

*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.*

*This announcement is issued pursuant to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.*



**WEICHAI**

**濰柴動力股份有限公司**

**WEICHAI POWER CO., LTD.**

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 2338)**

**ANNOUNCEMENT  
CONTINUING CONNECTED TRANSACTIONS**

**SUMMARY**

The Board is pleased to announce that on 27 November 2008, the Group has entered into the Continuing Connected Transactions Agreements as more particularly described herein.

Reference is made to the 2006 Announcement and 2006 Circular in relation to, *inter alia*, certain of the Weichai Continuing Connected Transactions. Such Weichai Continuing Connected Transactions were announced and/or approved (as the case may be) by the Independent Shareholders at the 2006 EGM. For certain Weichai Continuing Connected Transactions, the Company proposes to revise the Existing Caps. The Group has entered into the relevant Continuing Connected Transactions Agreements (certain of which are conditional on the Independent Shareholders approving the relevant New Caps at the EGM) to, *inter alia*, revise the Existing Caps for such Weichai Continuing Connected Transactions and to govern certain other Weichai Continuing Connected Transactions.

Reference is also made to the 2007 Announcement and 2007 Circular in relation to certain of the TAGC Continuing Connected Transactions. Such TAGC Continuing Connected Transactions were announced and/or approved (as the case may be) by the Independent Shareholders at the 2007 EGM. For certain TAGC Continuing Connected Transactions, the Company proposes to revise the Existing Caps. The Group has entered into the relevant Continuing Connected Transactions Agreements (certain of which are conditional on the Independent Shareholders approving the relevant New Caps at the EGM) to, *inter alia*, revise the Existing Caps for such TAGC Continuing Connected Transactions and to govern certain other TAGC Continuing Connected Transactions.

Reference is also made to the Voluntary Announcements. Certain transactions disclosed in the Voluntary Announcements, the MAT Continuing Connected Transactions, constitute connected transactions under Chapter 14A of the Listing Rules. The Company proposes to set the caps for such Continuing Connected Transactions and has entered into the relevant Continuing Connected Transactions Agreements in respect of such Continuing Connected Transactions.

A summary of the Continuing Connected Transactions, the Continuing Connected Transactions Agreements and the Existing Caps of the Weichai Continuing Connected Transactions, the TAGC Continuing Connected Transactions and the MAT Continuing Connected Transactions (as the case may be) and the actual transaction amounts of the Continuing Connected Transactions for the two years ended 31 July 2007 (audited) and the five months ended 31 May 2008 (unaudited) (as applicable) is set out below.

The New Caps for the three years ending 31 December 2010 are based on the internal estimates of the Group, which are in turn determined by reference to the historical performance and the operating conditions of the Group. The bases of the New Caps are more particularly set out in this announcement.

## **A. CONTINUING CONNECTED TRANSACTIONS**

The Continuing Connected Transactions include the following:

### **I. Weichai Continuing Connected Transactions:**

<b>Name of connected person</b>	<b>Name of Group Company</b>	<b>Connected person's relationship with the Group</b>	<b>Nature of the connected transaction with the Group</b>
1. Weichai Holdings (and its associates) ( <i>note 1</i> ) (as the case may be)	The Company and Weichai Resources ( <i>note 2</i> ) (as the case may be)	Holder of 14.91% of the equity of the Company and a Promoter	<p>(a) Provision of general services and labour services by Weichai Holdings (and its associates) (as the case may be) to the Company</p> <p>(b) Supply and/or connection of utilities by Weichai Holdings (and its associates) (as the case may be) to the Company</p> <p>(c) Purchase of diesel engine parts and components, gas and scrap metals, etc., materials and related products and processing services by the Company from Weichai Holdings (and its associates) (as the case may be)</p>

Name of connected person	Name of Group Company	Connected person's relationship with the Group	Nature of the connected transaction with the Group
			(d) Sale of diesel engines, diesel engine parts and components, materials and related products and provision of processing services by the Company and Weichai Resources (as the case may be) to Weichai Holdings (and its associates) (as the case may be)
2. Fujian Longgong and Shanghai Longgong (and their respective associates)	The Company	<p>Fujian Longgong — a Promoter</p> <p>Shanghai Longgong — an associate of Li San Yim (a non-executive Director)</p> <p>Both Fujian Longgong and Shanghai Longgong are indirectly owned by Li San Yim</p>	<p>Sale of diesel engines and diesel engine parts by the Company to Fujian Longgong and Shanghai Longgong (as the case may be)</p>
3. Guangxi Liugong Machinery	The Company	Held as to 63% by Guangxi Liugong (a Promoter)	Sale of diesel engines and diesel engine parts by the Company to Guangxi Liugong Machinery
4. Weichai Deutz	The Company and Weichai Resources ( <i>note 2</i> ) (as the case may be)	Held as to 50% by Weichai Holdings (a Promoter)	(a) Sale of semi-finished diesel engine parts and related products by the Company to Weichai Deutz

Name of connected person	Name of Group Company	Connected person's relationship with the Group	Nature of the connected transaction with the Group
			(b) Provision of sales and warranty period repair services by the Company to Weichai Deutz
			(c) Purchase of diesel engine parts and components and related products by Weichai Resources from Weichai Deutz
			(d) Purchase of diesel engines and related products by the Company from Weichai Deutz
5. Shandong Juli	The Company and Weichai Resources ( <i>note 2</i> ) (as the case may be)	Held as to 30.59% by Weichai Holdings	<p>(a) Sale of diesel engines and related products by the Company to Shandong Juli</p> <p>(b) Purchase of diesel engine parts and components, materials, steel and scrap metal, etc. and related products and processing services by the Company and Weichai Resources (as the case may be) from Shandong Juli</p>
6. Weichai Gas	The Company	Held as to 50% by Peterson (CNG) (an associate of Yeung Sai Hong (a non-executive Director))	Supply of diesel engines and related parts by the Company to Weichai Gas

## II. TAGC Continuing Connected Transactions

Name of connected person	Name of Group Company	Connected person's relationship with the Group	Nature of the connected transaction with the Group
1. Fast Transmission	SFGC ( <i>note 3</i> )	Holder of 49% of the equity of SFGC	<p>(a) Sale of parts and components of transmissions and related products by SFGC to Fast Transmission</p> <p>(b) Purchase of parts and components of transmissions and related products by SFGC from Fast Transmission</p> <p>(c) Provision of general services by Fast Transmission to SFGC</p> <p>(d) Lease of land and premises by Fast Transmission to SFGC</p>
2. Shaanxi Automotive (and its associates) ( <i>note 8</i> ) (as the case may be)	Shaanxi Zhongqi ( <i>note 4</i> ), Hande Axle ( <i>note 5</i> ), Jinding ( <i>note 6</i> ), Shaanxi Import ( <i>note 15</i> ) and Tiangua ( <i>note 16</i> ) (as the case may be)	Holder of 49% of the equity of Shaanxi Zhongqi	(a) Sale of vehicles, parts and components of vehicles and related products and provision of heat processing services by Shaanxi Zhongqi (and its subsidiaries) to Shaanxi Automotive and its associates (as the case may be)

Name of connected person	Name of Group Company	Connected person's relationship with the Group	Nature of the connected transaction with the Group
			(b) Purchase of parts and components of vehicles and related products by Shaanxi Zhongqi (and its subsidiaries) from Shaanxi Automotive's associates (as the case may be)
			(c) Lease of land and premises by Shaanxi Automotive to Shaanxi Zhongqi (and its subsidiaries) (as the case may be)
			(d) Payment of utility (such as water and electricity) charges by Shaanxi Automotive to Shaanxi Zhongqi for onward payment to utility providers
			(e) Provision of general services by Shaanxi Automotive to Shaanxi Zhongqi (and its subsidiaries)

<b>Name of connected person</b>	<b>Name of Group Company</b>	<b>Connected person's relationship with the Group</b>	<b>Nature of the connected transaction with the Group</b>
3. Dong Feng Automotive (and its associates) ( <i>note 9</i> ) (as the case may be)	DFOVCL ( <i>note 7</i> )	Holder of 40% of the equity of DFOVCL	<p>(a) Sale of off-road vehicles by DFOVCL to Dong Feng Automotive</p> <p>(b) Purchase of parts and components of off-road vehicles and related products and technical support services by DFOVCL from Dong Feng Automotive (and its associates) (as the case may be)</p>
4. Huatong	Futong ( <i>note 17</i> )	Holder of 20.04% of the equity of Futong	Provision of processing services by Huatong to Futong

### III. MAT Continuing Connected Transactions

<b>Name of connected person</b>	<b>Name of Group Company</b>	<b>Connected person's relationship with the Group</b>	<b>Nature of the connected transaction with the Group</b>
1. Mr. Wang's associates ( <i>note 10</i> )	MAT ( <i>note 11</i> ), MAST ( <i>note 12</i> ), Meneta India ( <i>note 13</i> ) and Meneta A/S ( <i>note 14</i> ) (as the case may be)	Holder of 25% of the equity of MAT	<p>(a) Sale of automotive parts and components and related products by MAT, MAST, Meneta India and Meneta A/S (as the case may be) to Mr. Wang's associates</p> <p>(b) Purchase of automotive parts and components and related products by MAT and its subsidiaries (as the case may be) from Mr. Wang's associates</p>

<b>Name of connected person</b>	<b>Name of Group Company</b>	<b>Connected person's relationship with the Group</b>	<b>Nature of the connected transaction with the Group</b>
2. TMD	MAST and Meneta A/S ( <i>note 14</i> )	Holder of 48% of the equity of MAST	Sale of automotive parts and components and related products by MAST and Meneta A/S (as the case may be) to TMD

*Notes:*

- The associates of Weichai Holdings are Chongqing Weichai, Chongqing Casting and Weichai Import and Export.
- Weichai Resources is a wholly-owned subsidiary of the Company.
- SFGC is a 51% subsidiary of the Company.
- Shaanxi Zhongqi is a 51% subsidiary of the Company.
- Hande Axle is held as to 3.06% by the Company and as to 94% by Shaanxi Zhongqi.
- Jinding is held as to 87.05% by Shaanxi Zhongqi and as to 4.24% by Hande Axle.
- DFOVCL is a 60% subsidiary of the Company.
- As more particularly described in the section headed “A.II.2. Continuing connected transactions between Shaanxi Zhongqi (and its subsidiaries) and Shaanxi Automotive (and its associates)” in this announcement.
- As more particularly described in the section headed “A.II.3. Continuing connected transactions between DFOVCL and Dong Feng Automotive (and its associates)” in this announcement.
- As more particularly described in the section headed “A.III.1. Continuing connected transactions between MAT (and its subsidiaries) and Mr. Wang’s associates” in this announcement.
- MAT is a 75% subsidiary of the Company.
- MAST is owned as to 52% by Meneta A/S, which is in turn wholly-owned by Roulunds Braking Components (a wholly-owned subsidiary of MAT).
- Meneta India is wholly-owned by Meneta A/S, which is in turn wholly-owned by Roulunds Braking Components (a wholly-owned subsidiary of MAT).
- Meneta A/S is wholly-owned by Roulunds Braking Components (a wholly-owned subsidiary of MAT).
- Shaanxi Import is held as to 82% by Shaanxi Zhongqi.
- Tiangua is held as to 51% by Shaanxi Zhongqi.
- Futong is a 51% subsidiary of the Company.



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

Connected person and details of relevant Continuing Connected Transactions	New Caps		
	2008 <i>RMB</i>	2009 <i>RMB</i>	2010 <i>RMB</i>
<b>I. Weichai Continuing Connected Transactions</b>			
<i>1. Weichai Holdings (and its associates)</i>			
(a) Provision of general services and labour services by Weichai Holdings (and its associates) (as the case may be) to the Company	29,500,000 <sup>#</sup>	36,500,000 <sup>#</sup>	47,500,000 <sup>#</sup>
(b) Supply and/or connection of utilities by Weichai Holdings (and its associates) (as the case may be) to the Company	178,000,000 <sup>#</sup>	223,000,000 <sup>#</sup>	290,000,000 <sup>#</sup>
(c) Purchase of diesel engine parts and components, gas and scrap metals, etc., raw materials and related products and processing services by the Company from Weichai Holdings (and its associates) (as the case may be)	86,500,000 <sup>#</sup>	102,000,000 <sup>#</sup>	112,500,000 <sup>#</sup>
(d) Sale of diesel engines, diesel engine parts and components, materials and related products and provision of processing services by the Company and Weichai Resources (as the case may be) to Weichai Holdings (and its associates) (as the case may be)	200,000,000 <sup>#</sup>	265,000,000 <sup>#</sup>	315,000,000 <sup>#</sup>

**Connected person and details of  
relevant Continuing Connected  
Transactions**

		<b>New Caps</b>		
		<b>2008</b>	<b>2009</b>	<b>2010</b>
		<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
2.	<i>Fujian Longgong and Shanghai Longgong</i>			
	Sale of diesel engines and diesel engine parts by the Company to Fujian Longgong and Shanghai Longgong (and their respective associates)	1,000,000,000 <sup>#</sup>	1,300,000,000 <sup>#</sup>	1,500,000,000 <sup>#</sup>
3.	<i>Guangxi Liugong Machinery</i>			
	Sale of diesel engines and diesel engine parts by the Company to Guangxi Liugong Machinery	1,080,000,000 <sup>#</sup>	1,235,000,000 <sup>#</sup>	1,350,000,000 <sup>#</sup>
4.	<i>Weichai Deutz</i>			
(a)	Sale of semi-finished diesel engine parts and related products by the Company to Weichai Deutz	100,000,000 <sup>#</sup>	130,000,000 <sup>#</sup>	170,000,000 <sup>#</sup>
(b)	Provision of sales and warranty period repair services by the Company to Weichai Deutz	15,000,000*	20,000,000*	26,000,000*
(c)	Purchase of diesel engine parts and components and related products by Weichai Resources from Weichai Deutz	15,000,000 <sup>#</sup>	47,000,000 <sup>#</sup>	60,000,000 <sup>#</sup>
(d)	Purchase of diesel engines and related products by the Company from Weichai Deutz	24,000,000 <sup>#</sup>	28,000,000 <sup>#</sup>	32,000,000 <sup>#</sup>
5.	<i>Shandong Juli</i>			
(a)	Sale of diesel engines and related products by the Company to Shandong Juli	70,000,000 <sup>#</sup>	91,000,000 <sup>#</sup>	120,000,000 <sup>#</sup>

**Connected person and details of  
relevant Continuing Connected  
Transactions**

		<b>2008</b> <i>RMB</i>	<b>New Caps</b> <b>2009</b> <i>RMB</i>	<b>2010</b> <i>RMB</i>
(b)	Purchase of diesel engine parts and components, materials, steel and scrap metal, etc. and related products and processing services by the Company and Weichai Resources (as the case may be) from Shandong Juli	315,000,000 <sup>#</sup>	410,000,000 <sup>#</sup>	525,000,000 <sup>#</sup>
6.	Weichai Gas Supply of diesel engines and related parts by the Company to Weichai Gas	20,000,000*	26,000,000*	34,000,000*
<b>II. TAGC Continuing Connected Transactions</b>				
1.	<i>Fast Transmission</i>			
(a)	Sale of parts and components of transmissions and related products by SFGC to Fast Transmission	650,000,000 <sup>#</sup>	620,000,000 <sup>#</sup>	690,000,000 <sup>#</sup>
(b)	Purchase of parts and components of transmissions and related products by SFGC from Fast Transmission	850,000,000 <sup>#</sup>	810,000,000 <sup>#</sup>	910,000,000 <sup>#</sup>
(c)	Provision of general services by Fast Transmission to SFGC	35,000,000*	35,000,000*	35,000,000*
(d)	Lease of land and premises by Fast Transmission to SFGC	14,000,000*	13,000,000*	13,000,000*
2.	<i>Shaanxi Automotive (and its associates)</i>			
(a)	Sale of vehicles, parts and components of vehicles and related products and provision of heat processing services by Shaanxi Zhongqi (and its subsidiaries) to Shaanxi Automotive (and its associates)	650,000,000 <sup>#</sup>	850,000,000 <sup>#</sup>	1,100,000,000 <sup>#</sup>

**Connected person and details of  
relevant Continuing Connected  
Transactions**

		<b>2008</b> <i>RMB</i>	<b>New Caps</b> <b>2009</b> <i>RMB</i>	<b>2010</b> <i>RMB</i>
(b)	Purchase of parts and components of vehicles and related products by Shaanxi Zhongqi (and its subsidiaries) from Shaanxi Automotive's associates	1,500,000,000 <sup>#</sup>	2,200,000,000 <sup>#</sup>	2,700,000,000 <sup>#</sup>
(c)	Lease of land and premises by Shaanxi Automotive to Shaanxi Zhongqi (and its subsidiaries)	24,000,000*	17,800,000*	17,800,000*
(d)	Payment of utility (such as water and electricity) charges by Shaanxi Automotive to Shaanxi Zhongqi for onward payment to utility providers	17,000,000*	18,000,000*	20,000,000*
(e)	Provision of general services by Shaanxi Automotive to Shaanxi Zhongqi (and its subsidiaries)	70,000,000*	80,000,000*	91,000,000*
3.	<i>Dong Feng Automotive (and its associates)</i>			
(a)	Sale of off-road vehicles by DFOVCL to Dong Feng Automotive	350,000,000 <sup>#</sup>	530,000,000 <sup>#</sup>	630,000,000 <sup>#</sup>
(b)	Purchase of parts and components of off-road vehicles and related products and technical support services by DFOVCL from Dong Feng Automotive (and its associates) (as the case may be)	165,000,000*	230,000,000 <sup>#</sup>	270,000,000 <sup>#</sup>

**Connected person and details of  
relevant Continuing Connected  
Transactions**

		<b>New Caps</b>		
		<b>2008</b>	<b>2009</b>	<b>2010</b>
		<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
4.	<i>Huatong</i>			
	Provision of processing services by Huatong to Futong	12,000,000*	13,000,000*	15,000,000*
<b>III. MAT Continuing Connected Transactions</b>				
1.	<i>Mr. Wang's associates</i>			
(a)	Sale of automotive parts and components and related products by MAT, MAST, Meneta India and Meneta A/S (as the case may be) to Mr. Wang's associates	115,000,000*	125,000,000*	130,000,000*
(b)	Purchase of automotive parts and components and related products by MAT and its subsidiaries (as the case may be) from Mr. Wang's associates	17,000,000*	19,000,000*	20,000,000*
2.	<i>TMD</i>			
	Sale of automotive parts and components and related products by MAST and Meneta A/S (as the case may be) to TMD	100,000,000*	105,000,000*	110,000,000*

*Notes:*

- (1) Where a New Cap is marked “\*”, that means the proposed New Caps for the relevant Continuing Connected Transactions do not exceed the 2.5% Threshold and are exempt from the approval of the Independent Shareholders.
- (2) Where a New Cap is marked “#”, that means the relevant Continuing Connected Transactions are Non-exempt Continuing Connected Transactions, because they either individually or when aggregated exceed the 2.5% Threshold and are subject to the approval of the Independent Shareholders.
- (3) For the purposes of ascertaining whether a Continuing Connected Transaction would exceed the 2.5 Threshold, the transactions within the following paragraphs have been aggregated and they exceed the 2.5% Threshold and are subject to the approval of the Independent Shareholders:
  - (i) transactions under paragraphs I.1.(a) and (b);
  - (ii) transactions under paragraphs I.1.(c), I.4.(c) and (d), and I.5.(b); and
  - (iii) transactions under paragraphs I.1.(d), I.4.(a) and I.5.(a).

The Company is principally engaged in the research and development, manufacturing and sale of high-speed heavy-duty diesel engines and engine parts. Chongqing Branch is the Company's facility (being its branch office) in Chongqing Municipality.

Weichai Casting is a wholly-owned subsidiary of the Company and is principally engaged in the supply of casting productions and related services.

Weichai Resources is a wholly-owned subsidiary of the Company and is principally engaged in the sale of parts and components of diesel engines.

The Group has entered into the Continuing Connected Transactions as more particularly set out below. The Company confirms that the actual transaction amounts for the Weichai Continuing Connected Transactions and the TAGC Continuing Connected Transactions, based on the latest unaudited published accounts of the Group as at 30 June 2008 and subject to adjustments (if any) at the year end, did not exceed the relevant Existing Caps.

The TAGC Continuing Connected Transactions arose as a consequence of the Merger, which was completed on 27 April 2007. Reference is made to the supplemental announcement to the preview announcement of the 2007 annual results of the Company dated 28 April 2008, where it was announced that the Company, subsequent to the communications and consultations with the relevant experts and the PRC regulatory bodies, has re-evaluated and redefined the time when the Company obtained actual control of TAGC to be 29 December 2006 since the approval of the Merger at the relevant general meetings of TAGC and the Company, for the accounting purposes. Reference is also made to the 2007 Announcement and the 2007 Circular where it was announced that the relevant agreements in respect of the TAGC Continuing Connected Transactions took effect from 1 May 2007 to 31 December 2009. The Existing Caps for the TAGC Continuing Connected Transactions (as applicable) were obtained and, where necessary under the Listing Rules, approved by the Independent Shareholders at the 2007 EGM. For the avoidance of doubt, it is noted that the Existing Caps for the said TAGC Continuing Connected Transactions for the year of 2007 were set for the period from the completion of the Merger to 31 December 2007.

## **I. Weichai Continuing Connected Transactions**

### **1. *Continuing connected transactions between Weichai Holdings (and its associates) and the Company (and its subsidiaries)***

Weichai Holdings and Chongqing Weichai are principally engaged in the management, investment and the provision of general services.

Chongqing Casting is principally engaged in the manufacture and sale of grey iron, ductile iron casting and stamping parts and the provision of the relevant processing services to the Group companies.

Weichai Import and Export is principally engaged in the import and export of certain products including diesel engine parts and components and the provision of the relevant service.

Weichai Holdings is a substantial shareholder of the Company and a Promoter, and is accordingly a connected person of the Company. Chongqing Weichai, Chongqing Casting and Weichai Import and Export are wholly-owned subsidiaries of Weichai Holdings and are, accordingly, associates of Weichai Holdings and connected persons of the Company.

- (a) *Provision of general services and labour services by Weichai Holdings (and its associates) (as the case may be) to the Company*

Agreement:

Supplemental agreement to:

- (i) the general services agreement between the Company and Weichai Holdings dated 17 November 2003 (“Weichai Holdings General Services Agreement”) (as amended and supplemented by the supplemental agreements dated 12 January 2004, 2 February 2004, 15 September 2004, 21 September 2005 and 12 November 2006); and
- (ii) the general services agreement between the Company and Chongqing Weichai dated 17 November 2003 (“Chongqing Weichai General Services Agreement”) (as amended and supplemented by the supplemental agreements dated 15 September 2004, 21 September 2005 and 12 November 2006)

Date:

27 November 2008

Parties:

- 1. The Company
- 2. (a) Weichai Holdings
- (b) Chongqing Weichai

Term:

1 January 2008 to 31 December 2010

Other terms and details:

- (i) *Provision of general services by Weichai Holdings to the Company*

Pursuant to the Weichai Holdings General Services Agreement (prior to the entering into of this latest supplemental agreement), Weichai Holdings has agreed to provide certain general services to the Company, 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 the Company (and/or its staff, if applicable), for a term of three years with effect from 1 January 2003. The Weichai Holdings General Services Agreement (as supplemented but prior to the entering into of this latest supplemental agreement) is due to

expire on 31 December 2009 and this latest supplemental agreement will extend the Weichai Holdings General services agreement for a term ending 31 December 2010, upon the expiry of which the Company shall have an option to renew the agreement for a term of three years. Save as aforesaid and the revisions of the Existing Caps below, all other terms of the Weichai Holdings General Services Agreement remain unchanged.

