

WEICHAI POWER<02338> – Results Announcement

Weichai Power Co., Limited announced on 31/08/2006:

(stock code: 02338 )

Year end date: 31/12/2006

Currency: RMB

Auditors' Report: N/A

Interim report reviewed by: Both Audit Committee and Auditors

		(Unaudited ) Last Corresponding Period from 01/01/2006 to 30/06/2006 ( ' 000 )	(Unaudited ) Last Corresponding Period from 01/01/2005 to 30/06/2005 ( ' 000 )
Turnover	Note : 3, 493, 590		3, 228, 268
Profit/(Loss) from Operations	: 402, 316		408, 596
Finance cost	: (27, 823)		(15, 438)
Share of Profit/(Loss) of Associates	: 16, 523		N/A
Share of Profit/(Loss) of Jointly Controlled Entities	: N/A		N/A
Profit/(Loss) after Tax & MI	: 318, 742		250, 223
% Change over Last Period	: +27.38 %		
EPS/(LPS)–Basic (in dollars)	: 0.97		0.76
–Diluted (in dollars)	: N/A		N/A
Extraordinary (ETD) Gain/(Loss)	: N/A		N/A
Profit/(Loss) after ETD Items	: 318, 742		250, 223
Interim Dividend per Share	: RMB 0.20		RMB 0.165
(Specify if with other options)	: N/A		N/A
B/C Dates for Interim Dividend	: 18/09/2006		to 22/09/2006 bdi.
Payable Date	: 13/10/2006		
B/C Dates for (–) General Meeting	: N/A		
Other Distribution for Current Period	: N/A		
B/C Dates for Other Distribution	: N/A		

Remarks:

## GENERAL

Weichai Power Co., Ltd. (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 principal activities of the Company are the manufacture and sale of diesel engines and related parts.

The H shares of the Company were listed on The Stock Exchange of Hong Kong Limited with effect from 11th March, 2004.

## PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31st December, 2005.

In the current period, the Group has applied, for the first time, a number of new standards, amendments and interpretations issued by the HKICPA (hereinafter collectively referred to as "new HKFRS(s)") that are effective for accounting periods beginning on or after 1st December, 2005 or 1st January, 2006. The adoption of the new HKFRSs has had no material effect on how the results for the current or prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not applied the following new standards, amendments and interpretations that have been issued but are not yet effective. The Directors of the Company anticipate that the application of these standards, amendments and interpretations will have no material impact to the results and financial positions of the Group.

HKAS 1 (Amendment)	Capital Disclosures <sup>1</sup>
HKFRS 7	Financial Instruments: Disclosures <sup>1</sup>
HK(IFRIC) – INT 7	Applying the Restatement

	Approach under HKAS29
	"Financial Reporting in Hyperinflationary Economies" <sup>2</sup>
HK(IFRIC) – INT 8	Scope of HKFRS 2 "Share-based Payment" <sup>3</sup>
HK(IFRIC) – INT 9	Reassessment of embedded derivatives <sup>4</sup>

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

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

3 Effective for annual periods beginning on or after 1st May, 2006.

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

#### INCOME TAX EXPENSE

	Six months ended	
	30. 6. 2006	30. 6. 2005
	_____	_____
	RMB' 000	RMB' 000
	(unaudited)	(unaudited)
PRC Enterprise Income Tax	72, 414	142, 935
Deferred tax	(2, 063)	–
	_____	_____
	70, 351	142, 935
	=====	=====

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, the Group's PRC Enterprise Income Tax is calculated at the statutory income tax rate of 33% (2005: 33%) of its assessable profit, except that assessable profit derived from the production in the high technology development zone is taxed at a preferential rate of 15% (2005: 15%).

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% (2005: 15%).

The Company's Hong Kong branch is subject to Hong Kong Profits Tax at 17.5% (2005: 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.

There was no significant unprovided deferred taxation during the period or at the balance sheet date.

#### DIVIDEND

In June 2006, a dividend of RMB0.165 per share amounting to RMB54,450,000 was approved to be paid to shareholders as the final dividend for 2005.

In June 2005, a dividend of RMB0.15 per share amounting to RMB49,500,000 was paid to shareholders as the final dividend for 2004.

The Directors have determined that an interim dividend of RMB0.20 (six months ended 30th June, 2005: RMB0.165) per share should be paid to the shareholders of the Company whose names appear in the Register of Members on 22nd September, 2006.

#### BASIC EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the period attributable to equity holders of parent of approximately RMB318,742,000 (six months ended 30th June, 2005: RMB250,223,000) and on the number of 330,000,000 (six months ended 30th June, 2005: 330,000,000) ordinary shares in issue during the period.