

2011 Interim Results

August 2011



潍柴动力
WEICHAI POWER

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Agenda

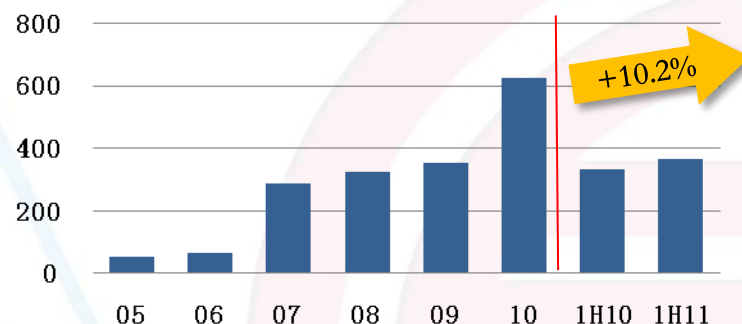
- 1 **Financial Highlights**
- 2 **Business Review**
- 3 **Industry Review**
- 4 **Outlook and Strategies**

Financial Highlights

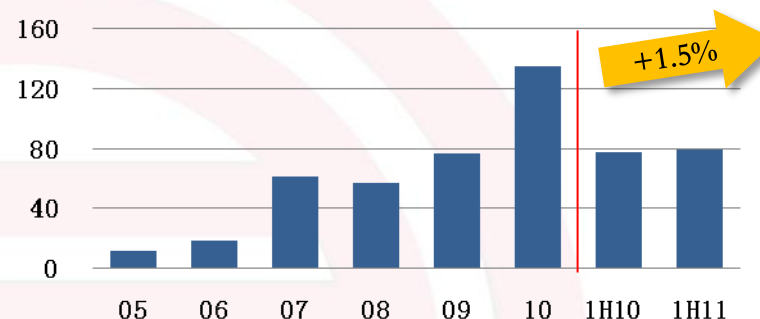
Profit Continued to Grow Despite Unfavorable Market Conditions

