which require the diesel engines and parts manufactured by Weichai Power. Shanghai Longgong is indirectly owned by Li San Yim, a non-executive Director, and Ngai Ngan Ying, Li San Yim's wife. Li San Yim and Ngai Ngan Ying are also interested in Fujian Longgong, being one of the Promoters. Shanghai Longgong is thus an associate of Li San Yim and, hence, a connected person of Weichai Power.

As Li San Yim and Ngai Ngan Ying have restructured their interests in, and the businesses of, Shanghai Longgong and Fujian Longgong, the business of the manufacture and sale of, inter alia, wheel-loaders is also carried out by Shanghai Longgong's associates (as defined in the Listing Rules), which are also indirectly majority owned by Li San Yim and Ngai Ngan Ying

Supply of diesel engines and parts by Weichai Power to Shanghai Longgong and its associates

Agreement: Supplemental agreement to the framework agreement dated 21 October 2003 (as supplemented by a supplemental agreement dated 15 September 2004)

Date: 12 November 2006

Parties:

1. Weichai Power
2. Shanghai Longgong

Term: 1 January 2007 to 31 December 2009

Other terms and details:

Pursuant to the framework agreement (prior to the entering into of this latest supplemental agreement), Weichai Power has agreed to supply Shanghai Longgong, at market prices, not more than certain stated quantities of diesel engines and parts for each of the three years ending 31 December 2006. The original framework agreement (prior to the entering into of this latest supplemental agreement) is due to expire on 31 December 2006 and this latest supplemental agreement will extend the original framework agreement for a term of three years with effect from 1 January 2007. As Li San Yim and Ngai Ngan Ying have restructured their interests in, and the businesses of, Shanghai Longgong as mentioned above, this latest supplemental agreement will include the sale of diesel engines and parts to Shanghai Longgong and its associates (as defined in the Listing Rules). Save as aforesaid and the removal of the above references to the amount of diesel engines and parts for the past periods (as they are no longer relevant), all other terms of the original framework agreement remain unchanged.

The table below summarises the Existing Caps for the three years ending 31 December 2006 for the Weichai Power Continuing Connected Transactions set out in this sub-section:

	2004	2005	2006
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing Cap	315,000,000	470,000,000	555,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2005 (audited) and for the six months ended 30 June 2006 (unaudited) for the Weichai Power Continuing Connected Transactions set out in this sub-section:

	1 January 2004– 31 December 2004 (audited)	1 January 2005– 31 December 2005 (audited)	1 January 2006– 30 June 2006 (unaudited)
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Actual transaction amount	250,072,991	268,059,829	250,036,752

As disclosed in the annual report of Weichai Power for the financial year ended 2006, the PRC government had implemented a series of austerity measures in infrastructure in the PRC. The implementation of such measures had certain negative impacts on the construction machinery industry in the PRC, which in turn substantially slowed down the sales of Weichai Power's Engines which are used in construction machines. As a result, the purchase orders from Shanghai Longgong for Weichai Power's diesel engines and parts were substantially less than anticipated.

However, the PRC has maintained a strong economic growth over the past years and the construction machinery market showed a very strong recovery following a depressed market in 2005. Shanghai Longgong is a leading manufacturer in construction machinery in the PRC, the demand for its products has increased as a result of the launching of a number of major infrastructure projects in the PRC. Weichai Power anticipates that Shanghai Longgong will increase its purchase order for diesel engines and parts from Weichai Power for the three years ending 31 December 2009. Weichai Power estimates that the total consideration payable to Weichai Power by Shanghai Longgong for such sales for the three years ending 31 December 2009 will not exceed RMB500 million, RMB520 million and RMB570 million and such amounts have accordingly been set as the proposed New Caps for these Weichai Power Continuing Connected Transactions. The sales of diesel engines and parts to Shanghai Longgong to-date is substantially higher than 2005 and, accordingly, the New Cap for 2007 is set at a higher base, which is comparable to the 2006 sales to-date.

The above proposed New Caps have been prepared by Weichai Power primarily based on the estimate of the number of diesel engines required by Shanghai Longgong and of the average unit prices of such diesel engines. Weichai Power is a leading manufacturer of diesel engines in the PRC. This evidences the quality and competitiveness of Weichai Power's Engines generally and, therefore, Weichai Power believes that Shanghai Longgong will continue to purchase Weichai Power's Engines for the manufacture of its products.

