

**WEIFU HIGH-TECHNOLOGY CO., LTD.**

**无锡威孚高科技股份有限公司**

(Incorporated in the People's Republic of China with limited liability)

## **SUMMARY OF ANNUAL REPORT 2004**

### **§ 1. IMPORTANT HINTS**

1.1 The Board of Directors of Weifu High-Technology Co., Ltd. (hereinafter referred to as the Company) collectively and individually accept full responsibility for the authenticity, accuracy and completeness of the information contained in this report and confirm that there are no false statements and material omissions which would make any statement in this report misleading. The reader is advised that this is a summary for the annual report 2004. For more details, please read the original annual report.

1.2 Naught

1.3 All directors of the Company attended meetings of the Board of Directors.

1.4 Domestic Jiangsu Gongzheng Certified Public Accountants and overseas PricewaterhouseCoopers Zhong Tian CPAs Co., Ltd. issued the unqualified Auditors' Report for the Company.

1.5 Mr. Xu Liangfei, legal representative of the Company, Mr. Han Jiangming, General Manager of the Company, and Ms. Sun Qingxian, Deputy General Manager as well as person in charge of Financing confirm that the Financial Report enclosed in the Annual Report 2004 is true and complete.

### **§ 2. COMPANY INFORMATION**

#### **2.1 General information**

Short Form of the Stock:	Weifu High-Tech, Su Weifu-B
Stock Code:	000581, 200581
Stock Exchange Listed with:	Shenzhen Stock Exchange
Registered Address & Head Office:	Registered Address: Plot 46, Wuxi National High-Tech Industrial Development Zone Head Office: No.107, Renmin West Road, Wuxi
Postal Code	Postal Code of registered Address: 214028 Postal Code of head Office: 214031
Homepage:	<a href="http://www.weifu.com.cn">http://www.weifu.com.cn</a>
Company's E-Mail	<a href="mailto:web@weifu.com.cn">web@weifu.com.cn</a>

2.2 Contact person and method:

	Secretary of the Board	Authorized Representative
Name:	Mr. Liu Yonglin	Mr. Zhou Weixin & Mr. Gu Yiming
Contact Address:	No.107, Renmin West Road, Wuxi	No.107, Renmin West Road, Wuxi
Tel:	(86) 510-2719579	(86) 510-2719579
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§ 3. SUMMARY OF ACCOUNTING AND BUSINESS DATA

3.1 Major accounting data as of year 2004

Unit: RMB' 000

Items	2004	2003	Increase/decrease over last year( % )	2002
Income from main operations	2,118,745	1,640,793	29.13%	1,499,973
Total profit	258,142	275,018	-6.14%	216,696
Net profit	227,287	239,557	-5.12%	197,646
Net cash flow from operating activities	179,736	8,659	107.57%	118,790
Items	At the end of 2004	At the end of 2003	Increase/decrease from the end of previous year( % )	At the end of 2002
Total assets	4,195,117	2,888,951	45.21%	2,508,934
Shareholder's equity (excluding minority interests)	2,186,558	2,046,544	6.84%	1,894,260

3.2 Key financial indexes

Unit: RMB'000

Items	2004	2003	Increase/decrease over last year( % )	2002
Earnings per share	0.52	0.55	-5.45%	0.45
Earnings per share (note)	-	-	-	-
Return on net assets (%)	10.39%	11.71%	-1.32%	10.34%
Net cash flow per share arising from operating activities	0.41	0.02	1950%	0.27
Items	At the end of 2004	At the end of 2003	Increase/decrease from the end of previous year( % )	At the end of 2002
Net assets per share	5.01	4.69	6.82%	4.34
Net assets per share after adjustment	5.01	4.69	6.82%	4.34

Note: Earnings per share was calculated based on new share capital if share capital

was changed from the end of the report period to disclosure date.