Unit: RMB 100 million

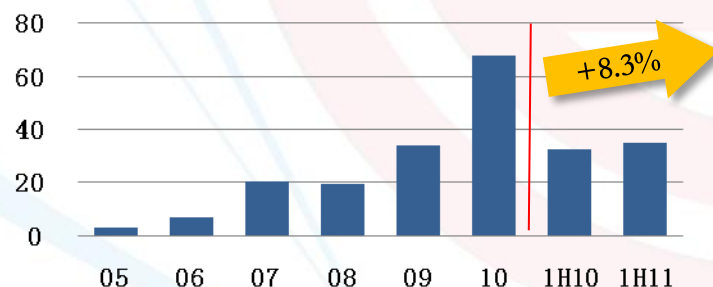
Revenue



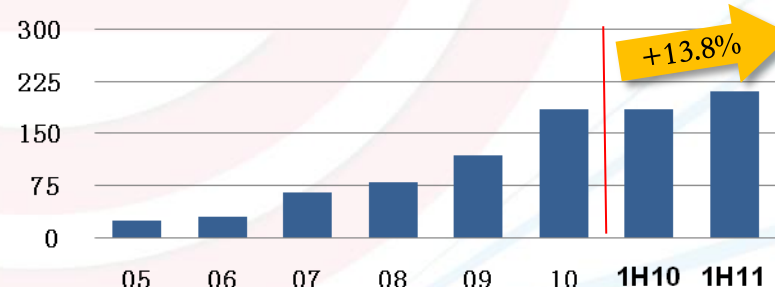
Gross Profit



Net Profit



Net Asset

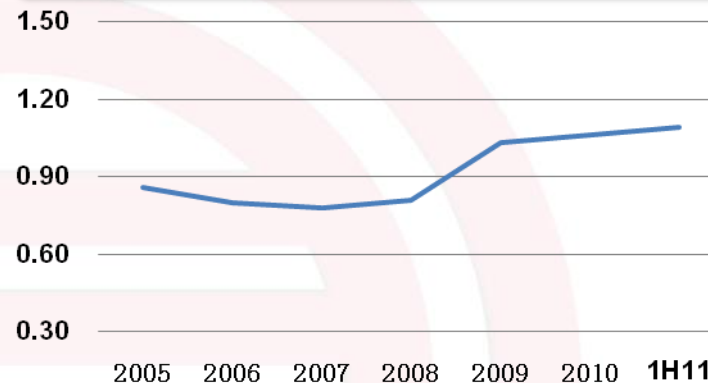


Operation Capability Continued to Improve Thanks to Solid Management and Control

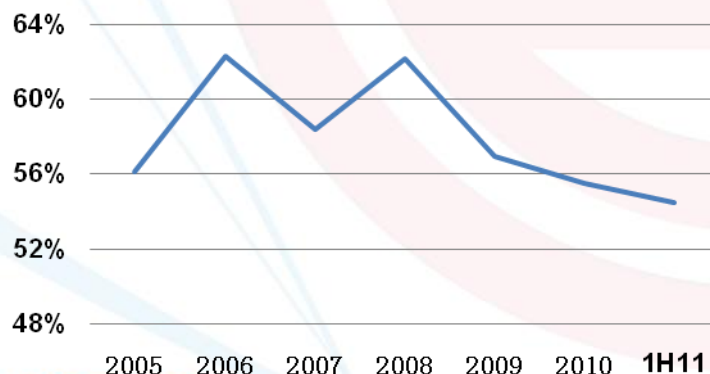
Current Ratio



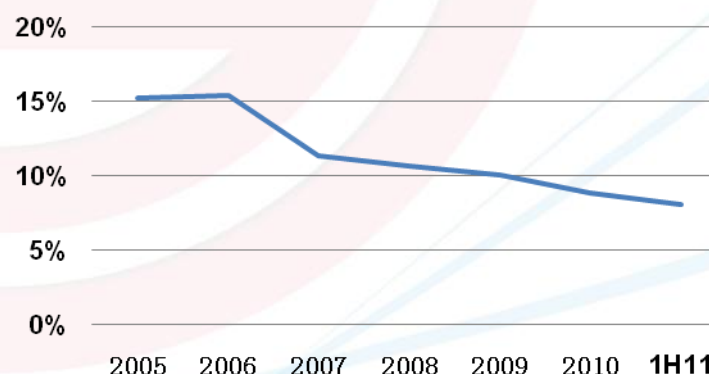
Quick Ratio



Asset-liability Ratio



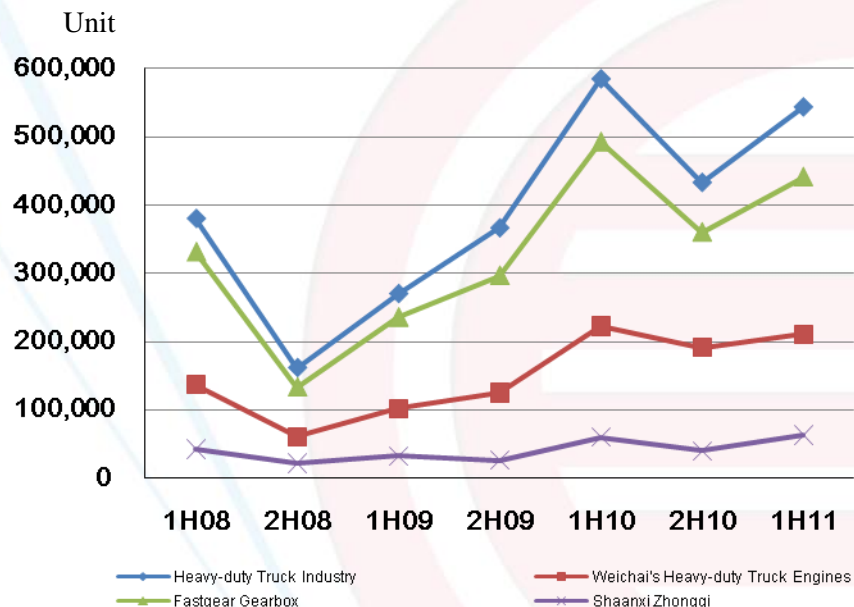
Three Costs to Revenue



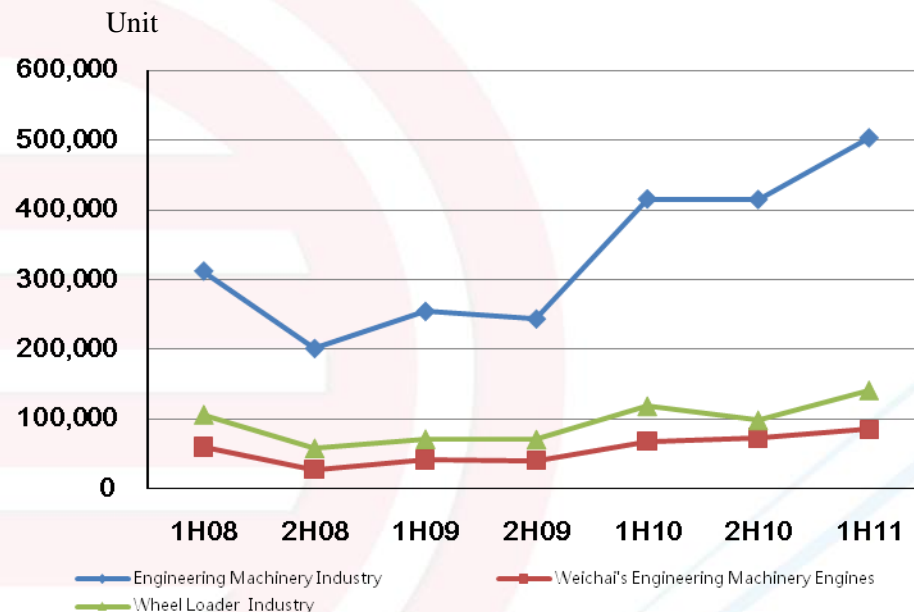
Business Review

Three Core Businesses - Continued to Outperform the Industry

Trends in HDT Industry and in Weichai's Related Business



Trends in Engineering Machinery Industry and in Weichai's Related Business



- Despite a market correction in the HDT industry, sales of Weichai's engines and heavy-duty trucks continued to grow, while the gear box business maintained its leading market position
- Weichai's engineering machinery business remained a market leader as the engineering machinery industry continued to grow at a relatively high speed

Engine Business -- Weak Market, Strong Performance

Unit: 10, 000	1H 2011	1H2010	Change(%)	Industrial Change
HDT Engine	21.0	22.2	-5.3	-7.0%
Engineering Machinery Engine	8.5	6.8	+25.3	+21.3%
Large Passenger Vehicles Engine	0.6	0.5	+19.5	+2.7%
Total Sales of High Power Engines	30.5	29.8	+2.5	

- Market share of heavy-duty truck engines reached 38.7%, up 0.7 percentage point y-o-y
- Market share of wheel loader engines with load capacity of 5 tons and above reached 79.2%, up 6.0 percentage point y-o-y
- Market share of large passenger vehicle engines reached 23.1%, up 3.3 percentage points y-o-y

