



濰柴動力股份有限公司
WEICHA POWER CO., LTD.

Stock code: 2338



2005 Interim Results Announcement

August 29, 2005

Agenda



潍柴動力股份有限公司
WEICHA POWER CO., LTD.

- ❁ **2005 Interim Financial Highlights**
- ❁ **Business Review**
- ❁ **Future Outlook**
- ❁ **Q&A session**



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2005 Interim Financial Highlights



2005 1H Financial Highlights

- **Turnover grew by 15.2% to RMB3.23 billion**
- **Gross profit reached RMB748 million, a 21.1% Y-o-Y growth and gross profit margin at 23.2%**
- **Net profit was RMB250 million, an increase of 3% Y-o-Y**
- **Continued to expand customer base and strengthen our leading position and market shares of the major products**
- **Diesel engines sales grew 7% Y-o-Y, from 64,130 units in 2004 1H to 68,646 units in 2005 1H**
- **The Board of Directors recommended an interim dividend of RMB 0.165 per share**



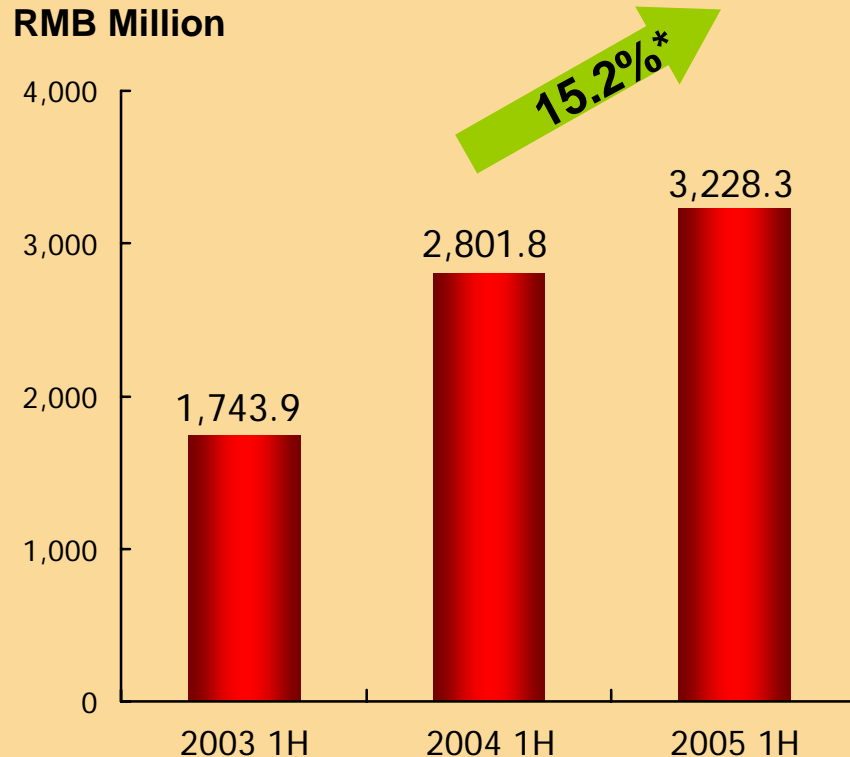
2005 1H Financial Highlights

Unit: RMB '000
(except EPS)

	2005 1H	2004 1H	Change %
Turnover	3,228,268	2,801,788	+ 15.2
Gross Profit	747,607	617,207	+ 21.1
Operating Profit	408,596	382,589	+ 6.8
Net Profit	250,223	242,973	+ 3.0
EPS (RMB)	0.76	0.85	N/A