The table below summarises the proposed New Caps for the Weichai Power Continuing Connected Transactions set out in this sub-section for the three years ending 31 December 2009:

	2007	2008	2009
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Caps	500,000,000	520,000,000	570,000,000

As the New Caps for these Weichai Power Continuing Connected Transactions for the three years ending 31 December 2009 exceed the 2.5% Threshold, they constitute Non-exempt Continuing Connected Transactions of Weichai Power under Chapter 14A of the Listing Rules and will be subject to the reporting requirements set out in Rules 14A.45 and 14A.46 and the annual review requirements of Rules 14A.37 and 14A.38, and approval from the Weichai Power Independent Shareholders (being Weichai Power Shareholders other than Fujian Longgong, who will abstain from voting at the Weichai Power Shareholders' EGM in relation to the resolution to be proposed in respect of these New Caps, and no other Weichai Power Shareholders will be required to abstain from voting in relation thereto at the Weichai Power Shareholders' EGM) at the Weichai Power Shareholders' EGM will be required.

Since these Weichai Power Continuing Connected Transactions are Non-exempt Continuing Connected Transactions and the New Caps are subject to Weichai Power Independent Shareholders' approval as aforesaid, this latest supplemental agreement (which will, inter alia, extend the term of the original framework agreement to 31 December 2009) is conditional upon the said resolution being passed at the Weichai Power Shareholders' EGM.

VII. *Continuing connected transactions between Weichai Power and Weichai Deutz*

Weichai Deutz is engaged in the manufacture and sale of, inter alia, 226B series of diesel engines and parts, certain of which require semi-finished diesel engine parts provided by Weichai Power.

Weichai Deutz is owned as to 50% by Weichai Factory (a Promoter) and, accordingly, Weichai Deutz is an associate of Weichai Factory and, hence, a connected person of Weichai Power. The other 50% interest in Weichai Deutz is held by Deutz AG, which is an internationally renowned manufacturer of diesel and gas engines. Deutz AG is independent of and is not connected with any Director or substantial shareholder of Weichai Power or an associate of any of them.

1. *Supply of semi-finished diesel engine parts by Weichai Power to Weichai Deutz*

Agreement: Supplemental agreement to the master sales agreement dated 21 October 2003 (as supplemented by a supplemental agreement dated 15 September 2004)

Date: 12 November 2006

Parties:

1. Weichai Power
2. Weichai Deutz

Term: 1 January 2007 to 31 December 2009

Other terms and details:

Pursuant to the master sales agreement (prior to the entering into of this latest supplemental agreement), Weichai Power has agreed to supply semi-finished diesel engines parts to Weichai Deutz for its 226B series of diesel engines. The consideration for such sale would be based on the costs incurred by Weichai Power in relation to the provision of the semi-finished diesel engine parts plus a service charge not exceeding 20% of such costs, but would not be less than the relevant market prices, if any (provided it is permitted by the relevant laws and regulations in the PRC to do so). The original framework agreement (prior to the entering into of this latest supplemental agreement) is due to expire on 31 December 2006 and this latest supplemental agreement will extend the original framework agreement for a term of three years with effect from 1 January 2007. Save as aforesaid, all other terms of the original framework agreement remain unchanged.

The table below summarises the Existing Caps for the three years ending 31 December 2006 for the Weichai Power Continuing Connected Transactions set out in this sub-section:

	2004 <i>RMB</i>	2005 <i>RMB</i>	2006 <i>RMB</i>
Existing Cap	24,000,000	55,000,000	55,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2005 (audited) and for the six months ended 30 June 2006 (unaudited) for the Weichai Power Continuing Connected Transactions set out in this sub-section:

	1 January 2004– 31 December 2004 (audited) RMB	1 January 2005– 31 December 2005 (audited) RMB	1 January 2006– 30 June 2006 (unaudited) RMB
Actual transaction amount	12,274,040	38,975,763	26,642,584

Weichai Power estimates that the total consideration payable by Weichai Deutz to Weichai Power for the purchase of semi-finished diesel engine parts for the three years ending 31 December 2009 will not exceed RMB48 million, RMB58 million and RMB69 million, respectively, and such amounts have accordingly been set as the proposed New Caps for these Weichai Power Continuing Connected Transactions.

The above proposed New Caps have been prepared by Weichai Power primarily based on the estimate of the production volume of Weichai Deutz's 226B series diesel engines, which in turn is based on the estimate of the increase in demand for 226B series diesel engines estimated by Weichai Deutz, and of the average selling prices of those semi-finished diesel engine parts to be charged by Weichai Power. Weichai Power estimates that the sales of semi-finished diesel engine parts to Weichai Deutz will increase at a steady rate of approximately 20% each year for the three years ending 31 December 2009 and such estimate is comparable to the sales of Weichai Power for 2006 to-date.

The table below summarises the proposed New Caps for the Weichai Power Continuing Connected Transactions set out in this sub-section for the three years ending 31 December 2009:

	2007 RMB	2008 RMB	2009 RMB
New Caps	48,000,000	58,000,000	69,000,000

As the New Caps for these Weichai Power Continuing Connected Transactions for the three years ending 31 December 2009 do not exceed the 2.5% Threshold, they constitute Exempt Continuing Connected Transactions of Weichai Power under Chapter 14A of the Listing Rules and will be subject to the reporting requirements set out in Rules 14A.45 and 14A.46 and the annual review requirements of Rules 14A.37 and 14A.38.