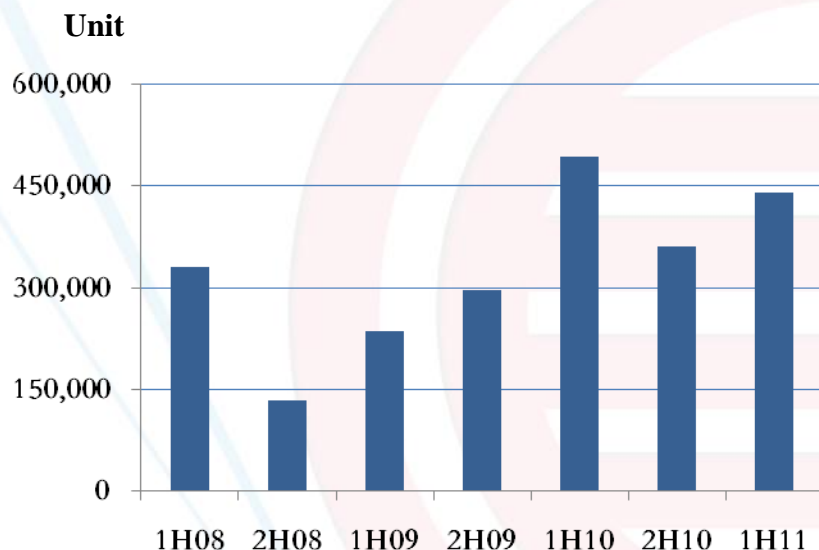
Engine Business – Expanded Market with Leading Technology



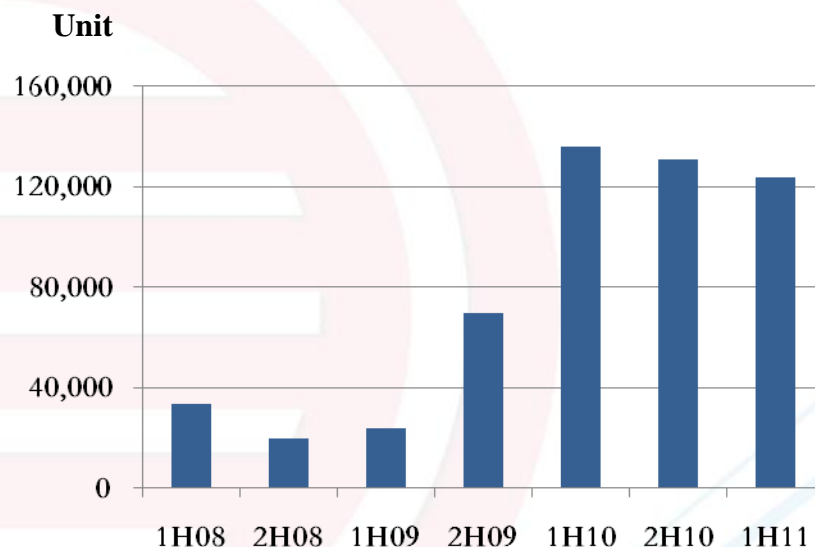
- Batch production of the WP5/7 engine for excavators, passenger vehicles and medium heavy-duty trucks has begun and is moving gradually into a rapid development phase;
- Significant market expansion for Yangzhou Diesel Engines for non-vehicles with sales volume reaching nearly 10,000 units in 1H2011;
- Domestic production of Baudouin M26 engine products neared completion, while diesel engines for Europe successfully entered the yacht market there
- The 12L engine is the only established high power engine platform in China and it continues to set the pace in technology innovation in the industry
- The China IV engine technology is mature and stable and the Company has various technological routes available to it

Gear Box Business — Consolidated Advantages and Improved Further

Gear Boxes



12-16 Gearboxes



- Industry No.1 for the ninth consecutive year by various operational indicators; best-selling heavy-duty gear box in the world for six consecutive years
- Multi-gear box and lightweight all-aluminum transmission provide the industry with advanced lightweight and energy-saving solutions

Gear Box Business – Aims for Sustainable and Long-term Development



Shaanxi Fast Gear and Caterpillar China Investment formed a joint venture, namely, Xi'an FC Intelligence Transmission, to produce heavy-duty automatic hydrodynamic transmission



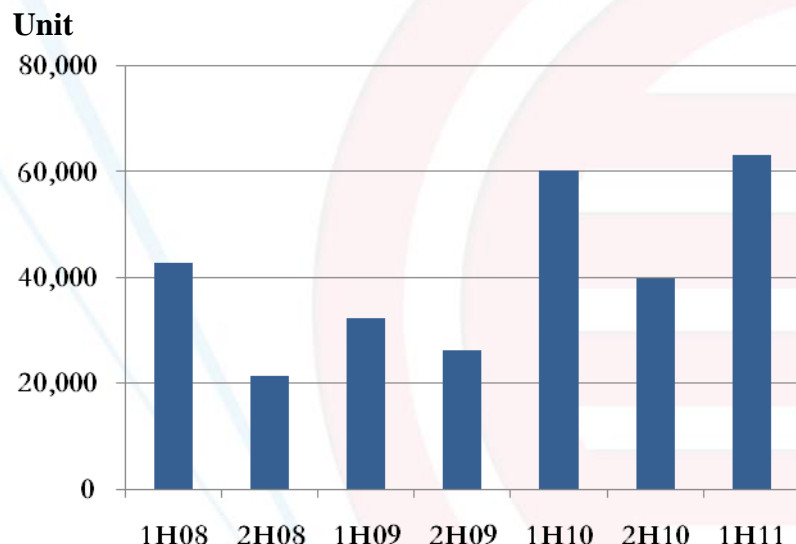
- New series – 20-speed gear boxes were well received by the market for their advanced technologies, performance and costs



