

WEICHAI POWER<02338> – Results Announcement

Weichai Power Co., Limited announced on 19/04/2006:

(stock code: 02338)

Year end date: 31/12/2005

Currency: RMB

Auditors' Report: Unqualified

		(Audited and restated)
	(Audited)	Last
	Current	Corresponding
	Period	Period
	from 01/01/2005	from 01/01/2004
	to 31/12/2005	to 31/12/2004
	Note (' 000)	(' 000)
Turnover	: 5, 250, 735	6, 155, 779
Profit/(Loss) from Operations	: 453, 580	791, 897
Finance cost	: (42, 978)	(53, 159)
Share of Profit/(Loss) of		
Associates	: 941	N/A
Share of Profit/(Loss) of		
Jointly Controlled Entities	: N/A	N/A
Profit/(Loss) after Tax & MI	: 315, 203	533, 254
% Change over Last Period	: -40.9 %	
EPS/(LPS)-Basic (in dollars)	: 0.96	1.73
-Diluted (in dollars)	: N/A	N/A
Extraordinary (ETD) Gain/(Loss)	: N/A	N/A
Profit/(Loss) after ETD Items	: 315, 203	533, 254
Final Dividend	: RMB0.165	RMB0.15
per Share		
(Specify if with other	: N/A	N/A
options)		
B/C Dates for		
Final Dividend	: 30/05/2006	to 30/06/2006 bdi.
Payable Date	: 24/07/2006	
B/C Dates for Annual		
General Meeting	: 30/05/2006	to 30/06/2006 bdi.
Other Distribution for	: N/A	
Current Period		
B/C Dates for Other		
Distribution	: N/A	

Remarks:

1. GENERAL

The Company was incorporated as a joint stock limited company with limited liability in the People's Republic of China (the "PRC") and its H shares are listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 11th March, 2004. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section in the annual report.

The financial statements are presented in Renminbi, which is the functional currency of the Company.

The principal activities of the Company are the manufacture and sale of diesel engines and related parts.

2. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES

The effects of the changes in the accounting policies described above on the results for the current and prior years are as follows:

	2005	2004
	RMB' 000	RMB' 000
Increase in administrative expenses in respect of listing expenses	-	(5,626)
Increase in finance costs in respect of imputed interest on an amount due to a related party	(12,135)	-
Decrease in profit for the year	(12,135)	(5,626)
	=====	=====

The cumulative effects of the application of the new HKFRSs on 31st December, 2004 and 1st January, 2005 are summarised below:

As at		As at		As at
31.12.2004		31.12.2004		1.1.2005
(originally stated)	Adjustments	(restated)	Adjustments	(restated)
RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000

Balance sheet items

Impact of HKAS 17:

Property, plant and equipment				
974,980	(63,047)	911,933	-	911,933
Prepaid lease payments - non-current portion				
-	61,769	61,769	-	61,769
Prepaid lease payments - current portion				
-	1,278	1,278	-	1,278

Impact of HKAS 32 and HKAS 39:

Investment securities				
20,000	-	20,000	(20,000)	-
Available-for-sale investments				
-	-	-	20,000	20,000
Amount due to a related party - due within one year				
(90,525)	-	(90,525)	11,099	(79,426)
Amount due to a related party - due after one year				
(202,226)	-	(202,226)	19,508	(182,718)

Total effects on assets and liabilities				
702,229	-	702,229	30,607	732,836
=====	=====	=====	=====	=====

Share premium				
1,100,416	5,626	1,106,042	-	1,106,042
Capital reserve				
-	-	-	30,607	30,607
Retained profits				
604,314	(5,626)	598,688	-	598,688

Total effects on equity				
1,704,730	-	1,704,730	30,607	1,735,337
=====	=====	=====	=====	=====

The group has not early applied the following new standards and interpretations that have been issued but are not yet effective. The Directors of the Company anticipate that the application of these Standards or Interpretations will have no material impact on the financial statements of the Group.