Under the Weichai Holdings General Services Agreement (as supplemented by this latest supplemental agreement), the fees payable by the Company to Weichai Holdings with respect to the provision of the said general services are determined based on the actual costs incurred by Weichai Holdings and apportioned on a pro-rata basis according to the area of the relevant property occupied and/or used by the Company plus a service charge representing not more than 5% of such costs and settled on a monthly basis.

The table below summaries the Existing Caps for the three years ending 31 December 2009 for the provision of general services by Weichai Holdings to the Company:

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

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2007 (audited) and the five months ended 31 May 2008 (unaudited) for the provision of general services by Weichai Holdings to the Company:

	<b>Year ended</b>		<b>Five Months</b>
	<b>31 December</b>		<b>ended</b>
	<b>2006</b>	<b>2007</b>	<b>31 May</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction amount	8,131,000	7,000,000	6,600,553

Since 1 January 2006, Weichai Holdings charged the Company a service charge of 5% of the actual costs incurred by it for the provision of the above general services and the Company expects that the same rate will be charged by Weichai Holdings for the three years ending 31 December 2010.

(ii) *Provision of labour services by Weichai Holdings to the Company*

Since 2007, certain employees of Weichai Holdings have provided services in the respect of utilities to the Company. Accordingly, the Company has paid certain fees to Weichai Holdings which were determined on the basis of the remunerations and expenses in respect of such employment on a monthly



basis. Pursuant to this supplemental agreement, Weichai Holdings has agreed to provide labour services on the same terms to the Company for a term ending 31 December 2010, upon the expiry of which the Company shall have an option to renew the agreement for a term of three years.

The actual transaction amounts involved for the year ended 31 December 2007 (audited) and the five months ended 31 May 2008 (unaudited) for the provision of labour services by Weichai Holdings to the Company were RMB4,178,000 and RMB1,621,853, respectively.

(iii) *Provision of general services by Chongqing Weichai to the Company*

Pursuant to the Chongqing Weichai General Services Agreement (as supplemented but 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 the Chongqing Weichai General Services Agreement (as supplemented but prior to the entering into of this latest supplemental agreement) is due to expire on 31 December 2009 and this latest supplemental agreement will extend the Chongqing Weichai General Services Agreement for a term ending 31 December 2010, upon the expiry of which the Company shall have an option to renew the agreement for a term of three years. Save as aforesaid, all other terms of the Chongqing Weichai General Services Agreement remain unchanged.

Under the Chongqing Weichai General Services Agreement (as supplemented), the fees payable by the Company 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) and are settled by the parties on a monthly basis. With respect to certain public utilities provided by Chongqing Weichai to certain common areas 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 the Company 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 the Company 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 2009 for the provision of general services by Chongqing Weichai to the Company:

	<b>2007</b>	<b>2008</b>	<b>2009</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing Cap	8,500,000	9,500,000	10,500,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2007 (audited) and the five months ended 31 May 2008 (unaudited) for provision of general services by Chongqing Weichai to the Company:

	<b>Year ended</b>		<b>Five Months</b>
	<b>31 December</b>		<b>ended</b>
	<b>2006</b>	<b>2007</b>	<b>2008</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction amount	7,172,000	8,452,000	3,166,034

Chongqing Weichai has been charging the Company a service charge of 20% of the actual costs incurred by it for the provision of the above general services and the Company expects that the same rate will be charged by Chongqing Weichai for the three years ending 31 December 2010.

The table below summarises the aggregate actual transaction amounts involved for the two years ended 31 December 2007 (audited) and the five months ended 31 May 2008 (unaudited) for the Weichai Continuing Connected Transactions set out in paragraphs (i) to (iii) above in this sub-section:

	<b>Year ended</b>		<b>Five Months</b>
	<b>31 December</b>		<b>ended</b>
	<b>2006</b>	<b>2007</b>	<b>2008</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction amount (aggregate)	15,303,000	19,630,000	11,388,440

The Company estimates that the total transaction amounts for the Weichai Continuing Connected Transactions set out in paragraphs (i) to (iii) above in this sub-section by Weichai Holdings and Chongqing Weichai (as the case may be) to the Company for the three years ending 31 December 2010 will not exceed RMB29,500,000, RMB36,500,000 and RMB47,500,000, respectively, and such amounts have accordingly been set as the proposed New Caps for these Weichai Continuing Connected Transactions. The New Caps have been estimated by the Company primarily based on the relevant historical costs plus a service charge by Weichai Holdings and Chongqing Weichai representing 5% and 20% of such costs, respectively. The estimate has taken into account an increase in the sales of the Group's products by approximately 30% per year. The New Caps have also taken into account the estimated salary growth rate of 10% due to the economic boom in Chongqing.

The table below summaries the proposed New Caps for the Weichai Continuing Connected Transactions set out in paragraphs (i) to (iii) above in this sub-section for the three years ending 31 December 2010:

	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Cap	29,500,000	36,500,000	47,500,000

As the New Caps for these Weichai Continuing Connected Transactions for the three years ending 31 December 2010 (when aggregated with those New Caps for the same period under sections I.1.(b) below) exceed the 2.5% Threshold, they constitute Non-exempt Continuing Connected Transactions of the Company 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 the approval from the Independent Shareholders (being Shareholders other than Weichai Holdings and Tan Xuguang (who is the general manager of Weichai Holdings) who will abstain from voting at the EGM in relations to the resolutions to be proposed in respect to these New Caps, and no other Shareholders will be required to abstain from voting in relation thereto at the EGM) at the EGM.

Since these Weichai Continuing Connected Transactions for the three years ending 31 December 2010 are Non-exempt Continuing Connected Transactions and the New Caps are subject to the approval of Independent Shareholders as aforesaid, this supplemental agreement is conditional upon the said resolution being passed at the EGM.

- (b) *Supply and/or connection of utilities by Weichai Holdings (and its associates) (as the case may be) to the Company*

Agreement:

Supplemental agreement to:

- (i) the utility services agreement between the Company and Weichai Holdings dated 17 November 2003 (“Weichai Holdings Utilities Services Agreement”) (as supplemented by the supplemental agreements dated 15 September 2004, 21 September 2005 and 12 November 2006); and
- (ii) the utility services agreement between the Company and Chongqing Weichai dated 17 November 2003 (“Chongqing Weichai Utilities Services Agreement”) (as supplemented by the supplemental agreements dated 15 September 2004, 21 September 2005 and 12 November 2006)

Date:

27 November 2008

Parties:

- 1. The Company
- 2. (a) Weichai Holdings
- (b) Chongqing Weichai

Term:

1 January 2008 to 31 December 2010

Other terms and details:

- (i) *Supply and/or connection of utilities by Weichai Holdings to the Company*

Pursuant to the Weichai Holdings Utility Services Agreement (as supplemented but prior to the entering into of this latest supplemental agreement), Weichai Holdings has agreed to provide or provide the connection of (as the case may be) certain utility and energy services to the Company, 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 (as supplemented but prior to the entering into of this latest supplemental agreement) is due to expire on 31 December 2009 and this latest supplemental agreement will extend the utility services agreement for a term ending 31 December 2010, upon the expiry of which the Company shall have an option to renew the agreement for a term of three years. Save as aforesaid and the revisions of the Existing Caps below, all other terms of the Weichai Holdings Utility Services Agreement remain unchanged.

Under the Weichai Holdings Utility Services Agreement, the fees payable by the Company to Weichai Holdings with respect to the provision and/or connection of the said utility and energy services are determined based on the actual usage of the Company 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 Holdings in relation thereto. If no market price or government published rates with respect to the above utility and energy services are available, the Company will pay the actual costs incurred by Weichai Holdings in relation to the provision of such utility and energy services plus a service charge representing not more than 20% of such costs. The fees are settled on a monthly basis.

The table below summarises the Existing Caps for the three years ending 31 December 2009 for the supply and/or connection of utilities by Weichai Holdings to the Company:

	<b>2007</b>	<b>2008</b>	<b>2009</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing Cap	110,000,000	125,000,000	140,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2007 (audited) and the five months ended 31 May 2008 (unaudited) for the supply and/or connection of utilities by Weichai Holdings to the Company:

	<b>Year ended</b>	<b>Five Months</b>	
	<b>31 December</b>		<b>ended</b>
	<b>2006</b>	<b>2007</b>	<b>2008</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction amount	90,071,000	110,000,000	63,030,611

Since 1 January 2006, Weichai Holdings charged the Company a service charge of 5% of the actual costs incurred by it for the provision of the above utility and energy services and the Company expects that the same rate will be charged by Weichai Holdings for the three years ending 31 December 2010.

(ii) *Supply and/or connection of utilities by Chongqing Weichai to the Company*

Pursuant to the Chongqing Weichai Utility Services Agreement (as supplemented but 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 Chongqing Weichai Utility Services Agreement (as supplemented but prior to the entering into of this latest supplemental agreement) is due to expire on 31 December 2009 and this latest supplemental agreement will extend the Chongqing Weichai Utility Services Agreement for a term ending 31 December 2010, upon the expiry of which the Company shall have an option to renew the agreement for a term of three years. All other terms of the Chongqing Weichai Utility Services Agreement remain unchanged.

Under the Chongqing Weichai Utility Services Agreement (as supplemented), the fees payable by the Company 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, the Company 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 fees are settled on a monthly basis.

The table below summarises the Existing Caps for the three years ending 31 December 2009 for the supply and/or connection of utilities by Chongqing Weichai to the Company:

	<b>2007</b>	<b>2008</b>	<b>2009</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing Cap	16,000,000	17,000,000	18,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2007 (audited) and the five months ended 31 May 2008 (unaudited) for the supply and/or connection of utilities by Chongqing Weichai to the Company:

	<b>Year ended</b>		<b>Five Months</b>
	<b>31 December</b>		<b>ended</b>
	<b>2006</b>	<b>2007</b>	<b>31 May</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction			
amount	14,012,000	15,740,000	8,826,735

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 2010.

The table below summarises the aggregate actual transaction amounts involved for the two years ended 31 December 2007 (audited) and the five months ended 31 May 2008 (unaudited) for the Weichai Continuing Connected Transactions between Weichai Holdings and Chongqing Weichai (as the case may be) and the Company set out in this sub-section:

	<b>Year ended</b>		<b>Five Months</b>
	<b>31 December</b>		<b>ended</b>
	<b>2006</b>	<b>2007</b>	<b>31 May</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction			
amount (aggregate)	104,083,000	125,740,000	71,857,346

The Company estimates that the aggregate amount payable by the Company to Weichai Holdings (and its associates) for the utility and energy services set out in paragraphs (i) and (ii) above for the three years ending 31 December 2010 will not exceed RMB178 million, RMB223 million and RMB290 million, respectively, and such amounts have accordingly been set as the proposed New Caps for these Weichai Continuing Connected Transactions. The New Caps have been estimated by the Company by reference to the historical costs incurred plus a service charge by Weichai Holdings and Chongqing Weichai representing 5% and 20% of such costs, respectively. The estimate has taken into account an increase in the sales of the Group's products by approximately 30% per year. 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 Continuing Connected Transactions between Weichai Holdings and Chongqing Weichai (as the case may be) and the Company set out in paragraphs (i) and (ii) above in this sub-section for the three years ending 31 December 2010:

	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Cap	178,000,000	223,000,000	290,000,000

As the New Caps for these Weichai Continuing Connected Transactions for the three years ending 31 December 2010 (when aggregated with those New Caps for the same period under sections I.1.(a) above) exceed the 2.5% Threshold, they constitute Non-exempt Continuing Connected Transactions of the Company 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 the approval from the Independent Shareholders (being Shareholders other than Weichai Holdings and Tan Xuguang (who is the general manager of Weichai Holdings) who will abstain from voting at the EGM in relations to the resolutions to be proposed in respect to these New Caps, and no other Shareholders will be required to abstain from voting in relation thereto at the EGM) at the EGM.

Since these Weichai Continuing Connected Transactions for the three years ending 31 December 2010 are Non-exempt Continuing Connected Transactions and the New Caps are subject to the approval of Independent Shareholders as aforesaid, this supplemental agreement is conditional upon the said resolution being passed at the EGM.

- (c) *Purchase of diesel engine parts and components, gas and scrap metals, etc., materials and related products and processing services by the Company from Weichai Holdings (and its associates) (as the case may be)*

Agreement: Diesel engine parts and components, gas, scrap metal, etc., materials and related products purchase and processing services agreement (“Weichai Purchase and Processing Services Agreement”)

Date: 27 November 2008

Parties: 1. The Company  
2. (a) Weichai Holdings  
(b) Chongqing Weichai

Term: 1 January 2008 to 31 December 2010



Other terms and details:

- (i) *Purchase of parts and components, gas and scrap metals, etc., materials and related products by the Company from Weichai Holdings*

For the three years ended 31 December 2007, the Company has purchased certain parts and components, gas, scrap metal, etc. and materials for the manufacture of diesel engines from Weichai Holdings, at market prices and settled by the parties on a monthly basis. Pursuant to the Weichai Purchase and Processing Services Agreement, the Company has agreed to purchase the said parts and components, gas and scrap metals, etc., and related products from Weichai Holdings (and its associates) (as the case may be) on the same terms for a term ending 31 December 2010, upon the expiry of which the Company shall have an option to renew the agreement for a term of three years.

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2007 (audited) and the five months ended 31 May 2008 (unaudited) for the said Weichai Continuing Connected Transactions between the Company and Weichai Holdings:

	<b>Year ended</b>		<b>Five Months</b>
	<b>31 December</b>		<b>ended</b>
	<b>2006</b>	<b>2007</b>	<b>31 May</b>
	<i>RMB</i>	<i>RMB</i>	<i>2008</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction			
amount	540,000	853,000	507,430

- (ii) *Purchase of materials by Chongqing Branch from Chongqing Weichai*

For the three years ended 31 December 2007, Chongqing Branch purchases certain materials from Chongqing Weichai for the manufacture of diesel engines at market prices and settled on a monthly basis. Pursuant to this Weichai Purchase and Processing Services Agreement, the Company has agreed to purchase and Chongqing Weichai has agreed to sell the said materials and related products on the same terms for a term ending 31 December 2010, upon the expiry of which the Company shall have an option to renew the agreement for a term of three years.

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2007 (audited) and the five months ended 31 May 2008 (unaudited) for the said Weichai Continuing Connected Transactions between the Chongqing Branch and Chongqing Weichai:

	<b>Year ended</b>		<b>Five Months</b>
	<b>31 December</b>		<b>ended</b>
	<b>2006</b>	<b>2007</b>	<b>31 May</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction amount	231,000	199,000	76,392

(iii) *Provision of processing services by Chongqing Weichai to Chongqing Branch*

Pursuant to a processing services agreement dated 17 November 2003 between Chongqing Weichai and the Company (as supplemented by the supplemental agreements dated 15 September 2004, 21 September 2005 and 12 November 2006, respectively, but prior to the entering into of the Weichai Purchase and Processing Services Agreement), Chongqing Weichai has agreed to provide processing services to the Company 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 2009 by the supplemental agreements dated 15 September 2004, 21 September 2005 and 12 November 2006. Pursuant to the Weichai Purchase and Processing Services Agreement, Chongqing Weichai has agreed to provide the aforesaid processing services to Chongqing Branch for a term ending 31 December 2010, upon the expiry of which the Company shall have an option to renew the agreement for a term of three years.

Under the Weichai Purchase and Processing Services Agreement, the fees payable by the Company to Chongqing Weichai are determined based on the relevant market prices and are settled on a monthly basis.

The table below summarises the Existing Caps for the three years ending 31 December 2009 for the processing services:

	<b>2007</b>	<b>2008</b>	<b>2009</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing Cap	70,000,000	80,000,000	90,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2007 (audited) and the five months ended 31 May 2008 (unaudited) for the processing services:

	<b>Year ended</b>		<b>Five Months</b>
	<b>31 December</b>		<b>ended</b>
	<b>2006</b>	<b>2007</b>	<b>31 May</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction amount	63,070,000	70,000,000	39,009,484

In line with the increase in the demand for the Company's diesel engines, the actual transaction amount of the said Weichai Continuing Connected Transaction recorded an increase of approximately 11% from 2006 to 2007.

The table below summarises the aggregate actual transaction amounts involved for purchases and processing services set out in paragraphs (i) to (iii) above for the two years ended 31 December 2007 (audited) and the five months ended 31 May 2008 (unaudited) for the Weichai Continuing Connected Transactions set out in this sub-section:

	<b>Year ended</b>		<b>Five Months</b>
	<b>31 December</b>		<b>ended</b>
	<b>2006</b>	<b>2007</b>	<b>31 May</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction amount (aggregate)	63,840,000	71,051,000	39,593,306

The Company estimates that the aggregate transaction amounts in respect of the above purchases and processing services set out in paragraphs (i) to (iii) above for the three years ending 31 December 2010 will not exceed RMB86.5 million, RMB102 million and RMB112.5 million, respectively, and such amounts have accordingly been set as the proposed New Caps for these Weichai Continuing Connected Transactions.

The above New Caps were prepared by the Company primarily based on the historical costs and its estimate of the transaction volume of the said purchases and processing services, which in turn are based on the production volume, material cost, processing cost and the volume of STR diesel engines to be sold for the three years ending 31 December 2010. The Company estimates that the material and processing costs will increase steadily over the three years ending 31 December 2010, taking into account the estimated increase in salary at an annual rate of 10% in Chongqing Weichai.

The table below summarises the proposed New Caps for the Weichai Continuing Connected Transactions set out in paragraphs (i) to (iii) above in this sub-section for the three years ending 31 December 2010:

	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Cap	86,500,000	102,000,000	112,500,000

Since the New Caps, when aggregated with those under sections I.4.(c) and (d), and I.5.(b), exceed the 2.5% Threshold, these Weichai Continuing Connected Transactions constitute Non-exempt Continuing Connected Transactions of the Company 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 the annual review requirements of Rules 14A.37 and 14A.38, and the approval from the Independent Shareholders (being Shareholders other than Weichai Holdings and Tan Xuguang (who is the general manager of Weichai Holdings) who will abstain from voting at the EGM in relations to the resolutions to be proposed in respect to these New Caps, and no other Shareholders will be required to abstain from voting in relation thereto at the EGM) at the EGM.

Since these Weichai Continuing Connected Transactions for the three years ending 31 December 2010 are Non-exempt Continuing Connected Transactions and the New Caps are subject to the approval of Independent Shareholders as aforesaid, this supplemental agreement is conditional upon the said resolution being passed at the EGM.

- (d) *Sale of diesel engines, diesel engine parts and components, materials and related products and provision of processing services by the Company (and its subsidiaries) to Weichai Holdings (and its associates) (as the case may be)*

Agreement: Diesel engines, diesel engine parts and components, materials and related products sale and provision of processing services agreement (“Weichai Sale and Processing Services Agreement”)

Date: 27 November 2008

Parties:

1. (a) The Company
- (b) Weichai Resources
2. (a) Weichai Holdings
- (b) Chongqing Casting
- (c) Weichai Import and Export
- (d) Chongqing Weichai

Term: 1 January 2008 to 31 December 2010

Other terms and details:

- (i) *Sale of diesel engine parts and components, materials and related products by the Company to Weichai Holdings*

Since 2008, the Company has sold certain diesel engine parts and components and materials for the repair services of diesel engines to Weichai Holdings, at market prices and settled on a monthly basis. Pursuant to the Weichai Sale and Processing Services Agreement, the Company agreed to sell the said parts and components and materials and related products to Weichai Holdings (and its associates) (as the case may be) on the same terms for a term ending 31 December 2010, upon the expiry of which the Company shall have an option to renew the agreement for a term of three years.

For the five months ended 31 May 2008 (unaudited), the actual transaction amounts for the said Continuing Connected Transactions were RMB380,835.

- (ii) *Sale of materials and related products by Chongqing Branch to Chongqing Weichai*

For the three years ended 31 December 2007, Chongqing Branch has sold certain materials for the manufacture of diesel engines to Chongqing Weichai, at market prices, to be settled on a monthly basis. Pursuant to the Weichai Sale and Processing Services Agreement, the Company has agreed to sell and Chongqing Weichai has agreed to purchase the said materials and related products on the same terms for a term ending 31 December 2010, upon the expiry of which the Company shall have an option to renew the agreement for a term of three years.

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2007 (audited) and the five months ended 31 May 2008 (unaudited) for the said Weichai Continuing Connected Transactions between the Chongqing Branch and Chongqing Weichai:

	<b>Five Months</b>		
	<b>Year ended</b>		<b>ended</b>
	<b>31 December</b>		<b>31 May</b>
	<b>2006</b>	<b>2007</b>	<b>2008</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction			
amount	39,276,000	41,575,000	866,926

Since the injection of the business in relation to the manufacture and sale of medium-speed diesel engines as well as those diesel engines mainly used in agricultural (and related) machines (which are different from the Company's diesel engine products which were high speed heavy-duty diesel) by Weichai

Holdings into Shandong Juli after the Juli Restructuring, the transaction amount for the said Weichai Continuing Connected Transaction has dropped significantly in 2008.

(iii) *Sale of materials and related products by Chongqing Branch to Chongqing Casting*

Since 2008, Chongqing Branch has sold certain materials to Chongqing Casting at market prices and settled on a monthly basis. Pursuant to the Weichai Sale and Processing Services Agreement, the Company has agreed to sell and Chongqing Casting has agreed to purchase the said materials and related products on the same terms for a term ending 31 December 2010, upon the expiry of which the Company shall have an option to renew the agreement for a term of three years.

For the five months ended 31 May 2008 (unaudited), the actual transaction amounts for the said Continuing Connected Transactions were RMB20,422,850.

(iv) *Provision of processing services by Chongqing Branch to Chongqing Weichai*

For the three ended 31 December 2007, Chongqing Branch has provided certain processing service in relation to the production of diesel engines to Chongqing Weichai, at market price and settled on a monthly basis. Pursuant to the Weichai Sale and Processing Services Agreement, Chongqing Branch has agreed to provide the said provide processing services to Chongqing Weichai on the same terms for a term ending 31 December 2010, upon the expiry of which the Company shall have an option to renew the agreement for a term of three years.

