



WEICHAI
潍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)

NOTICE OF 2003 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “**Annual General Meeting**”) of Weichai Power Co., Ltd. (the “**Company**”) for the year ended 31st December, 2003 will be held at the Company's Conference Room at 26 Minsheng East Street, Weifang, Shandong Province, the People's Republic of China (the “**PRC**”) on Tuesday, 29 June 2004 at 10:00 a.m. for the purposes of considering, approving and authorising the following matters:

AS ORDINARY RESOLUTIONS:

1. To consider and approve the Report of the Board of Directors of the Company for the year 2003.
2. To consider and approve the Report of the Supervisory Committee of the Company for the year 2003.
3. To receive and adopt the information concerning the results and state of affairs of the Company for the year ended 31 December 2003 as set out in the accountants' reports contained in appendix 1 to the prospectus issued by the Company on 26 February 2004 as the financial statements of the Company for the year ended 31 December 2003.
4. To consider and approve the application to be made by the Company to the relevant government authority in the PRC for converting the Company into a Sino-foreign investment joint stock limited company.
5. To consider and approve the re-appointment of 山東正源和信有限責任會計師事務所 (Shandong Zhengyuanhexin Accountants Limited) as the PRC auditors of the Company and to authorize the Board of Directors to determine their remuneration (and, for the purpose of this resolution, “PRC” means the People's Republic of China, but excluding Hong Kong).
6. To consider and approve the re-appointment of Deloitte Touche Tohmatsu as the non-PRC auditors of the Company and to authorize the Board of Directors to determine their remuneration (and, for the purpose of this resolution, “PRC” means the People's Republic of China, but excluding Hong Kong).
7. To consider and approve the re-appointment of 張小虞 (Zhang Xiaoyu) as an independent non-executive Director of the Company and determine his remuneration.
8. To consider and approve the re-appointment of 顧福身 (Koo Fook Sun, Louis) as an independent non-executive Director of the Company and determine his remuneration.
9. To consider and approve the resignation of 劉征 (Liu Zheng) as a non-executive Director of the Company and the appointment of 陳學儉 (Chen Xue Jian) as a non-executive Director of the Company and determine his remuneration.

AS SPECIAL RESOLUTIONS:

10. As special business, to consider and approve the following resolution as special resolution:

“(a) THAT the first sentence of Article 24 of the Articles of Association of the Company be deleted in its entirety and replaced by the following:

“24. Upon the listing of the Company on the Stock Exchange, the registered capital of the Company is RMB330,000,000, comprising 330,000,000 shares of par value of RMB1.00 each, of which 126,500,000 shares are overseas listed foreign shares.”; and

(b) the Board of Directors of the Company be and is hereby authorised to attend to the relevant business registration procedures for effecting the aforesaid change in registered capital; and the Board of Directors be and is hereby authorised to attend to other matters relevant to the aforesaid change as permitted under the laws, regulations and the Articles of Association of the Company”.
11. As special business and as a special resolution, to consider and approve the following amendments to the Articles of Association of the Company:

“(a) THAT the first paragraph of Article 10 of the Articles of Association of the Company be deleted in its entirety, and replaced by the following:

“The Company may invest in other limited liability companies, joint stock limited companies and other organisations or units which are permitted to accept investments under relevant laws, and shall assume liability to the extent of the Company's capital contributions thereto. The Company may also enter into other agreements under which the Company will agree to assume liability in respect of the aforesaid companies, organisations and units in other respects.”;

(b) THAT the first sentence of the second sub-paragraph of Article 50(5) of the Articles of Association of the Company be deleted, and replaced by the following:

“shall be entitled to inspect and, upon payment of a reasonable fee, receive copies of.”;

(c) THAT Article 72 of the Articles of Association of the Company be amended by inserting the following after the words “every share shall have one vote” in that Article:

“Where any shareholder is, under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted for the purpose of determining whether such resolution is passed as a resolution with the requisite majority or votes.”;

(d) THAT the first paragraph of Article 93 of the Articles of Association of the Company be deleted in its entirety, and replaced by the following:

“The Company shall establish a Board of Directors, and the Board of Directors shall comprise not more than 15 directors, of which one of them shall be the Chairman, and not less than two of them shall be independent non-executive Directors (each being a Director who is independent from the Company's shareholders and is not under the employ of the Company).”;

(e) THAT the second paragraph of Article 94 of the Articles of Association of the Company be deleted in its entirety, and replaced by the following:

“The minimum length of the period, during which the written notice to the Company of the intention to propose a person for election as a Director and during which the written notice to the Company by such person of his willingness to be elected may be given, shall be at least 7 days. The period for lodgement of the aforesaid notices shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.”;

(f) THAT Article 100(2) of the Articles of Association of the Company be deleted in its entirety, and replaced by the following:

“examine and rectify the implementation of the resolutions of the Board of Directors.”;

(g) THAT sub-paragraph number (5) of Article 100 of the Articles of Association of the Company be renumbered as sub-paragraph“(6)”;

- (h) THAT Article 100 of the Articles of Association of the Company be amended by inserting the following as sub-paragraph (5):

“(5) to nominate the general manager of the Company for the consideration of the Board of Directors of the Company.”;

- (i) THAT the first paragraph of Article 113 of the Articles of Association of the Company be deleted in its entirety, and replaced by the following:

“Article 113 The Company shall establish the position(s) of general manager, who shall be employed and dismissed by the Board of Directors; the Company shall also establish the position(s) of deputy general manager and financial controller(s) whose appointment shall be nominated by a general manager and employed and dismissed by the Board of Directors. The period of engagement of any general manager, deputy general manager and financial controller shall co-terminate with that of the Board of Directors. Any general manager, deputy general manager and financial controller shall have such professional ethics and standards that commensurate his position.”;

- (j) THAT Article 135 of the Articles of Association of the Company be deleted in its entirety, and replaced by the following:

“Article 135 Any director, supervisor, general manager or other senior management officer of the Company who is, whether directly or indirectly, materially interested in a contract, transaction, or arrangement, or a proposed contract, transaction or arrangement (excluding the employment contracts between the Company and its directors, supervisors, general managers and other senior management officers), shall promptly disclose the nature and extent of his interest to the Board of Directors, whether or not the relevant matters require the approval of the Board of Directors under normal circumstances.

Unless the interested director, supervisor, general manager or other senior management officer has made the relevant disclosure to the Board of Directors in accordance with the first paragraph of this Article, and the Board of Directors has approved the relevant matter at a meeting at which the relevant director, supervisor, general manager or other senior management officer has not been counted in the quorum nor has he voted, the Company shall be entitled to revoke the relevant contract, transaction or arrangement, except where the counterparty, in good faith, is not aware of the breach by the relevant director, supervisor, general manager or other senior management officer of his obligation.

In the event that a connected person (including, but not limited to, an associate of a director) of a director, supervisor, general manager or other senior management officer of the Company is interested in a contract, transaction or arrangement (including an arrangement relating to staff), the relevant director, supervisor, general manager or other senior management officer shall also be deemed to be materially interested.

A director shall not vote nor shall he be counted in the quorum present at the relevant meeting of the Board of Directors in respect of any contract, arrangement or any other proposal in which he or any of his associate has a material interest.

“Associate” in this Article shall have the meaning set out in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time).”.

12. As special business, to consider and, if thought fit, pass the following resolution relating to the granting of a general mandate to the Board of Directors to issue new shares as a special resolution:

“THAT:

- (1) The Board of Directors be and is hereby authorized to make such amendments to the Articles of Association of the Company as it thinks fit so as to increase the registered capital of the Company and reflect the new capital structure of the Company upon the allotment and issuance of shares of the Company as contemplated in paragraph (2) of this special resolution.
- (2) The Board of Directors be and is hereby granted, during the Relevant Period, an unconditional general mandate to separately or concurrently issue, allot and deal with additional domestic shares and/or overseas listed foreign shares of the Company, and to make or grant offers, agreements and options in respect thereof, subject to the following conditions:
 - (i) such mandate shall not extend beyond the Relevant Period save that the Board of Directors may during the Relevant Period make or grant offers, agreements or options which may require the exercise of such powers after the end of the Relevant Period; and
 - (ii) the aggregate nominal amount of the domestic shares or overseas listed foreign shares allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to an option or otherwise) by the Board of Directors otherwise than pursuant to a Rights Issue or any option scheme or similar arrangement, shall not exceed 20% of the aggregate nominal amount of the domestic shares and overseas listed foreign shares, respectively, of the Company in issue as at the date of this special resolution; and the Board of Directors will only exercise its power under such mandate in accordance with the Company Law of the People's Republic of China (“PRC”) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time) and only if all necessary approvals from the China Securities Regulatory Commission and/or other relevant PRC government authorities are obtained.
- (3) For the purposes of this special resolution:

“Relevant Period” means the period from the passing of this special resolution until the earliest of: (i) the conclusion of the next annual general meeting of the Company following the passing of this special resolution; or (ii) the expiration of the 12-month period following the passing of this special resolution; or (iii) the date on which the authority sets out in this special resolution is revoked or varied by a special resolution of the shareholders of the Company in a general meeting; and

“Rights Issue” means the allotment or issue of shares in the Company or other securities which would or might require shares to be allotted and issued pursuant to an offer made to all the shareholders of the Company (excluding for such purpose any shareholder who is resident in a place where such offer is not permitted under the law or regulation of that place) and, where appropriate, the holder of other equity securities of the Company entitled to such offer, pro rata (apart from fractional entitlements) to their existing holdings of shares or such other equity securities.

- (4) Contingent on the Board of Directors resolving to issue shares pursuant to paragraph (2) of this special resolution, the Board of Directors be and is hereby authorized to approve, execute and do or procure to be executed and done, all such documents, deeds, and things as it may consider necessary in connection with the issue of such new shares (including, without limitation, determining the time and place of issue, making all necessary applications to the relevant authorities, entering into underwriting agreements (or any other agreements), determining the use of proceeds and making all necessary filings and registrations with the relevant PRC, Hong Kong and other relevant authorities, including but not limited to registering the increased registered capital of the Company with the relevant authorities in the PRC as a result of the issuance of shares pursuant to paragraph (2) of this special resolution.”.

By Order of the Board of Directors
Zhang Yuanfu
Company Secretary
Weichai Power Co., Ltd.

Hong Kong

14 May 2004

* As at the date of this announcement, the Board of Directors of the Company comprises the following executive Directors: Mr. Tan Xuguang, Mr. Xu Xinyu, Mr. Sun Shaojun and Mr. Zhang Quan; the following non-executive Directors: Ms. Zhang Fusheng, Mr. Liu Zheng, Mr. Tong Jingen, Mr. Yeung Sai Hong, Mr. Li San Yim, Mr. Yao Yu and Mr. Julius G. Kiss; and the following independent non-executive Directors: Mr. Zhang Xiaoyu and Mr. Koo Fook Sun, Louis.

Notes:

(A) The Company will not process registration of transfers of H Shares from Sunday, 30 May 2004 to Tuesday, 29 June 2004 (both days inclusive). Holders of H Shares whose names appear on the register of H Share of the Company kept at Computershare Hong Kong Investor Services Limited as at Saturday, 29th May 2004 are entitled to attend and vote at the Annual General Meeting following completion of the registration procedures.

To qualify for attendance and vote at the Annual General Meeting, documents on transfers of H Shares must be lodged with the Company’s H Share registrar, not later than 4:00 p.m. on Friday, 28 May 2004. The address of the Company’s H Share Registrar is as follows:

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17/F., Hopewell Centre
183 Queen’s Road East
Wanchai
Hong Kong

(B) Holders of H Shares, domestic shares and foreign shares of the Company intending to attend the Annual General Meeting should complete and return the reply slip for attending the Annual General Meeting personally, by facsimile or by post to the Secretary to the Board of the Company 20 days before the Annual General Meeting, namely, on or before Wednesday, 9 June 2004.

The contact details of the Secretary to the Board of the Company are as follows:

Securities Department
26 Minsheng East Street
Weifang
Shandong Province
The People’s Republic of China

Postal Code: 261001
Telephone No.: 86 (536) 8197068
Facsimile No.: 86 (536) 8197073

(C) Each holder of H Shares entitled to attend and vote at the Annual General Meeting may, by completing the form of proxy of the Company, appoint one or more proxies to attend and vote at the Annual General Meeting on his behalf. A proxy need not be a shareholder of the Company. With respect to any shareholder who has appointed more than one proxy, the proxy holders may only vote on a poll.

(D) Holders of H Shares must use the form of proxy of the Company for appointing a proxy and the appointment must be in writing. The form of proxy must be signed by the relevant shareholder or by a person duly authorised by the relevant shareholder in writing (a “power of attorney”). If the forms of proxy is signed by the person authorised by the relevant shareholder as aforesaid, the relevant power of attorney and other relevant documents of authorization (if any) must be notarised. If a corporate shareholder appoints a person other than its legal representative to attend the Annual General Meeting on its behalf, the relevant form of proxy must be affixed with the company seal/chop of the corporate shareholder or duly signed by its director or any other person duly authorised by that corporate shareholder as required by the Articles of Association of the Company.

