



WEICHAI

潍柴动力股份有限公司

WEICHAI POWER CO., LTD.

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2338)

FIRST QUARTERLY REPORT FOR 2008

1. IMPORTANT NOTICE

- 1.1 The board of directors, the board of supervisors and its directors, supervisors and senior management of the Company warrant that no false presentations or misleading statements are contained herein, or with any material omissions, and severally and jointly accept responsibilities for the authenticity, accuracy and completeness of the information contained in this report.
- 1.2 There are no directors, supervisors or senior management who fail to warrant or disagrees with the authenticity, accuracy and completeness of the information in this report.
- | | | | |
|-----|-----------------------------------|---------|---------------|
| 1.3 | Name of director unable to attend | Reason | Name of proxy |
| | Liu Huisheng | Working | Tan Xuguang |
| | Li Xinyan | Working | Tan Xuguang |
| | Li Shihao | Working | Liu Zheng |
- 1.4 The first quarterly report of the Company was unaudited.
- 1.5 Mr. Tan Xuguang, principle of the Company, Mr. Zhang Yuanfu, principle of accounting and Mr. Wu Hongwei, principle of accounting department (chief financial officer) have warranted that the financial report of the quarterly report is true and complete.

2. CORPORATE PROFILE

2.1 Major Accounting Data and Financial Indicators

Unit: (RMB)

	As at the end of the reporting period	As at the end last year	Increase/ (decrease) (%)
Total assets	26,932,822,344.33	22,422,663,295.68	20.11%
Equity holders' interests (or Shareholder's interests)	7,093,314,417.47	6,381,332,780.00	11.16%
Net assets per share	13.62	12.26	11.09%

	Reporting period	Corresponding period of last year	Increase/ (decrease) (%)
Net profit attributable to equity holders of the Company	710,775,636.15	253,562,653.60	180.32%
Net cashflow from operating activities	-284,457,897.90	-466,669,112.35	39.05%
Net cashflow per share from operating activities	-0.55	-1.41	60.99%
Basic earnings per share	1.37	0.77	77.92%
Diluted earnings per share	1.37	0.77	77.92%
Return on net assets	10.02%	7.85%	2.17%
Return on net assets after extraordinary gain/ loss	9.96%	7.80%	2.16%

Extraordinary gain/loss items

Unit: (RMB)

Extraordinary gain/loss items	Beginning of year to the end of reporting period
Profit /loss from disposal of non-current assets	-4,991,499.05
Government subsidy accounted into profit and loss for the current period, other than those closely associated with the operations of the Company which were accounted for in fixed amount or volume in accordance with uniform standard of the State	21,451,359.43
Gains (loss) from debt restructuring	-411,535.89
Net non-operating income and expenses other than the above items	-2,555,324.92
Income expenses for above extraordinary gain/loss items	-235,094.64
Gain/loss attributable to minority interests for above extraordinary gain/ loss items	-8,847,443.80
Total	4,410,461.13

2.2 Total number of shareholders and information of top ten shareholders not subject to lock-up terms at the end of reporting period

Total number of shareholders

64,867

Information of top ten shareholders not subject to lock-up terms

Name of shareholder	Number of shares not subject to Lock up terms	Class of shares
HKSCC Nominees Limited	126,159,699	Overseas listed foreign shares
Industrial and Commercial Bank of China — 南方績優成長股票型證券投資基金	5,336,890	RMB Ordinary shares
Bank of China — 華寶興業先進成長股票型證券投資基金	4,833,539	RMB Ordinary shares
Industrial and Commercial Bank of China — 廣發穩健增長證券投資基金	4,299,937	RMB Ordinary shares
Industrial and Commercial Bank of China — 易方達價值成長混合型證券投資基金	4,034,642	RMB Ordinary shares
Bank of China — 海富通股票證券投資基金	3,441,652	RMB Ordinary shares
Industrial and Commercial Bank of China — 華安中小盤成長股票型證券投資基金	3,150,000	RMB Ordinary shares
Industrial and Commercial Bank of China — 易方達價值精選股票型證券投資基金	3,009,803	RMB Ordinary shares
Bank of China — 景順長城動力平衡證券投資基金	2,900,461	RMB Ordinary shares
China Construction Bank — 富國天博創新主題股票型證券投資基金	2,700,019	RMB Ordinary shares