Since these Weichai Power Continuing Connected Transactions for the three years ending 31 December 2009 are Exempt Continuing Connected Transactions and the New Caps are not subject to the approval of Weichai Power Independent Shareholders, this latest supplemental agreement (which will extend the term of the original framework agreement to 31 December 2009) is unconditional. All other terms and conditions of the original framework agreement remain unchanged.

2. *Provision of sales and warranty period repair services by Weichai Power to Weichai Deutz's customers*

Agreement: Supplemental agreement to the sales and warranty agreement dated 21 September 2005

Date: 12 November 2006

Parties: 1. Weichai Power
2. Weichai Deutz

Term: 1 January 2007 to 31 December 2009

Other terms and details:

Pursuant to the sales and warranty agreement (prior to the entering into of this latest supplemental agreement), Weichai Power has agreed to provide the sales and warranty period repair and maintenance services to Weichai Deutz's customers. The provision of such services by Weichai Power to Weichai Deutz's customers would be charged at a price which is not more favourable than the Weichai Deutz than the price at which Weichai Power provides similar services to other independent third party having regard to the quantity and the other conditions of the provision of such services.

The original sales and warranty agreement (prior to the entering into of this latest supplemental agreement) is due to expire on 31 December 2006 and this latest supplemental agreement will extend the original sales and warranty agreement for a term of three years with effect from 1 January 2007. Save as aforesaid, all other terms of the original sales and warranty agreement remain unchanged.

The table below summarises the Existing Caps for the three years ending 31 December 2006 for the Weichai Power Continuing Connected Transactions set out in this sub-section:

	2004 <i>RMB</i>	2005 <i>RMB</i>	2006 <i>RMB</i>
Existing Cap	n/a	7,500,000	15,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2005 (audited) and for the six months ended 30 June 2006 (unaudited) for the Weichai Power Continuing Connected Transactions set out in this sub-section:

	1 January 2004– 31 December 2004 (audited) <i>RMB</i>	1 January 2005– 31 December 2005 (audited) <i>RMB</i>	1 January 2006– 30 June 2006 (unaudited) <i>RMB</i>
Actual transaction amount	n/a	5,383,839	2,592,017

The annual service fees charged by Weichai Power will depend on the total amount of sales of semi-finished diesel engines parts by Weichai Power to Weichai Deutz. Weichai Power estimates that its sales of semi-finished diesel engine parts to Weichai Deutz will increase steadily at the rate of approximately 15% per year for the three years ending 31 December 2009 and such estimate is comparable to the sales of Weichai Power for 2006 to-date. Weichai Power estimates that the total service fees payable by Weichai Factory to Weichai Power for the three years ending 31 December 2009 will not exceed RMB9 million, RMB11 million and RMB13

million, respectively and such amount have accordingly been set as the proposed New Caps for these Weichai Power Continuing Connected Transactions. The proposed New Caps is in line with the estimates growth rate of the sale of diesel engines to Weichai Factory as stated in the sub-section headed “1. Supply of semi-finished diesel engine parts by Weichai Power to Weichai Deutz” above.

The table below summarises the proposed New Caps for the Weichai Power Continuing Connected Transactions set out in this sub-section for the three years ending 31 December 2009:

	2007	2008	2009
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Caps	9,000,000	11,000,000	13,000,000

As the New Caps for these Weichai Power Continuing Connected Transactions for the three years ending 31 December 2009 do not exceed the 2.5% Threshold, they constitute Exempt Continuing Connected Transactions of Weichai Power under Chapter 14A of the Listing Rules and will be subject to the reporting requirements set out in Rules 14A.45 and 14A.46 and the annual review requirements of Rules 14A.37 and 14A.38.

Since these Weichai Power Continuing Connected Transactions for the three years ending 31 December 2009 are Exempt Continuing Connected Transactions and the New Caps are not subject to the approval of Weichai Power Independent Shareholders, this latest supplemental agreement (which will extend the term of the original framework agreement to 31 December 2009) is unconditional. All other terms and conditions of the original framework agreement remain unchanged.

B. Listing Rules Requirements

Weichai Power is principally engaged in the manufacture and sale of WD615 Engines and WD618 Engines and engine parts. Prior to the incorporation of Weichai Power and the listing of the Weichai Power Shares on the Hong Kong Stock Exchange, Weichai Power has had business relationship with certain entities. Under the Listing Rules, such entities became connected persons of Weichai Power since the listing of Weichai Power and the transactions between Weichai Power and these entities constitute continuing connected transactions of Weichai Power. As with respect the continuing connected transactions between Weichai Power and Weichai Factory, since their production facilities are located in close proximity to each other and in view of the PRC Government’s policy not to duplicate construction of production and other facilities, certain continuing connected transactions have been continuing since the listing of Weichai Power on the Hong Kong Stock Exchange.

