

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**PROPOSED BONUS SHARES ISSUE
BY CONVERSION OF CAPITAL RESERVE
AND
AMENDMENTS TO ARTICLES OF ASSOCIATION**

PROPOSED BONUS SHARES ISSUE

On 20 August 2008, the Board announced the Bonus Shares Issue proposal. The Bonus Shares Issue will be made by the conversion of the Company's capital reserve on the basis of six New Shares, credited as fully paid, for every 10 existing Shares held by the Shareholders whose names appear on the register of holders of H Shares and register of holders of A Shares of the Company, respectively on the Record Date. The Bonus Shares Issue is conditional upon (i) the passing of the special resolution to approve the Bonus Shares Issue at the EGM and the Class Meetings; (ii) approval by and/or filing at the relevant governmental or regulatory authorities of the PRC being obtained and/or completed (to the extent required under the relevant PRC laws, rules and regulations); and (iii) in respect of the New H Shares, the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New H Shares.

If the Bonus Shares Issue is approved at the EGM and the Class Meetings, the registered share capital of the Company will need to be increased upon completion of the Bonus Shares Issue and the Articles of Association will be required to be amended accordingly. The proposed amendments to the Articles of Association consequential to the Bonus Shares Issue are also subject to the approval of the Shareholders by way of a special resolution at the EGM.

GENERAL

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

A circular containing, amongst other things, further information on the Bonus Shares Issue and the amendments to the Articles of Association, together with the notices convening the EGM and the Class Meetings, will be despatched to the Shareholders as soon as practicable.

PROPOSED BONUS SHARES ISSUE

On 20 August 2008, the Board announced the Bonus Shares Issue proposal. Holders of H Shares and A Shares whose names appear on the register of holders of H Shares and the register of holders of A Shares of the Company respectively on the Record Date will be entitled to the Bonus Shares Issue. Subject to the fulfilment of the conditions set out in the paragraph headed “Conditions of the Bonus Shares Issue” below, the Bonus Shares Issue will be made by the conversion of the capital reserve of the Company, on the basis of six New Shares for every 10 existing Shares then held.

Conditions of the Bonus Shares Issue

The Bonus Shares Issue is conditional upon the following:

- (i) the passing of the special resolution to approve the Bonus Shares Issue at the EGM and Class Meetings; and
- (ii) approval by and/or filing at the relevant governmental or regulatory authorities of the PRC being obtained and/or completed (to the extent required under the relevant PRC laws, rules and regulations); and
- (iii) in respect of the New H Shares, the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the New H Shares.

According to Rule 19A.38 of the Listing Rules, except in the circumstances mentioned in Rule 13.36(2) of the Listing Rules, the Company shall obtain the approval by a special resolution of shareholders in general meeting and the approvals by special resolutions of holders of A Shares and H Shares at separate class meetings conducted in accordance with the Articles of Association in respect of issue of the New Shares under the Bonus Shares Issue. As the Bonus Shares Issue does not fall within Rule 13.36(2) of the Listing Rules, the Bonus Shares Issue is conditional upon the passing of the special resolution to approve the Bonus Shares Issue at the EGM and Class Meetings as mentioned above.

Basis of the Bonus Shares Issue

The Bonus Shares Issue will be made by the conversion of the capital reserve of the Company on the basis of six New Shares, credited as fully paid, for every 10 existing Shares held by the Shareholders whose names appear on the register of holders of H Shares and register of holders of A Shares of the Company, respectively on the Record Date.

Status of the New Shares

The New H Shares and the New A Shares will, subject to the Articles of Association, rank *pari passu* in all respects with the H Shares and A Shares, respectively, in issue on the date of the issue of the New Shares. Holders of the New Shares will be entitled to receive all future dividends and distributions (if any) which are declared, made or paid after the date on which the New Shares are allotted and

issued, but will not be entitled to the dividends declared by the Company before the date of allotment and issue of the New Shares. The Bonus Shares Issue should result in no change in the rights or interests of the H Shares traded on the Stock Exchange or the A Shares traded on the Shenzhen Stock Exchange.

Fractional Entitlements

Fractional entitlements will not be issued.

Effect to the shareholding on the Bonus Shares Issue

Set out below is the shareholding structure of the Company as at the date of this announcement and immediately upon completion of the Bonus Shares Issue (assuming that no new Shares are allotted or issued and no existing Shares are repurchased prior to the Record Date, upon satisfaction of the conditions set out in the paragraph headed “Conditions of the Bonus Shares Issue” above):

	As at the date of this announcement		Immediately after completion of the Bonus Shares Issue	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
A Shares				
– restricted A Shares	218,640,586	41.99	349,824,937	41.99
– unrestricted A Shares	175,512,966	33.71	280,820,746	33.71
H Shares	<u>126,500,000</u>	<u>24.30</u>	<u>202,400,000</u>	<u>24.30</u>
Total	<u>520,653,552</u>	<u>100.00</u>	<u>833,045,683</u>	<u>100.00</u>

On the basis of a total of 312,392,131 New Shares to be issued pursuant to the Bonus Shares Issue (based on 520,653,552 Shares in issue as at the date of this announcement), approximately RMB312.4 million will be transferred from the Company’s capital reserve to share capital and a total of 833,045,683 Shares will be issued. The New Shares will represent 60% of the existing issued share capital of the Company and 37.50% of the issued share capital of the Company as enlarged by the issue of the New Shares.

