



WEICHAI

**潍柴动力股份有限公司
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 Weichai Power Continuing Connected Transactions
AMS Corporate Finance Limited**



AMS Corporate Finance Limited

**ANNOUNCEMENT OF RESULTS OF THE WEICHAI POWER EGMS
AND
THE TAGC EGMS**

SUMMARY

The Board is pleased to announce that all the resolutions (in particular those relating to the Merger Proposal and the non-exempt Continuing Connected Transactions) set out in the notice of Weichai Power Shareholders' EGM, the notice of Weichai Power H Shareholders' EGM and the notice of Weichai Power Domestic and Foreign Shareholders' EGM dated 12 November 2006 and the supplemental notice of Weichai Power Shareholders' EGM dated 14 December 2006 were duly passed by the Shareholders, the holders of H Shares and the holders of Domestic Shares and Foreign Shares (as the case may be) by way of poll at the respective Weichai Power EGMS held on 29 December 2006.

The Board is also pleased to announce that the Merger Proposal was approved by the TAGC Shareholders' EGM and the TAGC Public Shareholders' EGM.

Reference is made to the circular (the “**Circular**”) dated 12 November 2006 of Weichai Power Co., Ltd. (the “**Company**”) in respect of, inter alia, a very substantial acquisition involving a merger by absorption of TAGC and the announcement (the “**Announcement**”) dated 14 December 2006 in respect of the proposed appointment of directors at the Weichai Power Shareholders’ EGM. Terms and expressions defined in the Circular shall have the same meanings when used herein.

I. WEICHAI POWER SHAREHOLDERS’ EGM

The Board is pleased to announce that all the resolutions set out in the notice of the Weichai Power Shareholders’ EGM dated 12 November 2006 and the supplemental notice of the Weichai Power Shareholder’s EGM dated 14 December 2006 were duly passed by the Shareholders and Independent Shareholders (as the case may be) by way of poll at the Weichai Power Shareholders’ EGM held on 29 December 2006 at 10:00 a.m. at the Company’s conference room at 26 Minsheng East Street, Weifang, Shandong Province, PRC.

A. The results of the poll vote with respect to the ordinary resolutions regarding the following Weichai Power Continuing Connected Transactions and their respective New Caps are set out below:

Ordinary resolution(s) (Note 1)		Votes cast	
		For	Against
1.	(a) the supplemental agreement to the general services agreement dated 12 November 2006 and the New Caps referred to in the section headed “1. Weichai Power Continuing Connected Transactions — I.1. Provision of general services by Weichai Factory to Weichai Power” in the section headed “II. Continuing Connected Transactions of the Enlarged Group after the Merger Proposal” in the “Letter from the Board” contained in the Circular relating to the provision of general services by Weichai Factory to Weichai Power in the amount of RMB7 million, RMB7.5 million and RMB8 million for the three years ending 31 December 2009, respectively.	182,687,406	0
1.	(b) the supplemental agreement to the utility services agreement dated 12 November 2006 and the New Caps referred to in the section headed “1. Weichai Power Continuing Connected Transactions — I.2. Supply and/or connection of utilities by Weichai Factory to Weichai Power” in the section headed “II. Continuing Connected Transactions of the Enlarged Group after the Merger Proposal” in the “Letter from the Board” contained in the Circular relating to the supply and/or connection of utilities by Weichai Factor to Weichai Power in the amount of RMB110 million, RMB125 million and RMB140 million for the three years ending 31 December 2009, respectively.	182,687,406	0