As Weichai Power has conducted these Weichai Power Continuing Connected Transactions with the relevant entities for many years and Weichai Power has built up a long term strategic and solid business relationship with these entities, the Directors, including the independent non-executive Directors, consider it to be beneficial to Weichai Power to continue to conduct these Weichai Power Continuing Connected Transactions in order to ensure and maximize operating efficiency and stability of the operations of Weichai Power.

The Directors, including the independent non-executive Directors, have confirmed that the above Weichai Power Continuing Connected Transactions have been subject to arm’s length negotiation between Weichai Power and the relevant parties, and have been entered into by Weichai Power in the ordinary and usual course of business and either (i) on normal commercial terms or better, or (ii) on terms no less favourable to Weichai Power than those available to or from (as appropriate) independent third parties.

The considerations for these Weichai Power Continuing Connected Transactions will be satisfied in cash and the relevant payment terms are normally within one month.

The Directors, including the independent non-executive Directors, are of the view that the Weichai Power Continuing Connected Transactions, and the proposed New Caps, are fair and reasonable and in the interests of the Weichai Power Shareholders as a whole.

Since certain of the New Caps (in respect of any one or more of the three years ending 31 December 2009) referred to in the above section exceed the 2.5% Threshold, the Weichai Power Continuing Connected Transactions concerning such New Caps constitute Non-exempt Continuing Connected Transactions of Weichai Power under Chapter 14A of the Listing Rules and the New Caps will be subject to the prior approval of the Weichai Power Independent Shareholders (as mentioned above) at the Weichai Power EGM to be convened in relation to, inter alia, the resolution to be proposed in respect of each such New Cap and the relevant Supplemental Agreements, and the reporting requirements set out in Rules 14A.45 and 14A.46 for disclosure of details in Weichai Power's annual reports and accounts, as well as annual review by the independent non-executive Directors under Rule 14A.37 and by Weichai Power's auditors under Rule 14A.38.

If any of the Weichai Power Continuing Connected Transactions Agreements (as amended by their related Supplemental Agreements) concerning the Non-exempt Continuing Connected Transactions is renewed or if there is a material change to the terms of any of them, or if any of the New Caps for such Non-exempt Continuing Connected Transactions is exceeded, Weichai Power must re-comply with Rules 14A.35(3) and (4).

C. Weichai Power Independent Board Committee

A Weichai Power Independent Board Committee comprising the independent non-executive Directors (namely, Mr. Zhang Xiaoyu, Mr. Koo Fook Sun, Louis and Mr. Fang Zhong Chang) has been appointed to consider the respective New Caps in relation to the Non-exempt Continuing Connected Transactions. The Weichai Power Independent Financial Adviser has been appointed to advise the Weichai Power Independent Board Committee and the Weichai Power Independent Shareholders on the fairness and reasonableness of the said New Caps in relation to the Non-exempt Continuing Connected Transactions.

2. TAGC CONTINUING CONNECTED TRANSACTIONS

TAGC is an investment holding company, and it derives its income principally from distributions from its subsidiaries and other investments as well as sale of investments. TAGC's major subsidiaries are principally engaged in the manufacture and sale of heavy-duty trucks and motor vehicle parts.

TAGC invested in its principal operating subsidiaries in conjunction with operation support from the other minority shareholders who often are the founders of the relevant businesses. Accordingly, certain of the operating subsidiaries of TAGC have ongoing transactions with these minority shareholders. Following the completion of the Merger, the transactions (if they continue thereafter) of these operating subsidiaries with their substantial shareholders (as defined in the Listing Rules) will constitute connected transactions under Chapter 14A of the Listing Rules. Such continuing connected transactions may include the following:

Name of connected person	Connected person's relationship with the TAGC Group	Nature of the connected person's possible transaction with the TAGC Group
1. 陝西法士特汽車傳動集團有限公司 (Shaanxi Fast Gear Automotive Transmission Co. Ltd.)	Holder of 49% of the equity of SFGC	(a) Sale of parts and components to SFGC
		(b) Sourcing of parts and components from SFGC
		(c) Leasing of premises to SFGC