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2007 (audited) and the five months ended 31 May 2008 (unaudited) for the said Weichai Continuing Connected Transactions between the Chongqing Branch and Chongqing Weichai:

	<b>Year ended</b>		<b>Five Months</b>
	<b>31 December</b>		<b>ended</b>
	<b>2006</b>	<b>2007</b>	<b>2008</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction amount	3,366,000	4,607,000	1,494,581

(v) *Sale of diesel engines, diesel engine parts and components and related products by the Company to Weichai Import and Export*

Since 2007, the Company has sold certain diesel engines to be used in ships and diesel engines parts and components to Weichai Import and Export at market prices and settled on a monthly basis. Pursuant to the Weichai Sale and Processing Services Agreement, the Company has agreed to sell and Weichai Import and Export has agreed to purchase the said diesel engines, diesel engine parts and components and related products on the same terms for a term ending 31 December 2010, upon the expiry of which the Company shall have an option to renew the agreement for a term of three years.

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2007 (audited) and the five months ended 31 May 2008 (unaudited) for the sale of diesel engines and diesel engine parts and components by the Company to Weichai Import and Export:

	<b>Year ended</b>		<b>Five Months</b>
	<b>31 December</b>		<b>ended</b>
	<b>2006</b>	<b>2007</b>	<b>31 May</b>
	<b>RMB</b>	<b>RMB</b>	<b>2008</b>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction amount	—	60,241,000	44,910,724

Since 2007, the Company has intensified its efforts in expanding the international market for the sale of its products. The Company estimates that the sale volume of diesel engines and diesel engine parts and components to Weichai Import and Export will continue to grow for the three years ending 31 December 2010.

(vi) *Sale of diesel engine parts and components and related products by Weichai Resources to Weichai Import and Export*

For the three years ended 31 December 2007, Weichai Resources has sold certain diesel engine parts to Weichai Import and Export, at market prices and settled on a monthly basis. Pursuant to the Weichai Sale and Processing Services Agreement, Weichai Resources has agreed to sell and Weichai Import and Export has agreed to purchase the said diesel engine parts and components and related products, for a term ending 31 December 2010, upon the expiry of which Weichai Resources shall have an option to renew the agreement for a term of three years.

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2007 (audited) and the five months ended 31 May 2008 (unaudited) for the said Weichai Continuing Connected Transactions between the Weichai Resources and Weichai Import and Export:

	<b>Year ended</b>		<b>Five Months</b>
	<b>31 December</b>		<b>ended</b>
	<b>2006</b>	<b>2007</b>	<b>31 May</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction amount	1,446,000	8,223,000	5,259,581

The table below summarises the aggregate actual transaction amounts involved for the two years ended 31 December 2007 (audited) and the five months ended 31 May 2008 (unaudited) for the said Weichai Continuing Connected Transactions set out in paragraphs (i) to (vi) above in this section:

	<b>Year ended</b>		<b>Five Months</b>
	<b>31 December</b>		<b>ended</b>
	<b>2006</b>	<b>2007</b>	<b>31 May</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction amount (aggregate)	44,088,000	114,646,000	73,335,497

The Weichai Continuing Connected Transactions in this section, together with certain other transactions which were transferred to Shandong Juli pursuant to the Weichai Holdings Juli Restructuring, were traded under the Existing Caps under the transaction headed “I.5. Supply of semi-finished diesel engine parts by Weichai Power to Weichai Factory” as set out in the 2006 Circular.

The table below summarises the said Existing Caps for the three years ending 31 December 2009:

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

The Company estimates that the aggregate transaction amounts for the Weichai Continuing Connected Transactions set out in paragraphs (i) to (vi) above for the three years ending 31 December 2010 will not exceed RMB200 million, RMB265 million and RMB315 million, respectively, and such amounts have accordingly been set as the proposed New Caps for these Weichai Continuing Connected Transactions.



The table below summarises the proposed New Caps for the Weichai Continuing Connected Transactions set out in paragraphs (i) to (vi) above in this sub-section for the three years ending 31 December 2010:

	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Cap	200,000,000	265,000,000	315,000,000

The above proposed New Caps have been prepared by the Company primarily based on historical costs and the estimate of the number of diesel engines, diesel engine parts and components and materials required by Weichai Holdings, Chongqing Weichai and Weichai Import and Export (as the case may be), the average unit prices of the same, and the costs of the processing services to be provided, and on the assumption that the sales of the Company will grow by 30% each year for the three years ending 31 December 2010.

As the New Caps for these Weichai Continuing Connected Transactions for the three years ending 31 December 2010, when aggregated with those under sections I.4.(a) and I.5.(a), exceed the 2.5% Threshold, they constitute Non-exempt Continuing Connected Transactions of the Company 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 the approval from the Independent Shareholders (being Shareholders other than Weichai Holdings and Tan Xuguang (who is the general manager of Weichai Holdings) who will abstain from voting at the EGM in relations to the resolutions to be proposed in respect to these New Caps, and no other Shareholders will be required to abstain from voting in relation thereto at the EGM) at the EGM.

Since these Weichai Continuing Connected Transactions for the three years ending 31 December 2010 are Non-exempt Continuing Connected Transactions and are subject to the approval of Independent Shareholders as aforesaid, this Weichai Sale Agreement is conditional upon the said resolution being passed at the EGM.

In addition to the above Weichai Continuing Connected Transactions, as announced in the 2006 Announcement, the following continuing connected transactions are still subsisting:

1. Lease of Buildings and Equipment (as defined in the 2006 Announcement) by Weichai Holdings to the Company; and
2. Lease of Chongqing Properties (as defined in the 2006 Announcement) by Chongqing Weichai to the Company.

Since the existing caps for the three years ending 31 December 2009 for the said continuing connected transactions have not been exceeded, they shall continue to apply.

**2. *Continuing connected transactions between Fujian Longgong and Shanghai Longgong (and their respective associates) and the Company***

Fujian Longgong is engaged in the manufacture and sale of, *inter alia*, wheel-loaders, certain of which require the diesel engines and parts manufactured by the Company. 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 the Company.

Shanghai Longgong is engaged in the manufacture and sale of, *inter alia*, construction machines, certain of which require the diesel engines and parts manufactured by the Company. 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 a Promoter. Shanghai Longgong is thus an associate of Li San Yim and, hence, a connected person of the Company.

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

*Sale of diesel engines and diesel engine parts by the Company to Fujian Longgong and Shanghai Longgong (and their respective associates)*

Agreement:

Supplemental agreement to:

- (i) framework agreement dated 21 October 2003 between the Company and Fujian Longgong (as supplemented by the supplemental agreements dated 15 September 2004 and 12 November 2006, respectively); and
- (ii) framework agreement dated 21 October 2003 between the Company and Shanghai Longgong (as supplemented by the supplemental agreements dated 15 September 2004 and 12 November 2006, respectively)

Date:

27 November 2008

Parties:

- 1. The Company
- 2. (a) Fujian Longgong
- (b) Shanghai Longgong

Term:

1 January 2008 to 31 December 2010

Other terms and details:

- (i) *Supply of diesel engines and diesel engine parts by the Company to Fujian Longgong (and its associates)*

Pursuant to the framework agreement dated 21 October 2003 between the Company and Fujian Longgong (as supplemented by the supplemental agreements dated 15 September 2004 and 12 November 2006, respectively, but prior to the entering into of this latest supplemental agreement), the Company has agreed to supply Fujian Longgong and its associates, at market prices and settled in the month following delivery, diesel engines and parts for each of the three years ending 31 December 2009. This supplemental agreement will extend the original framework agreement for a term ending 31 December 2010, upon the expiry of which the Company shall have the option to extend the term for another three years. Save as aforesaid and the revisions of the Existing Caps below, all other terms of the original framework agreement remain unchanged.

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

	<b>2007</b>	<b>2008</b>	<b>2009</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing Cap	135,000,000	150,000,000	165,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2007 (audited) and the five months ended 31 May 2008 (unaudited) for the supply of diesel engines and parts by the Company to Fujian Longgong (and its associates):

	<b>Year ended</b>		<b>Five Months</b>
	<b>31 December</b>		<b>ended</b>
	<b>2006</b>	<b>2007</b>	<b>2008</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction amount	97,355,000	135,000,000	252,158,974

Since 2006, the PRC has maintained a strong economic growth 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. The actual transaction amount of the said Weichai Continuing Connected Transactions has increased by approximately 39% from 2006 to 2007. The Company anticipates that Fujian Longgong will increase its purchase for diesel engines and parts from the Company for the three years ending 31 December 2010.

(ii) *Supply of diesel engines and diesel engine parts by the Company to Shanghai Longgong (and its associates)*

Pursuant to the framework agreement dated 21 October 2003 between the Company and Shanghai Longgong (as supplemented by the two supplemental agreements dated 15 September 2004 and 12 November 2006, respectively, but prior to the entering into of this latest supplemental agreement), the Company has agreed to supply Shanghai Longgong and its associates, at market prices and settled in the month following delivery, diesel engines and parts for each of the three years ending 31 December 2009. This supplemental agreement will, *inter alia*, extend the original framework agreement for a term ending 31 December 2010, upon the expiry of which the Company shall have the option to extend the term for another three years. Save as aforesaid and the revisions of the Existing Caps below, all other terms of the original framework agreement remain unchanged.

The table below summarises the Existing Caps for the three years ending 31 December 2009 for the supply of diesel engines and parts by the Company to Shanghai Longgong (and its associates):

	<b>2007</b>	<b>2008</b>	<b>2009</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing Cap	500,000,000	520,000,000	570,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2007 (audited) and the five months ended 31 May 2008 (unaudited) for the supply of diesel engines and parts by the Company to Shanghai Longgong (and its associates):

	<b>Year ended</b>		<b>Five Months</b>
	<b>31 December</b>		<b>ended</b>
	<b>2006</b>	<b>2007</b>	<b>2008</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction amount	429,983,000	377,569,000	297,307,692

Since 2006, the PRC has maintained a strong economic growth and the construction machinery market showed a very strong recovery following a depressed market in 2005. However, the actual transaction amount has shown a decrease of 13% from 2006 to 2007, resulted from the re-allocation of the production activities between Fujian Longgong and Shanghai Longgong pursuant to the business development strategies of Fujian Longgong and Shanghai Longgong as a group.

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. The Company anticipates that Shanghai Longgong will increase its purchase for diesel engines and parts from the Company for the three years ending 31 December 2010.

The Existing Caps for the Weichai Continuing Connected Transactions set out in paragraphs (i) and (ii) above have been aggregated, as disclosed in the 2006 Circular and aggregated Existing Caps have been approved by the Independent Shareholders at the 2006 EGM.

The table below summarises the aggregate actual transaction amounts involved for the two years ended 31 December 2007 (audited) and the five months ended 31 May 2008 (unaudited) for the Weichai Continuing Connected Transactions set out in paragraphs (i) and (ii) above in this sub-section:

	<b>Year ended</b>		<b>Five Months</b>
	<b>31 December</b>		<b>ended</b>
	<b>2006</b>	<b>2007</b>	<b>31 May</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction amount (aggregate)	527,338,000	512,569,000	549,466,666

The Company estimates that the aggregate transaction amounts in respect of the sales to Fujian Longgong and Shanghai Longgong (and their respective associates) for the three years ending 31 December 2010 will not exceed RMB1 billion, RMB1.3 billion and RMB1.5 billion, respectively, and such amounts have accordingly been set as the proposed New Caps for these Weichai Continuing Connected Transactions.

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

The table below summarises the proposed New Caps for the Weichai Continuing Connected Transactions set out in paragraphs (i) and (ii) above in this sub-section for the three years ending 31 December 2010:

	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Cap	1,000,000,000	1,300,000,000	1,500,000,000

As the New Caps for these Weichai Continuing Connected Transactions for the three years ending 31 December 2010 exceed the 2.5% Threshold, they constitute Non-exempt Continuing Connected Transactions of the Company under Chapter 14A of the Listing Rules and will be 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 of Rules 14A.37 and 14A.38, and approval from the Independent Shareholders (being the Shareholders other than Fujian Longgong and Shanghai Longgong (and their respective associates), who will abstain from voting at the EGM in relation to the resolution to be proposed in respect of these New Caps, and no other Shareholders will be required to abstain from voting in relation thereto at the EGM) at the EGM will be required.

Since these Weichai Continuing Connected Transactions are Non-exempt Continuing Connected Transactions and the New Caps are subject to the Independent Shareholders' approval as aforesaid, this supplemental agreement (which will, *inter alia*, extend the term of the original framework agreements to 31 December 2010) is conditional upon the said resolution being passed at the the EGM.

**3. *Continuing connected transactions between Guangxi Liugong Machinery and the Company***

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

Guangxi Liugong Machinery is owned as to approximately 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 the Company.

*Sale of diesel engines and diesel engine parts by the Company to Guangxi Liugong Machinery*

Agreement: Supplemental agreement to the framework agreement dated 21 October 2003 (as supplemented by the supplemental agreements dated 15 September 2004 and 12 November 2006, respectively)

Date: 27 November 2008

Parties: 1. The Company  
2. Weichai Guangxi Liugong Machinery

Term: 1 January 2008 to 31 December 2010

Other terms and details:

Pursuant to the framework agreement dated 21 October 2003 (as supplemented by the supplemental agreements dated 15 September 2004 and 12 November 2006, respectively but prior to the entering into of this latest supplemental agreement), the Company has agreed to supply Guangxi Liugong Machinery, at market prices and settled in the month following delivery, WD615 Engines and parts for each of the three years ending 31 December 2009. This latest supplemental agreement will extend the original framework agreement for a term ending 31 December 2010, upon the expiry of which the Company shall have the option to extend the term for another three years. Save as aforesaid and the revisions of the Existing Caps below, all other terms of the original framework agreement (as supplemented but prior to the entering into of this latest supplemental agreement) remain unchanged.

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

	<b>2007</b>	<b>2008</b>	<b>2009</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing Cap	500,000,000	520,000,000	610,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2007 (audited) and the five months ended 31 May 2008 (unaudited) for the Weichai Continuing Connected Transactions set out in this sub-section:

	<b>Year ended</b>	<b>Five Months</b>
	<b>31 December</b>	<b>ended</b>
	<b>2006</b>	<b>2007</b>
	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction amount	320,075,000	500,000,000
		382,246,581

Since 2006, the PRC has experienced a strong economic growth and the construction machinery market showed a very strong recovery following a depressed market in 2005. Therefore, the actual transaction amount of the said Weichai Continuing Connected Transactions shows an increase of approximately 56% from 2006 to 2007.

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. The Company anticipates that Guangxi Liugong Machinery will increase its purchase for WD615 Engines from the Company for the three years ending 31 December 2010. Due to the strategic alliance between the Company and Guangxi Liugong Machinery reached in August 2006, whereby the Company'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. The sales of WD615 Engines to Guangxi Liugong Machinery is estimated to increase significantly, reaching approximately 32,000 units in 2008.

The Company estimates that the total consideration payable to the Company by Guangxi Liugong Machinery for such sales for the three years ending 31 December 2010 will be approximately RMB1.08 billion, RMB1.235 billion and RMB1.35 billion, respectively and such amounts have accordingly been set as the proposed New Caps for these Weichai Continuing Connected Transactions.

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

The table below summarises the proposed New Caps for the Weichai Continuing Connected Transactions set out in this sub-section for the three years ending 31 December 2010:

	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Cap	1,080,000,000	1,235,000,000	1,350,000,000

As the New Caps for these Weichai Continuing Connected Transactions for the three years ending 31 December 2010 exceed the 2.5% Threshold, they constitute Non-exempt Continuing Connected Transactions of the Company under Chapter 14A of the Listing Rules and will be 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 of Rules 14A.37 and 14A.38, and approval from the the Independent Shareholders (being the Shareholders other than Guangxi Liugong (as its associates), who will abstain from voting at the EGM in relation to the resolution to be proposed in respect of these New Caps, and no other Shareholders will be required to abstain from voting in relation thereto at the EGM) at the EGM will be required.

Since these Weichai Continuing Connected Transactions are Non-exempt Continuing Connected Transactions and the New Caps are subject to the Independent Shareholders' approval as aforesaid, this latest supplemental agreement (which will, *inter alia*, extend the term of the original framework agreement to 31 December 2010) is conditional upon the said resolution being passed at the EGM.



#### 4. *Continuing connected transactions between Weichai Deutz and the Company*

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 the Company. Weichai Deutz is owned as to 50% by Weichai Holdings (a substantial shareholder of the Company and Promoter) and, accordingly, Weichai Deutz is an associate of Weichai Holdings and, hence, a connected person of the Company. 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 the Company or an associate of any of them.

(a) *Sale of semi-finished diesel engine parts and related products by the Company to Weichai Deutz*

Agreement: Supplemental agreement to the master sales agreement dated 21 October 2003 (as supplemented by the supplemental agreements dated 15 September 2004 and 12 November 2006, respectively)

Date: 27 November 2008

Parties: 1. The Company  
2. Weichai Deutz

Term: 1 January 2008 to 31 December 2010

Other terms and details:

Pursuant to the master sales agreement dated 21 October 2003 (as supplemented by the supplemental agreements dated 15 September 2004 and 12 November 2006, respectively, but prior to the entering into of this latest supplemental agreement), the Company has agreed to supply semi-finished diesel engines parts to Weichai Deutz for its 226B series of diesel engines. Under this supplemented agreement, the Company has agreed to sell and Weichai Deutz has agreed to purchase the said semi-finished diesel engine parts and related products at market prices and settled on a monthly basis. This latest supplemental agreement will extend the original master sales agreement for a term ending 31 December 2010, upon the expiry of which the Company shall have the option to extend the term for another three years. Save as aforesaid and the revisions of the Existing Caps below, all other terms of the original master sales agreement remain unchanged.

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

	<b>2007</b>	<b>2008</b>	<b>2009</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing Cap	48,000,000	58,000,000	69,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2007 (audited) and the five months ended 31 May 2008 (unaudited) for the Weichai Continuing Connected Transactions set out in this sub-section:

	<b>Year ended</b>		<b>Five Months</b>
	<b>31 December</b>		<b>ended</b>
	<b>2006</b>	<b>2007</b>	<b>2008</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction amount	47,998,000	48,000,000	41,235,986

The Company estimates that the total consideration payable by Weichai Deutz to the Company for the purchase of semi-finished diesel parts for the three years ending 31 December 2010 will not exceed RMB100 million, RMB130 million and RMB170 million, respectively, and such amounts have accordingly been set as the proposed New Caps for these Weichai Continuing Connected Transactions.

The above proposed New Caps have been prepared by the Company 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 the Company. The Company estimates that the sales of semi-finished diesel engine parts will increase at a steady rate of approximately 30% per annum for the three years ending 31 December 2010.

The table below summarises the proposed New Caps for the Weichai Continuing Connected Transactions set out in this sub-section for the three years ending 31 December 2010:

	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Cap	100,000,000	130,000,000	170,000,000

As the New Caps for these Weichai Continuing Connected Transactions for the three years ending 31 December 2010, when aggregated with those under sections I.1.(d) and I.5.(a), exceed the 2.5% Threshold, they constitute Non-exempt Continuing Connected Transactions of The Company 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 the annual review requirements of Rules 14A.37 and 14A.38, and the approval from the Independent Shareholders (being Shareholders other than Weichai Holdings and Tan Xuguang (who is the general manager of Weichai Holdings) who will abstain from voting at the EGM in relations to the resolutions to be proposed in respect to these New Caps, and no other Shareholders will be required to abstain from voting in relation thereto at the EGM) at the EGM.

Since these Weichai Continuing Connected Transactions for the three years ending 31 December 2010 are Non-exempt Continuing Connected Transactions and the New Caps are subject to the approval of Independent Shareholders as aforesaid, this supplemental agreement is conditional upon the said resolution being passed at the EGM.

(b) *Provision of sales and warranty period repair services by the Company to Weichai Deutz*

Agreement: Supplemental agreement to the sales and warranty agreement dated 21 September 2005 (as supplemented by a supplemental agreement dated 12 November 2006)

Date: 27 November 2008

Parties: 1. The Company  
2. Weichai Deutz

Term: 1 January 2008 to 31 December 2010

Other terms and details:

Pursuant to the sales and warranty agreement dated 21 September 2005 (as supplemented by a supplemental agreement dated 12 November 2006 but prior to the entering into of this latest supplemental agreement), the Company has agreed to provide the sales and warranty period repair and maintenance services to Weichai Deutz's customers. Pursuant to this supplemental agreement, the Company has agreed to provide the said services to Weichai Deutz at market prices and settled on a quarterly basis. This latest supplemental agreement will extend the original sales and warranty agreement for a term ending 31 December 2010, upon the expiry of which the Company shall have the option to extend the term for another three years. Save as aforesaid and the revisions of the Existing Caps below, 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 2009 for the Weichai Continuing Connected Transactions set out in this sub-section:

	<b>2007</b>	<b>2008</b>	<b>2009</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing Cap	9,000,000	11,000,000	13,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2007 (audited) and the five months ended 31 May 2008 (unaudited) for the Weichai Continuing Connected Transactions set out in this sub-section:

	<b>Year ended</b>		<b>Five Months</b>
	<b>31 December</b>		<b>ended</b>
	<b>2006</b>	<b>2007</b>	<b>2008</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction amount	7,177,000	9,000,000	8,108,884

The annual service fees charged by the Company have been fixed at 3% of the sales of diesel engines and parts by Weichai Deutz to its customers. Accordingly, such fees will depend on the total amount of sales of diesel engines and parts by Weichai Deutz to its customers. The Company estimates that the sales of Weichai Deutz, estimated to be approximately RMB500 million in 2008, will increase steadily at the rate of approximately 30% on average per year for the three years ending 31 December 2010. The Company estimates that the total service fees payable by Weichai Deutz to the Company for the three years ending 31 December 2010 will not exceed RMB15 million, RMB20 million and RMB26 million, respectively and such amounts have accordingly been set as the proposed New Caps for these Weichai Continuing Connected Transactions.

The table below summaries the proposed New Caps for the Weichai Continuing Connected Transactions set out in this sub-section for the three years ending 31 December 2010:

	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Cap	15,000,000	20,000,000	26,000,000

As the New Caps for these Weichai Continuing Connected Transactions for the three years ending 31 December 2010 do not exceed the 2.5% Threshold, they constitute Exempt Continuing Connected Transactions of The Company 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 Continuing Connected Transactions for the three years ending 31 December 2010 are Exempt Continuing Connected Transactions and are not subject to the approval of the Independent Shareholders, this latest supplemental agreement (which will extend the term of the original framework agreement to 31 December 2010) is unconditional in this respect. All other terms and conditions of the original framework agreement remain unchanged.

(c) *Purchase of diesel engine parts and components and related products by Weichai Resources from Weichai Deutz*

Agreement: Diesel engine parts and components and related products purchase agreement

Date: 27 November 2008

Parties: 1. Weichai Resources  
2. Weichai Deutz

Term: 1 January 2008 to 31 December 2010

Other terms and details:

Since 2008, Weichai Resources has purchased certain parts and components for the manufacture of diesel engines from Weichai Deutz, at market prices and settled on a monthly basis. Pursuant to the parts and components purchase agreement between Weichai Resources and Weichai Deutz, Weichai Resources has agreed to purchase and Weichai Deutz has agreed to sell the said diesel engine parts and components and related products on the same terms, for a term ending 31 December 2010, upon the expiry of which Weichai Resources shall have an option to extend the term for another three years.