Items of non-recurring gains and losses

Applicable          Inapplicable

3.3 Difference in net profit as audited by Chinese Accounting Standard (CAS) and International Accounting Standard (IAS)

Applicable          Inapplicable

In RMB'000

	CAS	IAS
Net profit	235,069	227,287
Explanation on the difference	Adjustment: Reorganization of investment income (loss) under equity method amounting to(RMB'000) 7,782	

## § 4. SHARE CAPITAL AND SHAREHOLDERS

### 4.1 Change in share

Unit: share

	Before the change	Increase / decrease in this time (+, -)	After the change
		<b>Subtotal</b>	
I. Unlisted shares			
1. Sponsor's shares	121,566,150	0	121,566,150
Including: State-owned shares	121,566,150	0	121,566,150
Share held by domestic legal person	0	0	0
Share held by foreign legal person	0	0	0
Others	0	0	0
2. Raised legal person's shares	10,400,000	0	10,400,000
3. Inner employees' shares	0	0	0
4. Preference shares or others	0	0	0
Total unlisted shares	131,966,150	0	131,966,150
II. Listed shares			
1. RMB ordinary shares	215,921,900	0	215,921,900
2. Domestically listed foreign shares	88,400,000	0	88,400,000
3. Overseas listed foreign shares	0	0	0
4. Others	78,100	0	78,100
Total listed shares	304,400,000	0	304,400,000
III. Total shares	436,366,150	0	436,366,150

The amount of shares offered by funds, inner employees' shares traded in the counter, shares offered by strategic investor and shares offered ordinary juridical person should be disclosed respectively

Applicable          Inapplicable

### 4.2 Statement of shares held by the top ten shareholders and the top ten shareholders

of circulating share

Total shareholders at the end of report period		49,662				
Particulars about shares held by the top ten shareholders						
Name of Shareholder	Increase / decrease in the report year	Shares held at the year-end (share)	Proportion (%)	Type of shares (Circulating/Non-circulating)	Share held pledged or frozen (share)	Nature of shareholders (State-owned share or foreign shareholder)
1. WUXI WEIFU GROUP COMPANY LIMITED		121,566,150	27.86%	Non-circulating	0	State-owned shareholder
2. ROBERT BOSCH GMBH		14,144,000	3.24%	Circulating	0	Foreign shareholder
3. GALAXY YINTAI FINANCING AND DISTRIBUTION SECURITIES INVESTMENT FUNDS	11,086,894	11,086,894	2.54%	Circulating	0	Other
4. TONGQIAN SECURITIES INVESTMETN FUNDS	5,311,515	10,009,465	2.29%	Circulating	0	Other
5. BOSHI SELECTED SHARES SECURITIES INVESTMENT FUNDS	8,299,794	8,299,794	1.90%	Circulating	0	Other
6. YINFENG SECURITIES INVESTMENT FUNDS	7,195,023	7,195,023	1.65%	Circulating	0	Other
7. YUYANG SECURITIES INVESTMENT FUNDS	1,673,718	6,937,644	1.59%	Circulating	0	Other
8. SHANGHAI BAOSTEEL ENGINEERING & EQUIPMENT CO., LTD	5,589,950	5,589,950	1.28%	Circulating	0	Other
9. RONGTONG NEW BLUE CHIP SECURITIES INVESTMENT FUNDS	-558,155	5,084,193	1.17%	Circulating	0	Other
10. YUYUAN SECURITIES INVESTMENT FUNDS	1,087,983	5,028,200	1.15%	Circulating	0	Other
Particulars about shares held by the top ten shareholders of circulation share						
Shareholders' name (full name)	Holding circulating shares at the year-end (share)		Type of shares (A-share, B-share, H-share and other)			
ROBERT BOSCH GMBH	14,144,000		B-share			
GALAXY YINTAI FINANCING AND DISTRIBUTION SECURITIES INVESTMENT FUNDS	11,086,894		A-share			
TONGQIAN SECURITIES INVESTMENT	10,009,465		A-share			

FUNDS		
BOSHI SELECTED SHARES SECURITIES INVESTMENT FUNDS	8,299,794	A-share
YINFENG SECURITIES INVESTMENT FUNDS	7,195,023	A-share
YUYANG SECURITIES INVESTMENT FUNDS	6,937,644	A-share
SHANGHAI BAOSTEEL ENGINEERING &EQUIPMENT CO., LTD.	5,589,950	A-share
RONGTONG NEW BLUE CHIP SECURITIES INVESTMENT FUNDS	5,084,193	A-share
YUYUAN SECURITIES INVESTMENT FUNDS	5,028,200	A-share
TIANYUAN SECURITIES INVESTMETN FUNDS	5,000,000	A-share
Explanation on associated relationship among the above shareholders of circulation share	Among the top ten shareholders, Rongtong New Blue Chip Securities Investment Funds and Tongqian Securities Investment Funds belong to the same funds company; Boshi Selected Shares Securities Investment Funds, Yuyang Securities Investment Funds and Yuyuan Securities Investment Funds belong to the same funds company.	