Name of connected person	Connected person's relationship with the TAGC Group	Nature of the connected person's possible transaction with the TAGC Group
2. 陝西汽車集團有限公司 (Shaanxi Automotive Group Co. Ltd.)	Holder of 49% of the equity of Shaanxi Zhongqi	(a) Purchase of scrap metal and other production waste from Shaanxi Zhongqi (b) Payment of utility (such as water and electricity) charges to Shaanxi Zhongqi for onward payment to utility providers (c) Leasing of premises to Shaanxi Zhongqi
3. 牡丹江華通汽車零部件公司 (Mudan Jiang Huaton Automotive Components Company)	Holder of 49% of the equity of 牡丹江富通汽車空調有限公司 (Mudan Jiang Foton Automotive Air Conditioner Co. Ltd.) (“ Foton ”) (Note 1)	(a) Sale of parts and components to Foton (b) Sourcing of miscellaneous materials from Foton (c) Provision of processing services to Foton (d) Leasing of premises to Foton
4. 東風汽車集團股份有限公司 (Dong Feng Automotive Group Co. Ltd.)	Holder of 40% of the equity of 東風越野車有限公司 (Dong Feng Off-road Vehicle Co. Ltd.) (“ DFOVCL ”) (Note 2)	(a) Purchase of off-road vehicles from DFOVCL (b) Sale of parts to DFOVCL (c) Payment for repair and maintenance services to DFOVCL
5. 株洲齒輪股份有限公司 (Zhuzhou Gear Share Co. Ltd.)	Holder of 49% of the equity of 株洲齒輪有限責任公司 (Zhuzhou Gear Co. Ltd.) (“ Zhuzhou Gear ”) (Note 3)	(a) Sale of parts to Zhuzhou Gear (b) Leasing of premises to Zhuzhou Gear

Notes:

1. Foton is a 51% subsidiary of TAGC.
2. DFOVCL is a 60% subsidiary of TAGC.
3. Zhuzhou Gear is a 51% subsidiary of TAGC.

Weichai Power is currently discussing the possible continuing connected transactions as well as their transaction terms and estimated future transaction amounts with the management of the relevant operating subsidiaries and the relevant counterparties. Following such discussions, such transactions may or may not continue. In the event that the parties decide that such transactions shall continue and they constitute continuing connected transactions under Chapter 14A of the Listing Rules, Weichai Power will comply with the announcement and/or independent shareholders' approval requirements (including, if applicable, issuing a circular (containing the advice of an independent financial adviser in relation thereto) to shareholders under Chapter 14A of the Listing Rules.

III. WEICHAI POWER CIRCULAR

The Weichai Power Circular in accordance with the requirements of the Listing Rules will be despatched to the Weichai Power Shareholders on 13 November 2006, containing, inter alia, (1) details of the Merger Proposal and the Weichai Power Continuing Connected Transactions; (2) a letter from the Weichai Power Independent Financial Adviser to the Weichai Power Independent Board Committee and the Weichai Power Independent Shareholders with its recommendation to the Weichai Power Independent Shareholders on the Weichai Power Continuing Connected Transactions; (3) a letter from the Weichai Power Independent Board Committee to the Weichai Power Independent Shareholders on the Weichai Power Continuing Connected Transactions; (4) details of the proposed amendments to the Weichai Power Articles; (5) notice of the Weichai Power Shareholders' EGM for the approval of, inter alia, the Merger Proposal, the proposed amendments to the Weichai Power Articles and the Weichai Power Continuing Connected Transactions; and (6) notices of the Weichai Power H Shareholders' EGM and the Weichai Power Domestic and Foreign Shareholders' EGM for the approval of, inter alia, the Merger Proposal.

IV. DEFINED TERMS USED IN THIS ANNOUNCEMENT

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

“2.5% Threshold”	the thresholds referred to in Rule 14A.34 of the Listing Rules
“2004 Announcement”	the announcement of Weichai Power dated 15 September 2004 in relation to, inter alia, the Weichai Power Continuing Connected Transactions
“2004 Weichai Power Circular”	the circular of Weichai Power dated 27 October 2004 in relation to, inter alia, the Weichai Power Continuing Connected Transactions
“2004 Weichai Power Shareholders' EGM”	the extraordinary general meeting of Weichai Power held on 15 December 2004 approving, inter alia, the Existing Caps for the Weichai Power Continuing Connected Transactions
“2005 Announcement”	the announcement of Weichai Power dated 21 September 2005 in relation to, inter alia, the Weichai Power Continuing Connected Transactions
“2005 Weichai Power Circular”	the circular of Weichai Power dated 20 October 2005 in relation to, inter alia, the Weichai Power Continuing Connected Transactions
“2005 Weichai Power Shareholders' EGM”	the extraordinary general meeting of Weichai Power held on 5 December 2005 approving, inter alia, the Existing Caps for the Weichai Power Continuing Connected Transactions
“associate”	has the meaning ascribed to it under the Listing Rules
“Board” or “Weichai Power Board”	the board of Directors
“Buildings and Equipment”	has the meaning ascribed to it in the section headed “II. Continuing Connected Transactions of the Enlarged Group after the Merger Proposal — 1. Weichai Power Continuing Connected Transactions” in this announcement;