For the five months ended 31 May 2008 (unaudited), the actual transaction amount for the Weichai Continuing Connected Transactions under this section was RMB4,087,827.

The Company estimates that the transaction amounts under the parts and components agreement for the three years ending 31 December 2010 will not exceed RMB15 million, RMB47 million and RMB60 million, respectively, and such amounts have accordingly been set as the proposed New Caps for these Weichai Continuing Connected Transactions.

The above proposed New Caps have been prepared by the Company primarily based on (i) the expected production volume of diesel engines requiring the said parts and components from Weichai Deutz; (ii) the adoption of the enterprise, resources and planning system by Weichai Deutz in or about August 2008 resulting in the certain changes in the process of the relevant purchases, under

which certain purchases previously made by the Company from third parties are transacted through Weichai Deutz (leading to the New Cap for 2008 being much higher than the actual transaction amount for the five months ended 31 May 2008 on an annualised basis); (iii) the estimated monthly purchases by Weichai Resources from Weichai Deutz in 2009 of approximately RMB3.9 million under the said enterprise, resources and planning system; and (iv) the assumption that the purchase of the said products will increase by approximately 30% per year in the three years ending 31 December 2010.

The table below summarises the proposed New Caps for the Weichai Continuing Connected Transactions set out in this sub-section for the three years ending 31 December 2010:

	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Cap	15,000,000	47,000,000	60,000,000

As the New Caps for these Weichai Continuing Connected Transactions for the three years ending 31 December 2010, when aggregated with those under sections I.1.(c), I.4.(d) and I.5.(b), exceed the 2.5% Threshold, they constitute Non-exempt Continuing Connected Transactions of the Company 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 the annual review requirements of Rules 14A.37 and 14A.38, and the approval from the Independent Shareholders (being Shareholders other than Weichai Holdings and Tan Xuguang (who is the general manager of Weichai Holdings) who will abstain from voting at the EGM in relations to the resolutions to be proposed in respect to these New Caps, and no other Shareholders will be required to abstain from voting in relation thereto at the EGM) at the EGM.

Since these Weichai Continuing Connected Transactions for the three years ending 31 December 2010 are Non-exempt Continuing Connected Transactions and the New Caps are subject to the approval of Independent Shareholders as aforesaid, the diesel engine parts and components purchase agreement is conditional upon the said resolution being passed at the EGM.

(d) *Purchase of diesel engines and related products by the Company from Weichai Duetz*

Agreement:	Diesel engines purchase agreement
Date:	27 November 2008
Parties:	1. The Company 2. Weichai Deutz
Term:	1 January 2008 to 31 December 2010

Since 2008, the Company has purchased certain diesel engines from Weichai Deutz for onward sales to customers at market prices and settled on a quarterly basis. Pursuant to the diesel engines purchase agreement, the Company has agreed to purchase the said diesel engines and related products from Weichai Deutz on the same terms for a term ending 31 December 2010, upon the expiry of which the Company shall have an option to extend the term for another three years.

For the five months ended 31 May 2008 (unaudited), the actual transaction amount for the Weichai Continuing Connected Transactions under this section was RMB12,170,000.

The Company estimates that the transaction amounts involved in the Weichai Continuing Connected Transactions set out in this sub-section will not exceed RMB24,000,000, RMB28,000,000 and RMB32,000,000 respectively for each of the three years ending 31 December 2010 and such amounts have accordingly been set as the New Caps for these Weichai Continuing Connected Transactions.

The proposed New Caps have been prepared by the Company primarily based on the relevant historical costs and the assumption that the purchase of diesel engines and related products will reach approximately 1200 units in 2008 and will increase by approximately 17% and 15% for the years 2009 and 2010, respectively.

The table below summarises the proposed New Caps for the Weichai Continuing Connected Transactions set out in this sub-section for the three years ending 31 December 2010:

	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Cap	24,000,000	28,000,000	32,000,000

As the New Caps for these Weichai Continuing Connected Transactions for the three years ending 31 December 2010, when aggregated with those under sections I.1.(c), I.4.(c) and I.5.(b), exceed the 2.5% Threshold, they constitute Non-exempt Continuing Connected Transactions of the Company 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 the annual review requirements of Rules 14A.37 and 14A.38, and the approval from the Independent Shareholders (being Shareholders other than Weichai Holdings and Tan Xuguang (who is the general manager of Weichai Holdings) who will abstain from voting at the EGM in relations to the resolutions to be proposed in respect to these New Caps, and no other Shareholders will be required to abstain from voting in relation thereto at the EGM) at the EGM.

Since these Weichai Continuing Connected Transactions for the three years ending 31 December 2010 are Non-exempt Continuing Connected Transactions and the New Caps are subject to the approval of Independent Shareholders as aforesaid, the diesel engines purchase agreement is conditional upon the said resolution being passed at the EGM.

## 5. *Continuing connected transactions between Shandong Juli and the Company*

Pursuant to the Weichai Holdings Juli Restructuring, Weichai Holdings injected its business in relation to the manufacture and sale of medium-speed diesel engines as well as those diesel engines mainly used in agricultural (and related) machines (which are different from the Company's diesel engine products which were high speed heavy-duty diesel) into Shandong Juli. Shandong Juli is currently engaged in the manufacture and sale of medium-speed diesel engines and diesel engine parts and components, power generators and related products, and construction machinery and the provision of repair processing services for machinery parts. Shandong Juli is a subsidiary of Weichai Holdings (a substantial shareholder of the Company and a Promoter) under the PRC laws, and accordingly, it is an associate of Weichai Holdings and a connected person of the Company.

As a result of the Weichai Holdings Juli Restructuring, certain original Weichai Continuing Connected Transactions between Weichai Holdings (and its associates) and the Company (as the case may be) were transferred to Shandong Juli.

### (a) *Sale of diesel engines and related products by the Company to Shandong Juli*

Agreement: Supplemental agreement to the framework agreement dated 17 November 2003 (as supplemented by supplemented agreements dated 15 September 2004, 12 November 2006 and 9 June 2007, respectively) between the Company and Weichai Holdings

Date: 27 November 2008

Parties: 1. The Company  
2. Shandong Juli

Term: 1 January 2008 to 31 December 2010

Pursuant to the original framework agreement dated 17 November 2003 between the Company and Weichai Holdings (as supplemented by supplemental agreements dated 15 September 2004, 12 November 2006 and 9 June 2007, respectively), the Company has agreed to sell to Weichai Holdings, at market prices and settled on a monthly basis, WD615 Engines for each of the three years ending 31 December 2009. The WD615 Engines are one of the components of the power generators manufactured by Weichai Holdings.

In connection with the Weichai Holdings Juli Restructuring, the Company, Weichai Holdings and Shandong Juli entered in the supplemental framework agreement on 9 June 2007, pursuant to which the rights and obligations of Weichai Holdings under the original framework agreement were assumed by Shandong Juli. Accordingly, the sale of diesel engines under the original framework agreement became Weichai Continuing Connected Transactions between the Company and Shandong Juli.



Pursuant to this latest supplemental agreement, the Company has agreed to sell and Shandong Juli has agreed to purchase the said diesel engines and related products at market prices and settled on a monthly basis. This latest supplemental agreement will extend the framework agreement for a term ending 31 December 2010, upon the expiry of which the parties may renew the term for another three years. Save as aforesaid and the revisions of the Existing Caps below, all other terms of the framework agreement remain unchanged.

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

	<b>2007</b>	<b>2008</b>	<b>2009</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing Cap	26,000,000	29,000,000	34,000,000

The above Existing Caps for three years ended 31 December 2008 represents the Existing Caps for the said Weichai Continuing Connected Transactions between Weichai Holdings and the Company as set out in the 2006 Announcement.

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2007 (audited) and the five months ended 31 May 2008 (unaudited) for the Weichai Continuing Connected Transactions set out in this sub-section:

	<b>Year ended</b>	<b>Year ended</b>	<b>Five Months</b>
	<b>31 December</b>	<b>31 December</b>	<b>ended</b>
	<b>2006</b>	<b>2007</b>	<b>31 May</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction amount	59,517,000	25,179,000	16,223,083
	<i>(note 1)</i>	<i>(note 2)</i>	

*Notes:*

1. This represents the actual transaction amounts between Weichai Holdings and the Company prior to the Weichai Holdings Juli Restructuring.
2. This represents the aggregate actual transaction amounts between Weichai Holdings and the Company (up to the completion of the Weichai Holdings Juli Restructuring) in the amount of approximately RMB7,799,000 and between Shandong Juli and the Company (since the completion of the Weichai Holdings Juli Restructuring) in the amount of approximately RMB17,380,000.

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

The PRC has maintained a strong economic growth in recent years and the Company estimates that the demand for power generators in the PRC will remain steady for the three years ending 31 December 2010. The Company anticipates that there will be significant growth in 2008 with an significant increase in the sale volume of WD615 Engines.

The Company is a leading manufacturer of diesel engines in the PRC and this evidences the quality and competitiveness of the Company's diesel engines generally. With the proximity between the Company's production facilities and those of Shandong Juli, and in view of the high quality and the competitiveness of the Company's Engines, the Company believes that Shandong Juli will continue to purchase the Company's diesel engines for the manufacture of power generators.

The Company estimates that the sale of its WD615 Engine to Shandong Juli for the three years ending 31 December 2010 will not exceed RMB70 million, RMB91 million and RMB120 million, respectively, and such amounts have accordingly been set as the proposed New Caps for these Weichai Continuing Connected Transactions. These estimates have also taken into account a stable increase in the average unit prices of WD615 Engines by reference to the estimated salary growth rate and an increase in the sales of the said diesel engines by the Company to Shandong Juli by 30% per year for the three years ending 31 December 2010.

The table below summarises the New Caps for the Weichai Continuing Connected Transactions set out in this sub-section for the three years ending 31 December 2010:

	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Cap	70,000,000	91,000,000	120,000,000

As the New Caps for these Weichai Continuing Connected Transactions for the three years ending 31 December 2010, when aggregated with those under sections I.1.(d) and I.4.(a), exceed the 2.5% Threshold, they constitute Non-exempt Continuing Connected Transactions of the Company 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 the approval from the Independent Shareholders (being Shareholders other than Weichai Holdings and Tan Xuguang (who is the general manager of Weichai Holdings) who will abstain from voting at the EGM in relations to the resolutions to be proposed in respect to these New Caps, and no other Shareholders will be required to abstain from voting in relation thereto at the EGM) at the EGM.

Since these Weichai Continuing Connected Transactions for the three years ending 31 December 2010 are Non-exempt Continuing Connected Transactions and the New Caps are subject to the approval of Independent Shareholders as aforesaid, this supplemental agreement is conditional upon the said resolution being passed at the EGM.

- (b) *Purchase of diesel engine parts and components, materials, steel and scrap metal, etc. and related products and the processing services by the Company and Weichai Resources (as the case may be) from Shandong Juli*

Agreement: Diesel engine parts and components, materials, steel and scrap metal, etc. and related products purchase and processing services agreement (“Juli Purchase and Processing Services Agreement”)

Date: 27 November 2008

Parties: 1. (a) The Company  
(b) Weichai Resources  
2. Shandong Juli

Term: 1 January 2008 to 31 December 2010

Other terms and details:

- (i) *Purchase of the finished diesel engine parts and related products by the Company from Shandong Juli*

Pursuant to the finished diesel engine parts supply agreement dated 17 November 2003 (as supplemented by two supplemental agreements dated 15 September 2004 and 12 November 2006), Weichai Holdings has agreed to supply to the Company diesel engine parts for a term of three years with effect from 1 January 2003. The term under the said agreement was extended to 31 December 2009 by the two supplemental agreements dated 15 September 2004 and 12 November 2006, respectively.

Since the Weichai Holdings Juli Restructuring in 2007, Weichai Holdings injected its business in relation to the manufacture and sale of medium-speed diesel engines into Shandong Juli and accordingly, certain original Continuing Connected Transactions between Weichai Holdings (and its associates) and the Company (as the case may be) were transferred to Shandong Juli. According to the supplemental agreement dated 9 June 2007 between the Company, Weichai Holdings and Shandong Juli, the rights and obligations of Weichai Holdings under the original finished diesel engine parts supply agreement were assumed by Shandong Juli. Accordingly, the purchase of finished diesel engine parts under the original finished diesel engine parts supply agreement has become Weichai Continuing Connected Transactions between the Company and Shandong Juli.

Pursuant to the Juli Purchase and Processing Services Agreement, the Company has, *inter alia*, agreed to purchase and Shandong Juli has agreed to sell, *inter alia*, parts for WD615 Diesel Engines and related products, at market prices, to be settled on a monthly basis, for a term ending 31 December 2010, upon the expiry of which the parties may extend the term for another three years.

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2007 (audited) and the five months ended 31 May 2008 (unaudited) for the Weichai Continuing Connected Transactions under this paragraph (i):

	<b>Year ended</b>		<b>Five Months</b>
	<b>31 December</b>		<b>ended</b>
	<b>2006</b>	<b>2007</b>	<b>31 May</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction amount	86,488,000 <i>(note 1)</i>	106,739,000 <i>(note 2)</i>	94,148,800

*Notes:*

1. This represents the actual transaction amounts between Weichai Holdings and the Company prior to the Weichai Holdings Juli Restructuring.
2. This represents the aggregate actual transaction amounts between Weichai Holdings and the Company (up to the completion of the Weichai Holdings Juli Restructuring) in the amount of approximately RMB72,854,000 and between Shandong Juli and the Company (since the completion of the Weichai Holdings Juli Restructuring) in the amount of approximately RMB33,885,000.

(ii) *Purchase of materials and related products by Chongqing Branch from Shandong Juli*

For the three years ended 31 December 2007, the Company has purchased certain materials for the manufacture of diesel engines from Shandong Juli, at market prices and settled on a monthly basis. Pursuant to the Juli Purchase and Processing Services Agreement, the Company has agreed to purchase and Shandong Juli has agreed to sell such materials and related products on the same terms for a term ending 31 December 2010, upon the expiry of which the parties may extend the term for another three years.

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2007 (audited) and the five months ended 31 May 2008 (unaudited) for the said Weichai Continuing Connected Transactions under this paragraph (ii):

	<b>Year ended</b>		<b>Five Months</b>
	<b>31 December</b>		<b>ended</b>
	<b>2006</b>	<b>2007</b>	<b>31 May</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction amount	6,232,000 <i>(note 1)</i>	199,000 <i>(note 2)</i>	6,163,233

*Notes:*

1. This represents the actual transaction amounts between Chongqing Weichai and Chongqing Branch.
2. This represents the aggregate actual transaction amounts between Chongqing Weichai and Chongqing Branch (up to the completion of the Weichai Holdings Juli Restructuring) in the amount of approximately RMB112,000 and between Shandong Juli and Chongqing Branch (after the completion of the Weichai Holdings Juli Restructuring) in the amount of approximately RMB87,000.

The reason for the significant decrease in the transaction amount from 2006 to 2007 was because Chongqing Branch decided to use the relevant materials from its own inventory instead of purchasing the same from Shandong Juli in 2007. The transaction amount has increased significantly in 2008 primarily due to the said inventory being used up and the increase in the production volume leading to an increased demand by Chongqing Branch for the relevant materials and related products.

(iii) *Purchase of diesel engine parts and components, steel and scrap metal, etc. and related products by the Company from Shandong Juli*

For the three years ended 31 December 2007, the Company has purchased certain parts and components and steel and scrap metal, etc. for the manufacture of diesel engines from Shandong Juli, at market prices and settled on a monthly basis. Pursuant to the Juli Purchase and Processing Services Agreement, the Company has agreed to purchase and Shandong Juli has agreed to sell the said parts and components and steel and scrap metal, etc. and related products on the same terms for a term ending 31 December 2010, upon the expiry of which the parties may extend the term for another three years.

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2007 (audited) and the five months ended 31 May 2008 (unaudited) for the said Weichai Continuing Connected Transactions under this paragraph (iii):

	<b>Year ended</b>		<b>Five Months</b>
	<b>31 December</b>		<b>ended</b>
	<b>2006</b>	<b>2007</b>	<b>31 May</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction amount	6,661,000 <i>(note 1)</i>	8,948,000 <i>(note 2)</i>	5,493,579

*Notes:*

1. This represents the actual transaction amounts between Weichai Holdings and the Company.
2. This represents the aggregate actual transaction amounts between Weichai Holdings and the Company (up to the completion of the Weichai Holdings Juli Restructuring) in the amount of approximately RMB1,006,000 and between Shandong Juli and the Company (after the completion of the Weichai Holdings Juli Restructuring) in the amount of approximately RMB7,942,000.

(iv) *Purchase of diesel engine parts and components and related products by Weichai Resources from Shandong Juli*

Since 2007, Weichai Resources has purchased certain parts and components, steel and scrap metal, etc. from Shandong Juli, at market prices and settled on a monthly basis. Pursuant to the Juli Purchase and Processing Services Agreement, Weichai Resources has agreed to purchase and Shandong Juli has agreed to sell the said parts and components and related products on the same terms for a term ending 31 December 2010, upon the expiry of which the parties may extend the term for another three years.

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2007 (audited) and the five months ended 31 May 2008 (unaudited) for the said Weichai Continuing Connected Transactions under this paragraph (iv):

	<b>Year ended</b>		<b>Five Months</b>
	<b>31 December</b>		<b>ended</b>
	<b>2006</b>	<b>2007</b>	<b>31 May</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction amount	17,996,000 <i>(note 1)</i>	19,852,000 <i>(note 2)</i>	17,996,418

*Notes:*

1. This represents the actual transaction amounts between Weichai Holdings and the Weichai Resources.
2. This represents the aggregate actual transaction amounts between Weichai Holdings and Weichai Resources (up to the completion of the Weichai Holdings Juli Restructuring) in the amount of approximately RMB8,779,000 and between Shandong Juli and Weichai Resources (after the completion of the Weichai Holdings Juli Restructuring) in the amount of approximately RMB11,073,000.

(v) *Provision of processing services by Shandong Juli to Chongqing Branch*

Since 2008, Chongqing Branch has engaged Shandong Juli in providing processing services with respect to diesel engine parts and components. Pursuant to the Juli Purchase and Processing Services Agreement, Shandong Juli has agreed to provide the said processing services for fees, at market prices, for such processing services for a term ending 31 December 2010, upon the expiry of which the parties may extend the term for another three years. The fees are settled on a monthly basis.

The actual transaction amounts involved for the five months ended 31 May 2008 (unaudited) for the processing services provided by Shandong Juli to Chongqing Branch was approximately RMB3,749,226.

The table below summarises the Existing Caps for the three years ending 31 December 2009 under the original finished diesel engine parts supply agreement (as supplemented) for the transactions under paragraphs (i) to (iv) above:

	<b>2007</b>	<b>2008</b>	<b>2009</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing Cap	136,000,000	160,000,000	185,000,000

The above Existing Caps for three years ended 31 December 2008 represents the Existing Caps for these Weichai Continuing Connected Transactions between Weichai Holdings and the Company as set out in the 2006 Announcement.

The table below summarises the aggregate actual transaction amounts involved for the purchases and processing services for the two years ended 31 December 2007 (audited) and the five months ended 31 May 2008 (unaudited) for the Weichai Continuing Connected Transactions set out in paragraphs (i) to (v) in this sub-section:

	<b>Year ended 31 December</b>		<b>Five Months ended 31 May</b>
	<b>2006</b>	<b>2007</b>	<b>2008</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction amount (aggregate)	117,378,000 <i>(note)</i>	135,738,000 <i>(note)</i>	127,551,256

*Note:* This has aggregated the actual transaction amount of Weichai Holdings and Chongqing Weichai (as the case may be) for the transactions under paragraphs (i), (ii), (iii) and (iv) above.

The Company estimates that the aggregate transaction amounts in respect of the above purchase and processing services set out in paragraphs (i) to (v) in this sub-section for the three years ending 31 December 2010 will not exceed RMB315 million, RMB410 million and RMB525 million for each of the three years and therefore such amount has accordingly been set as the proposed New Caps for these Weichai Continuing Connected Transactions.

The table below summarises the proposed New Caps for the Weichai Continuing Connected Transactions set out in paragraphs (i) to (v) in this sub-section for the three years ending 31 December 2010:

	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Cap	315,000,000	410,000,000	525,000,000

The above New Caps were prepared by the Company primarily based on historical costs and its estimate of its production volume, having taken into account the development of the heavy-duty truck and construction machinery markets, the average unit prices of finished diesel engine parts, the market prices of the relevant raw materials, steel, scrap metal and related products and the costs of processing services, and based on the assumption that the sales of the Company's products will increase by 30% each year for the three years ending 31 December 2010.



As the New Caps for these Weichai Continuing Connected Transactions for the three years ending 31 December 2010 exceed the 2.5% Threshold, they constitute Non-exempt Continuing Connected Transactions of the Company 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 Independent Shareholders (being Shareholders other than Weichai Holdings and Tan Xuguang (who is the general manager of Weichai Factory), who will abstain from voting at the EGM in relation to the resolution to be proposed in respect of these New Caps, and no other Shareholders will be required to abstain from voting in relation thereto at the EGM) at the EGM will be required.

Since these Weichai Continuing Connected Transactions are Non-exempt Continuing Connected Transactions and the New Caps are subject to Independent Shareholders' approval as aforesaid, this Juli Purchase and Processing Agreement is conditional upon the said resolution being passed at the EGM.

In addition to the above Weichai Continuing Connected Transactions, the sale of semi-finished diesel engine parts by the Company to Weichai Holdings (as announced in the 2006 Announcement) which was transferred to Shandong Juli after the Weichai Holdings Juli Restructuring on the same terms pursuant to a supplemental agreement dated 9 June 2007 between the Company, Weichai Holdings and Shandong Juli, are still subsisting. The existing caps for the three years ending 31 December 2009 for the said continuing connected transaction shall continue to apply.

#### **6. *Continuing connected transactions between Weichai Gas and the Company***

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 the Company and as to 50% by Peterson (CNG), which is owned as to 50% by Yeung Sai Hong, a non-executive Director. Accordingly, Weichai Gas is a connected person of the Company.

##### *Supply of WD615 Engines and related parts by the Company to Weichai Gas*

Agreement: Supplemental agreement to the framework agreement dated 21 October 2003 (as supplemented by supplemental agreements dated 15 September 2004 and 12 November 2006, respectively)

Date: 27 November 2008

Parties: 1. The Company  
2. Weichai Gas

Term: 1 January 2008 to 31 December 2010

Other terms and details:

Pursuant to the framework agreement (as supplemented by the supplemental agreements dated 15 September 2004 and 12 November 2006, respectively but prior to the entering into of this latest supplemental agreement), the Company has agreed to supply Weichai Gas, at market prices and settled in the month following delivery, WD615 Engines and related parts for each of the three years ending 31 December 2009. This latest supplemental agreement will extend the original framework agreement for a term ending 31 December 2010, upon the expiry of which the Company shall have the option to extend the term for another three years. Save as aforesaid and the revisions of the Existing Caps below, all other terms of the original framework agreement (as supplemented but prior to the entering into of this latest supplemental agreement) remain unchanged.