3. IMPORTANT EVENTS

3.1 Information on and reasons for the material changes of major accounting items and financial indicators

☒ Applicable ☐ N/A

On 29 December 2006, the general meeting of the Company and TAGC passed a resolution to approve the merger by share exchange agreement between the Company and TAGC. TAGC was included in the scope of the combined statements as a subsidiary of the Company since January to March 2007, taking into account of 28.12% net profit of TAGC. Upon the merger by absorption of TAGC by the Company in April 2007, the assets and business were merged into the Company, resulting in a relatively significant change in relevant indicators for current period when compared with the corresponding period last year.

3.2 Analysis and description on the progress of important events, their impacts and solutions

☐ Applicable ☒ N/A

3.3 The implementation of commitments by the Company, shareholders and beneficial controller

☒ Applicable ☐ N/A

Under the commitments of the 8 legal person promoter shareholders and Zhuzhou State-owned Assets Supervision and Administration Commission and subject to such commitments, no shares of Weichai Power held by them shall be transferred or managed by other person or repurchased by Weichai Power within 36 months commencing from Weichai Power's listing on the Shenzhen Stock Exchange.

Under the commitments of the 24 nature person shareholders (including Tan Xuguang) and subject to such commitments, no shares of Weichai Power held by them shall be beneficially transferred or repurchased by Weichai Power within 36 months commencing from Weichai Power's listing on the Shenzhen Stock Exchange.

Above commitments are strictly implemented.

3.4 Warnings and reasons on forecasting possible accumulated net profit as losses from beginning of year to end of next reporting period or significant changes as compared with same period of preceding year.

☐ Applicable ☒ N/A

3.5 Information on other important events

3.5.1 Investment in securities

☐ Applicable ☒ N/A

3.5.2 Shareholdings in other listed companies

☐ Applicable ☒ N/A

3.5.3 Meetings with researchers, public relations and interviews during the reporting period

Time	Venue	接待方式	Target	Major Items Discussed and Information Provided
7 January 2008	Company conference room	On-site interview	高瓴資本有限公司	General operation, business development and development strategic positioning of the Company
9 January 2008	Company conference room	On-site interview	瑞銀證券有限責任公司/ 國信證券基金訪問團	General operation, business development and development strategic positioning of the Company
17 January 2008	Company conference room	On-site interview	大華繼顯投資諮詢(上海) 有限公司	General operation, business development and development strategic positioning of the Company
20 February 2008	Company conference room	On-site interview	博時基金管理有限責任公司/ 建信基金管理有限責任公司	General operation, business development and development strategic positioning of the Company
26 February 2008	Company conference room	On-site interview	景林資產管理有限公司/ 海富通基金管理有限公司	General operation, business development and development strategic positioning of the Company
27 February 2008	Company conference room	On-site interview	中國建銀投資證券有限責任公司	General operation, business development and development strategic positioning of the Company
29 February 2008	Company conference room	On-site interview	美國Walterscott公司/ 摩根士丹利亞洲有限公司	General operation, business development and development strategic positioning of the Company
20 March 2008	Company conference room	On-site interview	紐約DLH資本管理有限責任公司	General operation, business development and development strategic positioning of the Company
21 March 2008	Company conference room	On-site interview	雷曼兄弟亞洲投資有限公司	General operation, business development and development strategic positioning of the Company