Steady Turnover Growth



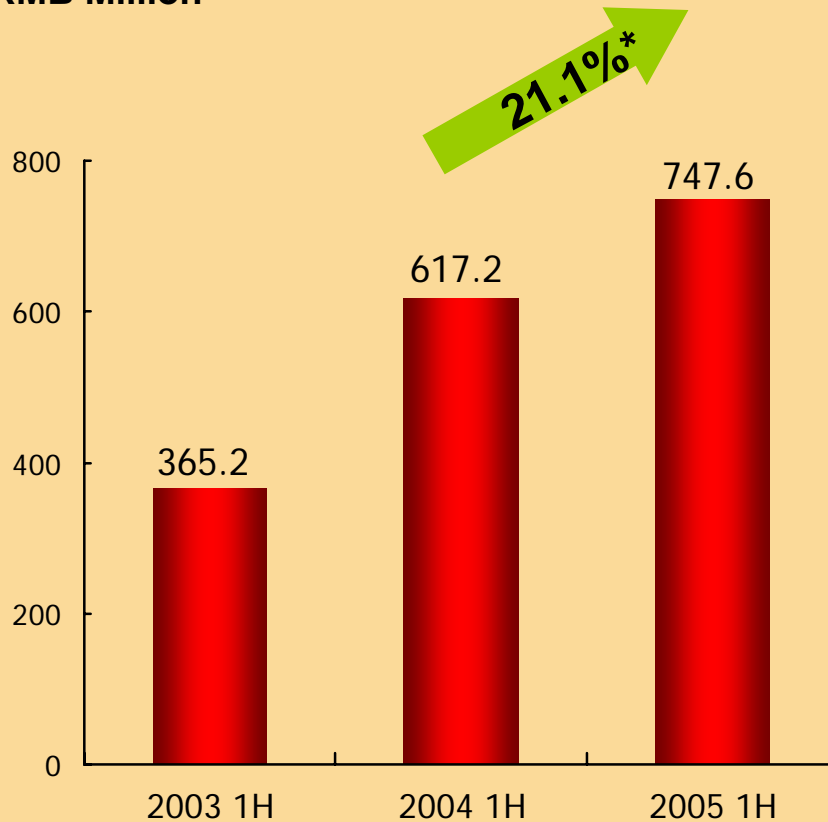
- turnover growth driven by the diesel engines sales for heavy-duty trucks and construction machines, representing approx. 56.3% and 28.5% of total turnover respectively
- Sales of engine parts were approx. 10.9% of total turnover

* 2004 1H - 2005 1H % growth



Solid Gross Profit Growth

RMB Million



- Increase in sales of heavy-duty truck diesel engines contributed to gross profit growth
- Gross profit margin slightly increased from 22% in 2004 1H to approx. 23.2% in 2005 1H
- Truck-use diesel engines commands higher margin