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

	<b>2007</b>	<b>2008</b>	<b>2009</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing Cap	9,000,000	14,000,000	19,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2007 (audited) and the five months ended 31 May 2008 (unaudited) for the Weichai Continuing Connected Transactions set out in this sub-section:

	<b>Year ended</b>		<b>Five Months</b>
	<b>31 December</b>		<b>ended</b>
	<b>2006</b>	<b>2007</b>	<b>2008</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction amount	6,110,000	5,987,000	3,992,564

The Company estimates that the total consideration payable by Weichai Gas to the Company for such sales for the three years ending 31 December 2010 will not exceed RMB20 million, RMB26 million and RMB34 million, respectively and such amounts have accordingly been set as the proposed New Caps for these Weichai Continuing Connected Transactions.

The above proposed New Caps have been prepared by the Company primarily based on the historical costs and the estimate of the number of WP615 Engines and related parts required by Weichai Gas and of the average unit prices of such diesel engines and related parts, and based on the assumption that the sales of the Company's products to Weichai Gas will increase by 30% each year for the three years ending 31 December 2010. Due to an increase in the demand for the Company's diesel engines by Weichai Gas in the second half of 2008 resulting in a substantial increase in the volume of sales,

the Company expects that the total number of units of diesel engines sold to Weichai Gas by the end of 2008 will increase by around 450% from that as at 31 May 2008 and accordingly, the New Cap set for 2008 is much higher than the transaction amount for the five months ended 31 May 2008. The Company is a leading manufacturer of diesel engines in the PRC. This evidences the quality and competitiveness of the Company's Engines generally and, therefore, the Company believes that Weichai Gas will continue to purchase the Company's engines for the manufacture of its products.

The table below summarises the proposed New Caps for the Weichai Continuing Connected Transactions set out in this sub-section for the three years ending 31 December 2010:

	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Cap	20,000,000	26,000,000	34,000,000

As the New Caps for these Weichai Continuing Connected Transactions for the three years ending 31 December 2010 do not exceed the 2.5% Threshold, they constitute Exempt Continuing Connected Transactions of the Company 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 Continuing Connected Transactions for the three years ending 31 December 2010 are Exempt Continuing Connected Transactions and are not subject to the approval of the Independent Shareholders, this latest supplemental agreement (which will extend the term of the original framework agreement to 31 December 2010) is unconditional in this respect. All other terms and conditions of the original framework agreement remain unchanged.

## **II. TAGC Continuing Connected Transactions**

### **1. Continuing connected transactions between SFGC and Fast Transmission**

Fast Transmission is principally engaged in the processing of parts and components of vehicles. Fast Transmission is a substantial shareholder of SFGC (which is a subsidiary of the Company) and is accordingly a connected person of Company.

SFGC is a 51% subsidiary of the Company and is principally engaged in the manufacture, sale, design and development of transmissions and other motor vehicle parts and components such as gears.

(a) *Sale of parts and components of transmissions and related products by SFGC to Fast Transmission*

Agreement: Supplemental agreement to the parts and components sale agreement dated 1 August 2007

Date: 27 November 2008

Parties: 1. SFGC  
2. Fast Transmission

Term: 1 January 2008 to 31 December 2010

Other terms and details:

Pursuant to the parts and components sale agreement dated 1 August 2007 between SFGC and Fast Transmission, SFGC has sold to Fast Transmission certain parts and components of transmissions, namely, gearboxes, at market prices settled by the parties every two to three months. Pursuant to this supplemental agreement, SFGC has agreed to sell and Fast Transmission has agreed to purchase such parts and components and related products, on the same terms, for a term ending 31 December 2010, upon the expiry of which SFGC shall have an option to renew the agreement for a term of three years. Save as aforesaid and the revisions of the Existing Caps below, all other terms of the original parts and components sale agreement remain unchanged.

The table below summaries the Existing Caps for the three years ending 31 December 2009 for the TAGC Continuing Connected Transaction set out in this sub-section:

	<b>2007</b>	<b>2008</b>	<b>2009</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing Cap	350,000,000	350,000,000	350,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2007 (audited) and the five months ended 31 May 2008 (unaudited) for the TAGC Continuing Connected Transactions set out in this sub-section:

	<b>Year ended</b>	<b>Five Months</b>
	<b>31 December</b>	<b>ended</b>
	<b>2006</b>	<b>2007</b>
	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction amount	—	308,721,000*

*Note:*

\* This represents the actual transaction amount since the completion of the Merger.

The sales of parts and components of transmissions has grown significantly in the three years ended 31 December 2007 because the State's macroeconomic policies and the rapid growth of fixed assets and infrastructure investments in the PRC, such as those under the 國家西北大開發戰略 (State's North-West Great Development Strategy) and in relation to the Beijing 2008 Olympic Games, have stimulated the development of the heavy-duty vehicles industry in the PRC. Further, with the completion of the construction and improvement of highway networks in the PRC, the market of transportation vehicles, especially heavy-duty vehicles, has entered into a rapid growth period.

SFGC is principally engaged in the manufacture and sale of transmissions and other vehicle parts and components and is the largest manufacturer of transmissions for heavy-duty trucks in the PRC, while Fast Transmission is principally engaged in the processing of vehicle parts and components, accordingly, the Directors believe that the demand for the products of SFGC and the products to be processed by Fast Transmission will continue to grow steadily at a steady rate. The PRC has maintained a strong economic growth over the past few years and the market of heavy-duty vehicles has shown recovery in 2006 and the sale of parts and components of transmissions by SFGC to Fast Transmission has grown sharply by approximately 248% from 2006 to 2007. The Directors believe that such sale will continue to increase substantially.

Accordingly, the Company estimates that the transaction amounts involved in the TAGC Continuing Connected Transactions set out in this sub-section will not exceed RMB650,000,000, RMB620,000,000 and RMB690,000,000, respectively, for each of the three years ending 31 December 2010 and such amounts have accordingly been set as the New Caps for these TAGC Continuing Connected Transactions. The proposed New Caps have been prepared by the Company primarily based on the relevant historical costs incurred and the estimate of the volume of parts and components to be sold by Fast Transmission and of the average unit price of such parts and components.

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

	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Cap	650,000,000	620,000,000	690,000,000

As the New Caps for these TAGC Continuing Connected Transactions for the three years ending 31 December 2010 exceed the 2.5% Threshold, they constitute Non-exempt Continuing Connected Transactions of the Company 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 Independent Shareholders. No Shareholder will be required to abstain from voting at the EGM in relation to the resolution to be proposed in respect of these New Caps.

Since these TAGC Continuing Connected Transactions are Non-exempt Continuing Connected Transactions and the New Caps are subject to Independent Shareholders' approval as aforesaid, this supplemental agreement is conditional upon the said resolution being passed at the EGM.

(b) *Purchase of parts and components of transmissions and related products by SFGC from Fast Transmission*

Agreement: Supplemental agreement to the parts and components and related products purchase agreement dated 1 August 2007

Date: 27 November 2008

Parties: 1. Fast Transmission  
2. SFGC

Term: 1 January 2008 to 31 December 2010

Other terms and details:

Pursuant to the parts and components purchase agreement dated 1 August 2007 between Fast Transmission and SFGC, SFGC has purchased from Fast Transmission certain parts and components of transmissions and gears, namely, power take off assemblies and castings, at market prices settled by the parties every two to three months. Pursuant to this supplemental agreement, Fast Transmission has agreed to sell and SFGC has agreed to purchase the said parts and components and related products, on the same terms, for a term ending 31 December 2010, upon the expiry of which SFGC shall have an option to renew the agreement for a term of three years. Save as aforesaid and the revisions of the Existing Caps below, all other terms of the original parts and components purchase agreement remain unchanged.

The table below summarizes the Existing Caps for the three years ending 31 December 2009 for the TAGC Continuing Connected Transaction set out in this sub-section:

	<b>2007</b>	<b>2008</b>	<b>2009</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing Cap	500,000,000	500,000,000	500,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2007 (audited) and the five months ended 31 May 2008 (unaudited) for the TAGC Continuing Connected Transactions set out in this sub-section:

	<b>Year ended</b>		<b>Five Months</b>
	<b>31 December</b>		<b>ended</b>
	<b>2006</b>	<b>2007</b>	<b>31 May</b>
	<b>RMB</b>	<b>RMB</b>	<b>2008</b>
	<b>(audited)</b>	<b>(audited)</b>	<b>(unaudited)</b>
Actual transaction amount	—	444,961,000*	377,078,625

*Note:*

\* This represents the actual transaction amount since the completion of the Merger.

As mentioned above, in recent years, the State's macroeconomic policies and the rapid growth of fixed assets and infrastructure investments in the PRC, such as those under the 國家西北大開發戰略 (State's North-West Great Development Strategy) and in relation to the Beijing 2008 Olympic Games, have stimulated the development of the heavy-duty vehicles industry in the PRC. Further, with the completion of the construction and improvement of highway networks in the PRC, the market of transportation vehicles, especially heavy-duty vehicles, has entered into a rapid growth period.

Since SFGC is principally engaged in the manufacture and sale of transmissions and other vehicle parts and components and is the largest manufacturer of transmissions for heavy duty trucks in the PRC, the Directors believe that the demand for the products of SFGC in the market and thus the volume of parts and components for its production from Fast Transmission will continue to grow steadily with an increase of approximately 245% in the sales of parts and components by Fast Transmissions to SFGC from 2006 to 2007, the Directors believe that the purchase of these parts and components by SFGC from Fast Transmission will continue to increase substantially.

The Company estimates that the transaction amounts involved in the TAGC Continuing Connected Transaction set out in this sub-section will not exceed RMB850,000,000, RMB810,000,000 and RMB910,000,000 respectively for each of the three years ending 31 December 2010 and such amounts have accordingly been set as the New Caps for these TAGC Continuing Connected Transactions.

The proposed New Caps have been prepared by the Company primarily based on industry forecasts, the relevant historical costs and the estimate of the volume of parts and components required by SFGC from Fast Transmission for its production and of the average unit price of such parts and components.

The table below summarises the proposed New Caps for the TAGC Continuing Connected Transactions set out in this sub-section for the three years ending 31 December 2010:

	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Cap	850,000,000	810,000,000	910,000,000

As the New Caps for these TAGC Continuing Connected Transactions for the three years ending 31 December 2010 exceed the 2.5% Threshold, they constitute Non-exempt Continuing Connected Transactions of the Company 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 Independent Shareholders. No Shareholder will be required to abstain from voting at the EGM in relation to the resolution to be proposed in respect of these New Caps.

Since these TAGC Continuing Connected Transactions are Non-exempt Continuing Connected Transactions and the New Caps are subject to the Independent Shareholders' approval as aforesaid, this supplemental agreement is conditional upon the said resolution being passed at the EGM.

(c) *Provision of general services by Fast Transmission to SFGC*

Agreement: Supplemental agreement to the general services agreement dated 17 September 2001

Date: 27 November 2008

Parties: 1. Fast Transmission  
2. SFGC

Term: 1 January 2008 to 31 December 2010

Other terms and details:

Pursuant to the general services agreement dated 17 September 2001 between Fast Transmission and SFGC, Fast Transmission has provided certain general services to SFGC, namely, health care, staff accommodation, child care, logistics etc.

Pursuant to this supplemental agreement, Fast Transmission has agreed to provide the said general services to SFGC for a term ending on 31 December 2010, upon the expiry of which SFGC shall have an option to extend the term for another three years. Under this supplemental agreement, the fees payable by SFGC to Fast Transmission with respect to the provision of the said general services are determined based on the relevant State policy and market prices and are settled on a quarterly basis.



The table below summarises the actual transaction amounts involved for the two years ended 31 December 2007 (audited) and the five months ended 31 May 2008 (unaudited) for the TAGC Continuing Connected Transactions set out in this subsection:

	<b>Year ended</b>		<b>Five Months</b>
	<b>31 December</b>		<b>ended</b>
	<b>2006</b>	<b>2007</b>	<b>31 May</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction amount	—	20,924,000*	8,376,451

*Note:*

\* This represents the actual transaction amount since the completion of the Merger.

The table below summaries the proposed Caps for the TAGC Continuing Connected Transactions set out in this sub-section for the three years ending 31 December 2010:

	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Cap	35,000,000	35,000,000	35,000,000

The Company estimates that the transaction amounts involved in the TAGC Continuing Connected Transactions set out in this sub-section will not exceed RMB35,000,000 for each of the three years ending 31 December 2010 and such amount has accordingly been set as the New Caps for these TAGC Continuing Connected Transactions. The proposed New Caps have been prepared by the Company primarily based on the relevant historical costs and contractual terms of the general services agreement.

As the New Caps for these TAGC Continuing Connected Transactions for the three years ending 31 December 2010 do not exceed the 2.5% Threshold, they constitute Exempt Continuing Connected Transactions of the Company 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 TAGC Continuing Connected Transactions for the three years ending 31 December 2010 are Exempt Continuing Connected Transactions and the New Caps are not subject to the approval of the Independent Shareholders, the supplemental agreement is unconditional.

(d) *Lease of land and premises by Fast Transmission to SFGC*

Agreement: Supplemental agreement to the land use rights lease agreement dated 21 March 2002 (supplemented by the supplemental agreement dated 2 June 2006) and to the building lease agreement dated 21 March 2002 (both as supplemented by the supplemental agreement dated 1 August 2007)

Date: 27 November 2008

Parties: 1. Fast Transmission  
2. SFGC

Term: 1 January 2008 to 31 December 2010

Other terms and details:

Pursuant to the land use rights lease agreement dated 21 March 2002, Fast Transmission has agreed to lease to SFGC certain land situated at 西安市蓮湖區大慶路 (Daqing Road, Lianhu District, Xi'an City), 岐山縣五丈原鎮 (Wuzhangyuan Town Qishan Xian) and 寶雞縣蜀倉鄉 (Xucang Village, Baoji Xian) (together the "SFGC Land") for a term of 20 years with effect from 1 October 2001 at an annual rental of RMB1,267,685.10 in aggregate, to be paid by SFGC before 25 June and 25 December every year. The annual rental shall be revised by the parties every four years based on the national price level of the PRC and the relevant laws and regulations of the PRC.

The land tax in respect of the SFGC Land shall be borne by SFGC in accordance with the relevant laws and regulations of the PRC. According to the supplemental agreement dated 2 June 2006, the annual rental was revised to an aggregate of RMB2,635,520 with effect from 1 July 2006.

Pursuant to the building lease agreement dated 21 March 2002, Fast Transmission has agreed to lease to SFGC certain premises situated at the SFGC Land (the "SFGC Premises") for a term of 20 years with effect from 1 October 2001 at an annual rental of RMB3,140,000 to be paid by SFGC every season each year. The annual rental was determined based on the yearly depreciation of the original value of the SFGC Premises. The property tax in respect of the SFGC Premises shall be borne by SFGC in accordance with the relevant laws and regulations of the PRC. The SFGC Land and SFGC Premises are mainly used by SFGC for its production.

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

	<b>2007</b>	<b>2008</b>	<b>2009</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing Cap	9,000,000	9,000,000	9,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2008 (audited) and the five months ended 31 May 2008 (unaudited) for the TAGC Continuing Connected Transactions set out in this sub-section:

	<b>Year ended</b>	<b>Five months</b>
	<b>31 December</b>	<b>ended</b>
	<b>2006</b>	<b>2007</b>
	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>
		<b>31 May</b>
		<b>2008</b>
		<i>RMB</i>
		<i>(unaudited)</i>
Actual transaction amount	—	6,910,000*
		2,953,000

*Note:*

\* This represents the actual transaction amount since the completion of the Merger.

The term of the land lease agreement dated 21 March 2002 (as supplemented by the supplemental agreement dated 2 June 2006) and the building lease agreement dated 21 March 2002 has been revised by a supplemental agreement dated 1 August 2008 for a term ending 31 December 2009 with effect from 1 May 2007, upon the expiry of which SFGC shall have an option to renew the agreement for a term of three years. This supplemental agreement will further extend the term to 31 December 2010, upon the expiry of which SFGC shall have an option to renew the agreement for a term of three years.

The aggregate of the annual rent for the lease of the SFGC Land and SFGC Premises for the said term ending 31 December 2010 shall remain at RMB2,635,520 and RMB3,140,000, respectively. The aggregate of the land tax and property tax paid by SFGC in respect of the SFGC Land and SFGC Premises were RMB1,560,000 for each of the three years ended 31 December 2006. In 2008, according to the 西安地區土地使用新稅額 (Xi'an District Land Use Tax), SFGC is required to shoulder the increase in the said tax. Based on the retrospective effect of the revised tax, SFGC is required to pay the said tax in the amount of approximately RMB3 million in 2008 which covers the tax for 2007, in addition to paying the said tax for 2008. Accordingly, the New Cap for the 2008 is higher than that for 2009 and 2010. It is estimated that the transaction amount for each of the three years ending 31 December 2010 for these TAGC Continuing Connected Transactions will not exceed RMB14,000,000, RMB13,000,000 and RMB13,000,000, respectively. Accordingly, RMB14,000,000, RMB13,000,000

and RMB13,000,000 are set as the New Caps for these TAGC Continuing Connected Transactions for the three years ending 31 December 2010, taking into account the relevant historical transaction amount, the terms of the relevant leases and the effect of inflation.

The table below summarises the proposed New Caps for the TAGC Continuing Connected Transactions set out in this sub-section for the three years ending 31 December 2010:

	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Cap	14,000,000	13,000,000	13,000,000

As the New Caps for these TAGC Continuing Connected Transactions for the three years ending 31 December 2010 do not exceed the 2.5% Threshold, they constitute Exempt Continuing Connected Transactions of the Company 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 TAGC Continuing Connected Transactions for the three years ending 31 December 2010 are Exempt Continuing Connected Transactions and the New Caps are not subject to the approval of Independent Shareholders, this supplemental agreement is unconditional.

**2. *Continuing connected transactions between Shaanxi Zhongqi (and its subsidiaries) and Shaanxi Automotive (and its associates)***

*Shaanxi Automotive and its associates*

Shaanxi Automotive is engaged in investment holding. Shaanxi Automotive is a substantial shareholder of Shaanxi Zhongqi (which is a subsidiary of the Company) and is accordingly a connected person of the Company.

Shaanxi Wanfang is held as to 49% by Shaanxi Automotive and is accordingly an associate of Shaanxi Automotive and a connected person of the Company. Shaanxi Wanfang is principally engaged in the sale of parts and components of vehicles.

Shaanxi Huazhen is wholly-owned by Shaanxi Automotive and is accordingly an associate of Shaanxi Automotive and a connected person of the Company. Shaanxi Huazhen is principally engaged in the sale of parts and components of vehicles.

Shaanxi Heavy-duty Coach is held as to 45% by Shaanxi Automotive and is accordingly an associate of Shaanxi Automotive and a connected person of the Company. Shaanxi Heavy-duty Coach is principally engaged in the sale of parts and components of vehicles.

Shaanxi Lantong is held as to 60% by Shaanxi Automotive and is accordingly an associate of Shaanxi Automotive and a connected person of the Company. Shaanxi Lantong is principally engaged in the sale of parts and components of vehicles.

Beijing Shaanqi Sale Centre is wholly-owned by Shaanxi Automotive and is accordingly an associate of Shaanxi Automotive and a connected person of the Company. Beijing Shaanqi Sale Centre is principally engaged in the sale of parts and components of vehicles.

Shaanxi Tongchuang is held as to 50% by Shaanxi Automotive and is accordingly an associate of Shaanxi Automotive and a connected person of the Company. Shaanxi Tongchuang is principally engaged in the sale of parts and components of vehicles.

Shaanxi Tongli is held as to 35% by Shaanxi Automotive and is accordingly an associate of Shaanxi Automotive and a connected person of the Company. Shaanxi Tongli is principally engaged in the sale of special-purpose vehicles and parts and components of vehicles.

*Shaanxi Zhongqi and its subsidiaries*

Shaanxi Zhongqi is a 51% subsidiary of the Company and is principally engaged in the manufacture and sale of heavy-duty vehicles and parts and components of heavy-duty vehicles.

Hande Axle is held as to 3.06% by the Company and as to 94% by Shaanxi Zhongqi. Hande Axle is principally engaged in the design, production, distribution and services of heavy-duty and medium-duty vehicles.

Jinding is held as to 87.05% by Shaanxi Zhongqi and as to 4.24% by Hande Axle and is principally engaged in the research and development, production and processing of casting products.

Shaanxi Import is held as to 82% by Shaanxi Zhongqi and is principally engaged in the import and export of vehicles and their parts and components.

Tiangua is held as to 51% by Shaanxi Zhongqi and is principally engaged in the conversion of vehicles and the sale of vehicles and their parts and components.

- (a) *Sale of vehicles, parts and components of vehicles and related products and provision of heat processing services by Shaanxi Zhongqi, Hande Axle, Jinding and Tiangua (as the case may be) to Shaanxi Automotive and its associates (as the case may be)*

Agreement: Supplemental agreement to vehicles, parts and components and raw materials sale and heat processing services agreement

Date: 27 November 2008

Parties:

1. (a) Shaanxi Zhongqi  
(b) Hande Axle  
(c) Jinding  
(d) Tiangua
2. (a) Shaanxi Automotive  
(b) Shaanxi Wanfang  
(c) Shaanxi Huazhen  
(d) Shaanxi Heavy-duty Coach  
(e) Shaanxi Lantong  
(f) Beijing Shaanqi Sale Centre  
(g) Shaanxi Tongchuang  
(h) Shaanxi Tongli

Term: 1 January 2008 to 31 December 2010

Other terms and details:

Pursuant to vehicles, parts and components and raw materials sale and heat processing services agreement dated 1 August 2007,

- (a) Shaanxi Zhongqi has sold certain vehicles and parts and components of vehicles, namely, wire gauges emission pipes and raw materials, at market prices, to each of Shaanxi Automotive, Shaanxi Wanfang, Shaanxi Huazhen, Shaanxi Heavy-duty Coach, Shaanxi Lantong, Beijing Shaanqi Sale Centre, Shaanxi Tongli and Shaanxi Tongchuang, settled by the parties every one to three months;
- (b) Hande Axle has sold certain parts and components of vehicles, namely, ductile iron to Shaanxi Huazhen at market prices and provided certain heat processing services to Shaanxi Wanfang at market prices, settled by the parties every one to three months; and
- (c) Jinding has sold certain parts and components of vehicles, namely, castings, at market prices, to each of Shaanxi Tongchuang, Shaanxi Tongli and Shaanxi Wanfang, settled by the parties every one to three months,

for a term ending 31 December 2009. Since 2008, Tiangua has sold certain parts and components of vehicles, namely, converted carriage and provided the related services to Beijing Shaanqi Sale Centre, at market prices and settled by the parties every one to three months.