#### 4.3 Particulars about the holding shareholders and actual controller of the Company

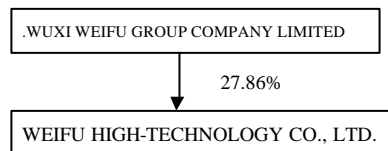
##### 4.3.1 Particulars about change in the holding shareholders and actual controller of the Company

Applicable                      Inapplicable

##### 4.3.2 Introduction of especial situation for the holding shareholder and other actual controller

A shareholder who has the actual holding right to the Company is Wuxi Weifu Group Company Limited, as well as state-owned sole enterprise, whose legal representative is Mr. Xu Liangfei. The said company was founded on Dec. 14, 1994, its registered capital was RMB 134,830,000, and it was mainly engaged in Processing and manufacturing of general machinery, instruments and meters, import and export. In the report period, the holding shareholder remained unchanged.

##### 4.3.3 Property right and controlling relationship between the actual controller of the Company and the Company is as follow:



## § 5. DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

5.1 Particulars about changes in shares held by directors, supervisors and senior executives

Name	Position	Age	Gender	Office term	Shares held at the year-begin	Shares held at the year-end	Reason for change
Xu Liangfei	Chairman of the Board	60	Male	Jun. 1, 2002 – Jun. 30, 2005	12,800	12,800	
Han Jiangming	General Manager	53	Male	Jun. 1, 2002 – Jun. 30, 2005	12,800	12,800	
Wang Weiliang	Director	39	Male	Jun. 1, 2002 – Jun. 30, 2005	8,000	8,000	
Gao Guoyuan	Director	51	Male	Jun. 1, 2002 – Jun. 30, 2005	6,500	6,500	
Shi Xingyuan	Director	42	Male	J Jun. 1, 2002 – Jun. 30, 2005	2,000	2,000	
Li Tonghua	Director	61	Male	Jun. 1, 2002 – Jun. 30, 2005	12,800	12,800	
Chen Zhaolin	Director	47	Male	Jun. 1, 2002 – Jun. 30, 2005	0	0	
Zhang Xiaoyu	Independent Director	61	Male	Jun. 1, 2002 – Jun. 30, 2005	0	0	
Ouyang Minggao	Independent Director	46	Male	Jun. 1, 2002 – Jun. 30, 2005	0	0	
Chen Qilong	Independent Director	54	Male	Jun. 1, 2002 – Jun. 30, 2005	0	0	
Chen Juchang	Independent Director	65	Male	Jun. 1, 2003 – Jun. 30, 2005	0	0	
Chen Xuejun	Chairman of the Supervisory Committee	37	Male	Jun. 1, 2002 – Jun. 30, 2005	2,000	2,000	
Li Guodong	Supervisor	55	Male	Jun. 1, 2002– Jun. 30, 2005	0	0	
Zhang Jiming	Supervisor	35	Male	Jun. 1, 2002 – Jun. 30, 2005	0	0	
Wang Chuan	Supervisor	55	Male	Jun. 1, 2002 – Jun. 30, 2005	0	0	
Wang Xiaodong	Supervisor	38	Male	Jun. 1, 2002 – Jun. 30, 2005	2,000	2,000	
You Jianzhong	Supervisor	37	Male	Jun. 1, 2002 – Jun. 30, 2005	6,400	6,400	
Sun Qingxian	Financial Chief Officer	51	Female	Jun. 1, 2002 – Jun. 30, 2005	0	0	
Miao Yuming	Deputy General Manager	41	Male	Apr. 1, 2003– Jun. 30, 2005	0	0	

Liu Yonglin	Secretary of the Board	61	Male	Jun. 1, 2002 – Jun. 30, 2005	8,000	8,000	
Wang Yawei	General Engineer	49	Male	Jan. 1, 2004 – Jun. 30, 2005	0	0	
Deng Xijiang	Assistance General Manager	41	Male	Jan. 1, 2004 – Jun. 30, 2005	4,800	4,800	