Ordinary resolution(s) (Note 1)		Votes cast	
		For	Against
1.	(c) the supplemental agreement to the framework agreement dated 12 November 2006 and the New Caps referred to in the section headed “1. Weichai Power Continuing Connected Transactions — I.3. Supply of WD615 Engines by Weichai Power to Weichai Factory” in the section headed “II. Continuing Connected Transactions of the Enlarged Group after the Merger Proposal” in the “Letter from the Board” contained in the Circular relating to the supply of WD615 Engines by Weichai Power to Weichai Factory in the amount of RMB26 million, RMB29 million and RMB34 million for the three years ending 31 December 2009, respectively.	182,687,406	0
1.	(d) the supplemental agreement to the finished diesel engine parts supply agreement dated 12 November 2006 and the New Caps referred to in the section headed “1. Weichai Power Continuing Connected Transactions — I.4. Supply of finished diesel engine parts by Weichai Factory to Weichai Power” in the section headed “II. Continuing Connected Transactions of the Enlarged Group after the Merger Proposal” in the “Letter from the Board” contained in the Circular relating to the supply of finished diesel engine parts by Weichai Factory to Weichai Power in the amount of RMB136 million, RMB160 million and RMB185 million for the three years ending 31 December 2009, respectively.	182,687,406	0
1.	(e) the supplemental agreement to the semi-finished diesel engine parts supply agreement dated 12 November 2006 and the New Caps referred to in the section headed “1. Weichai Power Continuing Connected Transactions — I.5. Supply of semi-finished diesel engine parts by Weichai Power to Weichai Factory” in the section headed “II. Continuing Connected Transactions of the Enlarged Group after the Merger Proposal” in the “Letter from the Board” contained in the Circular relating to the supply of semi-finished diesel engine parts by Weichai Power to Weichai Factory in the amount of RMB220 million, RMB250 million and RMB290 million for the three years ending 31 December 2009, respectively. (Note 6)	182,687,406	0

Ordinary resolution(s) (Note 1)		Votes cast	
		For	Against
1.	(f) the supplemental agreement to the master sales and warranty period repair services agreement dated 12 November 2006 and the New Caps referred to in the section headed “1. Weichai Power Continuing Connected Transactions — I.6. Provision of sales and warranty period repair services by Weichai Power to Weichai Factory” in the section headed “II. Continuing Connected Transactions of the Enlarged Group after the Merger Proposal” in the “Letter from the Board” contained in the Circular relating to the provision of sales and warranty repair services by Weichai Power to Weichai Factory in the amount of RMB11.5 million, RMB13 million and RMB15 million for the three years ending 31 December 2009, respectively.	182,687,406	0
1.	(g) the supplemental agreement to the general services agreement dated 12 November 2006 and the New Caps referred to in the section headed “1. Weichai Power Continuing Connected Transactions — II.1. Provision of general services by Chongqing Weichai to Weichai Power” in the section headed “II. Continuing Connected Transactions of the Enlarged Group after the Merger Proposal” in the “Letter from the Board” contained in the Circular relating to the provision of general services by Chongqing Weichai to Weichai Power in the amount of RMB8.5 million, RMB9.5 million and RMB10.5 million for the three years ending 31 December 2009, respectively.	182,687,406	0
1.	(h) the supplemental agreement to the utility services agreement dated 12 November 2006 and the New Caps referred to in the section headed “1. Weichai Power Continuing Connected Transactions — II.2. Supply and/or connection of utilities by Chongqing Weichai to Weichai Power” in the section headed “II. Continuing Connected Transactions of the Enlarged Group after the Merger Proposal” in the “Letter from the Board” contained in the Circular relating to the supply and/or connection of utilities by Chongqing Weichai to Weichai Power in the amount of RMB16 million, RMB17 million and RMB18 million for the three years ending 31 December 2009, respectively.	182,687,406	0