Pursuant to this supplemental agreement, Shaanxi Zhongqi, Hande Axle, Jinding and Tiangua (as the case may be) have agreed to sell the said parts and components, raw materials and related products and to provide the said services to Shaanxi Automotive, Shaanxi Wanfang, Shaanxi Huazhen, Shaanxi Heavy-duty Coach, Shaanxi Lantong, Beijing Shaanqi Sale Centre, Shaanxi Tongchuang and Shaanxi Tongli (as the case may be) for a term ending 31 December 2010 on the same terms set out above. Upon the expiry of the said term, Shaanxi Zhongqi, Hande Axle, Jinding and Tiangua shall have an option to renew the agreement for a term of three years. Save as aforesaid and the revisions of the Existing Caps below, all other terms of the vehicles, parts and components and raw materials sale and heat processing services agreement remain unchanged.

The table below summaries the Existing Caps for the three years ending 31 December 2009 for the TAGC Continuing Connected Transaction set out in this sub-section:

	<b>2007</b>	<b>2008</b>	<b>2009</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing Cap	345,000,000	458,000,000	564,000,000

The table below summarises the actual transaction amounts in aggregate involved for the two years ended 31 December 2007 (audited) and the five months ended 31 May 2008 (unaudited) for the TAGC Continuing Connected Transactions set out in this sub-section:

	<b>Year ended</b>		<b>Five Months</b>
	<b>31 December</b>		<b>ended</b>
	<b>2006</b>	<b>2007</b>	<b>2008</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction amount	—	233,836,000*	176,459,494

*Note:*

\* This represents the actual transaction amount since the completion of the Merger.

As mentioned above, in recent years, the State's macroeconomic policies and the rapid growth of fixed assets and infrastructure investments in the PRC, such as those under the 國家西北大開發戰略 (State's North-West Great Development Strategy) and in relation to the Beijing 2008 Olympic Games, have stimulated the development of the heavy-duty vehicles industry in the PRC. Further, with the

completion of the construction and improvement of highway networks in the PRC, the market of transportation vehicles, especially heavy-duty vehicles, has entered into a rapid growth period.

Since Shaanxi Zhongqi, Hande Axle, Jinding and Tiangua are engaged in the business of the production of heavy-duty vehicles and related products, the Directors believe that the demand for high-speed, heavy-duty vehicles, vehicle parts and components and heat processing services produced and provided by these Group companies will increase substantially and the volume of such products to be purchased by Shaanxi Automotive and/or its relevant associates (as the case may be) for onward sale to third parties will increase correspondingly. With an increase of 74% in the amount of the said sales and services by Shaanxi Zhongqi, Hande Axle, Jinding and Tiangua to Shaanxi Automotive and its associates from 2006 to 2007, the Directors estimate that the amount of such transactions will continue to increase substantially.

The Company estimates that the aggregate transaction amounts involved in the transactions set out in this sub-section will not exceed RMB650,000,000, RMB850,000,000 and RMB1,100,000,000, respectively, for each of the three years ending 31 December 2010 and such amounts have accordingly been set as the New Caps for these TAGC Continuing Connected Transactions. The proposed New Caps have been prepared by the Company primarily based on the relevant historical costs and the estimate of the volume of vehicles, and parts and components of diesel engines and vehicles to be sold, Shanxi Zhongqi, Hande Axle, Jinding and Tiangua (as the case may be), and the amount of heat processing services to be provided by Hande Axle, and the average unit price of the said vehicles and their parts and components and the charges for the said heat processing services.

The table below summarises the proposed New Caps for the TAGC Continuing Connected Transactions set out in this sub-section for the three years ending 31 December 2010:

	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Cap	650,000,000	850,000,000	1,100,000,000

As the New Caps for these TAGC Continuing Connected Transactions for the year ending 31 December 2010 exceed the 2.5% Threshold, they constitute Non-exempt Continuing Connected Transactions of the Company 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 Independent Shareholders. No Shareholder will be required to abstain from voting at the EGM in relation to the resolution to be proposed in respect of these New Caps.



Since these TAGC Continuing Connected Transactions are Non-exempt Continuing Connected Transactions and the New Caps are subject to the Independent Shareholders' approval as aforesaid, this supplemental agreement is conditional upon the said resolution being passed at the EGM.

- (b) *Purchase of parts and components of vehicles, scrap steel and related products by Shaanxi Zhongqi, Hande Axle, Jinding, Shaanxi Import and Tiangua (as the case may be) from Shaanxi Automotive's associates*

Agreement: Supplemental agreement to the parts and components and scrap steel purchase agreement dated 1 August 2007

Date: 27 November 2008

Parties:

1. (a) Shaanxi Zhongqi  
(b) Hande Axle  
(c) Jinding  
(d) Shaanxi Import  
(e) Tiangua
2. (a) Shaanxi Wanfang  
(b) Shaanxi Huazhen  
(c) Shaanxi Heavy-duty Coach  
(d) Shaanxi Lantong  
(e) Shaanxi Tongli  
(f) Shaanxi Tongchuang  
(g) Beijing Shaanqi Sale Centre

Term: 1 January 2008 to 31 December 2010

Other terms and details:

Pursuant to the parts and components and scrap steel purchase agreement dated 1 August 2007 between Shaanxi Zhongqi, Hande Axle, Jinding and Shaanxi Wanfang, Shaanxi Huazhen, Shaanxi Heavy-duty Coach and Shaanxi Lantong,:

- (a) Shaanxi Zhongqi has purchased certain parts and components of vehicles, namely, wire gauges and emission pipes, at market prices, from each of Shaanxi Wanfang, Shaanxi Huazhen, Shaanxi Heavy-duty Coach and Shaanxi Lantong, settled by the parties every one to three months;
- (b) Hande Axle has purchased certain parts and components of vehicles, namely, brake hoof, at market prices, from each of Shaanxi Wanfang and Shaanxi Huazhen, settled by the parties every one to three months; and
- (c) Jinding has purchased certain scrap steel, at market prices, from Shaanxi Huazhen, settled by the parties every one to three months,

for a term ending 31 December 2009. In addition, Shaanxi Import has purchased certain parts and components of vehicles, namely, transmission axle and radiator, at market prices, from each of Shaanxi Heavy-duty Coach, Beijing Shaanqi Sale Centre, Shaanxi Tongli and Shaanxi Tongchuang, settled by the parties every one to three months; and Tiangua has purchased certain parts and components of vehicles, namely, transmission axle and radiator, from Beijing Shaanqi Sale Centre, at market prices and settled by the parties every one to three months.

Under this supplemental agreement, Shaanxi Zhongqi, Hande Axle, Jinding, Shaanxi Import and Tiangua (as the case may be) have agreed to purchase the said parts and components of vehicles, scrap steel and related products from the said Shaanxi Automotive's associates (as the case may be) for a term ending 31 December 2010, upon the expiry of which Shaanxi Zhongqi, Hande Axle, Jinding, Shaanxi Import and Tiangua shall have an option to renew the agreement for a term of three years. Save as aforesaid and the revisions of the Existing Caps below, all other terms of the parts and components and scrap steel purchase agreement remain unchanged.

The table below summaries the Existing Caps for the three years ending 31 December 2009 for the TAGC Continuing Connected Transaction set out in this sub-section:

	<b>2007</b>	<b>2008</b>	<b>2009</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing Cap	1,120,000,000	1,340,000,000	1,501,000,000

The table below summarises the actual aggregate transaction amounts involved for the two years ended 31 December 2007 (audited) and the five months ended 31 May 2008 (unaudited) for the TAGC Continuing Connected Transactions set out in this sub-section:

	<b>Year ended</b>		<b>Five Months</b>
	<b>31 December</b>		<b>ended</b>
	<b>2006</b>	<b>2007</b>	<b>2008</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction amount	—	555,481,000*	438,407,995

*Note:*

\* This represents the actual transaction amount since the completion of the Merger.

As mentioned above, in recent years, the State's macroeconomic policies and the rapid growth of fixed assets and infrastructure investments in the PRC, such as those under the 國家西北大開發戰略 (State's North-West Great Development Strategy) and in relation to the Beijing 2008 Olympic Games, have stimulated the development of the heavy-duty vehicles industry in the PRC. Further, with the

completion of the construction and improvement of highway networks in the PRC, the market of transportation vehicles, especially heavy-duty vehicles, has entered into a rapid growth period.

Since Shaanxi Zhongqi, Hande Axle, Jinding, Shaanxi Import and Tiangua are principally engaged in the manufacture and sale of heavy-duty vehicles and related products, the Directors believe that such businesses will be benefited by the above. The Directors believe that the demand for the products of Shaanxi Zhongqi, Hande Axle, Jinding, Shaanxi Import and Tiangua and accordingly, the volume of parts and components and scrap steel required for the production of such products, will increase substantially for the three years ending 31 December 2010. The PRC has maintained a strong economic growth over the past few years and the market of heavy-duty vehicles has shown recovery in 2006 and the volume of the said purchase has grown sharply by approximately 69% from 2006 to 2007. Accordingly, the Directors estimate that the transaction amount will continue to increase substantially.

The Company estimates that the aggregate transaction amounts involved in the transactions set out in this sub-section will not exceed RMB1,500,000,000, RMB2,200,000,000 and RMB2,700,000,000, respectively, for each of the three years ending 31 December 2010 and such amounts have accordingly been set as the New Caps for these Continuing Connected Transactions. The proposed New Caps have been prepared by the Company primarily based on the relevant historical costs and estimate of the volume of parts and components of vehicles and scrap steel required by Shanxi Zhongqi, Hande Axle, Jinding, Shaanxi Import and Tiangua for their productions and the average unit price of such parts and components and scrap steel.

The table below summarises the proposed New Caps for the TAGC Continuing Connected Transactions set out in this sub-section for the three years ending 31 December 2010:

	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Cap	1,500,000,000	2,200,000,000	2,700,000,000

As the New Caps for these TAGC Continuing Connected Transactions for the three years ending 31 December 2010 exceed the 2.5% Threshold, they constitute Non-exempt Continuing Connected Transactions of the Company 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 Independent Shareholders. No Shareholder will be required to abstain from voting at the EGM in relation to the resolution to be proposed in respect of these New Caps.

Since these TAGC Continuing Connected Transactions are Non-exempt Continuing Connected Transactions and the New Caps are subject to the Independent Shareholders' approval as aforesaid, this supplemental agreement is conditional upon the said resolution being passed at the EGM.

- (c) *Lease of land and premises by Shaanxi Automotive to Shaanxi Zhongqi, Hande Axle and Jinding*

Agreement:

Supplemental agreement to:

- (a) land use right lease agreement dated 20 September 2002 (as supplemented by a redefinition agreement dated 2003 ("**the Redefinition Agreement**") and the building lease agreement dated 20 September 2002 between Shanxi Automotive and Shaanxi Zhongqi (as supplemented by the Redefinition Agreement and the supplemental agreement dated March 2004) (together, the "**Shaanqi Leases**") ;
- (b) land use right lease agreement dated 1 April 2003 and building lease agreement dated 1 April 2003 between Shanxi Automotive and Hande Axle (together, the "**Hande Leases**"); and
- (c) land use rights and building lease agreement dated 12 September 2005 between Shaanxi Automotive and Jinding (the "**Jinding Lease**") (as supplemented by the supplemental agreement dated 1 August 2007).

Date:

27 November 2008

Parties:

- 1. Shaanxi Automotive
- 2. (a) Shaanxi Zhongqi
- (b) Hande Axle
- (c) Jinding

Term:

1 January 2008 to 31 December 2010

Other terms and details:

*The Shaanxi Zhongqi Leases*

Pursuant to the land use right lease agreement dated 20 September 2002, Shaanxi Automotive has agreed to lease to Shaanxi Zhongqi certain land situated at 西安市幸福北路39號、71號 (No. 39 and 71, Xingfubei Road, Xi'an) and 岐山縣曹家鎮

土橋村、河灣村、西溝村、鄭家塬村 (Tuqiao Village, Hewan Village, Xigou Village and Zhengjialeng Village, Caojia Town, Qishan Xian) (the “Shaanqi Land”) for a term of 20 years with effect from the date of establishment of Shaanxi Zhongqi, i.e. 18 September 2002, at an annual rental of RMB3,816,275.40 to be paid by Shaanxi Zhongqi on a monthly basis. The annual rental shall be revised by the parties every five years based on the national price index of the PRC and the relevant laws and regulations of the PRC. The land tax in respect of the Shaanqi Land shall be borne by Shaanxi Zhongqi in accordance with the relevant laws and regulations of the PRC. According to the Redefinition Agreement, the said annual rental was revised to RMB3,529,751.40.

Pursuant to the building lease agreement dated 20 September 2002, Shaanxi Automotive has agreed to lease to Shaanxi Zongqi certain premises situated at the Shaanqi Land (the “Shaanqi Premises”) for a term of 20 years with effect from the date of establishment of Shaanxi Zhongqi, i.e. 18 September 2002, at an annual rental of RMB7,003,511.65, to be paid by Shaanxi Zhongqi on a monthly basis. The annual rental was determined based on the yearly depreciation of the original value of the Shaanqi Premises. The property tax in respect of the Shaanqi Premises shall be borne by Shaanxi Zhongqi in accordance with the relevant laws and regulations of the PRC. Pursuant to the Redefinition Agreement, the said annual rental was revised to RMB5,936,590.75 and according to the supplemental agreement dated March 2004, the annual rental was increased by RMB792,400. The Shaanqi Land and Shaanqi Premises are mainly used for the production of Shaanxi Zhongqi.

#### *The Hande Leases*

Pursuant to the land use right lease agreement dated 1 April 2003, Shaanxi Automotive has agreed to lease to Hande Axle certain land situated at 岐山縣河灣村 and 西溝村 (Hewan Village and Xigou Village, Qishan Xian) (the “Hande Land”) for a term of 20 years with effect from the date of establishment of Hande, i.e. 18 March 2003, at an annual rental of RMB286,524 to be paid by Hande Axle on a monthly basis. The annual rental shall be revised by the parties every five years based on the national price index of the PRC and the relevant laws and regulations of the PRC. The land tax in respect of the Hande Land shall be borne by Hande Axle in accordance with the relevant laws and regulations of the PRC.

Pursuant to the building lease agreement dated 1 April 2003, Shaanxi Automotive has agreed to lease to Hande Axle certain premises situated at the Hande Land (the “Hande Premises”) for a term of 20 years with effect from the date of establishment of Hande, i.e. 18 March 2003, at an annual rental of RMB1,066,920.90 to be paid by Hande Axle on a monthly basis. The property tax in respect of the Hande Premises shall be borne by Hande Axle in accordance with the relevant laws and regulations of the PRC. The Hande Land and Hande Premises are mainly used for the production of Hande.

### *The Jinding Lease*

Pursuant to the land use right and building lease agreement dated 12 September 2005, Shaanxi Automotive has agreed to lease to Jinding certain land situated at 岐山縣曹家鎮 (Caojia Town, Qishan Xian) (the “Jinding Land”) at an annual rental of RMB200,200, and certain premises situated at the Jinding Land (the “Jinding Premises”) at an annual rental of RMB555,710, for a term of 20 years with effect from the date of establishment of Jinding, i.e. 18 August 2005. The said annual rentals shall be revised by the parties every five years based on the national price index of the PRC and the relevant laws and regulations of the PRC. The annual rentals for the first year of the leases of the Jinding Land and Jinding Premises shall be paid within ten days from the Jinding Lease becoming effective and on 25 June and 25 December every year thereafter. The land tax and property tax in respect of the Jinding Land and Jinding Premises shall be borne by Jinding in accordance with the relevant laws and regulations of the PRC. The Jinding Land and Jinding Premises are mainly used for the production of Jinding.

The table below summarises the Existing Caps for the three years ending 31 December 2009 for the TAGC Continuing Connected Transaction set out in this sub-section:

	<b>2007</b>	<b>2008</b>	<b>2009</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing Cap	13,000,000	13,000,000	13,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2007 (audited) and the five months ended 31 May 2008 (unaudited) for the TAGC Continuing Connected Transactions set out in this sub-section:

	<b>Year ended</b>		<b>Five Months</b>
	<b>31 December</b>		<b>ended</b>
	<b>2006</b>	<b>2007</b>	<b>2008</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction amount	—	8,354,000*	5,535,190

*Note:*

\* This represents the actual transaction amount since the completion of the Merger.

The term of the Shaanqi Leases, Hande Leases and Jinding Lease has been revised by a supplemental agreement dated 1 August 2007 to a term ending 31 December 2009 with effect from 1 May 2007, upon the expiry of which Shaanxi Zhongqi, Hande Axle and Jinding shall have an option to renew the agreement for a term of

three years. This supplemental agreement will further extend the term to 31 December 2010, upon the expiry of which Shaanxi Zhongqi, Hande Axle and Jinding shall have an option to renew the agreement for a term of three years.

In 2008, according to the revised 西安地區土地使用新稅額 (Xi'an District Land Use Tax), Shaanxi Zhongqi, Hande Axle and Jinding are required to shoulder the increase in the said tax. Based on the retrospective effect of the revised tax, Shaanxi Zhongqi, Hande Axle and Jinding are required to pay the said tax in the amount of approximately RMB9 million in 2008 which covers the tax for 2007, in addition to paying the said tax for 2008. Accordingly, it is anticipated that the transaction amount for the year 2008 will increase by an amount higher than that of 2009 and 2010, which will not exceed RMB24,000,000, and the transaction amount for each of two years ending 31 December 2010 will not exceed RMB17,800,000. Accordingly, RMB24,000,000, RMB17,800,000 and RMB17,800,000 are set as the New Caps for the TAGC Continuing Connected Transactions set out in this subsection for the three years ending 31 December 2010. Save as aforesaid and the revisions of the Existing Caps below, all other terms of the Shaanxi Leases, Hande Leases and Jinding Lease (as supplemented) remain unchanged.

The table below summarises the New Caps for the TAGC Continuing Connected Transactions set out in this sub-section for the three years ending 31 December 2010:

	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Cap	24,000,000	17,800,000	17,800,000

As the New Caps for these TAGC Continuing Connected Transactions for the three years ending 31 December 2010 do not exceed the 2.5% Threshold, they constitute Exempt Continuing Connected Transactions of the Company 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 TAGC Continuing Connected Transactions for the three years ending 31 December 2010 are Exempt Continuing Connected Transactions and the New Caps are not subject to the approval of the Independent Shareholders, this supplemental agreement is unconditional. All other terms and conditions of the Shaanxi Leases, Hande Leases and Jinding Lease (as supplemented) remain unchanged.

- (d) *Payment of utility (such as water and electricity) charges by Shaanxi Automotive to Shaanxi Zhongqi for onward payment to utility providers*

Agreement: Supplemental agreement to general services agreement dated 20 September 2002 (as supplemented by the Redefinition Agreement and two supplemental agreements dated 28 August 2003 and 1 August 2007, respectively)

Date: 27 November 2008

Parties: 1. Shaanxi Automotive  
2. Shaanxi Zhongqi

Term: 1 January 2008 to 31 December 2010

Other terms and details:

Pursuant to the general services agreement dated 20 September 2002 (as supplemented by the Redefinition Agreement and two supplemental agreements dated 28 August 2003 and 1 August 2007, respectively, but prior to the entering into of this latest supplemental agreement), Shaanxi Zhongqi has agreed, *inter alia*, to transfer certain utility services including water, electricity and gas it received from third party utilities providers to Shaanxi Automotive, at market prices, for every year after Shaanxi Zhongqi entered into the utilities services agreements with the relevant utility providers, for a term of ten years. Accordingly, Shaanxi Automotive has paid the charges for the relevant utility charges to Shaanxi Zhongqi for its onward payment to the utility providers without any markup (except for the sharing of costs), settled by the parties on a monthly basis. This supplemental agreement will further extend the general services agreement to a term ending 31 December 2010, upon the expiry of which Shaanxi Zhongqi shall have an option to renew the agreement for a term of three years. Save as aforesaid and the revisions of the Existing Caps below, all other terms of the original general services agreement remain unchanged.

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

	<b>2007</b>	<b>2008</b>	<b>2009</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing Cap	19,000,000	21,000,000	22,000,000



The table below summarises the actual transaction amounts involved for the two years ended 31 December 2007 (audited) and for five months ended 31 May 2008 (unaudited) for the TAGC Continuing Connected Transactions set out in this subsection:

	<b>Year ended</b>		<b>Five Months</b>
	<b>31 December</b>		<b>ended</b>
	<b>2006</b>	<b>2007</b>	<b>31 May</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction amount	—	7,866,000*	7,176,377

*Note:*

\* This represents the actual transaction amount since the completion of the Merger.

As mentioned above, in recent years, the State's macroeconomic policies and the rapid growth of fixed assets and infrastructure investments in the PRC, such as those under the 國家西北大開發戰略 (State's North-West Great Development Strategy) and in relation to the Beijing 2008 Olympic Games, have stimulated the development of the heavy-duty vehicles industry in the PRC. Further, with the completion of the construction and improvement of highway networks in the PRC, the market of transportation vehicles, especially heavy-duty vehicles, has entered a rapid growth period. Since Shaanxi Automotive and its associates are principally engaged in the production and sale of heavy-duty vehicles related products, the Directors believe that their businesses will benefit from the above and accordingly, the consumption of utilities by Shaanxi Automotive will increase.

The Company estimates that the transaction amounts involved in the transactions in this subsection will not exceed RMB17,000,000, RMB18,000,000 and RMB20,000,000, respectively, for each of the three years ending 31 December 2010 and such amounts have accordingly been set as the New Caps for these Continuing Connected Transactions. The proposed New Caps have been prepared by the Company primarily based on the relevant historical costs and the estimate of the amount of utilities to be consumed by Shaanxi Automotive and of the average price of the provision of such utilities charged by the utility providers.

The table below summarises the proposed New Caps for the TAGC Continuing Connected Transactions set out in this sub-section for the three years ending 31 December 2010:

	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Cap	17,000,000	18,000,000	20,000,000

As the New Caps for these TAGC Continuing Connected Transactions for the three years ending 31 December 2010 do not exceed the 2.5% Threshold, they constitute Exempt Continuing Connected Transactions 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 TAGC Continuing Connected Transactions are Exempt Continuing Connected Transactions and the New Caps are not subject to the Independent Shareholders' approval as aforesaid, this supplemental agreement is unconditional.

(e) *Provision of general services by Shaanxi Automotive to Shaanxi Zhongqi, Hande Axle, Jinding and Shaanxi Import*

Agreement: Supplemental agreement to general services agreement dated 20 September 2002

Date: 27 November 2008

Parties:

1. Shaanxi Automotive
2. (a) Shaanxi Zhongqi
- (b) Hande Axle
- (c) Jinding
- (d) Shaanxi Import

Term: 1 January to 31 December 2010

Pursuant to the general services agreement dated 20 September 2002 (as supplemented by the Redefinition Agreement and two supplemental agreements dated 28 August 2003 and 1 August 2007, respectively, but prior to the entering into of this latest supplemental agreement), Shaanxi Automotive has agreed to provide certain general services to Shaanxi Zhongqi, Hande Axle, Jinding and Shaanxi Import namely, health care, accommodation, education, child care and property management and other general services.

Under the general services agreement (as supplemented by this latest supplemental agreement), the fees payable by Shaanxi Zhongqi, Hande Axle, Jinding and Shaanxi Import to Shaanxi Automotive with respect to the provision of the said general services are determined based on the relevant State policy and market prices and are settled on a quarterly basis, for a term ending 31 December 2010.