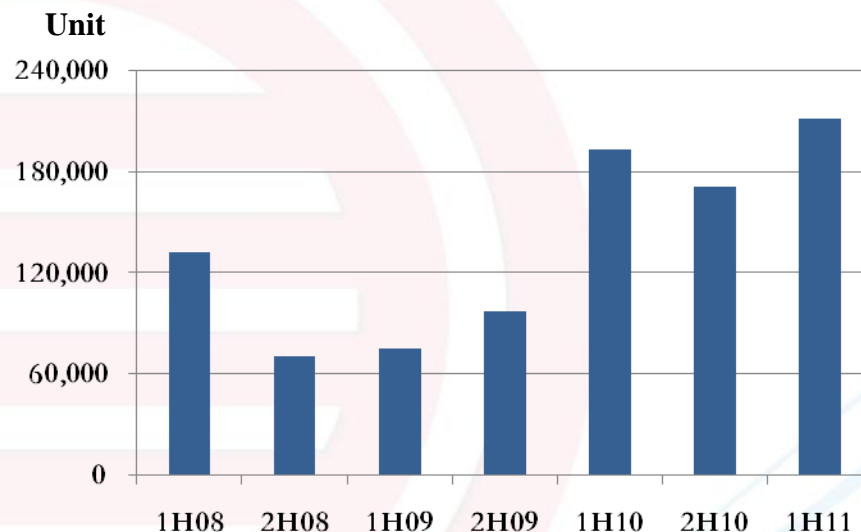
- Market share of the non-HDT gear box continued to expand, reaching 10% of total sales

HDT & Axle Business - New Products and Services Drive Growth

HDT



Axles



- Shaanxi Heavy-duty Motor sold 63,000 heavy-duty trucks, up 5.1% y-o-y, with market share reaching 11.6%, representing an increase of 1.3 percentage points y-o-y
- Hande Axle stepped up efforts on R&D and restructuring, leading to a y-o-y increase of 9.5% in production and sales to 211,000 axles

Product Innovation – Maintains Technology Leadership with Greater R&D Investment



- Weichai R&D Building and new lab center commenced operation; R&D laboratory for engines at internationally leading standards
- Shaanxi Fast Gear became the first enterprise to have met national military requirements and to have been qualified for producing military equipment
- Accredited by the Ministry of Science and Technology as one of the nation's most innovative enterprises; nominee of 2010 National Torch Plan Key High-tech Enterprises

New Energy Business – Focus on Energy Conservation, Environmental Protection and Low-Carbon Emissions



- The company's market share for gas engine rose from 20% to 36%, while market share for gas HDT accounted for 91% of the total in China
- The “Hybrid Assembly of General Commercial Vehicle and Construction Machinery Modular” project received the final approval from The Ministry of Science and Technology
- Weichai Power, Shaanxi Heavy-Duty Motor, PetroChina, and among others, signed “China Green Economy – Alliance for Heavy-Duty Trucks with New Energy”
- Shaanxi Heavy-duty Motor CNG and LNG Heavy-Duty Truck owned a number of technology patents and filled the gap in China's gas HDT field

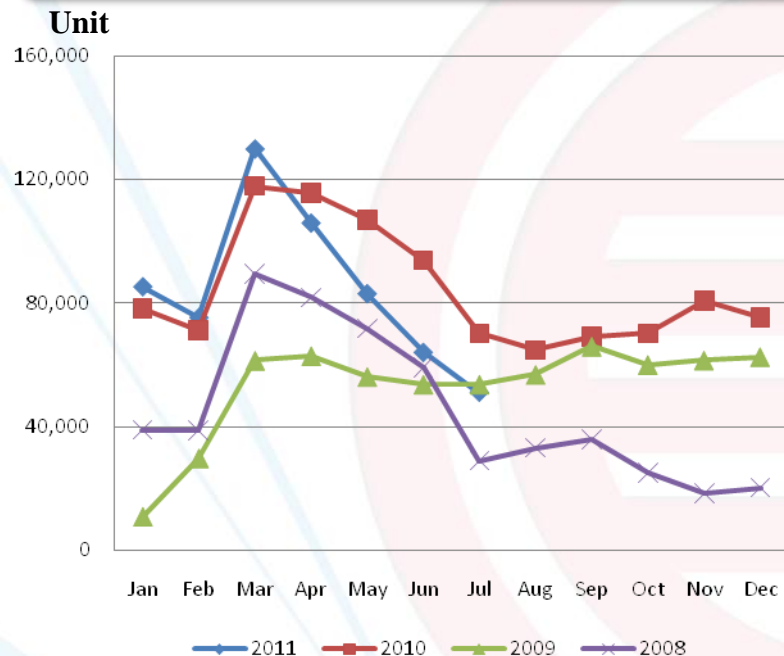
Industry Overview

Industry Policies

Policies	Details	Impact
“Eight Measures to Stimulate Logistics Development”	<ul style="list-style-type: none"> ➤ Including reducing tax on logistics enterprises, reducing bridge and road tolls, increasing land support for logistics industry and so on 	<ul style="list-style-type: none"> ➤ Improved clients' profitability, increased road transport competitiveness, improved logistics efficiency, benefitted HDT most
“Road Safety and Protection Measures”	<ul style="list-style-type: none"> ➤ Drivers will be required to stop working in transport if found overloading three times within a year; license of the transporting vehicles will be revoked if found overloading three times within a year 	<ul style="list-style-type: none"> ➤ Tremendous impact on industry sales volume, structure, transportation volume and freight fees; no immediate effect in short term and overloading will be managed effectively in medium to long term; lowering transport capacity of the single vehicle while increasing demand for new vehicles
“New Standards for Scrapped or Updated Vehicles”	<ul style="list-style-type: none"> ➤ Clarified subsidies scope, conditions and standards for scrapped or updated vehicles in 2011 and subsidy was increased for some of the scrapped or updated vehicles 	<ul style="list-style-type: none"> ➤ Subsidies relatively small compared to the overall prices of HDT so limited effect to HDT industry
“Diesel Fuel Emission Standard on China IV Vehicles”	<ul style="list-style-type: none"> ➤ Commercial vehicles should meet China IV emission requirement 	<ul style="list-style-type: none"> ➤ Drove the industry to develop towards electricity control, high-tech and high value-added

HDT Industry – Sales from Logistics Vehicles Remained Stagnant and Industry Correction Emerged