(E) To be valid, the form of proxy and the relevant notarized power of attorney (if any) and other relevant documents of authorization (if any) as mentioned in Note (D) above must be delivered to the Company’s H Share Registrar, Computershare Hong Kong Investor Services Limited (address: Shops 1901-1905, 19/F., Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong), not less than 24 hours before the time appointed for the Annual General Meeting.

(F) Each holder of domestic shares or foreign shares (excluding H Shares) who is entitled to attend and vote at the Annual General Meeting may also, by completing the form of proxy of the Company, appoint one or more proxies to attend and vote at the Annual General Meeting on his behalf. A proxy need not be a shareholder of the Company. Notes (C) and (D) above also apply to the holders of domestic shares and foreign shares (excluding H Shares), except that, to be valid, the form of proxy and the relevant power of attorney (if any) and other relevant documents of authorization (if any) must be delivered to the Secretary to the Board of the Company not less than 24 hours before the time appointed for the Annual General Meeting. The address of the Secretary to the Board of the Company is stated in Note (B) above.

(G) A shareholder or his proxy should produce proof of identity when attending the Annual General Meeting. If a corporate shareholder’s legal representative or any other person authorised by the board of directors or other governing body of such corporate shareholder attends the Annual General Meeting, such legal representative or other person shall produce his proof of identity, and proof of designation as legal representative and the valid resolution or authorisation document of the board of directors or other governing body of such corporate shareholder (as the case may be) to prove the identity and authorization of that legal representative or other person.

(H) The Annual General Meeting is expected to last for half a day. Shareholders who attend the Annual General Meeting shall bear their own travelling and accommodation expenses.

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**THE FOLLOWING INFORMATION DOES NOT FORM
PART OF THE NOTICE OF THE ABOVE
ANNUAL GENERAL MEETING**

The circular (“Circular”) to the shareholders of the Company containing the above notice of Annual General Meeting was posted on 14 May 2004. The following information is extracted from the Circular and reproduced herein for information:

I. BUSINESS OVERVIEW

The Company is mainly engaged in the research and development, production and sale of high-speed heavy-duty WD615 and WD618 diesel engines used in heavy-duty vehicles, construction machines, coaches, vessels and power generators. During the period under review:

1. Substantially all of the Company’s revenues and profits were derived from the production and sales of WD615 and WD618 diesel engines and were made within the PRC.
2. Sales of the Company by product application for the year ended 31 December 2003 were as follows:

	For the year ended 31 December 2003 (RMB’000)	%
Heavy-duty vehicles	1,951,520	54.9
Construction machines	1,380,644	38.8
Vessels	56,194	1.6
Coaches	42,172	1.2
Power generators	25,126	0.7
Others	100,014	2.8
Total	3,555,670	100.0

Profit after tax for the year ended 31 December 2003 was approximately RMB277 million. The total assets and net assets of the Company were approximately RMB2,372 million and RMB475 million, respectively.

3. In 2003, the Company sold a total of 80,483 units of diesel engines. The Company’s unit sales by product series and Euro I and Euro II emission standards were as follows:

WD615 (units)	WD618 (units)	Total
80,253	230	80,483
Euro I (units)	Euro II (units)	Total
74,640	5,843	80,483

4. Major suppliers and customers of the Company for the year ended 31 December 2003:
- (1) The Company’s largest customer for the year was China Heavy Duty Truck (Jinan) Company Limited, and the sales to which was approximately RMB750 million, representing approximately 20% of the Company’s total sales. Sales to the top five customers accounted for approximately 54% of the Company’s total sales.
- (2) The largest supplier of the Company was Chongqing Weichai Diesel Engine Work (“Chongqing Weichai”), which is a subsidiary of Weifang Diesel Engine Works (“Weichai Factory”), a promoter of the Company. The Company’s total purchases from it amounted to approximately RMB220 million, representing approximately 9.1% of the Company’s total purchases. The Company’s purchases from its top 5 suppliers accounted for approximately 35.1% of its total purchases.

During the period under review, none of the Directors or supervisors of the Company and their respective associates had any interests in the above suppliers or customers (save as disclosed in the prospectus of the Company dated 26 February 2004).

5. Acquisition of manufacturing equipment from Chongqing Weichai

An acquisition agreement dated 30 June 2003 was entered into between the Company and Weichai Factory, pursuant to which the Company acquired from Weichai Factory certain equipment relating to the manufacture of WD615 diesel engine series for a consideration of RMB65 million, so as to avoid competition from Weichai Factory as well as to enhance the Company’s productivity in order to meet the market demand.