Record Date for the Bonus Shares Issue

Since the Company will only be able to determine the Record Date after obtaining the approval by the Shareholders at the EGM and the Class Meetings, and obtaining/completing the relevant approval by and/or filing at the relevant governmental or regulatory authorities of the PRC (to the extent required under the relevant PRC laws, rules and regulations), the Company will issue a further announcement on the Record Date after the same is determined.

Overseas Shareholders

The Company will make enquiry regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange and upon the enquiry, if the Board is of the view that for Overseas Shareholders who will not be entitled to the Bonus Shares Issue because of the legal restrictions under the laws or statutory regulations of their jurisdiction or the requirements of the stock exchange in that jurisdiction, arrangements will be made for the Bonus Shares which would otherwise have been issued to the Overseas Shareholders to be sold in the market as soon as practicable after dealings commence, if a premium, net of expenses, can be obtained. Any net proceeds of such sale for each Overseas Shareholder, after deduction of expenses, of HK\$100 or more will be distributed in Hong Kong dollars to the relevant Overseas Shareholder, by ordinary post at their own risk, unless the amount falling to be distributed to any such person is less than HK\$100 in which case it will be retained for the benefit of the Company.

Application for listing

Application will be made to the Listing Committee of the Stock Exchange for the approval for the listing of, and permission to deal in, the New H Shares.

Reasons for the Bonus Shares Issue

The Board believes that the proposed Bonus Shares Issue will allow the Shareholders to participate in the growth of the Company by way of conversion of the capital reserve. In addition, it will provide the Company with a wider capital base and therefore increase the marketability of the Shares.

Proposed amendments to the Articles of Association consequential to the Bonus Shares Issue

If the Bonus Shares Issue is approved in the EGM and the Class Meetings, the registered share capital of the Company will be increased upon completion of the Bonus Shares Issue and certain articles in the Articles of Association will be required to be amended to reflect the changes in the registered capital and the issued share capital as a result of Bonus Shares Issue.

The proposed amendments to the Articles of Associations consequential to the Bonus Shares Issue are subject to the approval of the Shareholders by way of a special resolution at the EGM if the Bonus Shares Issue is approved at the EGM and the Class Meetings and becomes unconditional.

GENERAL

This announcement is made pursuant to Rule 13.09(1).

A circular containing, amongst other things, further information on the Bonus Shares Issue and the amendments to the Articles of Association, together with notices convening the EGM and the Class Meetings, will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

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

“A Share(s)”	A Share(s) of RMB1.00 each in the capital of the Company
“Articles of Association”	the articles of association of the Company
“Board”	the board of Directors
“Bonus Shares Issue”	the proposed issue of New Shares to the Shareholders (subject to fractional entitlements and the restrictions on issue to Overseas Shareholders as mentioned in this announcement) by way of conversion of the capital reserve of the Company on the basis of six New Shares for every 10 existing Shares held by the Shareholders on the Record Date
“China” or “PRC”	the People’s Republic of China and, for the purpose of this announcement, excludes Hong Kong and the Macau Special Administrative Region and Taiwan
“Class Meetings”	the class meeting for holders of H Shares to be held immediately after the conclusion of the EGM and the class meeting for holders of A Shares to be held immediately after the conclusion of the said class meeting of holders of H Shares
“Company”	Weichai Power Co., Ltd., a company established under the laws of the PRC
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of, among other things, approving the Bonus Shares Issue and the amendments to the Articles of Association
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“H Share(s)”	H Share(s) of RMB1.00 each in the capital of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New A Shares”	new A Shares to be allotted and issued pursuant to the Bonus Shares Issue
“New H Shares”	new H Shares to be allotted and issued pursuant to the Bonus Shares Issue
“New Shares”	new Shares to be allotted and issued pursuant to the Bonus Shares Issue

“Overseas Shareholder(s)”	Shareholder(s) whose address(es) as stated in the register of holders of H Shares of the Company is/are outside Hong Kong
“Record Date”	the record date to be determined by the Board by reference to which entitlements to the Bonus Shares Issue will be determined
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share of RMB1.00 each in the capital of the Company
“Shareholder(s)”	the holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board
Zhang Yuanfu
Company Secretary

Hong Kong, 20 August 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.