HDT Industry Monthly Sales Trend

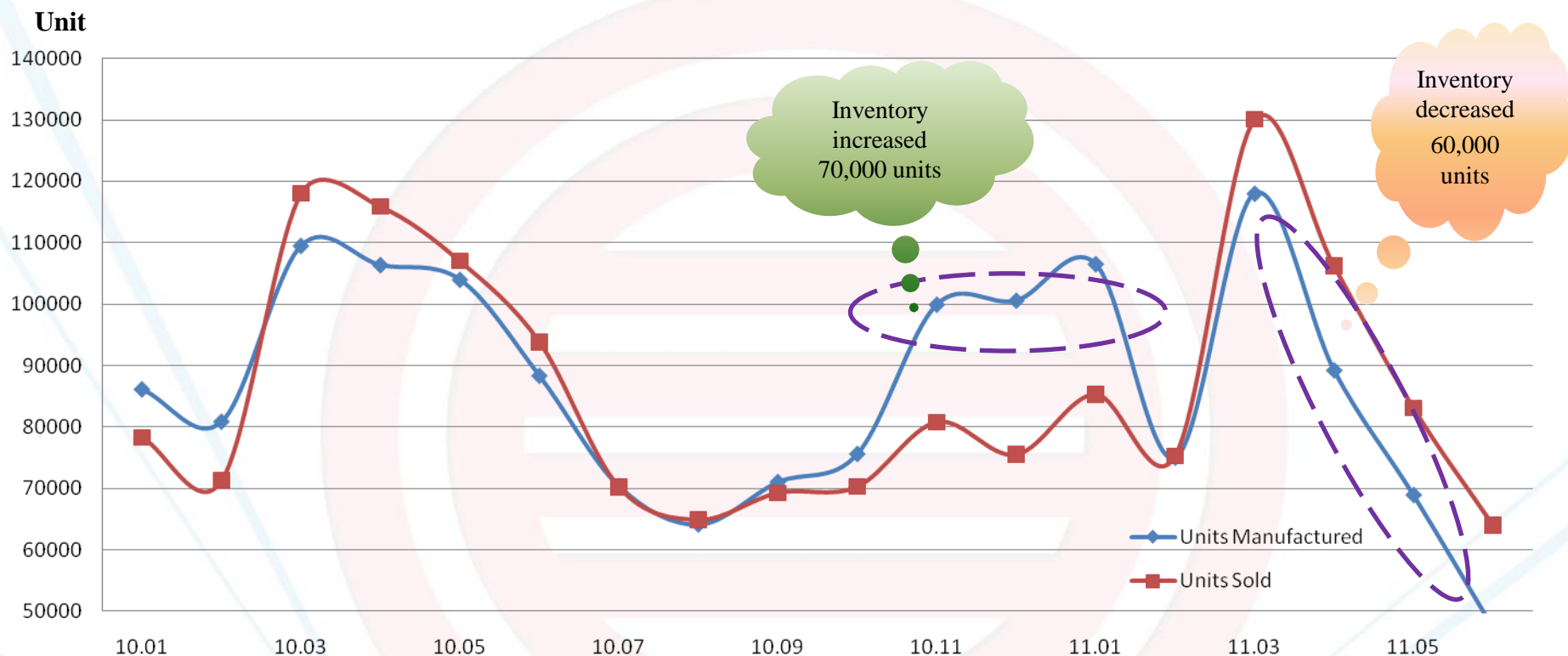


Truck Tractors Industry Monthly Sales Trend



- Tightening macroeconomic policies, industry reforms and lower profitability for the users suppressed industry demand
- Sales of HDT reached 543,000 units, down 7.0% y-o-y; sales of engineering vehicles relatively strong but sales of logistics vehicles remained depressed

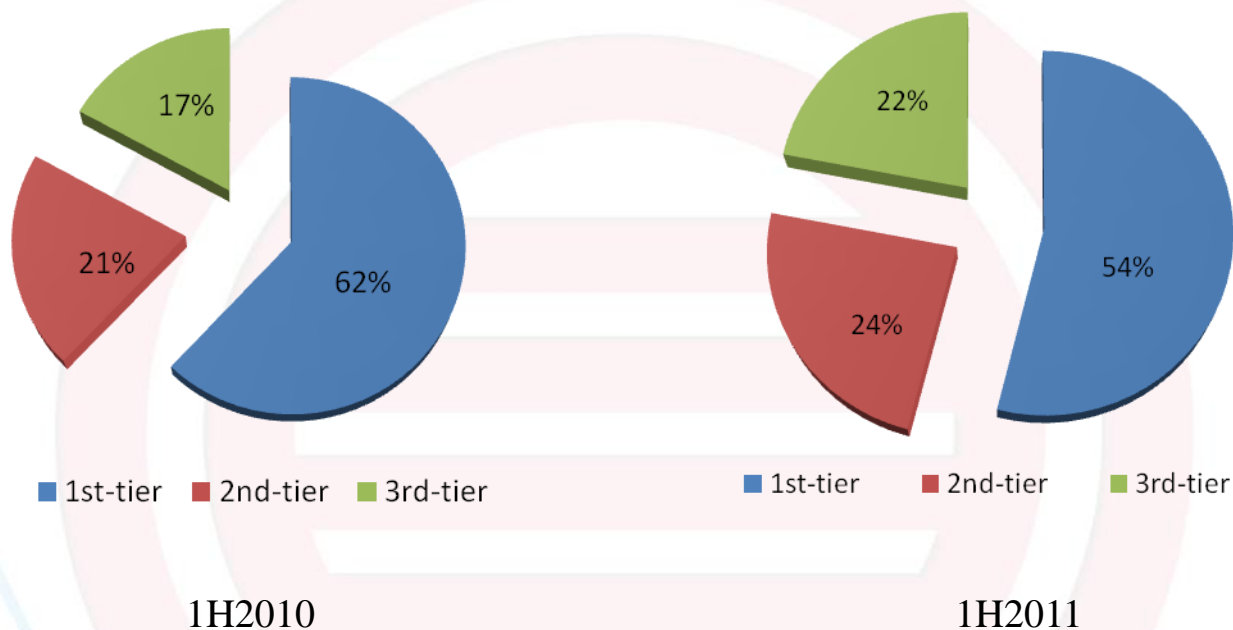
HDT Industry – Inventory Clearance Almost Over