5.2 Particulars about the position held by directors, supervisors in Shareholding Company

Applicable Inapplicable

Name	Shareholding Companies	Position	Office term	Drawing the payment from the Company (Yes / No)
Xu Liangfei	Wuxi Weifu Group Company Limited	Chairman of the Board, GM	Oct. 18, 1998 till now	No
Wang Weiliang	Wuxi Weifu Group Company Limited	Director, Deputy General Manager	Sep. 1, 2000 till now	No
Gao Guoyuan	Wuxi Weifu Group Company Limited	Director, Deputy General Manager	Feb. 8, 2003 till now	No
Chen Zhaolin	Bosch (China) Investment Co., Ltd.	Executive chief supervisor	May 31, 1996 till now	No
Li Guodong	Wuxi Guolian Development (Group) Co.	Manager of Investment & Management	Jan. 10, 2002 till now	No
Zhang Jiming	State Investment Machinery and Light Industrial Co.	Senior manager of automobile parts investment dept.	Jan. 30, 2000 till now	No
Wang Chuan	China Auto Industry General Co. Investment and Development Corp.	Section Chief	Dec. 30, 1997 till now	No

5.3 Particulars about the annual remuneration of directors, supervisors and senior executives

Total annual payment	1,535,500
Total annual payment of the top three directors drawing the highest payment	471,400
Total annual payment of the top three senior executives drawing the highest payment	671,800
Allowance of independent director	50,000 per person/year
Other treatment of Independent Directors	Reimbursement for travel costs upon attending the meetings of the board of directors and shareholders
Name of directors and supervisors received no payment or allowance from the Company	Chairman of the Board, Mr. Xu Liangfei, directors of Mr. Wang Weiliang, Mr. Gao Guoyuan, Mr. Li Tonghua, Mr. Chen Zhaolin,

	and supervisor Mr. Li Guodong, Mr. Zhang Jiming and Mr. Wang Chuan
Payment	Number of persons
RMB 25,000-50,000	1
RMB 50,000-100,000	1
RMB 100,000-200,000	6
RMB 200,000-300,000	1

## § 6. REPORT OF THE BOARD OF DIRECTORS

### 6.1 Discussion and analysis to the whole operation in the report period

In 2004, with structural adjustment in the automobile industry of the State consistently deepening, new automobile industry policies coming, international petroleum prices keeping high, need of automobiles driven by diesel oil increased a lot, and especially demand of camions went on rising from second half of the year, which brought chances to the Company. With respect to the situation, the Board and managers made decisions, arranged every operative elements reasonably, overcame adverse factors including fund difficulties from joint operation and investment in newly constructed projects, sharply rising-up of raw materials etc., and basically accomplished operating objective confirmed by Shareholders' General Meeting. The Company realized income from core business amounting to (RMB'0000) 211874.50 for the whole year, with an increase of 29.13% over last year, net profit amounting to (RMB'0000) 22728.70, with a decrease of 5.12%.

### 6.2 Statement of main operations classified according to industries or products

Unit: RMB'0000

Classified according to industries						
Classified according to industries or products	Income from main operations (RMB)	Cost of main operations (RMB)	Gross profit ratio (%)	Increase/decrease in income from main operations over the last year (%)	Increase/decrease in cost of main operations over the last year (%)	Increase/decrease in gross profit ratio over the last year (%)
Manufacture of other universal parts and components	211,874.50	164,538.30	22.34%	29.13%	32.27%	-0.49%
Including: related transactions	0.00	0.00	0.00%	0.00%	0.00%	0.00%
Classified according to products						
Fittings and accessories of gas engine	204,320.10	158,956.35	22.20%	40.66%	49.45%	-4.58%
Converter and muffler	7,554.40	5,581.95	26.11%	36.96%	35.61%	6.74%
Including: related transactions	0.00	0.00	0.00%	0.00%	0.00%	0.00%
Pricing rules for related transactions	Fair market price					



Necessity and durative of related transactions	<p>Other transactions between Weifu Group and the Company</p> <p>The Company has the following agreements with Weifu Group:</p> <p>(a) Agreement on trademark use</p> <p>The Company sells products by using the trademark of Weifu Group and pays trademark use expense with 0.3% of the sales amount, not less than RMB 1.20 million per year. This agreement takes effect from Jan. 1, 1995 with term of ten years.</p> <p>(b) Agreement on lease of land use right</p> <p>The Company leases the land of Weifu Group and pays the lease expense of land use right. The rental for the first year is RMB 327,285 and it increases by 10% per year later. This agreement takes effect from Jan. 1, 1995 with term of ten year.</p>
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Including: total amount of related transactions that the listed company sold products or provided labor service to the controlling shareholder and its subsidiaries was RMB 352,964,000 in the report period.