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2007 (audited) and the five months ended 31 May 2008 (unaudited) for the TAGC Continuing Connected Transactions set out in this subsection:

	<b>Year ended</b>		<b>Five Months</b>
	<b>31 December</b>		<b>ended</b>
	<b>2006</b>	<b>2007</b>	<b>31 May</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction amount	—	28,312,000*	25,757,417

*Note:*

\* *This represents the actual transaction amount since the completion of the Merger.*

The Company estimates that the total transaction amounts for the TAGC Continuing Connected Transactions set out in this sub-section for the three years ending 31 December 2010 will not exceed RMB70,000,000, RMB80,000,000 and RMB91,000,000, respectively, and such amounts have accordingly been set as the proposed New Caps for these TAGC Continuing Connected Transactions. The New Caps have been estimated by the Company primarily based on the relevant historical service fees charged by Shaanxi Automotive.

The table below summarises the proposed New Caps for the TAGC Continuing Connected Transactions set out in this sub-section for the three years ending 31 December 2010:

	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Cap	70,000,000	80,000,000	91,000,000

As the New Caps for these TAGC Continuing Connected Transactions for the three years ending 31 December 2010 do not exceed the 2.5% Threshold, they constitute Exempt Continuing Connected Transactions of the Company 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 TAGC Continuing Connected Transactions for the three years ending 31 December 2010 are Exempt Continuing Connected Transactions and the New Caps are not subject to the approval of the Independent Shareholders, this supplemental agreement is unconditional.

**3. *Continuing connected transactions between DFOVCL and Dong Feng Automotive (and its associates) (as the case maybe)***

Dong Feng Automotive is principally engaged in the manufacture and sale of commercial and military vehicles. Dong Feng Automotive is a substantial shareholder of DFOVCL (which is a subsidiary of the Company and is accordingly, a connected person of the Company).

Dong Feng Cummings is held as to 50% by Dong Feng Automotive and is accordingly an associate of Dong Feng Automotive and a connected person of the Company. Dong Feng Cummings is principally engaged in the manufacture and sale of diesel engines.

Dong Feng Import and Export is held as to 50% by Dong Feng Automotive and is accordingly an associate of Dong Feng Automotive and a connected person of the Company. Dong Feng Import and Export is principally engaged in the import and export of vehicles and vehicle parts and components.

Dong Feng Equipment is held as to 50% by Dong Feng Automotive and is accordingly an associate of Dong Feng Automotive and a connected person of the Company. Dong Feng Equipment is principally engaged in the manufacture and sale of equipment for vehicles and parts and components of vehicles produced by the group of Dong Feng Automotive.

Dong Feng Measuring is held as to 50% by Dong Feng Automotive and is accordingly an associate of Dong Feng Automotive and a connected person of the Company. Dong Feng Measuring is principally engaged in the manufacture and sale of measuring equipment of vehicles and the parts and components of vehicles produced by the group of Dong Feng Automotive.

Dong Feng Fastener is held as to 50% by Dong Feng Automotive and is accordingly an associate of Dong Feng Automotive and a connected person of the Company. Dong Feng Fastener is principally engaged in the manufacture and sale of fastening pieces for vehicles.

Dong Feng Moulding is held as to 50% by Dong Feng Automotive and is accordingly an associate of Dong Feng Automotive and a connected person of the Company. Dong Feng Moulding is principally engaged in the development, manufacture and sale of vehicle parts and components and the moulds for the same.

Dong Feng Wheel is held as to 50% by Dong Feng Automotive and is accordingly an associate of Dong Feng Automotive and a connected person of the Company. Dong Feng Wheel is principally engaged in the manufacture and sale of wheels.

Dong Feng Casting is held as to 50% by Dong Feng Automotive and is accordingly an associate of Dong Feng Automotive and a connected person of the Company. Dong Feng Casting is principally engaged in the manufacture and sale of vehicle casting parts and components.

DFOVCL is principally engaged in the manufacture and sale of off-road vehicles and chassis.

(a) *Sale of off-road vehicles by DFOVCL to Dong Feng Automotive*

Agreement: Supplemental agreement to off-road vehicles sale agreement dated 1 August 2007

Date: 27 November 2008

Parties: 1. DFOVCL  
2. Dong Feng Automotive

Term: 1 January 2008 to 31 December 2010

Other terms and details:

Pursuant to the off-road vehicles sale agreement dated 1 August 2007 between DFOVCL and Dong Feng Automotive, DFOVCL has sold certain off-road vehicles to Dong Feng Automotive, at market prices, settled by the parties every two to three months for a term ending 31 December 2009, upon the expiry of which DFOVCL shall have an option to renew the agreement for a term of three years. The supplemental agreement will extend the term of the off-road vehicles sale agreement to 31 December 2010. Save as aforesaid and the revisions of the Existing Caps below, all other terms of the off-road vehicles sale agreement remain unchanged.

The table below summaries the Existing Caps for the three years ending 31 December 2009 for the TAGC Continuing Connected Transaction set out in this sub-section:

	<b>2007</b>	<b>2008</b>	<b>2009</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing Cap	130,000,000	350,000,000	400,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2007 (audited) and the five months ended 31 May 2008 (unaudited) for the TAGC Continuing Connected Transactions set out in this sub-section:

	<b>Year ended</b>	<b>Five Months</b>
	<b>31 December</b>	<b>ended</b>
	<b>2006</b>	<b>2007</b>
	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction amount	—	8,137,000*

*Note:*

\* This represents the actual transaction amount since the completion of the Merger.

DFOVCL has commenced commercial production of off-road vehicles in 2008. Accordingly, the Directors believe that the sale of off-road vehicles will increase substantially in the three years ending 31 December 2010 with an increase of approximately 51% and 19% each year. The Directors estimate that the sale volume will reach approximately 650 in 2008 and will continue to grow significantly in the following two years.

The Company estimates that the transaction amounts involved in the TAGC Continuing Connected Transactions set out in this sub-section will not exceed RMB350,000,000, RMB530,000,000 and RMB630,000,000 for each of the three years ending 31 December 2010 and such amounts have accordingly been set as the New Caps for these TAGC Continuing Connected Transactions. The proposed New Caps have been prepared by the Company primarily based on the relevant historical costs, the estimate of the volume of off-road vehicles of DFOVCL to be sold to Dong Feng Automotive and the average unit price of such vehicles.

The table below summarises the proposed New Caps for the TAGC Continuing Connected Transactions set out in this sub-section for the three years ending 31 December 2010:

	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Cap	350,000,000	530,000,000	630,000,000

As the New Caps for these TAGC Continuing Connected Transactions for the three years ending 31 December 2010 exceed the 2.5% Threshold, they constitute Non-exempt Continuing Connected Transactions of the Company 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 Independent Shareholders. No Shareholder will be required to abstain from voting at the EGM in relation to the resolution to be proposed in respect of these New Caps.

Since these TAGC Continuing Connected Transactions are Non-exempt Continuing Connected Transactions and the New Caps are subject to the Independent Shareholders' approval as aforesaid, this supplemental agreement is conditional upon the said resolution being passed at the EGM.

- (b) *Purchase of parts and components of off-road vehicles and related products by DFOVCL from Dong Feng Automotive (and its associates) (as the case may be) and provision of technical support services by Dong Feng Automotive (and its associates) (as the case may be) to DFOVCL*

Agreement: Supplemental agreement to parts and components purchase agreement

Date: 27 November 2008

Parties: 1. Dong Feng Automotive  
2. DFOVCL

Term: 1 January 2008 to 31 December 2010

Other terms and details:

Pursuant to the parts and components purchase agreement dated 1 August 2007, DFOVCL has purchased certain parts and components of off-road vehicles from Dong Feng Automotive (and its associates) (as the case may be), at market prices, settled by the parties every two to three months for a term ending 31 December 2009, upon the expiry of which DFOVCL shall have an option to renew the agreement for a term of three years. Pursuant to this latest supplemental agreement, DFOVCL has agreed to purchase the said parts and components and related products from Dong Feng Automotive (and its associates) (as the case may be) on the said terms. This supplemental agreement will extend the said term to 31 December 2010.

In addition, pursuant to this supplemental agreement, Dong Feng Automotive (and its associates) (as the case may be) has agreed to provide certain technical support services to DFOVCL at a price being 3% of the transaction amount of the off-road vehicles sold by DFOVCL, for a term ending 31 December 2010. Save as aforesaid and the revisions of the Existing Caps below, all other terms of the parts and components purchase agreement remain unchanged.

The table below summaries the Existing Caps in respect of the purchase of parts and components of off-road vehicles for the three years ending 31 December 2009 for the TAGC Continuing Connected Transaction set out in this sub-section:

	<b>2007</b>	<b>2008</b>	<b>2009</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing Cap	60,000,000	135,000,000	160,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2007 (audited) and the five months ended 31 May 2008 (unaudited) for the TAGC Continuing Connected Transactions set out in this subsection:

	<b>Year ended</b>		<b>Five Months</b>
	<b>31 December</b>		<b>ended</b>
	<b>2006</b>	<b>2007</b>	<b>2008</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction amount	—	8,255,000*	38,578,967

*Note:*

\* *This represents the actual transaction amount since the completion of the Merger.*

The relatively low volume in the purchase of parts and components of off-road vehicles by DFOVCL from Dong Feng Automotive (and its associates) (as the case may be) for the two years ended 31 December 2007 was due to the test production of off-road vehicles by DFOVCL during such period and the volume of parts and components required for the production of DFOVCL varied at a low level according to the relevant requirements of the test production. With the completion of the test production, DFOVCL has commenced commercial production of off-road vehicles in 2008 and accordingly, the Directors believe that the need for parts and components by DFOVCL for its production from Dong Feng Automotive (and its associates) (as the case may be) will increase substantially in three years ending 31 December 2010 with an increase of approximately 1,110%, 39% and 17% in the number of parts and components required from Dong Feng Automotive for each of the three years from 2007 to 2010.

The Company estimates that the aggregate transaction amounts involved for purchase of such parts and components of off-road vehicles and technical support services by DFOVCL from Dong Feng Automotive (and its associates) (as the case may be) will not exceed RMB165,000,000, RMB230,000,000 and RMB270,000,000 for each of the three years ending 31 December 2010 and such amounts have accordingly been set as the New Caps for these Continuing Connected Transactions. The proposed New Caps have been prepared by the Company primarily based on the relevant historical costs and the estimate of the volume of parts and components required by DFOVCL during commercial production and of the average unit price of such parts and components.



The table below summarises the proposed New Caps for the Continuing Connected Transactions set out in this sub-section for the three years ending 31 December 2010:

	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Cap	165,000,000	230,000,000	270,000,000

As the New Caps for these Continuing Connected Transactions for the three years ending 31 December 2010 exceed the 2.5% Threshold, they constitute Non-exempt Continuing Connected Transactions of the Company 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 the approval from the Independent Shareholders. No Shareholder will be required to abstain from voting at the EGM in relation to the resolution to be proposed in respect of these New Caps.

Since these TAGC Continuing Connected Transactions are Non-exempt Continuing Connected Transactions and the New Caps are subject to the Independent Shareholders' approval as aforesaid, this supplemental agreement is conditional upon the said resolution being passed at the EGM.

#### **4. *Continuing connected transactions between Futong and Huatong***

Huatong is principally engaged in the processing of parts and components of vehicles. Huatong is a substantial shareholder of Futong (which is a subsidiary of the Company) and is accordingly a connected person of the Company.

Futong is principally engaged in the manufacture and marketing of automotive air-conditioning compressors and automotive parts.

##### *Provision of processing services by Huatong to Futong*

Agreement: Supplemental agreement to the processing services agreement dated 1 August 2007

Date: 27 November 2008

Parties: 1. Huatong  
2. Futong

Term: 1 January 2008 to 31 December 2010

Other terms and details:

Pursuant to the processing services agreement dated 1 August 2007, Huatong has provided certain processing services to Futong in respect of parts and components of vehicles at market prices, settled by the parties every two to three months for a term ending 31 December 2009, upon the expiry of which Futong shall have an option to

renew the agreement for a term of three years. This supplemental agreement will extend the term of the said processing services agreement to 31 December 2010. Save as aforesaid and the revisions of the Existing Caps below, all other terms of the processing services agreement remain unchanged.

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

	<b>2007</b>	<b>2008</b>	<b>2009</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Existing Cap	8,000,000	10,000,000	13,000,000

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2007 (audited) and the five months ended 31 May 2008 (unaudited) for the Continuing Connected Transactions set out in this subsection:

	<b>Year ended</b>	<b>Five Months</b>
	<b>31 December</b>	<b>ended</b>
	<b>2006</b>	<b>2007</b>
	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(audited)</i>
Actual transaction amount	—	5,977,000*
		3,584,000

*Note:*

\* This represents the actual transaction amount since the completion of the Merger.

As mentioned above, in recent years, the State's macroeconomic policies and the rapid growth of fixed assets and infrastructure investments in the PRC, such as those under the 國家西北大開發戰略 (State's North-West Great Development Strategy) and in relation to the Beijing 2008 Olympic Games, have stimulated the development of the heavy-duty vehicles industry in the PRC. Further, with the completion of the construction and improvement of highway networks in the PRC, the market of transportation vehicles will enter into a rapid growth period and the development of the structure of vehicles will move toward the heavy duty side.

Since Futong is principally engaged in the manufacture of automotive air-conditioning compressors and automotive parts, the Directors believe that such business will benefit from the above and there will be an increase in the demand of its product for the three years ending 31 December 2010, which will drive its production volume leading to an increase in the processing services required from Huatong.

The Company estimates that the transaction amounts involved in the Continuing Connected Transactions set out in this sub-section will not exceed RMB12,000,000, RMB13,000,000 and RMB15,000,000 for each of the three years ending 31 December 2010 and such amounts have accordingly been set as the New Caps for these TAGC Continuing Connected Transactions. The proposed New Caps have been prepared by the

Company primarily based on the relevant historical costs and the estimate of the volume of parts and components to be produced by Futong and the average price of the processing services provided by Huatong.

The table below summarises the proposed New Caps for the TAGC Continuing Connected Transactions set out in this sub-section for the three years ending 31 December 2010:

	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Cap	12,000,000	13,000,000	15,000,000

As the New Caps for these TAGC Continuing Connected Transactions for the three years ending 31 December 2010 do not exceed the 2.5% Threshold, they constitute Exempt Continuing Connected Transactions of the Company 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 TAGC Continuing Connected Transactions for the three years ending 31 December 2010 are Exempt Continuing Connected Transactions and the New Caps are not subject to the approval of the Independent Shareholders, this supplemental agreement is unconditional.

### **III. MAT Continuing Connected Transactions**

As disclosed in the Voluntary Announcements, since the completion of the Merger, the Company had been requesting information from MAT, which is based in the United States, in relation to any transactions it might have with its related parties and it had only come to the attention of the Company then that MAT had entered into transactions with certain entities which were related to Mr. Wang. The Company has not received the requisite information until much later when MAT conceded to the Company's request and as soon as practically thereafter, in compliance with Rule 14A.41 of the Listing Rules, the Company issued the first Voluntary Announcement in March 2008 based on the information in respect of the MAT Continuing Connected Transactions then available to the Company. Since then, the Company has received certain further information regarding the transactions and issued the second Voluntary Announcement in April 2008. According to the said information received in respect of the MAT Continuing Connected Transactions, such transactions for the periods (i) from the completion of the Merger to 31 December 2007 and (ii) for the five months ended 30 May 2008 were only subject to the reporting and announcement requirements under Rule 14A.34 of the Listing Rules but are not subject to the approval by the Independent Shareholders. The Company has set the proposed New Caps for the MAT Continuing Connected Transactions based on and to the extent of the information of such transactions available to be Company as at the date of this announcement.

#### **1. Continuing connected transactions between MAT and associates of Mr. Wang**

MAT became a non-wholly-owned subsidiary of the Company at the completion of the acquisition by the Company of TAGC on 24 April 2007.

MAT is engaged in import and sale of automotive brakes, brake pads and rotors. MAT is owned by the Company and Mr. Wang as to 75% and 25%, respectively. Accordingly, Mr. Wang is a connected person of the Company.

MAST is an indirect non-wholly-owned subsidiary of MAT. MAST is owned by Meneta A/S and TMD as to 52% and 48%, respectively. Meneta A/S and Meneta India are indirectly wholly-owned by MAT. MAST, Meneta A/S and Meneta India are indirect subsidiaries of the Company.

Laizhou Hongyuan Bench Vise is wholly-owned by Pexca International Ltd, which is 67% owned by First Enterprises LLC, which in turn is 50% owned by Mr. Wang. Accordingly, Laizhou Hongyuan Bench Vise is an associate of Mr. Wang and is a connected person of the Company. Laizhou Hongyuan Bench Vise is principally engaged in manufacture of automotive brake drums, hubs, vises and power transmission hardware.

GRI is 92.15% owned by MAT Holdings, which is wholly-owned by Mr. Wang. Accordingly, GRI is an associate of Mr. Wang and is a connected person of the Company. GRI is principally engaged in the engineering and design of industrial machined castings and automotive brake products.

Roulunds Braking Holdings is wholly-owned by MAT Holdings, which is wholly-owned by Mr. Wang. Accordingly, Roulunds Braking Holdings is an associate of Mr. Wang and is a connected person of the Company. Roulunds Braking Holdings is principally engaged in the manufacture and sale of friction products for passenger cars and commercial vehicles to vehicle manufacturers and after market service.

Roulunds Braking India is wholly-owned by MAT Holdings, which is wholly-owned by Mr. Wang. Accordingly, Roulunds Braking India is an associate of Mr. Wang and is a connected person of the Company. Roulunds Braking India is engaged in manufacture of brake pads, CV lining and brake shoes.

Alliance Friction is 90% owned by MAT Holdings, which is wholly-owned by Mr. Wang. Accordingly, Alliance Friction is an associate of Mr. Wang and is a connected person of the Company. Alliance Friction is engaged in the manufacture of disc brake, CV lining and brake shoes.

Danblock Brakes India is wholly-owned by MAT Holdings, which is wholly owned by Mr. Wang. Accordingly, Danblock Brakes India is an associate of Mr. Wang and is a connected person of the Company. Danblock Brakes India is engaged in manufacture of disc brake pad and commercial vehicle brake lining.

Shenyang Honbase is an indirect wholly-owned subsidiary of Mr. Wang. Accordingly, Shenyang Honbase is an associate of Mr. Wang and is a connected person of the Company. Shenyang Honbase is principally engaged in the manufacture of industrial and automotive brake machined castings.

Shinning Gold is wholly-owned by Mr. Wang. Accordingly, Shinning Gold is an associate of Mr. Wang and is a connected person of the Company. Shinning Gold is principally engaged in the manufacture of automotive brake rotors and pump parts.

Hangzhou Hongyuan Machinery is an indirect wholly-owned subsidiary of Mr. Wang. Accordingly, Hangzhou Hongyuan Machinery is an associate of Mr. Wang and is a connected person of the Company. Hangzhou Hongyuan Machinery is principally engaged in the production of metallic tools and machinery facilities.

- (a) *Sale of automotive parts and components and related products by MAT ( and its subsidiaries) to GRI, Laizhou Hongyuan Bench Vise, Roulunds Braking Holdings, Roulunds Braking India, Alliance Friction and Danblock Brakes India*

Agreement: Automotive parts and components sale agreement

Date: 27 November 2008

Parties:

1. (a) MAT  
(b) MAST  
(c) Meneta India  
(d) Meneta A/S; and
2. (a) GRI  
(b) Laizhou Hongyuan Bench Vise  
(c) Roulunds Braking Holdings  
(d) Roulunds Braking India  
(e) Alliance Friction  
(f) Danblock Brakes India

Term: 1 January 2008 to 31 December 2010

Other terms and details:

For the period from the completion of the Merger to 31 December 2007:

- (a) MAT has sold automotive parts and components, in particular, automotive brake rotors for specific private brand customers in the United States, to GRI at market prices, settled by the parties one to three months after delivery;
- (b) MAT has sold automotive parts and components, in particular, specific grease fittings for hubs, to Laizhou Hongyuan Bench Vise at market prices, settled by the parties one to three months after delivery;
- (c) MAST has sold automotive parts and components, in particular, brake shims for automotive brake pads to Roulunds Braking Holdings at market prices, settled by the parties one to three months after delivery;
- (d) MAST, Meneta India and Meneta A/S has sold automotive parts and components, in particular, brake shims, backplates to Roulunds Braking India at market prices, settled by the parties one to three months after delivery;
- (e) MAST and Meneta India has sold automotive parts and components, in particular, brake shims to Alliance Friction at market prices, settled by the parties one to three months after delivery; and

- (f) Meneta India has sold automotive parts and components, in particular, samples of backplates to Danblock Brakes India at market prices, settled by the parties one to three months after delivery.

Pursuant to the automotive parts and components sale agreement, MAT has agreed to sell and each of GRI, Laizhou Hongyuan Bench Vise, Roulunds Braking Holdings, Roulunds Braking India, Alliance Friction and Danblock Brakes India has agreed to purchase the automotive parts and components set out above and related products on the same terms, for a term ending 31 December 2010, upon expiry of which MAT (and its subsidiaries) shall have an option to renew the agreement for a term of three years. Save as aforesaid, all other terms remain unchanged.

The table below summarises the actual aggregate transaction amounts involved for the period from the completion of the Merger to 31 December 2007 and the five months ending 31 May 2008 for the MAT Continuing Connected Transactions set out in this sub-section:

	<b>From 23 April 2007 to 31 December 2007</b>	<b>Five Months ended 31 May 2008</b>
	<i>RMB</i>	<i>RMB</i>
Actual transaction amount (aggregate)	60,554,370 (note 1)	52,722,598 (note 2)

*Notes:*

1. This was calculated based on the exchange rate of USD1: RMB7.75.
2. This was calculated based on the exchange rate of USD1: RMB7.71.

The Company estimates that the amount will not exceed RMB115,000,000, RMB125,000,000 and RMB130,000,000 for the three years ending 31 December 2010 and such amounts have accordingly been set the proposed Caps for these MAT Continuing Connected Transactions.

The New Caps have been estimated by the Company primarily based on the relevant historical transaction amounts, the effect of inflation and the expected growth rate of approximately 6% each year.

The table below summaries the proposed New Caps for the MAT Continuing Connected Transactions set out in this sub-section for the three years ending 31 December 2010:

	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Cap	115,000,000	125,000,000	130,000,000

As the New Caps for these MAT Continuing Connected Transactions for the three years ending 31 December 2010 do not exceed the 2.5% Threshold, they constitute Exempt Continuing Connected Transactions of the Company 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 MAT Continuing Connected Transactions for the three years ending 31 December 2010 are Exempt Continuing Connected Transactions and the New Caps are not subject to the approval of the Independent Shareholders, the automotive parts and components sale agreement is unconditional.