Source: Automobile Association Marketing Newsletter

- Inventories of the vehicle manufacturers at reasonable levels and through continuous digestion of inventory of market channel in July and August, inventory clearance is basically over

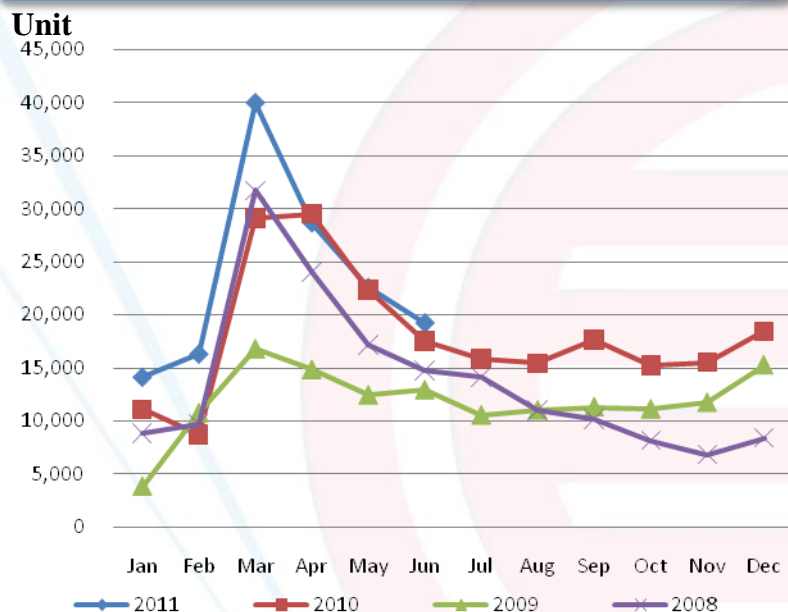
HDT Industry Layout – Increased Market Share of Second and Third-Tier Industry Players



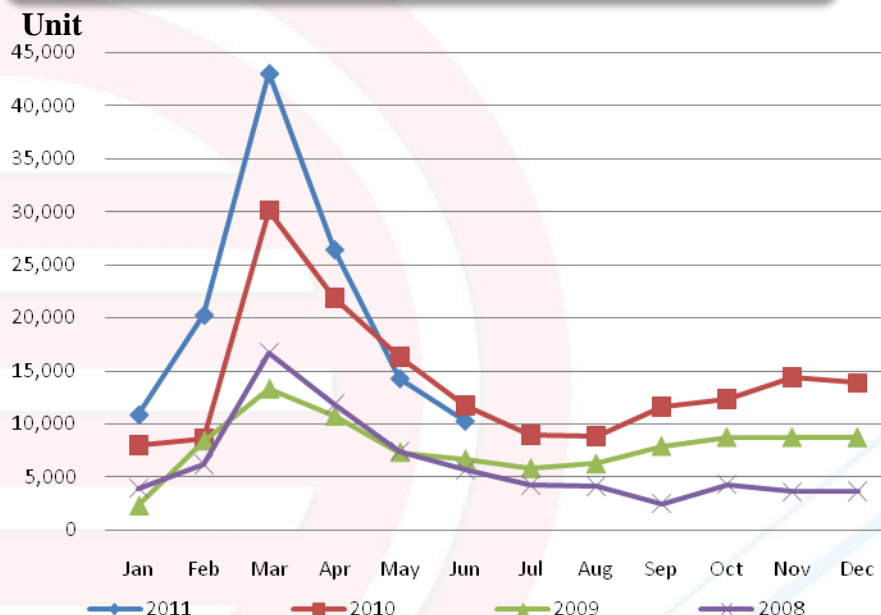
- HDT enterprises from the second and third-tier industry player groups, Weichai's most important downstream partners, grew robustly and their market share continued to grow

Engineering Machinery Industry - Growth Slowed Down but Outlook is Still Bright for the Whole Year