### 6.3 Particulars about main operations classified according to areas

Unit: RMB'0000

Areas	Income from main operations (RMB)	Increase/decrease in income from main operations over the last year (%)
Inside the Province	41,257.67	0.16%
Outside the Province	167,755.55	53.09%

### 6.4 Particulars about the customers of purchase and sales

Unit: RMB'0000

Total amount of purchase of the top five suppliers	87,467.53	Proportion in the total amount of purchase	48.78%
Total amount of sales of the top five sales customers	88,375.17	Proportion in the total amount of sales	42.28%

### 6.5 Operation of share-holding companies

Applicable                      Inapplicable

Name of share-holding company		Zhonglian Automobile Electronics Co.	
Investment earnings contributed in the period	7,228.50	Proportion in net profit of listed company	30.75%
Share-holding company	Business scope	Fittings and accessories of gas engine	
	Net profit	36,117.17	
Name of share-holding company		Bosch Diesel Systems Co. Ltd.	
Investment earnings contributed in the period	5,903.40	Proportion in net profit of listed company	25.11%
Share-holding company	Business scope	Fittings and accessories of gas engine	
	Net profit	13,179.58	

### 6.6 Explanation on reasons of material changes in main operations and its structure

Applicable                      Inapplicable

### 6.7 Explanation on reasons of material changes in profitability capability of main

operations (gross profit ratio) than that in the last year

Applicable                      Inapplicable

6.8 Analysis to reasons of material changes in operating results and profit structure compared with the previous year

Applicable                      Inapplicable

Analysis to reasons of material changes in the whole financial position than that in the last year

Applicable                      Inapplicable

6.9 Explanation on the past, current and future important effects of the material changes in production and operation environment, macro-policies and regulations on the Company's financial position and operating results

Applicable                      Inapplicable

6.10 Completion of the profit estimation

Applicable                      Inapplicable

6.11 Completion of the business plan

Applicable                      Inapplicable

6.12 Application of the raised proceeds

Applicable                      Inapplicable

Particulars about the changed projects

Applicable                      Inapplicable

6.13 Application of the proceeds not raised through shares offering

Applicable                      Inapplicable

Names of projects	Amount of projects	Progress of projects	Earnings of projects
Bosch Diesel Systems Co. Ltd.	33,715.60	33,715.60	2562.22
Weifu Automobile Diesel Systems Co. Ltd.	14,000.00	14,000.00	0
Total	47,715.60	-	-

6.14 Explanation of the Board of Directors on the "Qualified Opinion" made by the Certified Public Accountants

Applicable                      Inapplicable

6.15 Business plan as of the next year of the Board of Directors

Applicable                      Inapplicable

Profit estimation of the new report year

Applicable                      Inapplicable

6.16 The preplan on the profit distribution and capitalization of capital public reserve of the Board of Directors

Applicable                      Inapplicable

As audited by Jiangsu Gongzheng Certified Public Accountants Co., Ltd., the Company realized net profit totally (RMB' 000) 23,506.87 in 2004, plus the retained profit at the end of 2003 amounting to (RMB' 000) 42,955.51, the distributable profit for shareholders is (RMB' 000)66,462.38. According to the regulation of Articles of Association of the Company, after appropriating 10% as public reserve totaling
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(RMB' 000) 2,350.69 and 5% as welfare fund totaling (RMB'0000) 1,175.34, the distributable profit for shareholders of the statutory account audited as Chinese Accounting System is (RMB'0000) 62,936.35. The Board of Directors decided to distribute RMB 1 cash dividend (including tax) and 3 bonus shares for every ten shares based on the total share capital amounting to 436,366,150 shares at the end of 2004. The left distributable profit is carried forward to next year.

The Company did not appropriate share distribution preplan though the Company achieved the profit in the report period