4. APPENDIX

4.1 Balance Sheet

Prepared by WEICHAI POWER CO., LTD

Items	31 March 2008		Unit: (RMB)	
	Balance as at the end of period		Balance as at the beginning of period	
	Combined	Parent Company	Combined	Parent Company
Current asset:				
Monetary assets	2,754,650,908.97	1,061,975,042.87	2,715,812,762.38	1,380,020,367.04
Settlement provisions				
Capital lent				
Finance assets held for trading				
Bills receivables	5,457,227,181.19	3,483,875,188.73	4,220,450,732.24	2,185,339,215.59
Dividend receivables	3,040,000.00	33,054,200.00	3,040,000.00	33,054,200.00
Accounts receivables	3,971,606,356.33	1,979,388,578.95	1,884,247,357.22	125,099,539.05
Prepayments	1,234,640,611.73	96,762,494.57	1,066,471,985.27	111,118,670.83
Insurance receivable				
Premium receivables				
Contract reserve of reinsurance receivable				
Interest receivable				
Other receivables	561,858,307.21	264,645,527.09	264,256,913.58	311,075,708.11
Purchase restituted finance asset				
Inventory	4,848,861,312.28	1,082,463,031.57	4,323,010,500.34	1,375,045,690.06
Non-current assets due within one year				
Other current assets	1,774,445.18		124,297.29	
Total current assets	18,833,659,122.89	8,002,164,063.78	14,477,414,548.32	5,520,753,390.68

31 March 2008

Unit: (RMB)

Items	Balance as at the end of period		Balance as at the beginning of period	
	Combined	Parent Company	Combined	Parent Company
Non-current assets:				
Granted loans and advances				
Finance asset available sales				
Held-to-maturity investment				
Long-term receivable				
Long-term equity investment	296,126,007.78	3,251,432,045.93	295,463,918.25	3,129,588,619.79
Investment property	37,224,645.72		37,539,665.49	
Fixed assets	5,136,761,119.81	2,053,456,598.29	5,276,075,039.43	2,190,793,535.69
Construction in progress	1,029,627,132.22	656,899,324.85	780,803,093.22	548,966,748.03
Engineering material	11,294,407.92		4,027,253.20	
Disposal of fixed assets				
Consumable biological asset				
Oil and gas assets				
Intangible assets	604,216,711.85	242,691,050.70	613,558,522.54	243,953,877.24
Expense on Research and Development				
Goodwill	538,016,278.33	579,145,043.76	538,016,278.33	579,145,043.76
Long-term expenses to be apportioned	167,551,447.15		169,434,869.82	
Deferred income tax assets	278,336,754.68	106,528,901.53	229,797,609.04	78,021,462.06
Other non-current assets	8,715.98		532,498.04	
Total non-current assets	8,099,163,221.44	6,890,152,965.06	7,945,248,747.36	6,770,469,286.57
Total assets	26,932,822,344.33	14,892,317,028.84	22,422,663,295.68	12,291,222,677.25

31 March 2008

Unit: (RMB)

Items	Balance as at the end of period		Balance as at the beginning of period	
	Combined	Parent Company	Combined	Parent Company
Current liabilities:				
Short-term loans	2,285,428,741.92	1,643,046,000.00	1,157,524,538.38	193,046,000.00
Loans from central bank				
Absorbing deposit and interbank deposit				
Capital borrowed				
Finance liabilities held for trading				
Bills payable	2,213,894,266.33	1,126,816,028.15	1,920,298,734.92	1,177,703,291.54
Accounts payables	6,818,498,143.84	2,914,199,701.54	5,470,295,864.46	2,302,456,504.16
Accounts received in advance	531,999,288.71	13,650,668.46	559,739,805.06	66,497,422.68
Selling finance assets of repurchase				
Handling charge and commission payable				
Salaries payables	483,526,116.85	351,801,547.55	455,130,170.71	315,482,500.38
Tax payables	858,969,338.52	752,961,383.22	383,209,229.75	337,966,605.02
Dividend payables	31,764,797.86	6,833.18	31,764,797.86	6,833.18
Interest payable	2,697,777.78			
Other payables	1,969,809,775.26	1,528,425,505.83	1,230,842,853.76	1,030,666,525.92
Reinsurance payables				
Insurance contract reserve				
Security trading of agency				
Security sales of agency				
Non-current liabilities due within one year	251,334,200.00	101,334,200.00	523,903,600.00	118,445,600.00
Other current liabilities	810,639,228.61	292,500.00	911,632,627.26	900,300,000.00
Total current liabilities	16,258,561,675.68	8,432,534,367.93	12,644,342,222.16	6,442,571,282.88
Non-current liabilities:				
Long-term loans	287,177,693.34	100,000,000.00	241,230,457.12	100,000,000.00
Debentures payable				
Long-term payables	29,061,910.00		29,007,700.00	
Specific purpose account payables				
Provisions for contingent liabilities	41,437,060.49		29,457,842.41	
Deferred tax liabilities	65,391,516.03	13,986,016.03	66,033,666.01	13,402,666.01
Other non-current liabilities	5,000,000.00		5,000,000.00	
Total non-current liabilities	428,068,179.86	113,986,016.03	370,729,665.54	113,402,666.01
Total liabilities	16,686,629,855.54	8,546,520,383.96	13,015,071,887.70	6,555,973,948.89

