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WEICHAI

**潍柴动力股份有限公司
WEICHAI POWER CO., LTD.**

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

(Stock Code: 2338)

**ANNOUNCEMENT
MAT CONTINUING CONNECTED TRANSACTIONS**

SUMMARY

The Board announces that based on unaudited financial information available, (a) sales 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, for 2008 amounted to approximately RMB145,426,000; and (b) purchases of automotive parts and components and related products amounted MAT and its subsidiaries at the relevant time (as the case may be) from Mr. Wang's associates for 2008 amounted to approximately RMB27,855,000, which exceeded their respective 2008 Annual Caps.

INTRODUCTION

Reference is made to the 2008 Announcement of the Company in respect of certain continuing connected transactions of the Company where, inter alia, the New Caps for the MAT Continuing Connected Transactions were set for the three years ending 31 December 2010. Terms and expressions defined in the 2008 Announcement shall have the same meanings when used herein.

MAT is a wholly-owned subsidiary of the Company. Mr. Wang, being a director of MAT, and his associates constitute connected persons of the Company under the Listing Rules.

A summary of the relevant MAT Continuing Connected Transactions is set out below:

Name of connected person	Name of Group Company	Connected person's relationship with the Group	Nature of the connected transaction with the Group
Mr. Wang's associates (note 1)	MAT (note 2), MAST (note 3), Meneta India (note 4) and Meneta A/S (note 5) (as the case may be)	Director of MAT	(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 (b) Purchase of automotive parts and components and related products by MAT and its subsidiaries at the relevant time (as the case may be) from Mr. Wang's associates

Notes:

1. 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 the 2008 Announcement.
2. MAT is a 75% subsidiary of the Company as at 31 December 2008 and a wholly-owned subsidiary of the Company as at the date hereof.
3. MAST is owned as to 52% by Meneta A/S, which is in turn wholly-owned by Meneta (a wholly-owned subsidiary of MAT) as at 31 December 2008 and has ceased to be a subsidiary of MAT as at the date here of.
4. Meneta India is wholly-owned by Meneta A/S, which is in turn wholly-owned by Meneta (a wholly-owned subsidiary of MAT) as at 31 December 2008 and has ceased to be a subsidiary of MAT as at the date here of.
5. Meneta A/S is wholly-owned by Meneta (a wholly-owned subsidiary of MAT) as at 31 December 2008 and has ceased to be a subsidiary of MAT as at the date here of.

As stated in the 2008 Announcement, the 2008 Annual Caps for (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; and (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, were RMB115,000,000 and RMB17,000,000, respectively. As the relevant percentage ratios in relation to the said 2008 Annual Caps did not exceed the 2.5% Threshold, they were only subject to the reporting and announcement

requirements set out in Rules 14A.45, 14A.46 and 14A.47 of the Listing Rules and the annual review requirements of Rules 14A.37 and 14A.38 of the Listing Rules, and were not subject to the approval of the Independent Shareholders.

For details of the said MAT Continuing Connected Transactions where the 2008 Annual Caps were exceeded, please refer to the section headed “A. III. MAT Continuing Connected Transactions” in the 2008 Announcement.

As disclosed in the 2008 Announcement, MAT was previously unrelated to the Company and only became a subsidiary of the Company after the completion of the Merger. MAT was a non-core business of TAGC (being the holding company of the target group that was subject to 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 did not receive the requisite information until much later when MAT conceded to the Company’s request and thereafter, in compliance with Rule 14A.41 of the Listing Rules, the Company issued two Voluntary Announcement in March 2008 and April 2008, respectively, based on the information in respect of the MAT Continuing Connected Transactions then available to the Company.

In the 2008 Announcement, the Company set the 2008 Annual Caps based on and to the extent of the information of such transactions available to be Company as at the date of the 2008 Announcement, including the actual transaction amount of the said MAT Continuing Connected Transactions for the periods (i) from 23 April 2007 (being the date of completion of the Merger) to 31 December 2007; and (ii) the five months ended 31 May 2008.

Since the issue of the 2008 Announcement, the Company had been requesting further information from MAT in relation to the MAT Continuing Connected Transactions, including the actual transaction amounts of the said transactions since 31 May 2008 in order to monitor the transaction volume of the MAT Continuing Connected Transactions within the 2008 Annual Caps. The Company had also been trying to enhance its communications with the financial personnel of MAT and seeking the opportunities to increase its control over the financial aspects of MAT and its subsidiaries, with no significant progress.

In January 2009, as disclosed in the announcement of the Company dated 17 January 2009, the Company successfully purchased the then remaining 25% equity interest in MAT from Mr. Wang (and MAT sold 100% equity interest in Meneta to Mr. Wang), after which the Company owned 100% of MAT (and Meneta, MAST, Meneta India and Meneta A/S ceased to be subsidiaries of MAT) and has since been able to gain participation in the operation and financial aspects of MAT.

It has recently come to the Company’s attention that, based on unaudited financial information available, the actual transaction amount of the said two MAT Continuing Connected Transactions for the year ended 31 December 2008 amounted to approximately RMB145,426,000 and RMB27,855,000, respectively. Such amounts have exceeded their respective 2008 Annual Caps.

REASONS FOR EXCEEDING THE 2008 ANNUAL CAPS AND LISTING RULES IMPLICATIONS

The exceeding of the 2008 Annual Caps was mainly due to the significant increase in the transaction amounts of the said MAT Continuing Connected Transactions in the second half of 2008, which was beyond the Company's expectation (based on the then available information from MAT) at the time the 2008 Annual Caps were set. The increase in the transaction amounts was due to, inter alia, (i) increase in the costs of the raw materials for the production of the automotive parts and components and related products sold and purchased by MAT and its subsidiaries at the relevant time (as the case may be) to or from Mr. Wang's associates; and (ii) GRI (being Mr. Wang's associate) increased its order for the automotive parts and components from MAT and its subsidiaries (as the case may be) in October 2008 in view of the increase in the costs of raw materials.

Based on the said actual transaction amounts of such MAT Continuing Connected Transactions for the year ended 31 December 2008, the percentage ratios do not exceed the 2.5% Threshold, and are only subject to the reporting and announcement requirements set out in Rules 14A.45, 14A.46 and 14A.47 of the Listing Rules and the annual review requirements of Rules 14A.37 and 14A.38 of the Listing Rules, and are not subject to the approval of the Independent Shareholders.

DEFINED TERMS USED IN THIS ANNOUNCEMENT

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

“2008 Announcement”	the announcement of the Company dated 27 November 2008 in respect of certain continuing connected transactions of the Company;
“2008 Annual Cap”	the annual cap set for each of (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; and (b) purchase of automotive parts and components and related products by MAT and its subsidiaries at the relevant time (as the case may be) from Mr. Wang's associates, for the year ended 31 December 2008 as set out in the 2008 Announcement; and
“Meneta”	Meneta Holding ApS, a company incorporated under the laws of Denmark, domiciled at Kirkegyden 52, 5270 Odense N. Denmark

Hong Kong, 24 April 2009

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 Ms. Zhang Fusheng, Mr. Liu Huisheng, Mr. Yao Yu, Mr. Yeung Sai Hong, Mr. Chen Xuejian, Mr. Li San Yim, Mr. Julius G. Kiss, Ms. Han Xiaoqun, 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.