“Cash Alternative”	the cash alternative under the Merger Proposal to the TAGC Public Shareholders who elect not to receive in whole (or in part) the Weichai A Shares at the rate of RMB5.05 per TAGC Share, subject to the Merger Proposal becoming unconditional, the details of which are set out in the section headed “I. Merger Proposal — 5. Cash Alternative” in this announcement
“Cash Alternative Amount”	the amount of the Cash Alternative
“Cash Alternative Provider(s)”	has the meaning ascribed to it in the section headed “I. The Merger Proposal — 5. Cash Alternative” in this announcement
“CCASS”	the Central Clearing at Settlement System established and operated by HKSCC
“Chongchai Production Line”	the Company’s production line located at its premises in Chongqing Municipality, the PRC for the manufacture of WD615 Engines
“Chongqing Branch”	the Company’s facility (being its branch office) in Chongqing Municipality, 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 wholly-owned by Weichai Factory
“Company” or “Weichai Power”	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
“connected person”	has the meaning ascribed to it under the Listing Rules
“Continuing Connected Transactions”	the Weichai Power Continuing Connected Transactions and/or the TAGC Continuing Transactions (as the context may require)
“CSRC”	中國證券監督管理委員會 (China Securities Regulatory Commission)
“Director(s)”	Director(s) of Weichai Power
“Domestic Share(s)”	the ordinary share(s) issued by the Company with a Renminbi denominated par value of RMB1.00 each, which are subscribed for and paid up in Renminbi or credited as fully paid up
“Enlarged Group”	the Weichai Power Group and TAGC
“Exchange Ratio”	the ratio for the number of Weichai A Shares to be issued by Weichai Power, based on the number of TAGC Shares held by each TAGC Shareholder (other than InvestCo) under the Merger Proposal, being the ratio of one Weichai A Share to 3.53 TAGC Shares held by the TAGC Shareholders (other than InvestCo)
“Exempt Continuing Connected Transactions”	being those Weichai Power Continuing Connected Transactions the proposed New Caps for which do not exceed the 2.5% Threshold and, accordingly, are only subject to the reporting requirements set out in Rules 14A.45 and 14A.46, the announcement requirement in Rule 14A.47 and the annual review requirements in Rules 14A.37 and 14A.38 of the Listing Rules

“Existing Cap(s)”	the maximum aggregate annual value for each of the Weichai Power Continuing Connected Transactions as set out in the 2004 Announcement, the 2004 Weichai Power Circular, the 2005 Announcement and the 2005 Weichai Power Circular (as the case may be) and as approved by the Weichai Power Shareholders at the 2004 Weichai Power Shareholders’ EGM and 2005 Weichai Power Shareholders’ EGM (as the case may be)
“Final Record Date”	being the date on which TAGC Shareholders’ entitlements to the Weichai A Shares under the Merger Proposal is determined, which date will be determined and announced by Weichai Power and TAGC in the PRC and Hong Kong
“Foreign Share(s)”	the ordinary share(s) issued by the Company, with a Renminbi denominated par value of RMB1.00 each, which are subscribed for and paid up in a currency other than Renminbi. As these shares are not listed on any stock exchange in the PRC, they are not PRC listed foreign shares (or commonly known as “B Shares”)
“Fujian Longgong”	福建龍岩工程機械(集團)有限公司 (Fujian Longyan Construction Machinery (Group) Company Limited), a company incorporated in the PRC and a Promoter
“Group” or “Weichai Power Group”	Weichai Power and its subsidiaries before completion of the Merger Proposal
“Guangxi Liugong”	廣西柳工集團有限公司 (Guangxi Liugong Group Company Limited), a company established in the PRC, a Promoter and a State-owned enterprise
“Guangxi Liugong Machinery”	廣西柳工機械股份有限公司 (Guangxi Liugong Machinery Co., Ltd.), a company established in the PRC
“Guidelines and Guidance Opinions”	《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
“H Share(s)” or “Weichai H Share(s)”	the overseas listed foreign share(s) in the capital of Weichai Power 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 Hong Kong Stock Exchange
“High Technology Industrial Development Zone”	中國山東省濰坊市高新技術產業開發區 (High Technology Industrial Development Zone, Weifang City, Shangdong Province, the PRC)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$” or “HK Dollar”	Hong Kong dollar, the lawful currency of Hong Kong from time to time