- (b) *Purchase of automotive parts and components and related products by MAT (and its subsidiaries) from Shenyang Honbase, Laizhou Hongyuan Bench Vise, Shinning Gold and Hangzhou Hongyuan Machinery*

Agreement: Automotive parts and components purchase agreement

Date: 27 November 2008

Parties:

1. MAT
2. (a) Shenyang Honbase  
(b) Laizhou Hongyuan Bench Vise  
(c) Shinning Gold  
(d) Hangzhou Hongyuan Machinery (acting through Zhejiang Tea)

Term: 1 January 2008 to 31 December 2010

Other terms and details:

For the period from the completion of the Merger to 31 December 2007:

- (a) MAT and its subsidiaries (as the case may be) have purchased automotive parts and components, in particular, automotive brake drums and rotors for specific customers of MAT in the United States, from Shenyang Honbase, at market prices, settled by the parties one to three months after delivery;
- (b) MAT and its subsidiaries (as the case may be) have purchased automotive parts and components, in particular, automotive brake drums, hubs and truck parts for customers of MAT in the United States, from Laizhou Hongyuan Bench Vise, at market prices, settled by the parties one to three months after delivery;
- (c) MAT and its subsidiaries (as the case may be) have purchased automotive parts and components, in particular, automotive brake rotors and industrial pumps and parts, from Shinning Gold, at market prices, settled by the parties one to three months after delivery; and

- (d) MAT and its subsidiaries (as the case may be) have purchased automotive parts and components, in particular, lawn motor seats and mirror supports, from Hangzhou Hongyuan Machinery, which acted through Zhejiang Tea, at market prices, settled by the parties one to three months after delivery.

Pursuant to the automotive parts and components purchase agreement, MAT has agreed to purchase and each of Shenyang Honbase, Laizhou Hongyuan Bench Vise, Shinning Gold and Hangzhou Hongyuan Machinery (acting through Zhejiang Tea) has agreed to sell the automotive parts and components set out above and related products on the same terms, for a term ending 31 December 2010, upon expiry of which MAT shall have an option to renew the agreement for a term of three years. Save as aforesaid, all other terms remain unchanged.

The table below summarises the actual aggregate transaction amounts involved for the period from the completion of the Merger to 31 December 2007 and the five months ending 31 May 2008 for the MAT Continuing Connected Transactions set out in this sub-section:

	<b>From 23 April 2007 to 31 December 2007</b>	<b>Five Months ended 31 May 2008</b>
	<i>RMB</i>	<i>RMB</i>
	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction amount	24,886,000	8,021,000
(aggregate)	<i>(note 1)</i>	<i>(note 2)</i>

*Notes:*

1. This was calculated based on the exchange rate of USD1: RMB7.75.
2. This was calculated based on the exchange rate of USD1: RMB7.71.

The Company estimates that the transaction amount will not exceed RMB17,000,000, RMB19,000,000 and RMB20,000,000, respectively, for the three years ending 31 December 2010 and such amounts have accordingly been set the proposed Caps for these MAT Continuing Connected Transactions.

The New Caps have been estimated by the Company primarily based on the relevant historical transaction amounts, the effect of inflation and the expected increase in the costs of the relevant components and the growth in the volume of such purchases each year.

The table below summaries the proposed New Caps for the MAT Continuing Connected Transactions set out in this sub-section for the three years ending 31 December 2010:

	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Cap	17,000,000	19,000,000	20,000,000



As the New Caps for these MAT Continuing Connected Transactions for the three years ending 31 December 2010 do not exceed the 2.5% Threshold, they constitute Exempt Continuing Connected Transactions of the Company 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 MAT Continuing Connected Transactions for the three years ending 31 December 2010 are Exempt Continuing Connected Transactions and the New Caps are not subject to the approval of the Independent Shareholders, the automotive parts and components purchase agreement is unconditional.

**2. *Continuing connected transactions between MAST and Meneta A/S and TMD***

TMD owns 48% of MAST, an indirect subsidiary of the Company. Accordingly, TMD is a connected person of the Company. TMD is principally engaged in manufacture of braking system parts for the European market.

*Sale of automotive parts and components and related products by MAST and Meneta A/S to TMD*

Agreement: Automotive parts and components sale agreement

Date: 27 November 2008

Parties: 1. (a) MAST  
(b) Meneta A/S  
2. TMD

Term: 1 January 2008 to 31 December 2010

Other terms and details:

For the period from the completion of the Merger to 31 December 2007, MAST has sold automotive parts and components, in particular, brake shims to TMD at market prices and settled one to three months after delivery and Meneta A/S has sold automotive parts and components, in particular, backplates to TMD for the European automotive friction market at market prices to be settled one to three months after delivery. Pursuant to the automotive parts and components sale agreement, each of MAST and Meneta A/S has agreed to sell and TMD has agreed to purchase the said automotive parts and components and related products on the same terms for a term ending 31 December 2010, upon expiry of which MAST and Meneta A/S shall have an option to renew the agreement for a term of three years.

The table below summarises the actual transaction amounts involved for the period from the completion of the Merger to 31 December 2007 and the five months ending 31 May 2008 for the Continuing Connected Transactions set out in this sub-section:

	<b>From 23 April 2007 to 31 December 2007</b>	<b>Five Months ended 31 May 2008</b>
	<i>RMB</i>	<i>RMB</i>
Total Actual Transaction Amount	91,204,958 (note 1)	42,817,438 (note 2)

*Notes:*

1. This was calculated based on the exchange rate of USD1: RMB7.75.
2. This was calculated based on the exchange rate of USD1: RMB7.71.

The Company estimates that the growth rate for the transaction volume will be approximately 6% for the three years ending 31 December 2010. Taking into account inflation in the PRC and the resultant increase in costs, the Company estimates that the amount will not exceed RMB100,000,000 million, RMB105,000,000 million, and RMB110,000,000 million for the three years ending 31 December 2010 and such amounts have accordingly been set the proposed Caps for these MAT Continuing Connected Transactions.

The New Caps have been estimated by the Company primarily based on the relevant historical transaction amounts, the effect of inflation and the a modest expected growth rate.

The table below summaries the proposed New Caps for the MAT Continuing Connected Transactions set out in this sub-section for the three years ending 31 December 2010:

	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
New Cap	100,000,000	105,000,000	110,000,000

As the New Caps for these MAT Continuing Connected Transactions for the three years ending 31 December 2010 do not exceed the 2.5% Threshold, they constitute Exempt Continuing Connected Transactions of the Company 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 MAT Continuing Connected Transactions for the three years ending 31 December 2010 are Exempt Continuing Connected Transactions and the New Caps are not subject to the approval of the Independent Shareholders, the automotive parts and components purchase agreement is unconditional.

Reference is made to the Voluntary Announcements in which certain other transactions between MAT (and its subsidiaries) and other parties were announced. Such other transactions, which are not announced herein, are not required to be disclosed under Chapter 14A of the Listing Rules and all transactions between MAT (and its subsidiaries) at the relevant time and connected persons of the Company are disclosed in this Announcement according to the requirements of Chapter 14A of the Listing Rules.

## **B. LISTING RULES IMPLICATIONS**

The Company is principally engaged in the research and development, manufacture and sale of high-speed, heavy-duty diesel engines. Prior to the incorporation of the Company and the listing of the Shares on the Stock Exchange, the Company has had business relationships with certain entities. Under the Listing Rules, such entities has become connected persons of the Company since the listing of the Company and the transactions between the Company and such entities constitute continuing connected transactions of the Company. In respect of the Weichai Continuing Connected Transactions between the Company and Weichai Holdings, 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 Weichai Continuing Connected Transactions have been continuing since the listing of the Company on the Stock Exchange. After the completion of the Weichai Holdings Juli Restructuring in 2007, certain of these Weichai Continuing Connected Transactions with Weichai Holdings were transferred to Shandong Juli.

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

As the Group and, prior to completion of the Merger, TAGC, has conducted the TAGC Continuing Connected Transactions and MAT Continuing Connected Transactions with the relevant entities for many years, and in respect of the TAGC Continuing Connected Transactions and the MAT Continuing Connected Transactions, prior to the completion of the Merger, TAGC has conducted such transactions for many years and the Company has taken up such Continuing Connected Transactions after completion of the Merger, the Directors, including the independent non-executive Directors, consider it beneficial to the Company to continue to conduct these Continuing Connected Transactions in order to ensure and maximize operating efficiency and stability of the operations of the Group.

The Directors, including the independent non-executive Directors, have confirmed that the Non-Exempt Continuing Connected Transactions have been subject to arm's length negotiation between the Group and the relevant parties, and have been entered into by the Group 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 the Group than those available to or from (as appropriate) independent third parties.

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

Since certain of the New Caps (in respect of any one or more of the three years ending 31 December 2010) referred to in the above section exceed the 2.5% Threshold, the Continuing Connected Transactions concerning such New Caps constitute non-exempt continuing connected transactions of the Company under Chapter 14A of the Listing Rules and the New Caps will be subject to the prior approval of the Independent Shareholders (as mentioned above) at the EGM to be convened in relation to, *inter alia*, the resolution to be proposed in respect of each such New Cap and the relevant Continuing Connected Transactions Agreements, and the reporting requirements set out in Rules 14A.45 and 14A.46 for disclosure of details in the Company's annual reports and accounts, as well as annual review by the independent non-executive Directors under Rule 14A.37 and by the Company's auditors under Rule 14A.38.

If any of the Continuing Connected Transactions 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, the Company must re-comply with Rules 14A.35(3) and (4).

#### **C. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

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

#### **D. DESPATCH OF CIRCULAR**

A circular containing, *inter alia*, (i) further details of the Non-exempt Continuing Connected Transactions; (ii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the Non-exempt Continuing Connected Transactions; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Non-exempt Continuing Connected Transactions, will be sent to the Shareholders in due course.

#### **E. DEFINED TERMS USED IN THIS ANNOUNCEMENT**

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

“0.1% Threshold”	the thresholds referred to in Rule 14A.33(3) of the Listing Rules
“2006 Announcement”	the announcement of the Company dated 12 November 2006 in relation to, <i>inter alia</i> , the Merger and certain Weichai Continuing Connected Transactions

“2006 Circular”	the circular of the Company dated 12 November 2006 in relation to, <i>inter alia</i> , the Merger and certain Weichai Continuing Connected Transactions
“2006 EGM”	the extraordinary general meeting of the Shareholders held on 29 December 2006
“2007 Announcement”	the announcement of the Company dated 2 August 2007 in relation to certain TAGC Continuing Connected Transactions
“2007 Circular”	the circular of the Company dated 8 August 2007 in relation to certain TAGC Continuing Connected Transactions
“2007 EGM”	the extraordinary general meeting of the Shareholders held on 22 August 2007
“2.5% Threshold”	the thresholds referred to in Rule 14A.34 of the Listing Rules
“Alliance Friction”	Alliance Friction Technology Pvt. Ltd, a company established in India and is 90% owned by MAT Holdings
“Beijing Shaanqi Sale Centre”	北京陝重汽汽車銷售中心 (Beijing Shaanzhongqi Vehicle Sale Centre), a company established in the PRC and a connected person of the Company
“Chongqing Branch”	the Company’s facility (being its branch office) in Chongqing Municipality, the PRC
“Chongqing Casting”	重慶市江津區重灘鑄造有限公司 (Chongqing City Jiangjin District Chongwei Casting Co. Ltd.), a company established in the PRC and a wholly-owned by Weichai Holdings
“Chongqing Properties”	land and building situated thereon at the Company’s premises in Chongqing Municipality, the PRC for the manufacture of WD615 Engines
“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 Holdings
“Company”	濰柴動力股份有限公司 (Weichai Power Co., Ltd.), a company established in the PRC with limited liability
“Continuing Connected Transactions Agreements”	the agreements relating to the Continuing Connected Transactions entered into between the Group and the relevant counterparts, further details of which are set out in the section headed “A. Continuing Connected Transactions” in this announcement

“Continuing Connected Transactions”	the transactions described in the section headed “A. Continuing Connected Transactions” in this announcement
“Danblock Brakes India”	Danblock Brakes India PVT Ltd, a company established in India and is wholly-owned by MAT Holdings
“DFOVCL”	東風越野車有限公司 (Dong Feng Off-road Vehicle Co. Ltd.), a company established in the PRC and a 60% subsidiary of the Company
“Dong Feng Automotive”	東風汽車集團股份有限公司 (Dong Feng Automotive Group Co. Ltd.), a company established in the PRC and a connected person of the Company
“Dong Feng Casting”	東風精密鑄造有限公司 (Dong Feng Close Casting Co. Ltd.), a company established in the PRC, a 50% subsidiary of the Dong Feng Automotive, and a connected person of the Company
“Dong Feng Cummings”	東風康明斯發動機有限公司 (Dongfeng Cummings Engine Co., Ltd.), a company established in the PRC, a 50% subsidiary of the Dong Feng Automotive, and a connected person of the Company
“Dong Feng Equipment”	東風汽車有限公司設備製造廠 (Dong Feng Automotive Co. Ltd. Equipment Manufacturing Factory), a company established in the PRC, a 50% subsidiary of the Dong Feng Automotive, and a connected person of the Company
“Dong Feng Fastener”	東風汽車緊固件有限公司 (Dong Feng Fastener Co. Ltd.), a company established in the PRC, a 50% subsidiary of the Dong Feng Automotive, and a connected person of the Company
“Dong Feng Import and Export”	中國東風汽車進出口有限公司 (China Dong Feng Automotive Import and Export Co. Ltd.), a company established in the PRC
“Dong Feng Measuring”	東風汽車有限公司刃量具廠 (Dong Feng Automotive Co. Ltd. Measuring Equipment Factory), a company established in the PRC, a 50% subsidiary of the Dong Feng Automotive, and a connected person of the Company
“Dong Feng Moulding”	東風汽車模具有限公司 (Dong Feng Moulding Equipment Co. Ltd.), a company established in the PRC, a 50% subsidiary of the Dong Feng Automotive, and a connected person of the Company

“Dong Feng Wheel”	東風汽車有限公司車輪廠 (Dong Feng Automotive Co. Ltd. Wheel Factory), a company established in the PRC, a 50% subsidiary of the Dong Feng Automotive and a connected person of the Company
“EGM”	the extraordinary general meeting of the Company to be held to consider and, if thought fit, approve the New Caps and the Non-exempt Continuing Connected Transactions
“Exempt Continuing Connected Transactions”	being those Continuing Connected Transactions the proposed New Caps for which do not exceed the 2.5% Threshold and, accordingly, not subject to the approval by the Independent Shareholders and, where such New Caps exceed the 0.1% Threshold, 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 Caps”	the existing caps for the Continuing Connected Transactions (as applicable)
“Fast Transmission”	陝西法士特汽車傳動集團有限公司 (Shaanxi Fast Gear Automotive Transmission Co. Ltd.), a company established in the PRC and a connected person of the Company
“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, a Promoter and a connected person of the Company
“Futong”	牡丹江富通汽車空調有限公司 (Mudan Jiang Futong Automotive Air Conditioner Company Limited), a company established in the PRC and a 51% subsidiary of the Company
“GRI”	“GRI Engineering and. Development, LLC”, a company established in the United States and is wholly-owned by MAT Holdings and a connected person of the Company
“Group”	the Company and its subsidiaries
“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 and a connected person of the Company
“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 and a 63% subsidiary of Guangxi

“Hande Axle”	陝西漢德車橋有限公司 (Shaanxi Hande Axle Co., Ltd.), a company established in the PRC and is held as to 3.06% by the Company and as to 94% by Shaanxi Zhongqi
“Hangzhou Hongyuan Machinery”	杭州鴻源機械製造有限公司 (Hangzhou Hongyuan Machinery Manufacturing Co., Ltd.), a company established in the PRC and a connected person of the Company
“Huatong”	牡丹江華通汽車零部件公司 (Mudan Jiang Huatong Automotive Group Company Limited), a company established in the PRC and a connected person of the Company
“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
“Independent Financial Adviser”	the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Non-Exempt Continuing Connected Transactions
“Independent Shareholders”	shareholders who are not required to abstain from voting at the EGM in relation to the resolutions for approving the Non-exempt Continuing Connected Transactions and the respective New Caps
“IVM”	IVM Technical Consultants Wien Gesellschaft m.b.H., a company established in Austria and a Promoter
“Jinding”	陝西金鼎鑄造有限公司 (Shaanxi Jinding Foundry Co., Ltd.), a company established in the PRC and is held as to 87.05% by Shaanxi Zhongqi and as to 4.24% by Hande Axle
“Laizhou Hongyuan Bench Vise”	萊州鴻源台筭製造有限公司 (Laizhou Hongyuan Bench Vise Manufacture Co., Ltd.), a company established in the PRC and is wholly-owned by Pexca International Ltd, which is 67% owned by First Enterprises LLC, which in turn is 50% owned by Mr. Wang
“MAST”	Meneta Advance Shims Technology A/S, a 52% indirectly owned subsidiary of the Company
“MAT”	MAT Automotive, Inc., a company incorporated in the United States, a 75% subsidiary of the Company
“MAT Continuing Connected Transactions”	the Continuing Connected Transactions under section A.III. of this announcement
“MAT Group”	MAT and its subsidiaries



“MAT Holdings”	MAT Holdings, Inc., a company established in the United States and is wholly-owned by Mr. Wang
“Meneta A/S”	Meneta A/S, a wholly-owned indirect subsidiary of MAT and a 75% indirectly owned subsidiary of the Company
“Meneta India”	Meneta Automotive Components Pvt. Ltd., a company incorporated in India, a wholly-owned indirect subsidiary of MAT and a 75% indirectly owned subsidiary of the Company
“Merger”	the Merger on 24 April 2007 (as announced in the announcement of the Company dated 25 April 2007), as of result of which the original subsidiaries of TAGC, together with other the assets and liabilities of TAGC, were absorbed by the Company
“Mr. Wang”	Mr. Wang Wei, a natural person holding 25% of the issued share capital of MAT
“New Caps”	as defined in the section headed “A. Continuing Connected Transactions” in this announcement
“Non-exempt Continuing Connected Transactions”	being those 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 Independent Shareholders at the EGM will be required
“Peterson (CNG)”	Peterson (CNG) Equipment Limited, a company owned as to 50% by Yeung Sai Hong, a non-executive Director
“Promoter(s)”	Weichai Holdings, 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 the Company dated 26 February 2004
“Roulunds Braking Components”	Roulunds Braking Components ApS, a company wholly-owned subsidiary of MAT, which is a 75% subsidiary of the Company
“Roulunds Braking Holdings”	Roulunds Braking Holdings ApS, a company established in Denmark, wholly-owned by MAT Holdings and a connected person of the Company
“Roulunds Braking India”	Roulunds Braking (India) Pvt. Ltd, a company established in India, wholly-owned by MAT Holdings and a connected person of the Company

“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 a 51% subsidiary of the Company
“Shaanxi Automotive”	陝西汽車集團有限責任公司 (Shaanxi Automobile Group Co. Ltd.), a company established in the PRC and a connected person of the Company
“Shaanxi Heavy-duty Coach”	陝西重型客車工業聯營公司 (Shaanxi Heavy-duty Coach Industry Joint Venture Company), a company established in the PRC and a connected person of the Company
“Shaanxi Huazhen”	陝西華臻三產工貿有限責任公司 (Shaanxi Huazhen Sancang Industry and Trading Co. Ltd.), a company established in the PRC and a connected person of the Company
“Shaanxi Import”	陝西重型汽車進出口有限公司 (Shaanxi Heavy-duty Vehicle Import and Export Company Limited), a company established in the PRC and a 82% subsidiary of Shaanxi Zhongqi
“Shaanxi Lantong”	陝西藍通傳動軸有限公司 (Shaanxi Lantong Transmission Axle Co. Ltd.), a company established in the PRC and a connected person of the Company
“Shaanxi Tongchuang”	陝西同創華亨汽車散熱有限責任公司 (Shaanxi Tongchuang Huaheng Vehicle Radiator Co. Ltd.), a company established in the PRC and a connected person of the Company
“Shaanxi Tongli”	陝西通力專用汽車有限責任公司 (Shaanxi Tongli Special-purpose Vehicle Co. Ltd.), a company established in the PRC and a connected person of the Company
“Shaanxi Wanfang”	陝西萬方汽車零部件有限公司 (Shaanxi Wanfang Vehicle Parts and Components Co. Ltd.), a company established in the PRC and a connected person of the Company
“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 a 51% subsidiary of the Company
“Shandong Juli”	山東巨力股份有限公司 (Shandong Juli Company Limited), a company established in the PRC and a connected person of the Company
“Shandong Trust”	山東省企業託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”	龍工(上海)機械有限公司 (Shanghai Longgong Machinery Company Limited), a limited liability company established in the PRC and a connected person of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Shenyang Honbase”	瀋陽洪貝機械有限公司 (Shenyang Honbase Machinery Co., Ltd.), a company incorporated in the PRC and a connected person of the Company
“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
“Shinning Gold”	Shinning Gold Machinery Manufactory (Dalian) Co. Ltd., a company established in the PRC and a connected person of the Company
“TAGC”	湘火炬汽車集團股份有限公司 (Torch Automotive Group Co., Ltd.), a company established in the PRC and has ceased to exist
“TAGC Continuing Connected Transactions”	the Continuing Connected Transactions under section A.II. of this announcement
“Tiangua”	天津市天掛車輛有限公司 (Tianjin City Tiangua Vehicles Company Limited), a company established in the PRC and a 51% subsidiary of Shaanxi Zhongqi
“TMD”	TMD Friction Europe GmbH, a company incorporated in Germany, a substantial shareholder of MAST, and a connected person of the Company
“Voluntary Announcements”	the voluntary announcements of the Company dated 12 March 2008 and 25 April 2008, respectively, in respect of certain MAT Continuing Connected Transactions
“Weichai Continuing Connected Transactions”	the Continuing Connected Transactions under section A.I. of this announcement
“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 and a connected person of the Company
“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 Holdings”	濰柴控股集團有限公司 (Weichai Group Holdings Limited) (formerly known as 濰坊柴油機廠 (Weifang Diesel Engine Works)), a legal person established in the PRC, a substantial shareholder of the Company, a Promoter, and a connected person of the Company
“Weichai Holdings Juli Restructuring”	the restructuring of the assets of Weichai Holding and the group of entities concerning Shandong Juli as more particularly set out in the announcement of Shandong Juli on the Shenzhen Stock Exchange dated 8 September 2006
“Weichai Import and Export”	山東濰柴進出口有限公司 (Shandong Weichai Import and Export Co., Ltd.), a company established in the PRC wholly-owned by Weichai Holdings and a connected person of the Company
“Weifang Investment”	濰坊市投資公司 (Weifang Investment Company), a legal person established in the PRC, a State-owned enterprise
“Weichai Resources”	濰柴動力備品資源公司 (Weichai Power Reserves and Resources Company), a company established in the PRC and a wholly-owned subsidiary of the Company
“Zhejiang Tea”	浙江省茶葉進出口有限公司 (Zhejiang Tea Import & Export Co., Ltd.), the trading agent for Hangzhou Hongyuan Machinery for the relevant MAT Continuing Connected Transactions

Hong Kong, 27 November 2008

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, 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 Zhong Chang.*