Applicable                      Inapplicable

## § 7. Significant Events

### 7.1 Purchase of assets

Applicable                      Inapplicable

### 7.2 Sales of assets

Applicable                      Inapplicable

### 7.3 Important guarantee

Applicable                      Inapplicable

Unit: RMB'0000

Particulars about the external guarantee of the Company (Barring the guarantee for the controlling subsidiaries)						
Name of the Company guaranteed	Date of happening (date of signing agreement)	Amount of guarantee	Guarantee type	Guarantee term	Complete Implementation or not	Guarantee for related party (yes or not)
Total amount of guarantee in the report period						13,000.00
Total balance of guarantee at the end of the report period						13,000.00
Guarantee of the Company for the controlling subsidiaries						
Total amount of guarantee for controlling subsidiaries in the report period						13,000.00
Total balance of guarantee for controlling subsidiaries at the end of the report period						13,000.00
Particulars about the external guarantee of the Company (Including the guarantee for the controlling subsidiaries)						
Total amount of guarantee						13,000.00
The proportion of the total amount of guarantee in the net assets of the Company						5.91%
Particulars about the guarantees out of line						
Total amount of guarantee for other related parties, which the Company or controlling shareholders held less than 50%						0.00
The debts guarantee amount provided for the guarantee of which the assets-liability ratio exceeded 70%						0.00
Proportion of total amount of guarantee in net assets of the Company exceeded 50% (Yes of No)						No
Total amount of guarantee breaking regulations						0.00

### 7.4 Significant related transactions

7.4.1 Current related purchase and sale

Applicable                      Inapplicable

Unit: RMB'0000

Related parties	Selling products and providing service to related parties		Purchasing products and accepting service to related parties	
	Transaction amount	Proportion in the same kind of transaction amount	Transaction amount	Proportion in the same kind of transaction amount
Wuxi Weifu Group Co., Ltd.	19,484.00	9.67%	1,948.50	1.13%
Wuxi Weifu Mashan Fuel Injection Co.	2,103.50	1.04%	7,181.20	4.15%
Wuxi Weifu Chang'an Fuel Injection Co.	1,711.40	0.85%	12,155.70	7.03%
Wuxi Weifu Exact Machinery Manufacture Limited	2,406.80	1.19%	8,555.20	4.95%
Bosch Automobile Diesel Oil System Co., Ltd.	9,590.70	4.76%	11,230.20	6.49%
Wuxi Weifu International Trade Co., Ltd.	0.00	0.00%	24.30	0.01%
Total	35,296.40	16.03%	41,095.10	23.76%

7.4.2 Current related credits and liabilities

Applicable                      Inapplicable

Unit: RMB'0000

Related parties	Supply funds to related parties		Related parties supplied funds to the Company	
	Occurred amount	Balance	Occurred amount	Balance
Wuxi Weifu Group Co., Ltd.	14,766.07	0.00	15,466.35	737.11
Wuxi Weifu Jida New Material Application Development Co., Ltd.	9.56	0.00	29.39	40.91
Wuxi Weifu Mashan Fuel Injection Co.	14,700.36	903.72	13,724.49	0.00
Wuxi Weifu Chang'an Fuel Injection Co.	20,608.77	1,446.26	19,006.28	0.00
Bosch Automobile Diesel System Co., Ltd.	16,195.41	175.85	15,099.94	0.00
Wuxi Weifu Exact Machinery Manufacture Limited	16,939.46	347.25	16,708.72	0.00
Wuxi Weifu International Trade Co., Ltd.	15.64	0.00	15.64	0.00
Total amount	83,235.27	2,873.08	80,050.81	778.02

Including: in the report period, the capital amount the listed company provided to

controlling shareholder and its subsidiaries was RMB 147,660,700 and the balance was RMB 0.00.

7.5 Entrusted assets

Applicable                      Inapplicable

7.6 Implementation of commitment items

Applicable                      Inapplicable

Ended Dec. 31, 2004, the Company and subsidiaries had significant commitments as follows:

The Company and subsidiaries need to pay RMB 82,700,000 to build plants and purchase equipments (contract was signed).

7.7 Significant lawsuit and arbitration

Applicable                      Inapplicable

7.8 Particulars about the performance of obligations of Independent Directors

Particulars about the independent directors attending the Board

Name of Independent Directors	This year times of attending the Board meeting	Presence in person	Entrusted presence (times)	Absence (Times)	Notes
Zhang Xiaoyu	7	7	0	0	
Ouyang Mingguo	7	7	0	0	
Chen Qilong	7	7	0	0	
Chen Juchang	7	7	0	0	

Particulars about the independent directors proposed different opinions about the relevant matters of the Company

Applicable                      Inapplicable

Other relevant information

Special explanation and independent opinion of the independent directors on the accumulated and current guarantee for external parties of the Company and execution of No.56 Document

Independent directors believe:

(1) The situation of current capital reflected in Special Explanation on Occupying Capital by the Controlling Shareholder and Other Associated Parties of the Company belongs to normal current capital, occurred for meeting the need of the production and operation activities of the Company, are commercial behavior on the basis of justness, fairness and publicity and there existed no situation of illegally occupying the Company's capital by the principal shareholder.