31 March 2008

Unit: (RMB)

Items	Balance as at the end of period		Balance as at the beginning of period	
	Combined	Parent Company	Combined	Parent Company
Equity holders' interests				
(or Shareholder's interests)				
Paid-up capital (or share capital)	520,653,552.00	520,653,552.00	520,653,552.00	520,653,552.00
Capital reserves	2,375,569,407.25	2,157,019,404.62	2,375,569,407.25	2,157,019,404.62
Less: Treasury Stock				
Surplus reserves	400,638,780.85	400,638,780.85	400,638,780.85	400,638,780.85
General risk provision				
Undistributed profit	3,798,486,343.54	3,267,484,907.41	3,087,710,707.39	2,656,936,990.89
Exchange difference in foreign currency statements	-2,033,666.17		-3,239,667.49	
Total equity attributable to equity holders of parent company	7,093,314,417.47	6,345,796,644.88	6,381,332,780.00	5,735,248,728.36
Minority interest	3,152,878,071.32		3,026,258,627.98	
Total equity holders' equity	10,246,192,488.79	6,345,796,644.88	9,407,591,407.98	5,735,248,728.36
Total liabilities and equity holders' interests	26,932,822,344.33	14,892,317,028.84	22,422,663,295.68	12,291,222,677.25

4.2 Income statement

Prepared by WEICHAI POWER CO., LTD

Items	From January to March 2008		Unit: (RMB)	
	Current Period		Corresponding period of previous year	
	Combined	Parent Company	Combined	Parent Company
1. Total income from operations	9,136,283,711.58	4,549,858,110.58	6,903,635,068.83	2,735,682,825.18
Including: Operating income	9,136,283,711.58	4,549,858,110.58	6,903,635,068.83	2,735,682,825.18
Interests income				
Premium income				
Handling charge and commission income				
2. Total costs from operations	7,983,896,135.67	3,763,767,337.19	6,285,747,746.54	2,488,163,429.20
Including: Operating costs	6,905,795,015.53	3,224,478,173.06	5,225,394,541.42	1,986,295,439.48
Interests expenses				
Handling charge and commission expenses				
Payments on surrenders				
Claim expenses-net				
Provision for insurance contract reserve-net				
Policyholder dividends				
Expenses for reinsurance accepted				
Operating taxes and surcharges	53,499,526.47	37,994,554.46	44,749,565.98	23,565,127.42
Selling expenses	484,906,521.38	203,098,554.84	476,824,579.31	227,046,501.23
Administration expenses	327,492,023.42	156,750,340.86	362,363,487.17	146,871,650.43
Financial expenses	77,519,955.55	41,388,960.72	54,726,016.13	12,414,154.83
Impairment loss on assets	134,683,093.32	100,056,753.25	121,689,556.53	91,970,555.81
Add: Gains from change in fair value (losses are indicated with “-”)				
Investment gains (losses are indicated with “-”)	221,471.58	27,887,120.62	109,615.75	
Including: Gains on investment from associated companies and joint ventures	221,471.58	128,920.62	109,615.75	
Foreign exchange gains (losses are indicated with “-”)				