Monthly Trend of Wheel Loader Industry



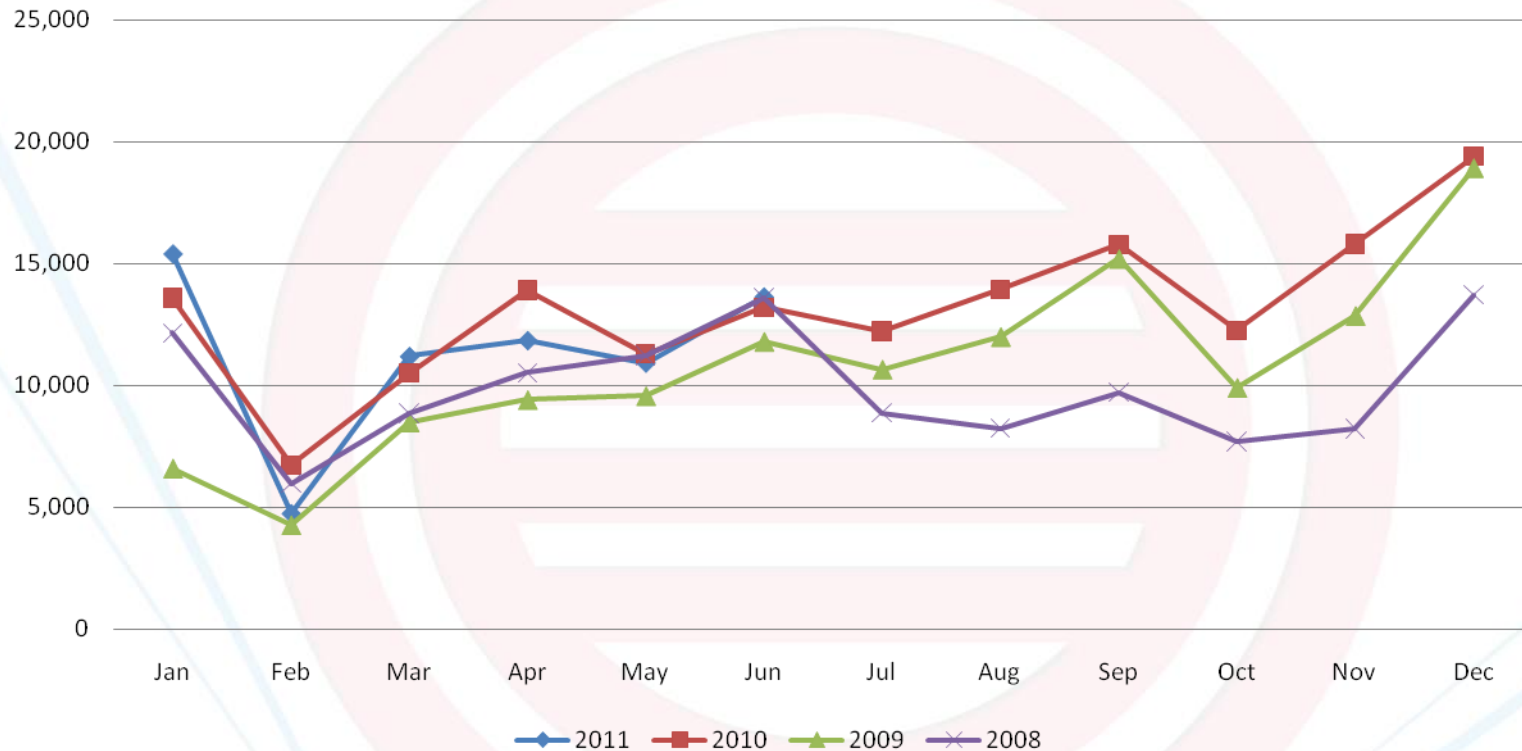
Monthly Trend of Excavator Industry



- Enterprises stepped up sales efforts in the first quarter and exhausted part of the effective demand
- Negative impact from tightening monetary policies led to declines in sales since April
- Sales of loaders reached 141,000 units, up 19.1% y-o-y; sales of excavators reached 125,000, up 29.5% y-o-y

Medium and Large Passenger Vehicle Industry – Stable Growth

Unit

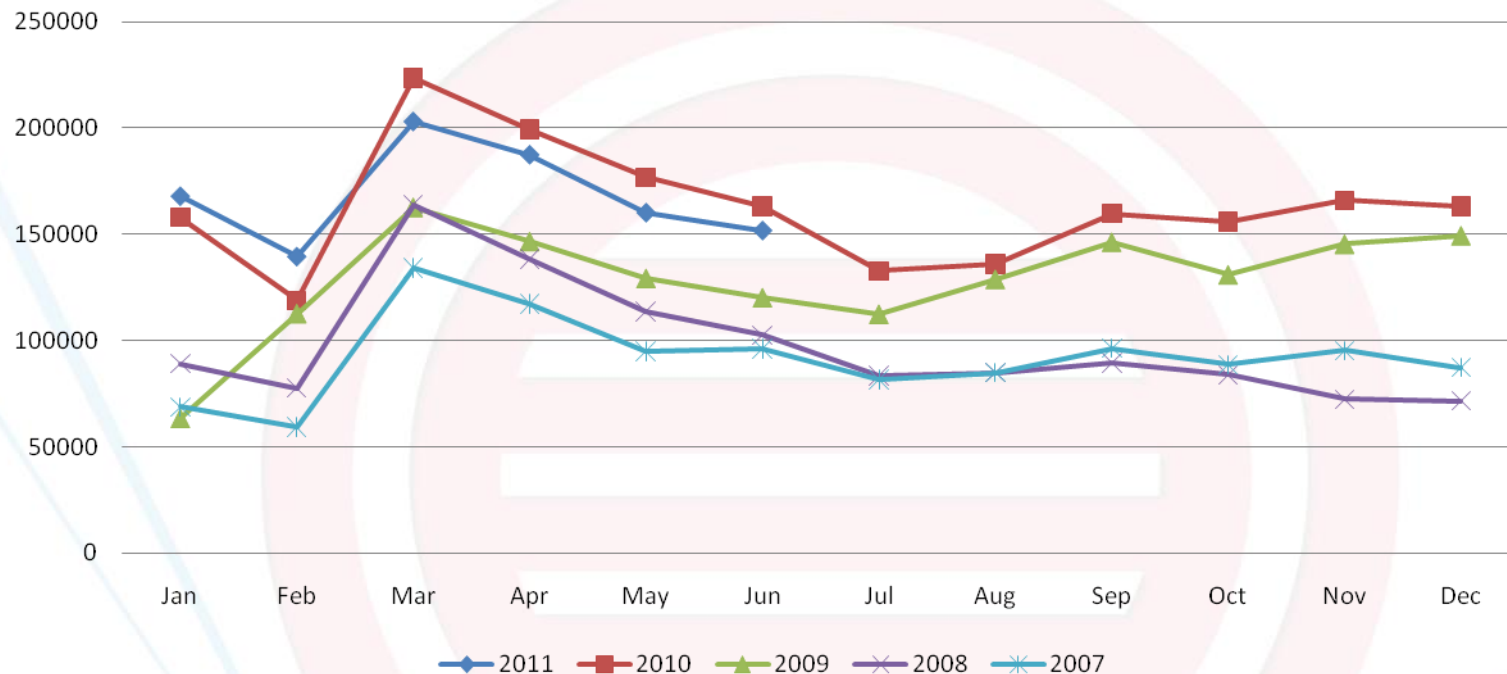


Source: China Association of Automobile Manufacturers

- Large passenger vehicle industry maintained growth as it benefited from the growth of urban public transportation, highway passenger transportation, tourism coaches and the export markets