“HKFRS”	the Hong Kong Financial Reporting Standard issued by the Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hunan SASAC”	湖南省國有資產監督管理委員會 (Hunan State-owned Assets Supervision and Administration Commission), the State-owned Assets Supervision and Administration Commission of the Hunan Province
“InvestCo”	濰柴動力(濰坊)投資有限公司 (Weichai Power (Weifang) Investment Co., Ltd.), a limited liability company established in the PRC on 2 August 2005 and a wholly-owned subsidiary of Weichai Power
“IVM”	IVM Technical Consultants Wien Gesellschaft m.b.H., a company established in Austria and a Promoter
“Last Dealing Date”	18 August 2006, being the last day prior to the suspension of trading in the shares of TAGC on the Shenzhen Stock Exchange pending the release of an announcement by TAGC dated 1 September 2006 concerning certain of the matters contained in the Merger Proposal, which was also the last day prior to the suspension of trading in the H Shares on the Hong Kong Stock Exchange pending the release of the announcement dated 1 September 2006 in relation to the Merger Proposal
“Latest Practicable Date”	7 November 2006, being the latest practicable date for the purpose of ascertaining certain information contained in this announcement before its publication
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Merger Agreement”	the conditional agreement dated 12 November 2006 entered into between Weichai Power and TAGC in relation to the Merger Proposal
“Merger” or “Merger Proposal”	the proposed merger of Weichai Power and TAGC and the issue by Weichai Power of new Weichai A Shares to the shareholders of TAGC (other than InvestCo) at the Exchange Ratio and the other ancillary matters set out in this announcement
“MOC”	中國商務部 (Ministry of Commerce), the Ministry of Commerce of the PRC
“New Cap(s)”	as defined in the section headed “II. Continuing Connected Transactions of the Enlarged Group after the Merger Proposal — 1. Weichai Power Continuing Connected Transactions” in this announcement
“Non-exempt Continuing Connected Transactions”	being those Weichai Power Continuing Connected Transactions the proposed New Caps for which exceed the 2.5% Threshold, and, accordingly, they will be subject to the reporting requirements set out in Rules 14A.45 and 14A.46 of the Listing Rules, the announcement requirement in Rule 14A.47 of the Listing Rules and the annual review requirements in Rules 14A.37 and 14A.38 of the Listing Rules and approval from the Weichai Power Independent Shareholders at the Weichai Power Shareholders’ EGM will be required
“Peterson”	Peterson Holdings Company Limited (培新控股有限公司), a company incorporated in Hong Kong and a Promoter

“PRC”	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
“PRC Company Law”	the Company Law of the PRC (中華人民共和國公司法) adopted at the Fifth Session by the Standing Committee of the Eighth National People’s Congress on 29 December 1993 and effective from 1 July 1994, as amended, supplemented or otherwise modified from time to time
“Promoter(s)”	Weichai Factory, Peterson, Weifang Investment, Fujian Longgong, Shenzhen Investment, IVM, Shandong Trust, Guangxi Liugong and 24 natural persons whose names are set out in the prospectus of Weichai Power dated 26 February 2004
“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 is a 51% subsidiary of TAGC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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 is a 51% subsidiary of TAGC
“Shandong SASAC”	山東省國有資產監督管理委員會 (Shandong State-owned Assets Supervision and Administration Commission), the State-owned Assets Supervision and Administration Commission of the Shandong Province
“Shandong Trust”	山東省企業托管經營股份有限公司 (Shandong Enterprise Trust Operation Company Limited), a company established in the PRC and a Promoter
“Shanghai Longgong”	上海龍工機械有限公司 (Shanghai Longgong Machinery Company Limited), a limited liability company established in the PRC
“Share(s)”	the ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Shenzhen Investment”	深圳市創新投資集團有限公司 (Shenzhen Chuangxin Investment Group Company Limited), a company incorporated in the PRC and a Promoter
“State”	the Central Government of the PRC
“State Council”	中華人民共和國國務院 (State Council of the PRC)
“Supervisor(s)”	the supervisor(s) of Weichai Power
“Supplemental Agreement”	each of the supplemental agreements as referred to in this announcement and entered into between Weichai Power and each of the counterparties to the respective Weichai Power Continuing Connected Transactions Agreements (certain of which are conditional on the relevant Weichai Power Independent Shareholders approving the relevant New Caps at the Weichai Power Shareholders’ EGM)

“TAGC”	湘火炬汽車集團股份有限公司 (Torch Automobile Group Co., Ltd.), a company established in the PRC and the shares of which are listed on the Shenzhen Stock Exchange
“TAGC Board”	the board of directors of TAGC
“TAGC Continuing Connected Transactions”	the transactions described in the section headed “II. Continuing Connected Transactions of the Enlarged Group after the Merger Proposal — 2. TAGC Continuing Connected Transactions” in this announcement
“TAGC Debt Restructuring Framework Agreement”	the debt restructuring framework agreement dated 22 May 2006 entered into between TAGC and certain of its creditors in respect of certain TAGC’s bank borrowings for the purpose of restructuring certain debts of TAGC
“TAGC EGM(s)”	the TAGC Shareholders’ EGM and/or the TAGC Public Shareholders’ EGM (as the context may require)
“TAGC Group”	TAGC and its subsidiaries
“TAGC Public Shareholder(s)”	the TAGC Shareholder(s) other than InvestCo and Zhuzhou State Assets Co
“TAGC Public Shareholders’ EGM”	the extraordinary general meeting of the TAGC Public Shareholders to be held on 8 January 2007 to consider, inter alia, the Merger Proposal
“TAGC Share(s)”	share(s) in the capital of TAGC
“TAGC Shareholder(s)”	holders of the TAGC Shares
“TAGC Shareholders’ EGM”	the extraordinary general meeting of the TAGC Shareholders to be held on 8 January 2007 to consider, inter alia, the Merger Proposal
“TAGC Share Reform”	the proposal in relation to the cancellation of the TAGC Shares held by TAGC Public Shareholders and the issue of new Weichai A Shares to them such that the current shareholding status of TAGC having listed non-tradable legal person shares in TAGC will cease to exist
“WD615” or “WD615 Engine(s)”	the water-cooled, linear, 6-cylinder, turbo-charging, direct-injection high-speed diesel engine(s) with a displacement of 9.726 litres, manufactured by Weichai Power
“WD618” or “WD618 Engine(s)”	a new series of diesel engines developed based on the WD615 series with a displacement of 11.596 litres, manufactured by Weichai Power
“Weichai A Share(s)”	ordinary shares with a RMB denominated par value of RMB1.00 each, which are proposed to be traded in RMB and listed on the Shenzhen Stock Exchange, and which, subject to the Merger Agreement becoming unconditional and being completed, will be issued by Weichai Power pursuant to the Merger Proposal, and, if the context requires, include the Domestic Shares and the Foreign Shares
“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