Ordinary resolution(s) (Note 1)		Votes cast	
		For	Against
1.	(i) the supplemental agreement to the processing agreement dated 12 November 2006 and the New Caps referred to in the section headed “1. Weichai Power Continuing Connected Transactions — II.3. Provision of processing services by Chongqing Weichai to Weichai Power” in the section headed “II. Continuing Connected Transactions of the Enlarged Group after the Merger Proposal” in the “Letter from the Board” contained in the Circular relating to the provision of processing services by Chongqing Weichai to Weichai Power in the amount of RMB70 million, RMB80 million and RMB90 million for the three years ending 31 December 2009, respectively.	182,687,406	0
1.	(j) the supplemental agreement to the framework agreement dated 12 November 2006 and the New Caps referred to in the section headed “1. Weichai Power Continuing Connected Transactions — III. Continuing connected transactions between Weichai Power and Guangxi Liugong Machinery” in the section headed “II. Continuing Connected Transactions of the Enlarged Group after the Merger Proposal” in the “Letter from the Board” contained in the Circular relating to the supply of WD615 Engines and parts by Weichai Power to Guangxi Liugong Machinery in the amount of RMB500 million, RMB520 million and RMB610 million for the three years ending 31 December 2009, respectively.	260,744,756	0
1.	(k) the supplemental agreement to the framework agreement dated 12 November 2006 and the New Caps referred to in the section headed “1. Weichai Power Continuing Connected Transactions — IV. Continuing connected transactions between Weichai Power and Fujian Longgong” in the section headed “II. Continuing Connected Transactions of the Enlarged Group after the Merger Proposal” in the “Letter from the Board” contained in the Circular relating to the supply of diesel engines and parts by Weichai Power to Fujian Longgong in the amount of RMB135 million, RMB150 million and RMB165 million for the three years ending 31 December 2009, respectively.	243,735,306	0

Ordinary resolution(s) (Note 1)		Votes cast	
		For	Against
1.	(l) the supplemental agreement to the framework agreement dated 12 November 2006 and the New Caps referred to in the section headed “1. Weichai Power Continuing Connected Transactions — V. Continuing connected transactions between Weichai Power and Shanghai Longgong” in the section headed “II. Continuing Connected Transactions of the Enlarged Group after the Merger Proposal” in the “Letter from the Board” contained in the Circular relating to the supply of diesel engines and parts by Weichai Power to Shanghai Longgong in the amount of RMB500 million, RMB520 million and RMB570 million for the three years ending 31 December 2009, respectively.	243,735,306	0

As more than 50% of the votes were cast in favour of resolutions 1(a) to 1(l), the said resolutions were duly passed as ordinary resolutions of the Company.

B. The results of the poll vote with respect to the special resolutions regarding the Merger Proposal and the amendments to the Weichai Power Articles are set out below:

Special resolution(s) (Note 1)		Votes cast	
		For	Against
2.	(i) The proposed Merger of the Company and TAGC; (ii) the issue by the Company of new Weichai A Shares to the shareholders of TAGC (other than InvestCo) at the Exchange Ratio; and (iii) the Merger Agreement dated 12 November 2006 entered into between the Company and TAGC in respect of the Merger Proposal and to authorize the Directors of the Company to do all such actions which are appropriate to implement and complete the Merger Proposal, the Merger Agreement and the listing of the Weichai A Shares on the Shenzhen Stock Exchange.	265,235,306	0
3.	The amendments to the Weichai Power Articles in the manner set out in appendix VI to the Circular.	260,879,306	0

As more than two-third of the votes were cast in favour of resolutions 2 and 3, the said resolutions were duly passed as special resolutions of the Company.

C. The results of the vote with respect to the appointment of the following directors are set out below:

Ordinary resolution(s) (Note 1)		Number of votes cast
4.	(a) The appointment of Mr. Gu Linsheng (顧林生先生) as an independent non-executive director of the Company for a term as from the date of completion of the Merger Proposal (if completed) until 17 December 2008 (both dates inclusive).	260,836,306
	(b) The appointment of Mr. Li Shihao (李世豪先生) as an independent non-executive director of the Company for a term as from the date of completion of the Merger Proposal (if completed) until 17 December 2008 (both dates inclusive).	260,836,306
	(c) The appointment of Mr. Liu Zheng (劉征先生) as an independent non-executive director of the Company for a term as from the date of completion of the Merger Proposal (if completed) until 17 December 2008 (both dates inclusive).	260,836,306

As each of the nominee directors receives votes representing more than 50% of the Shares relating to the votes cast, resolution 4 was duly passed as an ordinary resolution of the Company in respect of the appointment of all the three nominee directors.