Light Truck Industry – Slight Decline

Unit



Source: China Association of Automobile Manufacturers

- Light truck market was influenced particularly by the exit of the subsidizing program for purchasing vehicles in rural areas, and one-off effect released by the updated vehicles in the past two years
- From a middle to long term perspective, rural market potential for light trucks will continue to be explored along with the logistics development in urban and rural areas and acceleration of the construction of the new countryside

Outlook & Strategies

2H2011 Macro-Economic Outlook

Uncertainties in global economic recovery
China maintains stable economic growth

Global Economy

- Factors like high debts prevented the recovery in the U.S. economy while European debts crisis still to be resolved
- Factors such as earthquakes, nuclear leakage in Japan, European debts crisis, and downgrade of the U.S. sovereign credit rating all affected the global economic trend

China's Economy

- Maintains steady growth under healthy and effective macro-economic control
- Macro-economic control will be mainly focused on adjusting the economic structure and managing inflationary expectations
- Continuous proactive fiscal policies, CPI under control and minor adjustment on the monetary policies likely
- Low-income housing construction, water conservation projects and urbanization will continue to boost large investment

2H2011 Industry Outlook

Industry Overview

- Huge investment will continue to be driven by factors such as urban construction, regional economic construction, low-income housing construction and water conservation construction in the long term
- China's economy will continue to deliver high growth despite a recent slow-down. Growth in the demand for logistics will therefore remain steady
- Operational environment for logistics transportation segment improved and transportation cost went lower thanks to the government's policies for the logistics industry and on loading management
- Rising purchasing power, booming tourism demand, closer ties between urban and rural areas

Outlook

Demand for engineering HDT and machinery to remain strong

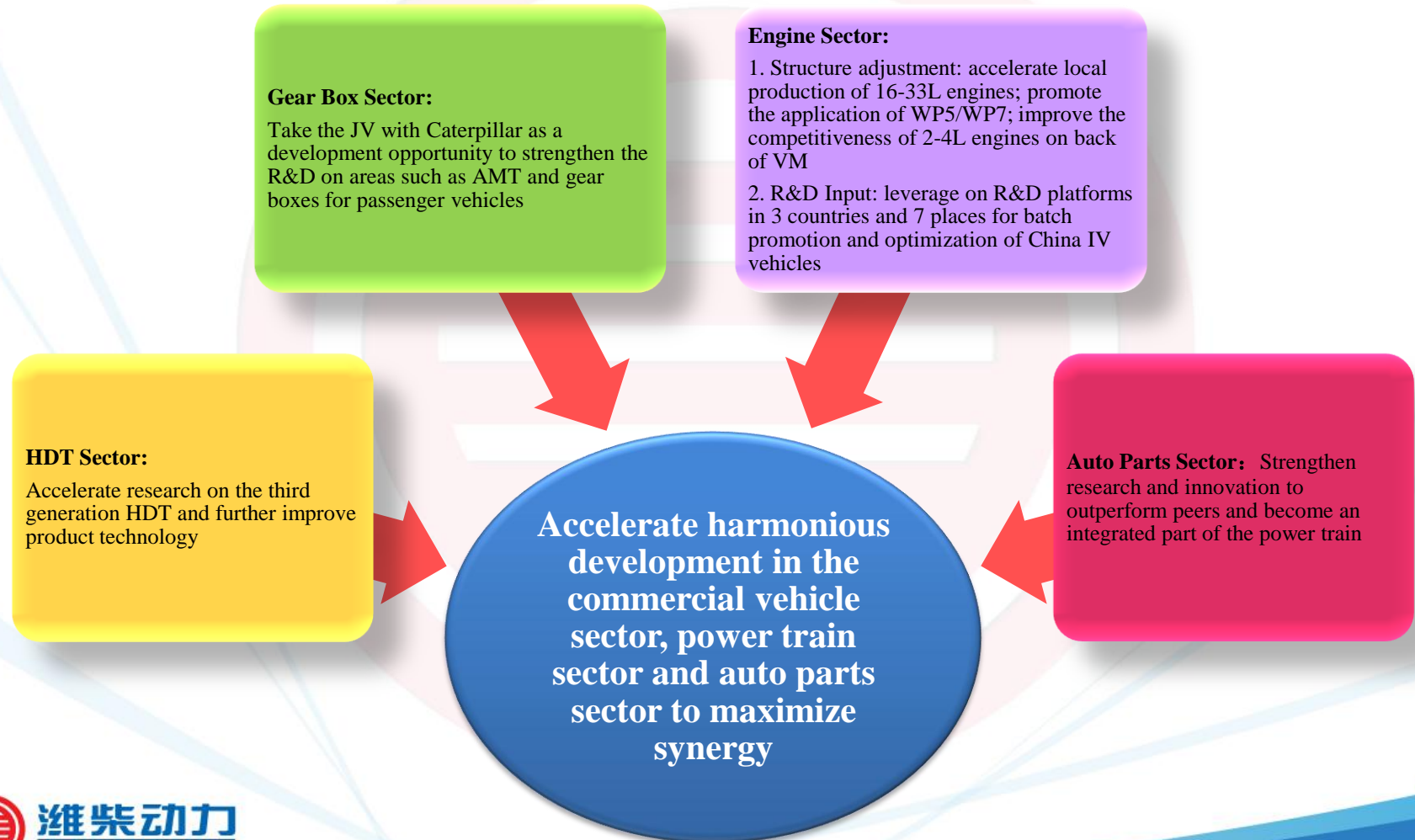
Demand for logistics HDT and light trucks will increase along with the recovery in the logistics transportation market in 2H2011

Demand for passenger vehicles will grow steadily

Business Outlook - Innovation-Driven, Organic Growth



Business Outlook – Strengthen Synergy and Accelerate Development



Thank You!