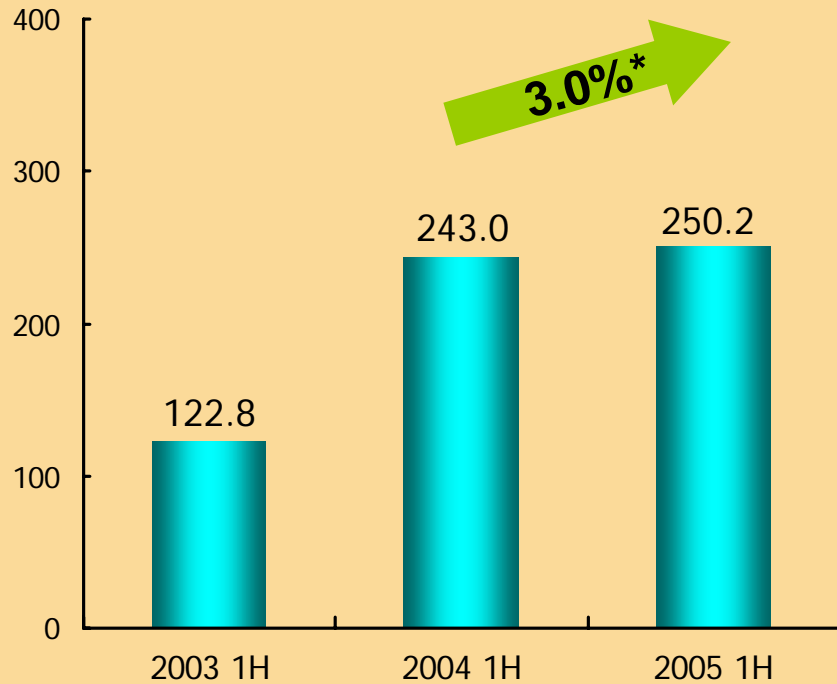
* 2004 1H - 2005 1H % growth



Profit Performance

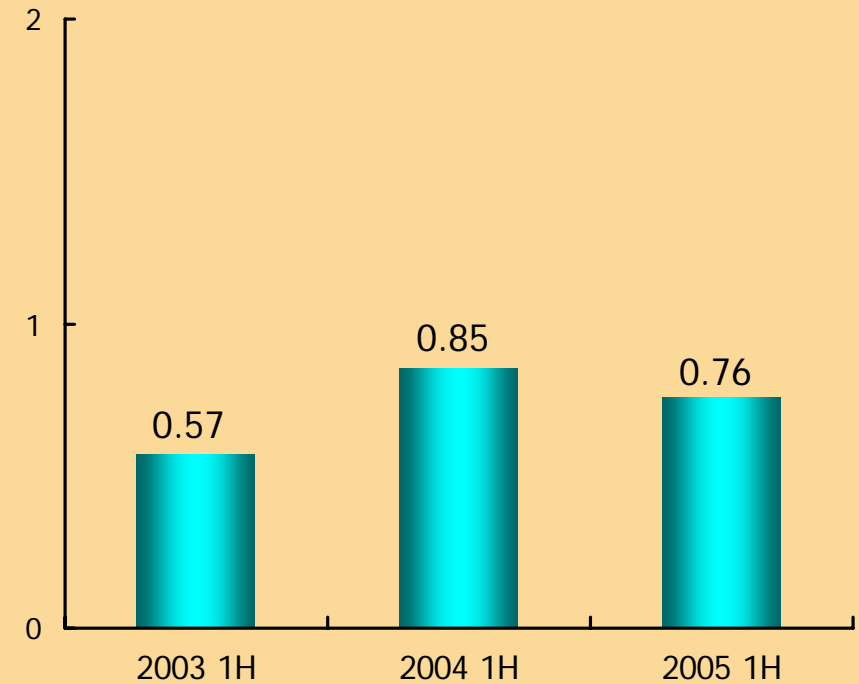
RMB Million

Net Profit



RMB

EPS



* 2004 1H- 2005 1H % comparison



Other Financial Highlights

<i>RMB '000</i>	2005 1H	2004 1H
Net Assets	2,388,051	1,915,940
Gross Profit Margin	23.2%	22.0%
Current Ratio (times)	1.27	1.37
Trade Debtors (Days)	45	91
Inventory Turnover (Days)	56	17



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Business Review



Market Shares

Heavy-duty vehicles Market *



**Market share of Weichai
Power reaches 80%**

* With a load capacity of 15 tonnes (and above)

Construction machines Market *



**Market share of Weichai
Power reaches 78%**

* With a load capacity of 5 tonnes (and above)

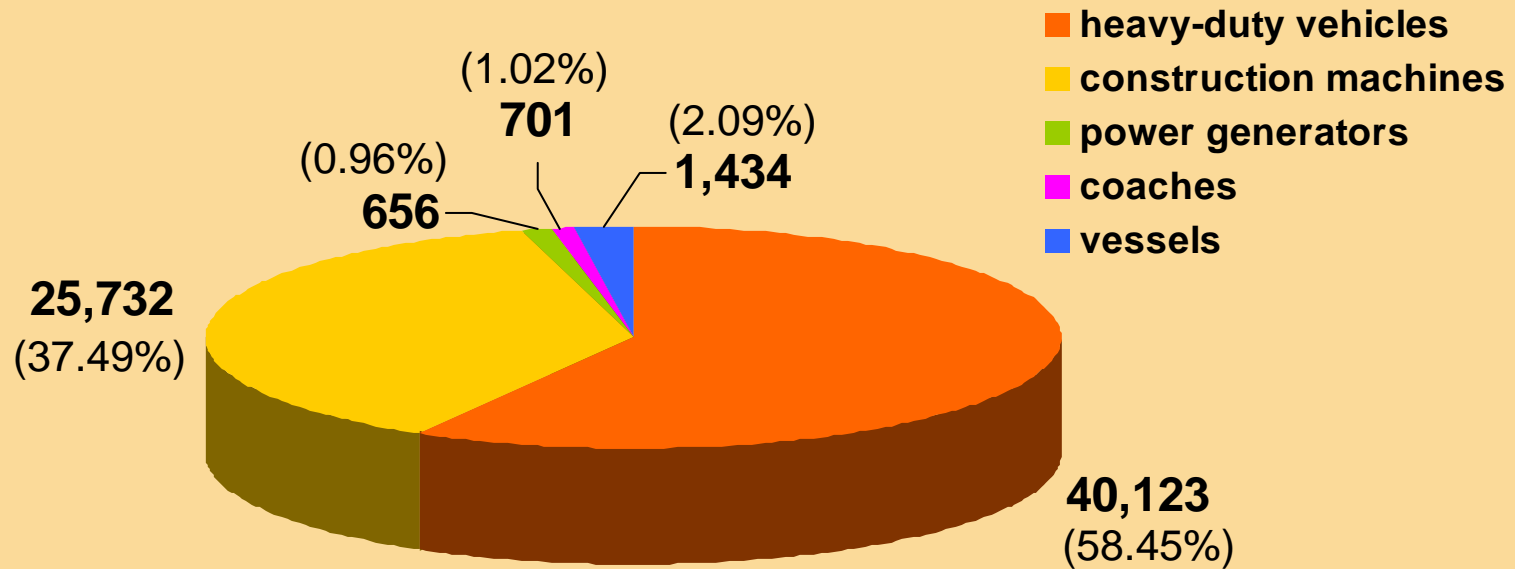
Weichai Power maintains strong market leadership