II. WEICHAI POWER H SHAREHOLDERS' EGM

The Board is pleased to announce that the resolution set out in the notice of the Weichai Power H Shareholders' EGM dated 12 November 2006 was duly passed by the holders of H Shares by way of poll at the Weichai Power H Shareholders' EGM held on 29 December 2006 at 11:30 a.m. at the Company's conference room at 26 Minsheng East Street, Weifang, Shandong Province, PRC. The result of the poll conducted at the Weichai Power H Shareholders' EGM was as follows:

Special resolution(s) (Note 1)	Votes cast	
	For	Against
(i) The proposed Merger of the Company and TAGC; (ii) the issue by the Company of new Weichai A Shares to the of shareholders of TAGC (other than InvestCo) at the Exchange Ratio; and (iii) the Merger Agreement dated 12 November 2006 entered into between the Company and TAGC in respect of the Merger Proposal and to authorize the Directors of the Company to do all such actions which are appropriate to implement and complete the Merger Proposal, the Merger Agreement and the listing of the Weichai A Shares on the Shenzhen Stock Exchange.	53,666,306	0

As more than two-third of the votes were cast in favour of the above resolution, the resolution was duly passed as a special resolution of the Company.

III. WEICHAI POWER DOMESTIC AND FOREIGN SHAREHOLDERS' EGM

The Board is pleased to announce that the resolution set out in the notice of the Weichai Power Domestic and Foreign Shareholders' EGM dated 12 November 2006 was duly passed by the holders of Domestic and Foreign Shares by way of poll at the Weichai Power Domestic and Foreign Shareholders' EGM held on 29 December 2006 at 12:00 noon at the Company's conference room at 26 Minsheng East Street, Weifang, Shandong Province, PRC. The result of the poll conducted at the Weichai Power Domestic and Foreign Shareholders' EGM was as follows:

Special resolution(s) (Note 1)	Votes cast	
	For	Against
(i) The proposed Merger of the Company and TAGC; (ii) the issue by the Company of new Weichai A Shares to the shareholders of TAGC (other than InvestCo) at the Exchange Ratio; and (iii) the Merger Agreement dated 12 November 2006 entered into between the Company and TAGC in respect of the Merger Proposal and to authorize the Directors of the Company to do all such actions which are appropriate to implement and complete the Merger Proposal, the Merger Agreement and the listing of the Weichai A Shares on the Shenzhen Stock Exchange.	203,150,000	0

As more than two-third of the votes were cast in favour of the above resolution, the resolution was duly passed as a special resolution of the Company.

Notes:

- (1) As at the date of the Weichai Power Shareholders' EGM, there were 330,000,000 Shares in issue.

As referred to in the Circular, ordinary resolutions 1(a) to 1(l) at the Weichai Power Shareholders' EGM were proposed for the Independent Shareholders to consider, and the Shareholders named in the left column below, who were not Independent Shareholders, abstained from voting at the Weichai Power Shareholders' EGM in respect of the relevant resolutions (as more particularly described in the Circular):

Shareholders abstained from voting at the Weichai Power Shareholders' EGM	Total no. of Shares held by the Shareholders abstained from voting at the Weichai Power Shareholders' EGM	Resolutions
(i) Weichai Factory	77,647,900 Domestic Shares	Resolutions 1(a) to 1(i)
(ii) Tan Xuguang	4,300,000 Domestic Shares	Resolutions 1(a) to 1(i)
(iii) Guangxi Liugong	4,490,550 Domestic Shares	Resolution 1(j)
(iv) Fujian Longgong	21,500,000 Domestic Shares	Resolutions 1(k) and 1(l)

Total number of Shares held by the relevant Independent Shareholders entitling them to attend the Weichai Power Shareholders' EGM and vote for or against ordinary resolutions 1(a) to 1(i) was 248,052,100, ordinary resolution 1(j) was 325,509,450 and ordinary resolutions 1(k) and 1(l) was 308,500,000 Shares.