II. PROFIT DISTRIBUTION

Resolutions were passed at the shareholders’ meetings on 20 October 2003 and 18 February 2004 to distribute an interim dividend of approximately RMB0.095 per share and a final dividend of RMB0.105 per share respectively to the shareholders, amounting to approximately RMB43,014,000. Save for the above dividend distributions, no other distribution of profit has been or will be made for the year ended 31 December 2003.

III. USE OF PROCEEDS FROM THE LISTING AND OFFERING OF THE COMPANY

The Company’s overseas listed foreign shares (“H Shares”) were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Listing”) on 11 March 2004. The Company’s offering of new H Shares (the “Offering”) raised net proceeds of approximately RMB1,215,000,000. The Company intends to use the net proceeds from the Offering as follows:

1. approximately RMB500 million, of which approximately RMB80 million will be used for the modification of the production line in Weifang, including the processing, assembly and testing lines, and approximately RMB420 million will be used for the establishment of an additional production line (including machinery, equipment and premises) for the production of the Company’s WD615 and WD618 diesel engines;
2. approximately RMB80 million for the development, with support from AVL List GmbH, of WD615 and WD618 Euro III compliant diesel engines. The project is proposed to be completed around the end of 2006;
3. approximately RMB80 million for further development of the Company’s existing sales and service network, consolidation of its corporate image and standards, and the implementation of computer networking between its service centres, licensed service centres and sales department;
4. approximately RMB54 million for the establishment of enterprise resources planning and production data management systems; and
5. the balance of approximately RMB500 million will be used as general working capital including any strategic development, acquisitions or investments that the Company may decide to pursue and to fund the business activities of the Company in the furtherance of its business objectives.

IV. INFORMATION ON DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. Name/gender/position

Name	Gender	Position
Tan Xuguang	Male	Executive director and chairman
Xu Xinyu	Male	Executive director and general manager
Sun Shaojun	Male	Executive director and deputy general manager
Zhang Quan	Male	Executive director and deputy general manager
Yang Sai Hong	Male	Non-executive director
Liu Zheng	Male	Non-executive director
Yao Yu	Male	Non-executive director
Li Sam Yim	Male	Non-executive director
Tong Jingen	Male	Non-executive director
Zhang Fusheng	Female	Non-executive director
Julius G. Kiss	Male	Non-executive director
Feng Gang	Male	Non-executive director
Zhang Xiaoyu	Male	Independent non-executive director
Koo Fook Sun, Louis	Male	Independent non-executive director
Sun Chengping	Male	Chairman of the Supervisory Committee
Wang Yong	Male	Supervisor
Jiang Jianfang	Female	Supervisor
Zhang Yuanfu	Male	Chief financial officer and company secretary
Liu Huisheng	Male	General manager of the Chongqing office
Tong Dehui	Male	Supervisor of the engineering department
Wu Hongwei	Male	Director of the finance department
Ding Yindong	Male	Director of the human resources department
Han Lisheng	Male	Director of the planning and development department
Feng Gang	Male	Deputy director of the marketing department
Dai Lixin	Male	Secretary to the Board and director of the securities department

2. Directors and Supervisor’s Remuneration

The existing directors and supervisors were paid an aggregate remuneration of approximately RMB1,964,000 for the year ended 31 December 2003.

V. CORPORATE GOVERNANCE

The Company has established a more defined legal person corporate governance structure and improved the check and balance mechanism among the shareholders’ meeting, the Board Meeting and the Supervisory Committee of the Company, formulated relevant meeting rules and working procedures to ensure a smooth business operation. As a result of the restructuring and the Listing, the Company has further improved the management structure. The Directors understand that a good corporate governance structure is essential for protecting the interests of the Company’s shareholders and the maximization of value for shareholders, so they have strictly followed the related supervisory regulations both in the PRC and abroad and the requirements of the Articles of Association of the Company. An audit committee and a monitoring department with respect to Hong Kong Stock Exchange related matters have been established under the Board and detailed working rules for all designated committees have also been established to ensure that the Board’s decision can be made in an efficient manner and that all connected transactions can be carried out in a fair, open and reasonable manner.

VI. INTEREST IN CONTRACT OF DIRECTORS OR SUPERVISORS AND DIRECTORS’ SERVICE CONTRACT

Each executive Director has entered into a service contract with the Company, with a term from 24 November 2003 to 17 December 2005. Each independent non-executive Director has signed a letter of appointment with the Company, which shall be effective until the expiry of the Annual General Meeting of the Company for the year ended 2003.