“Weichai Factory”	濰坊柴油機廠 (Weifang Diesel Engine Works), a legal person established in the PRC and is a substantial shareholder of Weichai Power
“Weichai Gas”	濰坊濰柴培新氣體發動機有限責任公司 (Weifang Weichai Peterson Gas Diesel Engines Company Limited), a company established in the PRC
“Weichai Power Articles”	the articles of association of Weichai Power
“Weichai Power Circular”	the circular of Weichai Power to be despatched for the purposes of, inter alia, the Merger Proposal pursuant to the requirements of the Listing Rules
“Weichai Power Continuing Connected Transactions”	the transactions described in the section headed “II. Continuing Connected Transactions of the Enlarged Group after the Merger Proposal — 1. Weichai Power Continuing Connected Transactions” in this announcement
“Weichai Power Continuing Connected Transactions Agreements”	the agreements relating to the Weichai Power Continuing Connected Transactions entered into between Weichai Power and the relevant counterparties, further details of which are set out in the section headed “II. Continuing Connected Transactions of the Enlarged Group after the Merger Proposal — 1. Weichai Power Continuing Connected Transactions” in this announcement
“Weichai Power Domestic and Foreign Shareholders’ EGM”	the extraordinary general meeting of the holders of the Domestic Shares and Foreign Shares to be held on 29 December 2006 to consider, inter alia, the Merger Proposal
“Weichai Power EGM(s)”	the Weichai Power Shareholders’ EGM, the Weichai Power H Shareholders’ EGM and/or the Weichai Power Domestic and Foreign Shareholders’ EGM (as the context may require)
“Weichai Power H Shareholders’ EGM”	the extraordinary general meeting of holders of H Shares of Weichai Power to be held on 29 December 2006 to consider, inter alia, the Merger Proposal
“Weichai Power Independent Board Committee”	a committee of the Board comprising Mr. Zhang Xiao Yu, Mr. Koo Fook Sun, Louis and Mr. Fang Zhong Chang, being the independent non-executive Directors
“Weichai Power Independent Financial Adviser”	AMS Corporate Finance Limited, the independent financial adviser appointed by Weichai Power to advise the Weichai Power Independent Board Committee and the Weichai Power Independent Shareholders in respect of the Weichai Power Continuing Connected Transactions
“Weichai Power Independent Shareholders”	Weichai Power Shareholders who are not required to abstain from voting at the Weichai Power Shareholders’ EGM in relation to the resolutions for approving the New Caps for the Weichai Power Continuing Connected Transactions
“Weichai Power Shareholder(s)”	shareholder(s) of Weichai Power

“Weichai Power Shareholders’ EGM”	the extraordinary general meeting of the Shareholders to be held on 29 December 2006 to consider, inter alia, the Merger Proposal
“Weifang Investment”	濰坊市投資公司 (Weifang Investment Company), a legal person established in the PRC. Weifang Investment is a State-owned enterprise
“Weifang Production Line”	Weichai Power’s production line located at its premises in Weifang, Shangdong Province for the manufacture of WD615 and WD618 Engines
“Zhuzhou State Assets Co”	株洲市國有資產投資經營有限公司 (Zhuzhou State-owned Assets Administration Management Company Limited), a State-owned enterprise. It is a third party independent of the Company
“Zhuzhou State Assets Co Gift Rate”	has the meaning ascribed to it in the section headed “3. Merger Agreement — Salient terms and consideration” in the section headed “I. Merger Proposal” in this announcement

By order of the Board
Tan Xuguang
Chairman and CEO

Hong Kong, 12 November 2006

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. Liu Huisheng, 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.

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