



**WEICHAI**

**潍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)**

## **PROFIT WARNING**

### **SUMMARY**

This announcement is made by the Company pursuant to the requirements of Rule 13.09(1) of the Listing Rules to provide shareholders of the Company and the public with financial information of the Company. This announcement is also disseminated on the Shenzhen Stock Exchange.

The Board wishes to inform the Shareholders and investors of the Company that, based on a preliminary estimate of the Company, the consolidated net profit for the year ended 31 December 2007 to be presented in accordance with the HKFRS is expected to record a significant net loss due to the write-off of a significant portion of goodwill arising as result of the Merger. However, the Board wishes to state that it is very pleased with the Company's operating results before such goodwill write-off, and that since such goodwill is a one-off non-cash item, such goodwill treatment will not have any impact on the Company's cashflow. The Board also wishes to state that such goodwill arises principally as a result of the unexpected and substantial increase in the share price of the Weichai A Shares on their first day of dealing on the Shenzhen Stock Exchange on 30 April 2007, and, by reference to the HKFRS, the closing per share price on that day is used as a proxy for the fair price of the Weichai A Shares on 23 April 2007 (being the date of the completion of the Merger) for the purpose of calculating the goodwill arising from the Merger.

As the Company was incorporated in the PRC, its legal accounts are prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC in 2006. Under the PRC Accounting Standards, the Merger will not create any goodwill that will need to be recognized in the 2007 PRC Annual Results to be presented in accordance with the PRC Accounting Standards. In accordance with the PRC Accounting Standards, the Company has carried out a preliminary estimate of the financial data for 2007. The consolidated net profit of the Company for 2007 to be presented under PRC Accounting Standards is estimated to increase by approximately 100%, as compared with the PRC Accounting Standards Pro Forma Forecasted Consolidated Net Profit for 2007 of approximately RMB1,010.8 million; and to increase by approximately 140%, as compared with the PRC Accounting Standards Pro Forma Consolidated Net Profit for 2006 of approximately RMB863 million.

The information contained in this announcement is only a preliminary estimate of the Company and has not been audited by the Company's auditors. The 2007 HK Annual Results and the 2007 PRC Annual Results have not yet been finalized as at the date of this announcement. The Company will announce its 2007 HK Annual Results and 2007 PRC Annual Results in due course. Detailed financial information of the Company will be disclosed in the 2007 HK Annual Results and the 2007 PRC Annual Results.

**Potential investors and shareholders of the Company should exercise caution when dealing in the shares of the Company.**

This announcement is made by Weichai Power Co., Ltd. (the "Company") pursuant to the requirements of Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") to provide shareholders of the Company and the public with financial information of the Company. This announcement is also disseminated on the Shenzhen Stock Exchange.

Reference is made to the very substantial acquisition of the Company involving a merger by absorption by the Company of TAGC (the "Merger"), the particulars of which were contained in the circular of the Company dated 12 November 2006 (the "Circular"; unless the context herein requires otherwise, the terms and expressions defined in the Circular shall have the same meanings when used herein). The Merger involved the Company issuing Weichai A Shares to the then shareholders of TAGC (other than Weifang Investment). The Merger has been completed and the Weichai A Shares have been listed on the Shenzhen Stock Exchange since 30 April 2007.

The Board wishes to inform the Shareholders and investors of the Company that, based on a preliminary estimate of the Company, the consolidated net profit of the Company for the year ended 31 December 2007 to be presented in accordance with the HKFRS in the consolidated financial statements of the Company for the year ended 31 December 2007 (the "2007 HK Annual Results") is expected to record a significant net loss due to the write-off of a significant portion of the goodwill arising as result of the Merger.

However, the Board wishes to state that it is very pleased with the Company's operating results before the goodwill write-off, and that since such goodwill is a one-off non-cash item, such goodwill treatment in the 2007 HK Annual Results will not have any impact on the Company's cashflow. The Board also wishes to state that such goodwill arises principally as a result of the unexpected and substantial increase in the share price of the Weichai A Shares on their first day of dealing on the Shenzhen Stock Exchange on 30 April 2007, and, by reference to the HKFRS, the closing per share price on that day is used as a proxy for the fair price of the Weichai A Shares on 23 April 2007 (being the date of the completion of the Merger) for the purpose of calculating the goodwill arising from the Merger.

As the Company was incorporated in the PRC, its legal accounts are prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC in 2006 (the “PRC Accounting Standards”). Under the PRC Accounting Standards as adopted by the Company, the Merger will not create any goodwill that will need to be recognized in the consolidated financial statements of the Company for the year ended 31 December 2007 to be presented in accordance with PRC Accounting Standards (the “2007 PRC Annual Results”). In accordance with the PRC Accounting Standards, the Company has carried out a preliminary estimate of the financial data for 2007. The Company wishes to inform its Shareholders that the unaudited consolidated net profit of the Company for 2007 to be presented under PRC Accounting Standards is estimated to increase by approximately 100%, as compared with the pro forma forecasted consolidated net profit of the Enlarged Group for 2007 of approximately RMB1,010.8 million (the “PRC Accounting Standards Pro Forma Forecasted Consolidated Net Profit for 2007”) and to increase by approximately 140%, as compared with the pro forma consolidated net profit of the Enlarged Group for 2006 of approximately RMB863 million (the “PRC Accounting Standards Pro Forma Consolidated Net Profit for 2006”), as stated in the document entitled 濰柴動力發行A股招股說明書暨換股吸收合併湘火炬報告書 (A share issue prospectus and merger report of Weichai Power in relation to the share swap and merger by absorption of TAGC) issued jointly by the board of directors of each of the Company and TAGC on 29 March 2007.

The information contained in this announcement is only a preliminary estimate of the Company and has not been audited by the Company’s auditors. The 2007 HK Annual Results and the 2007 PRC Annual Results have not yet been finalized as at the date of this announcement. The Company will announce its 2007 HK Annual Results and the 2007 PRC Annual Results in due course. Detailed financial information of the Company will be disclosed in the 2007 HK Annual Results and the 2007 PRC Annual Results.

**Potential investors and shareholders of the Company should exercise caution when dealing in the shares of the Company**

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

Hong Kong, 25 January 2008

*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, Mr. Chen Xuejian, Mr. Gu Linsheng, Mr. Li Shihao and Mr. Liu Zheng; and the independent non-executive Directors of the Company are Mr. Zhang Xiaoyu, Mr. Koo Fook Sun, Louis and Mr. Fang Zhongchang.*