HKAS 1 (Amendment)	Capital disclosures ¹
HKAS 19 (Amendment)	Actuarial gains and losses, group plans and disclosures ²
HKAS 21 (Amendment)	Net investment in a foreign operation ²
HKAS 39 (Amendment)	Cash flow hedge accounting of forecast intragroup transactions ²
HKAS 39 (Amendment)	The fair value option ²
HKAS 39 & HKFRS 4 (Amendments)	Financial guarantee contracts ²
HKFRS 6	Exploration for and evaluation of mineral resources ²
HKFRS 7	Financial instruments: Disclosures ¹
HK(IFRIC) – INT 4	Determining whether an arrangement contains a lease ²
HK(IFRIC) – INT 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds ²
HK(IFRIC) – INT 6	Liabilities arising from participating in a specific market– waste electrical and electronic equipment ³
HK(IFRIC) – INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ⁴

1 Effective for annual periods beginning on or after 1st January, 2007.

2 Effective for annual periods beginning on or after 1st January, 2006.

3 Effective for annual periods beginning on or after 1st December, 2005.

4 Effective for annual periods beginning on or after 1st March, 2006.

3. INCOME TAX EXPENSE

	2005 RMB' 000	2004 RMB' 000
PRC Enterprise Income Tax:		
Current year	106,379	269,371
Overprovision in prior year	(203)	(240)
Tax credit	(10,407)	(63,647)
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	95,769	205,484
Deferred tax	(1,850)	<hr/>
	<hr/>	<hr/>
	93,919	205,484

PRC Enterprise Income Tax is calculated at the statutory income tax rate of 33% (2004: 33%) of the assessable profit of the Group, except on assessable profit derived from the production in the high technology development zone, which is taxed at a preferential rate of 15% since current financial year pursuant to the Notice of Ministry of Finance and the State Administration of Taxation concerning certain preferential policies on enterprise income tax and the Notice of the State Administration of Taxation concerning proper implementation of the continuing administrative work after the cancellation delegation of the examination and approval procedure for enterprise income tax.

Pursuant to the notice issued by Jiang Jing Municipal Tax Bureau, the Company's Chongqing branch is also subject to PRC Enterprise Income Tax at a preferential rate of 15% (2004:15%).

The Company's Hong Kong branch is subject to Hong Kong Profits Tax at 17.5% (2004: 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 year.

Pursuant to the notices issued by Weifang Municipal Tax Bureau and Chongqing Municipal Tax Bureau, the Group is entitled to a total income tax credit of approximately RMB10,407,000 (2004: RMB63,647,000) in respect of eligible additions of domestic machinery and equipment for production use.

The tax charge for the year can be reconciled to the profit before tax per the income statement as follows:

	2005	2004
	RMB' 000	RMB' 000
Profit before tax	410,602	738,738
	=====	=====
Tax at PRC Enterprise Income Tax rate of 33% (2004: 33%)	135,499	243,784
Tax effect of share of results of an associate	(311)	
Tax effect of expenses not deductible for tax purpose	11,310	41,556
Tax effect of concessionary tax rate for the Company's operation in high technology development zone	(26,803)	-
Effect of different tax rate for the Company's		

Chongqing branch	(15,166)	(15,969)
Overprovision in prior year	(203)	(240)
Tax credit	(10,407)	(63,647)
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	93,919	205,484
	=====	=====

4. FINAL DIVIDEND

A final dividend of RMB0.165 for the year ended 31st December, 2005 (2004: RMB0.15) per share has been proposed by the board of directors of the Company and is subject to approval by the shareholders in the annual general meeting to be held on 30th June, 2006.

5. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year attributable to equity holders of parent of approximately RMB315,203,000 (2004: RMB533,254,000 as restated) and on the number of 330,000,000 (2004: average number of 308,005,000) ordinary shares in issue during the year.

The following table summarises the impact on basic earnings per share as a result of:

	Impact on basic earnings per share	
	2005	2004
	RMB' 000	RMB' 000
Reported figures before adjustments	1.00	1.75
Adjustments arising from the changes in accounting policies	(0.04)	(0.02)
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Restated	0.96	1.73
	=====	=====