All Shareholders holding a total of 330,000,000 Shares were entitled to attend and vote for or against the resolutions 2, 3 and 4 at the Weichai Power Shareholders' EGM.

- (2) As at the date of the Weichai Power H Shareholders' EGM, the total number of H Shares was 126,500,000, entitling all their holders to attend and vote for or against the special resolution at the Weichai Power H Shareholders' EGM.
- (3) As at the date of the Weichai Power Domestic and Foreign Shareholders' EGM, the total number of Domestic Shares and Foreign Shares was 203,500,000, entitling all their holders to attend and vote for or against the special resolution at the Weichai Power Domestic and Foreign Shareholders' EGM.
- (4) Total number of Shares entitling the holders to attend and vote only against any of the resolutions at the Weichai Power EGMs: Nil.

- (5) Deloitte Touche Tohmatsu, auditors of the Company, acted as the scrutineer at the Weichai Power EGMs.
- (6) The Board has proposed that in order to rationalise the business of the Company with regard to the manufacture of semi-finished diesel engine parts and explore the possibility of applying for tax benefits in the PRC, subject to the approval of the relevant PRC authorities (of which there is no assurance that it is forthcoming), 濰柴動力(濰坊)鑄鍛有限公司 (Weichai Power (Weifang) Casting and Forging Company Limited), a wholly-owned subsidiary of the Company acts as the contracting party to (i) an asset lease agreement (the “**Lease Agreement**”) dated 21 October 2003 between the Company and Weichai Factory and (ii) a semi-finished diesel engine parts supply agreement (the “**Supply Agreement**”) dated 17 November 2003 between the Company and Weichai Factory (as supplemented by a supplemental agreement dated 15 September 2004). Accordingly, the Lease Agreement and the Supply Agreement have been amended as follows:
- (a) The following has been inserted as clause 3 of the Lease Agreement:
- 雙方同意，在承租方通知出租方後，承租方即有權將其在原協議及其任何補充協議項下的全部或部分的權利和／或義務轉讓給承租方的子公司。
 (“Both parties agree that after the notice by the Lessee to the Lessor, the Lessee shall have the right to transfer all or part of its rights and/or obligations under the original agreement and any supplemental agreement to its subsidiary.”)
- (b) The following has been inserted as clause 3 of the Supply Agreement:
- 雙方同意，在乙方通知甲方後，乙方即有權將其在原協議及其任何補充協議項下的全部或部分的權利和／或義務轉讓給乙方的子公司。
 (“Both parties agree that after the notice by Party B to Party A, Party B shall have the right to transfer all or part of its rights and/or obligations under the original agreement and any supplemental agreement to its subsidiary.”)
- Since the Supply Agreement was required to be considered at the Weichai Power Shareholders’ EGM, the Chairman of the Weichai Power Shareholders’ EGM recommended the above amendment to the Supply Agreement at the meeting.

IV. TAGC EGMS

The Board is also pleased to announce that the TAGC Shareholders’ EGM and the TAGC Public Shareholders’ EGM were held after the Weichai Power EGMs and the Merger Proposal was approved by both the TAGC Shareholders’ EGM and the TAGC Public Shareholders’ EGM.

V. THE STATUS OF THE MERGER PROPOSAL

Reference is made to the conditions precedent set out in the section headed “I. The Merger Proposal - 3. The Merger Agreement” in the “Letter from the Board” in the Circular. The Board is pleased to announce that, of the seven conditions precedent referred to therein, conditions 1, 2, 3, 6 and 7 have now been fulfilled. Condition 4 and 5 relate to the obtaining of certain regulatory and governmental approvals. The approval of the SASAC has been obtained. However, the procedures for the application for the approvals of certain of the other regulatory and governmental authorities can only commence after the approvals of the Merger Proposal at the Weichai Power EGMs and TAGC EGMs as referred to above have been obtained.

Further announcements will be made as appropriate.

Hong Kong, 29 December 2006

By order of the Board
Tan Xuguang
Chairman and CEO

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, 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**.*