

Report of Supervisory Committee

Dear Shareholders,

During the year ended 31st December, 2004 (the "Period"), the members of the Supervisory Committee (the "Committee") of Weichai Power Co., Ltd. (the "Company") has executed the function of monitoring to ensure that the Company adhered strictly to the stipulations of the Company Law of the PRC, the Listing Rules of the Stock Exchange of Hong Kong, the Articles of Association of the Company and other relevant statutory requirements, to safeguard the interests of the shareholders and the Company.

1. COMPANY OPERATION UNDER LAWS

The Committee attended meetings of shareholders, Board of Directors and Audit Committee to effectively monitor that the policies and decisions made by the Board and senior management were in compliance with the Listing Rules, relevant legislations and regulatory requirements of the PRC, the Articles of Association of the Company, and in the interests of the Company and shareholders. The Committee confirms that the Board and senior management of the Company adopted prudent development policies during the Period, which resulted in a continuous growth in profits and provided satisfactory returns to shareholders. The Committee is satisfied that the Directors and senior management of the Company were committed to act honestly and to perform their duties diligently, so as to protect the best interests of the Company and shareholders. The Committee is of the opinion that the Directors and senior management of the Company had observed the stipulations of the various laws and regulations as well as Articles of Association of the Company and had operated in conformity with all relevant requirements without any violation or misconduct. The Committee confirms that the report of the Board of Directors for the Period reflected the actual operational circumstances of the Company.

2. REVIEW OF FINANCIAL STATEMENTS

In 2004, the Committee has carefully reviewed the financial statements prepared in accordance with HKGAAP as well as the Accounting Standards for Business Enterprises and the Accounting Systems for Business Enterprises of the PRC and considers that the financial statements reflect a true and fair view of the financial position and results of operations of the Company and they comply with the regulations applicable to the Company.

In the opinion of the Committee, the Company has achieved satisfactory results during the Period and the Committee has confidence in the Company's future prospects and development.

The Committee will go on performing the duties of monitoring in accordance with relative regulations and the Articles of Association of the Company in an effective method to meet the shareholders' expectation.

By Order of the Supervisory Committee
Sun Chengping
Chairman

Weifang, Shandong province

6th April, 2005