Sales of key products

2005 1H diesel engines sales reached 68, 646 units

Sales volume by products (units)





Government Policy Support

- **Since June 2004, the country began implementing strict overloading restrictions and a series of new policy measures were subsequently introduced in 2005**
- **On June 7, 2005, China's State Environmental Protection Administration (SEPA) announced new emission standards for heavy-duty diesel engines**
- **The Company is entitled to a reduced tax rate of 15% in respect of the assessable profit arised from its new production facilities at Weifang State Industrial Park**



Research & Development

- **Successfully invented Euro III diesel engine with 10-12 litre displacement meeting or exceeding international Euro III standards**
- **Production line of Euro III engines with an initial capacity of 30,000 units is ready to accept orders to meet market demand. Further operational testing already completed in 2005 Q2; durability tests and whole car installation commenced recently**
- **The Company will focus on the research and development on new generation of diesel engines with Euro IV emission standards compliance to be completed before 2008 ahead of government timetable**



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Future Plan & Outlook



Progress of Hangqi Acquisition

- **Due to ongoing restructuring of China Heavy Duty Truck Group, the valuation work on the assets of Hangzhou Motor Engines Factory is still in progress and takes longer than expected**
- **The Company is confident of completing the transaction by end 2005 according to the framework agreement**
- **Production capacity of Hangqi in 2004 is over 20,000 units. The Company will help boost Hangqi production capacity to 40,000 units annually**
- **Will increase Company's share by 5 to 10% in the heavy-duty truck market 15 tonnes (or above)**



Market Forecast

- **The heavy-duty vehicle market is still challenging. However, future growth is promising supported by robust economic growth and favorable government policies**
- **The construction machinery industry is in stable development. Growth is expected when big infrastructural projects are in full swing**
- **Public transport, highway passenger transport, and tourism market drive demand for coaches. During the first half of 2005, despite the 5.71% decrease in the coach industry, the large coach business increased 19.4% with further growth potential**



