

WEICHAI POWER<02338> – Results Announcement

Weichai Power Co., Limited announced on 24/08/2004:

(stock code: 02338 )

Year end date: 31/12/2004

Currency: RMB

Auditors' Report: N/A

Interim report reviewed by: Both Audit Committee and Auditors

	(Unaudited )	(Unaudited )
	Current	Last
	Period	Corresponding
	from 01/01/2004	Period
	to 30/06/2004	from 01/01/2003
	to 30/06/2003	
Note	( ' 000 )	( ' 000 )
Turnover	: 2, 801, 788	1, 743, 858
Profit/(Loss) from Operations	: 388, 215	213, 439
Finance cost	: (31, 296)	(9, 486)
Share of Profit/(Loss) of		
Associates	: N/A	N/A
Share of Profit/(Loss) of		
Jointly Controlled Entities	: N/A	N/A
Profit/(Loss) after Tax & MI	: 248, 599	122, 807
% Change over Last Period	: +102.4 %	
EPS/(LPS)–Basic (in dollars)	: 0. 87	0. 57
–Diluted (in dollars)	: N/A	N/A
Extraordinary (ETD) Gain/(Loss)	: N/A	N/A
Profit/(Loss) after ETD Items	: 248, 599	122, 807
Interim Dividend	: RMB0. 15	RMB0. 095
per Share		
(Specify if with other	: N/A	N/A
options)		
B/C Dates for		
Interim Dividend	: 10/09/2004	to 14/09/2004bdi.
Payable Date	: 30/09/2004	
B/C Dates for (–)		
General Meeting	: N/A	
Other Distribution for	: N/A	
Current Period		
B/C Dates for Other		
Distribution	: N/A	

Remarks:

## 1. Basis of Preparation

The Company was incorporated on 23rd December, 2002 as a joint stock limited company with limited liability in the People's Republic of China (the "PRC").

The H shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 11th March, 2004.

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and with Statement of Standard Accounting Practice No.25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants.

## 2. Principal Accounting Policies

The condensed financial statements have been prepared under the historical cost convention.

The accounting policies adopted are consistent with those followed in the preparation of the Company's Accountants' Report as set out in Appendix I to the prospectus of the Company dated 26th February, 2004.

## 3. Finance Costs

During the period, the finance costs represent interest expenses on bank borrowings wholly repayable within five years.

## 4. Income Tax Expense

	Six months ended	
	30. 6. 2004	30. 6. 2003
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
The PRC income tax	137, 706	81, 146
Reinvestment tax credit	(29, 386)	—
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	108, 320	81, 146

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PRC income tax was calculated at the statutory income tax rate of 33% (six months ended 30th June, 2003: 33%) of the assessable profit except that the Company's Chongqing branch is taxed at a preferential rate of 15% pursuant to the relevant laws and regulations in the PRC.

During the period ended 30th June, 2004, the Company established a branch in Hong Kong which is subject to Hong Kong Profits Tax at 17.5% on its estimated assessable profit. No provision for Hong Kong Profits Tax has been made as the branch had no assessable profit for the period.

Pursuant to notice dated 14th January, 2000 issued jointly by the Ministry of Finance and the State Tax Bureau, which was also subsequently confirmed by the Weifang Municipal Tax Bureau, the Company, being a joint stock limited company, is entitled to a tax benefit ('Tax Benefit'), which is calculated as 40% of the current year's additions of PRC produced plant and equipment for production use. The Tax Benefit is, however, limited to the amount of increase in enterprise income tax for the current year in which the plant and equipment are acquired as compared with the tax amount of the preceding year. The portion of the Tax Benefit that is not utilised can be carried forward for future application for a period of not more than five years from the year in which the plant and equipment are acquired.

#### 5. Interim Dividend

The Directors have determined that an interim dividend of RMB 0.15 per share (2003: RMB 0.095 per share) should be paid to the shareholders of the Company whose names appear in the Register of Members on 14th September, 2004.

#### 6. Basic Earnings Per Share

The calculation of basic earnings per share is based on the net profit for the period of approximately RMB248,599,000 (six months ended 30th June, 2003: RMB 122,807,000) and on the weighted average number of 285,769,231 (six months ended 30th June, 2003: 215,000,000) ordinary shares in issue during the period.