Items	From January to March 2008		Unit: (RMB)	
	Current Period		Corresponding period of previous year	
	Combined	Parent Company	Combined	Parent Company
3. Operating profit (losses are indicated with “-”)	1,152,609,047.49	813,977,894.01	617,996,938.04	247,519,395.98
Add: Non-operating income	23,588,284.57	194,896.66	6,766,791.02	34,205.13
Less: non-operating expenses	10,226,427.93	7,999,395.84	2,869,863.15	299,048.11
Including: losses on disposal of non-current assets	8,567,428.68	4,998,795.84	562,193.13	546.25
4. Total profits (Total losses are indicated with“-”)	1,165,970,904.13	806,173,394.83	621,893,865.91	247,254,553.00
Less: Income tax expenses	246,316,074.12	195,625,478.31	115,992,032.84	37,683,026.03
5. Net profits (Net losses are indicated with “-”)	919,654,830.01	610,547,916.52	505,901,833.07	209,571,526.97
Net profit attributable to equity holders of parent company	710,775,636.15	610,547,916.52	253,562,653.60	209,571,526.97
Profit and loss of Minority shareholders	208,879,193.86		252,339,179.47	
6. Earnings per share:				
(1) Basic earnings per share	1.37	1.17	0.77	0.64
(2) Diluted earnings per share	1.37	1.17	0.77	0.64

4.3 Cash flow statement

Prepared by WEICHAI POWER CO., LTD

Items	From January to March 2008		Unit: (RMB)	
	Current Period Combined Parent Company		Corresponding period of previous year Combined Parent Company	
1. Cash flow generated from operating activities:				
Cash received from sale of merchandise and provision of labour services	4,587,816,881.37	2,273,799,432.35	3,439,250,990.88	1,734,921,223.77
Cash received from customers' deposit and interbank deposit				
Cash received from loans from central bank, net				
Cash received from capital borrowed from other financial institutions				
Cash received on premium received				
Cash received from reinsurance, net				
Cash received on policyholder deposit and investment, net				
Net increase in cash received from disposal of finance assets held for trading				
Interests, handling charges and commission received				
Cash received from capital borrowed				
Cash received under repurchasing				
Tax rebate received	37,168,107.95	3,752,899.38	11,576,364.17	

Items	From January to March 2008		Unit: (RMB)	
	Current Period		Corresponding period of previous year	
	Combined	Parent Company	Combined	Parent Company
Cash received from other operating activities	56,490,850.38	40,413,303.97	20,678,470.78	35,279,424.96
Cash inflow from operating activities				
— subtotal	4,681,475,839.70	2,317,965,635.70	3,471,505,825.83	1,770,200,648.73
Cash paid for purchase of merchandise				
commodity and labour service	3,799,520,932.95	2,449,199,350.16	3,048,252,141.41	1,825,627,087.27
Customers' loans and advances drawn				
Cash deposited in central bank and				
interbank				
Claims paid				
Interests, handling charges and				
commission paid				
Dividends paid to policyholders				
Cash paid to and for staff	375,139,664.71	99,761,741.62	301,490,190.66	102,188,650.84
Cash paid for various taxes	509,432,111.68	253,321,718.45	380,768,390.67	172,069,412.22
Cash paid for other operating activities	281,841,028.26	137,298,116.02	207,664,215.44	58,506,919.67
Cash outflow from operating activities				
— subtotal	4,965,933,737.60	2,939,580,926.25	3,938,174,938.18	2,158,392,070.00
Net cash flow generated from operating				
activities	-284,457,897.90	-621,615,290.55	-466,669,112.35	-388,191,421.27

