



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)

**VERY SUBSTANTIAL ACQUISITION INVOLVING
A MERGER BY ABSORPTION OF TAGC
AND
CONTINUING CONNECTED TRANSACTIONS
ANNOUNCEMENT
NOTIFICATION TO CREDITORS**

SUMMARY

The Board announces that, for the implementation of the Merger Proposal, each of the Company and TAGC will issue a notification to creditors in respect of their Creditor's Repayment Right in the PRC on 24 January 2007 in accordance with the PRC laws and regulations.

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

Reference is made to the section headed "I. The Merger — 12. Creditors' right as a result of the Merger Proposal" in the "Letter from the Board" contained in the circular (the "**Circular**") of the Company dated 12 November 2006, which states that under the PRC Company Law, in the case of a merger by absorption concerning a PRC established company and that the merger has been approved by the relevant shareholders' meetings, each of the surviving company (in this case, Weichai Power) and the company being absorbed (in this case, TAGC) will need to notify the respective creditors of each such company of their Creditor's Repayment Right subject to certain conditions. Terms and expressions defined in the Circular shall have the same meanings when used herein.

As stated in the Circular, the Company and TAGC had made arrangements with certain of their creditors, who had agreed not to exercise their respective Creditor's Repayment Right, and that the Directors were confident that with Weichai Power's cash in hand and undrawn banking facilities, which was significantly higher than the combined Unsupported Weichai Power Liabilities and the Unsupported TAGC Liabilities, any exercise of the Creditor's Repayment Right could be satisfactorily resolved and met.

The Board is pleased to announce that according to the 《商務部關於同意濰柴動力股份有限公司吸收合併湘火炬汽車集團股份有限公司的原則批複》[商資批(2007)87號] ("The Ministry of Commerce's Principal Approval regarding the Merger by Absorption of Weichai Power Co., Ltd. and Torch Automobile Group Co., Ltd." (Shangzipi (2007) No. 87)) issued by the MOC on the date of this announcement, the MOC has in principle approved the Merger Proposal. Accordingly, each of the Company and TAGC will, for the implementation of the Merger Proposal, issue the said notification to creditors in respect of their Creditor's Repayment Right in the PRC on 24 January 2007 in accordance with the PRC laws and regulations.

For details of the Company's notification to creditors, please refer to 《證券時報》(Securities Times). For details of TAGC's notification to creditors, please refer to the website of the Shenzhen Stock Exchange at www.szse.cn and the website of 巨潮資訊 (Juchao Information) at www.cninfo.com.cn.

Hong Kong, 23 January 2007

By order of the Board
Tan Xuguang
Chairman and CEO

As at the date of this announcement, the executive Directors of the Company are Mr. Tan Xuguang, Mr. Xu Xinyu, Mr. Sun Shaojun and Mr. Zhang Quan; the non-executive Directors of the Company are Mr. Yeung Sai Hong, Mr. Yao Yu, Mr. Li San Yim, Mr. Liu Huisheng, Ms. Zhang Fusheng, Mr. Julius G. Kiss, Ms. Han Xiaoqun and Mr. Chen Xue Jian; and the independent non-executive Directors of the Company are Mr. Zhang Xiaoyu, Mr. Koo Fook Sun, Louis and Mr. Fang Zhong Chang.