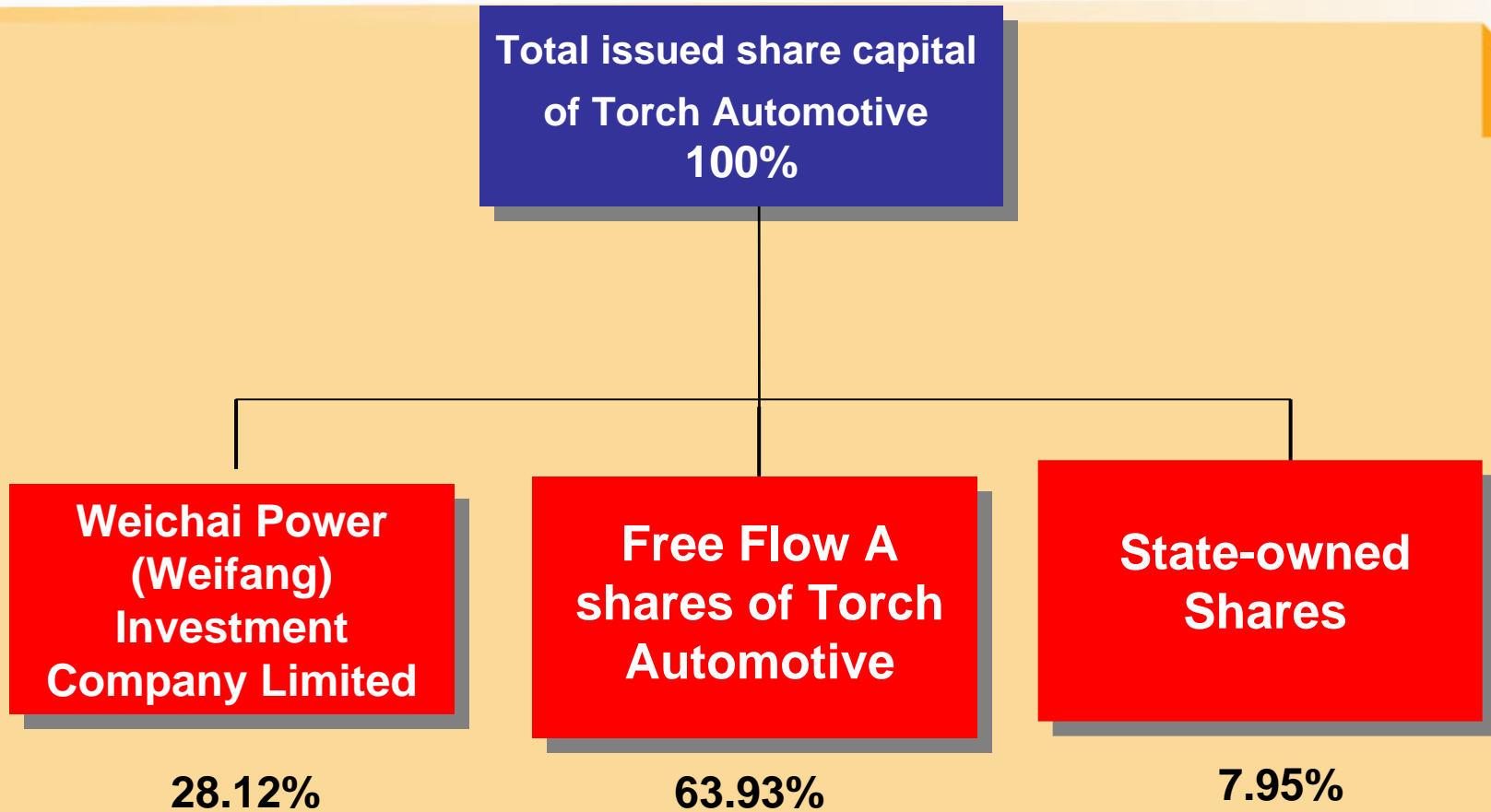
Acquisition of Torch Automotive

Transaction Summary

- Through its 45%-owned associated company Weichai Power (Weifang) Investment Company Limited, the Company acquired a 28.12% stake in Torch Automotive and its loans for a total consideration of RMB1.02 billion
- Torch Automotive is a Shenzhen-listed company (code: 000549.SZ)
- The transaction is expected to complete before December 31st, 2005
- Weichai Power Investment will become the single largest shareholder of Torch Automotive upon the completion of the transaction



Shareholding Structure of Torch Automotive



About Torch Automotive

(Shenzhen Stock Exchange: 000549)



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■ Key Businesses

- Engages in the manufacture and sales of vehicle and parts products including heavy-duty trucks, high power light-style cross country vehicles, heavy-duty gear-boxes, spark plugs, piston pins, etc.

■ Production Capacity

- Annual production capacity for heavy-duty trucks reaches 40,000 units, 200,000 gear-boxes, 60 million spark plugs and 10 million piston pins.

■ Key Financials (ended June 30, 2005)

- operating profit of RMB440 million, a 34.29% Y-o-Y increase
- Net profit of RMB210 million, up 169.92% Y-o-Y
- Earnings per share was RMB0.22, up 175% Y-o-Y
- Net asset yield reached 12.10%, a 6.53% increase Y-o-Y



Synergetic Effects of Acquisition

Complement both companies' heavy-duty products and strengthen their leading market positions

Strengthen cooperation with Shaanxi Zhongqi which Torch Automotive owns 51% interests

Enhance Weichai Power's presence in the A-share market and engage into automobile parts manufacturing, procurement and sales on an international level



Summary

- **The heavy-duty high-speed diesel engine market in China will remain competitive and challenging though it is still full of opportunities**
- **the Company will seek further to explore related business for acquisition and further broaden our customers and consolidate our business**
- **Explore potential business opportunities and synergies with Torch Auto which will contribute positively to the future development of the Company**
- **Focus on the research and development of the new generation of diesel engines meeting Euro IV emission standards**



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Questions & Answers