(2) The Company has not provided guarantee for the controlling shareholder and other associated parties.

## § 8. Report of the Supervisory Committee

Applicable

Inapplicable

### I. Work of the Supervisory Committee

The Supervisory Committee held two meetings in the report period:

1. The 6<sup>th</sup> meeting of the 4<sup>th</sup> Supervisory Committee was held on Apr. 14, 2004 and the examined topics were Work Report of the Supervisory Committee in 2003, 2003 Annual Report of the Company and its Summary, Report of Financial Settlement and Profit Distribution Preplan for 2003 of the Company and the 1<sup>st</sup> Quarterly Report in 2004 of the Company;

2. The 7<sup>th</sup> meeting of the 4<sup>th</sup> Supervisory Committee was held on Aug. 11, 2004 and the examined topics were Semiannual Report in 2004 of the Company and its Summary and Report of Profit Distribution Preplan in the 1<sup>st</sup> Half Year of 2004.

II. The Supervisory Committee expressed independent opinion for the following events:

1. Operation according to law. In 2004, the members of the Supervisory Committee were present at every meeting of the Shareholders' General Meeting and the Board of Directors and supervised over the decision-making and operation of the Company. Especially during the decision-making process of the Board on the all-around cooperation between German Bosch Company and the Company to reorganize on the basis of the former Euro-Asia Company and establish Bosch Automotive Diesel Systems Co., Ltd., the Supervisory Committee had checked up and supervised the joint-venture cooperation plan and the feasibility report, and safeguarded the interests of the Company. The Supervisory Committee believed that every decision-making procedure of the Company this year had been in accordance with laws, regulations and Articles of Association of the Company, the internal control system of the Company was perfect. When the Company's directors and senior executives executed authorities, there found neither behavior of breaking laws, regulations and Articles of Association of the Company nor abusing authorities and damaging the interest of the Company and the Shareholders.

2. Check of the Company's financial status. The members of the Supervisory Committee attended every meeting of the Board of Directors this year and examined annual, semiannual and quarterly report and other documents submitted by the Board of Directors. The Supervisory Committee believed that the financial report in every period reflected objectively and truly the financial situation and operation result of the Company.

3. Related transactions. The Supervisory Committee believes the related transaction occurred in the report period had been conducted according to the Related Transactions Agreement signed by Wuxi Weifu Group Co., Ltd. and by the approval of the Shareholders' General Meeting. Related transactions could reflect the principle of market trading and had not done harm to the interest of the Company.

## § 9. Financial Report

### 9.1 Auditor's opinions

Auditor's opinions: Standard unqualified auditor's opinions

9.2 Financial statement

9.3 Explanation on changes of accounting policy, accounting estimation and settlement compared with the latest annual report

Applicable                      Inapplicable

9.4 Contents, correct amount, reason and its influence of significant accounting errors

Applicable                      Inapplicable

9.5 Explanation on change of consolidated scope compared with the latest annual report

Applicable                      Inapplicable

In the report period, the consolidation scope increased Wuxi Weifu Automobile Diesel System Co., Ltd., of which the Company held 70% equity.
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**Board of Directors of**  
**Weifu High Technology Co., Ltd.**  
Apr. 22, 2005

**WEIFU HIGH-TECHNOLOGY COMPANY LIMITED AND ITS SUBSIDIARIES**

**CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2004**

(All amounts in Renminbi (“ RMB” ) thousands, except for earnings per share)

	Notes	2004	2003
Revenue, net	4,29	2,118,745	1,640,793
Cost of sales		(1,645,383)	(1,251,925)
<b>Gross profit</b>		473,362	388,868
Other operating income	4	6,015	8,639
Distribution costs		(80,271)	(78,217)
Administrative expenses		(188,611)	(177,422)
Other operating expenses		(52,997)	(5,324)
<b>Profit from operations</b>	6	157,498	136,544
Finance costs, net	5	(31,256)	(28,254)
Share of results of associates before tax	13	145,991	162,785
Income from unconsolidated subsidiaries	14	4,909	3,943
Impairment loss of investments	15	(19,000)	-
<b>Profit before tax and minority interests</b>		258,142	275,018
Income tax expense	7(b)	(24,191)	(27,137)
<b>Profit before minority interests</b>		233,951	247,881
Minority interests	26	(6,664)	(8,324)
<b>Net profit</b>		227,287	239,557
<b>Earnings per share</b>	8		
- Basic		RMB 0.52	RMB 0.55
- Diluted		Not applicable	Not applicable

The accompanying accounting policies and notes form an integral part of these consolidated financial statements.