Items	From January to March 2008		Unit: (RMB)	
	Current Period Combined Parent Company		Corresponding period of previous year Combined Parent Company	
2. Cash flow generated from investing activities:				
Cash received from recovery of investments				
Cash from gains on investments			1,886,400.00	
Net cash received on disposal of fixed assets, intangible assets and other long-term assets	446,020.00		1,431,627.52	
Net cash received on disposal of subsidiaries and other business units				
Cash received from other investing activities				
Cash inflow from investing activities — subtotal	446,020.00		3,318,027.52	
Cash paid on acquisition and installation of fixed assets, intangible assets and other long term assets	409,785,182.32	183,640,328.05	250,236,287.71	120,592,022.82
Cash paid on investment	43,461,419.40	43,461,419.40	12,191,457.51	9,695,346.85
Net cash used in pledged loans				
Net cash received from subsidiaries and other business units				
Cash paid for other investing activities				
Cash outflow from investing activities — subtotal	453,246,601.72	227,101,747.45	262,427,745.22	130,287,369.67
Net cash flow generated from investing activities	-452,800,581.72	-227,101,747.45	-259,109,717.70	-130,287,369.67

Items	From January to March 2008		Unit: (RMB)	
	Current Period Combined Parent Company		Corresponding period of previous year Combined Parent Company	
3. Cash flow generated from financing activities:				
Cash received from investments			970,049,886.23	
Including: cash received by subsidiaries from investment by minority shareholders			103,259,886.23	
Cash received from borrowings	2,595,250,000.00	1,570,000,000.00	425,223,967.24	966,790,000.00
Cash received from issuing debentures				
Cash received from other financing activities	13,642,685.72		15,787,728.67	
Cash inflow from financing activities — subtotal	2,608,892,685.72	1,570,000,000.00	1,411,061,582.14	966,790,000.00
Cash paid for repayment of debts	1,780,933,711.10	1,020,000,000.00	375,564,490.15	100,000,000.00
Cash paid for distribution of dividends, profit or interest	42,931,131.71	19,328,222.41	130,773,029.59	5,228,128.01
Including: dividends and profit distributed to minority shareholders by subsidiaries			100,000,000.00	
Cash paid for other financing activities	8,608,443.32		9,339,245.02	
Cash outflow from financing activities — subtotal	1,832,473,286.13	1,039,328,222.41	515,676,764.76	105,228,128.01
Net cash flow generated from financing activities	776,419,399.59	530,671,777.59	895,384,817.38	861,561,871.99
4. Effects of changes in exchange rates on cash and cash equivalents	-322,773.38	-63.76	62,412.08	260.93

Items	From January to March 2008		Unit: (RMB)	
	Current Period		Corresponding period of previous year	
	Combined	Parent Company	Combined	Parent Company
5. Net increase in cash and cash equivalents	38,838,146.59	-318,045,324.17	169,668,399.41	343,083,341.98
Add: Cash and cash equivalents at beginning of period	2,715,812,762.38	1,380,020,367.04	2,101,395,069.89	1,025,254,049.07
6. Cash and cash equivalents at end of period	2,754,650,908.97	1,061,975,042.87	2,271,063,469.30	1,368,337,391.05

4.4 Auditors' report

Auditor's opinion:
Unaudited

By order of the Board of
Weichai Power Co., Ltd.
Tan Xuguang
Chairman and CEO

29 April 2008

As at the date of this announcement, the executive Directors of the Company are Mr. Tan Xuguang, Mr. Xu Xinyu, Mr. Sun Shaojun and Mr. Zhang Quan; the non-executive Directors of the Company are Mr. Yeung Sai Hong, Mr. Yao Yu, Mr. Li San Yim, Mr. Liu Huisheng, Ms. Zhang Fusheng, Mr. Julius G. Kiss, Ms. Han Xiaoqun, Mr. Chen Xuejian, Mr. Gu Linsheng, Mr. Li Shihao and Mr. Liu Zheng; and the independent non-executive Directors of the Company are Mr. Zhang Xiaoyu, Mr. Koo Fook Sun, Louis and Mr. Fang Zhongchang.