**WEIFU HIGH-TECHNOLOGY COMPANY LIMITED AND ITS SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEET  
AS OF 31 DECEMBER 2004**

(All amounts in RMB thousands)

	Notes	31 December 2004	31 December 2003
<b>ASSETS</b>			
<b>Non-current assets</b>			
Leasehold land	10	73,614	49,706
Property, plant and equipment	11	854,015	906,002
Intangible assets	12	70,207	32,370
Investments in associates	13	802,093	475,365
Investments in unconsolidated subsidiaries	14	46,678	41,769
Available-for-sale investments	15	29,520	43,520
Held-to-maturity investments	16	3,000	-
Deferred tax assets	7(b)	5,851	-
Total non-current assets		1,884,978	1,548,732
<b>Current assets</b>			
Inventories	17	670,671	354,845
Due from related parties	29(e)	27,760	1,165
Dividend receivable		91,173	-
Prepayments		32,492	5,032
Trade and other receivables	18	673,081	491,920
Cash and bank deposits	27(b)	814,962	487,257
Total current assets		2,310,139	1,340,219
<b>Total Assets</b>		<b>4,195,117</b>	<b>2,888,951</b>

WEIFU HIGH-TECHNOLOGY COMPANY LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET (CONTINUED)  
AS OF 31 DECEMBER 2004

(All amounts in RMB thousands)

	Notes	31 December 2004	31 December 2003
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Ordinary shares	23	436,366	436,366
Reserves	24	1,134,212	1,094,407
Retained earnings	25	615,980	515,771
Total shareholders' equity		2,186,558	2,046,544
<b>Minority interests</b>	26	143,974	77,310
<b>Non-current liabilities</b>			
Long-term bank borrowings	21(b)	225,000	160,000
Long-term payables	22	56,822	47,538
Total non-current liabilities		281,822	207,538
<b>Current liabilities</b>			
Trade and other payables	19	1,000,747	333,144
Current tax liabilities		(28,991)	5,846
Due to related parties	29(e)	7,780	9,564
Dividend payable		416	416
Short-term bank borrowings	21(a)	552,830	195,500
Accruals and other current liabilities	20	14,981	13,089
Current portion of long-term bank borrowings	21(b)	35,000	-
Total current liabilities		1,582,763	557,559
Total liabilities		1,864,585	765,097
<b>Total Equity and Liabilities</b>		4,195,117	2,888,951

The accompanying accounting policies and notes form an integral part of these consolidated financial statements.

WEIFU HIGH-TECHNOLOGY COMPANY LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2004

(All amounts in RMB thousands)

	Notes	2004	2003
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash generated from operations	27(a)	227,508	40,530
Interest paid		(28,414)	(14,463)
Income tax paid		(19,358)	(17,408)
Net cash from operating activities		<u>179,736</u>	<u>8,659</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of leasehold land		(25,612)	(5,836)
Purchase of Intangible assets		(8,575)	-
Purchase of property, plant and equipment		(217,478)	(239,552)
Proceeds from disposals of property, plant and equipment	27(c)	6,875	137,386
Increase in investments in associates	13	(152,732)	-
Increase in available-for-sale investments	15	(5,000)	-
Purchase of held-to-maturity investments		(3,000)	-
Proceeds from disposals of trading investments		-	6
Interest received		7,496	4,447
Dividends received		70,605	66,307
Net cash used in investing activities		<u>(327,421)</u>	<u>(37,242)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Net increase in short-term bank borrowings		357,330	38,000
Increase in long-term bank borrowings		100,000	160,000
Cash injection from minority shareholders		60,000	-
Dividends paid		(87,273)	(87,065)
Cash received from government grants		11,823	28,740
Increase in long-term payable		1,710	-
Net cash from financing activities		<u>443,590</u>	<u>139,675</u>
Net increase in cash and cash equivalents		295,905	111,092
Cash and cash equivalents at beginning of year		487,257	376,165
Cash and cash equivalents at end of year	27(b)	<u>783,162</u>	<u>487,257</u>

The accompanying accounting policies and notes form an integral part of these consolidated financial statements.