WEICHAI

濰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)

INTERIM RESULTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2008

FINANCIAL HIGHLIGHTS

- Turnover amounted to approximately RMB20,049.8 million, increased by approximately 39.9%.
- Net Profit Attributable to Shareholders amounted to approximately RMB1,659.2 million, increased by approximately 95.5%.
- Basic Earning Per Share was approximately RMB3.19, increased by approximately 51.2%.

The board of directors (the "Board") of Weichai Power Co., Ltd. (the "Company") is pleased to announce the unaudited interim condensed consolidated financial statements of the Company and its subsidiaries (the "Group") for the period ended 30 June 2008 (the "Period"), together with comparative figures for the last period of 2007 as follows:

UNAUDITED INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2008

	Notes	**For the six months ended 30 June 2008** *RMB'000* ***(Unaudited)***	30 June 2007 *RMB'000* *(Unaudited and restated)*
REVENUE	*4*	**20,049,751**	14,335,233
Cost of sales		**(15,663,672)**	(10,905,372)
Gross profit		**4,386,079**	3,429,861
Other income and gains	*4*	**183,227**	64,423
Selling and distribution costs		**(981,324)**	(771,508)
Administrative expenses		**(563,503)**	(632,019)
Research and development expenses		**(152,873)**	(161,911)
Other expenses		**(243,901)**	(184,521)
Finance costs		**(166,236)**	(141,934)
Share of profits/(losses) of associates		**5,292**	(1,182)
PROFIT BEFORE TAX	*5*	**2,466,761**	1,601,209
Tax	*6*	**(378,856)**	(283,314)
PROFIT FOR THE PERIOD		**2,087,905**	1,317,895
ATTRIBUTABLE TO:			
Equity holders of the Company		**1,659,215**	848,491
Minority interests		**428,690**	469,404
		2,087,905	1,317,895
DIVIDEND			
Proposed Interim dividend	*7*	**—**	—
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
— Basic	*8*	**RMB3.19**	RMB2.11

UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

30 June 2008

	Notes	**30 June 2008** *RMB'000* *(Unaudited)*	31 December 2007 *RMB'000* *(Audited)*
NON-CURRENT ASSETS			
Property, plant and equipment		**6,564,771**	5,826,338
Investment properties		**31,811**	32,333
Prepaid land lease payments		**327,432**	268,767
Goodwill		**538,016**	538,016
Other intangible assets		**161,637**	253,489
Investments in associates		**188,936**	220,106
Available-for-sale investments		**205,725**	75,358
Deposits paid for acquisition of property, plant and equipment		**618,912**	926,571
Deferred tax assets		**315,267**	189,761
Total non-current assets		**8,952,507**	8,330,739
CURRENT ASSETS			
Inventories		**4,700,308**	4,200,010
Trade and bills receivables	*9*	**9,645,588**	5,909,502
Prepayments, deposits and other receivables		**1,154,120**	861,269
Restricted deposits		**1,507,163**	856,109
Cash and cash equivalents		**2,504,984**	1,819,554
		19,512,163	13,646,444
Net assets of a disposal group classified as held for sale		**284,261**	278,462
Total current assets		**19,796,424**	13,924,906

	Notes	**30 June 2008** **RMB'000** ***(Unaudited)***	31 December 2007 *RMB'000* *(Audited)*
CURRENT LIABILITIES			
Trade and bills payables	*10*	**10,266,275**	7,264,773
Other payables and accruals		**2,611,740**	2,180,004
Amount due to a related party — non-trade		**66,452**	65,657
Tax payable		**671,922**	438,252
Dividend payables to minority shareholders		**17,053**	31,765
Dividend payables		**229,094**	—
Interest-bearing bank and other borrowings		**1,680,678**	1,540,584
Debentures		**800,000**	900,000
Warranty provision		**407,067**	210,093
Total current liabilities		**16,750,281**	12,631,128
NET CURRENT ASSETS		**3,046,143**	1,293,778
TOTAL ASSETS LESS CURRENT LIABILITIES		**11,998,650**	9,624,517
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**823,200**	161,307
Deferred tax liabilities		**70,494**	65,022
Total non-current liabilities		**893,694**	226,329
Net assets		**11,104,956**	9,398,188
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		**520,654**	520,654
Reserves		**7,222,399**	5,862,818
		7,743,053	6,383,472
Minority interests		**3,361,903**	3,014,716
Total equity		**11,104,956**	9,398,188

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The unaudited interim condensed consolidated financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2007.

The accounting policies and basis of preparation adopted in the preparation of the unaudited interim condensed consolidated financial statements are the same as those used in the annual financial statements for the year ended 31 December 2007, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations) that are adopted for the first time for current period's unaudited interim condensed consolidated financial statements:

HK(IFRIC)-Int 11

HKFRS 2 — Group and Treasury Share Transactions

This interpretation requires arrangements whereby an employee is granted rights to the Group's equity instruments, to be accounted for as an equity-settled scheme, even if the Group buys the instruments from another party, or the shareholders provide the equity instruments needed. HK(IFRIC)-Int 11 also addresses the accounting for share-based payment transactions involving two or more entities within the Group. The adoption of this interpretation did not have any effect on the financial position or performance of the Group.

HK(IFRIC)-Int 12

Service Concession Arrangements

This interpretation requires an operator under public-to-private service concession arrangements to recognise the consideration received or receivable in exchange for the construction services as a financial asset and/or an intangible asset, based on the terms of the contractual arrangements. HK(IFRIC)-Int 12 also addresses how an operator shall apply existing HKFRSs to account for the obligations and the rights arising from service concession arrangements by which a government or a public sector entity grants a contract for the construction of infrastructure used to provide public services and/or for the supply of public services. As the Group currently has no such transactions, the interpretation is unlikely to have any financial impact on the Group.

HK(IFRIC)-Int 14

HKAS 19 — The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

This interpretation provides guidance on how to assess the limit under HKAS 19 *Employee Benefits*, on the amount of a refund or reduction in future contributions in relation to a defined benefit scheme that can be recognised as an asset, in particular, when minimum funding requirements exist. The adoption of this interpretation did not have any effect on the financial position or performance of the Group.

2. RESTATEMENT OF COMPARATIVE INFORMATION

TAGC was accounted for as an associate using the equity method in the Company's consolidated financial statements for the period ended 30 June 2007. However, upon further discussion with its advisors, the directors conducted detailed analyses of the nature and extent of the Company's control over the financial and operating policies of TAGC. Based on these analyses, the directors have concluded that the Company had de facto control over TAGC before 31 December 2006. Accordingly, the Company has restated its consolidated financial statements for the period ended 30 June 2007 and in summary, as follows:

For the six months ended 30 June 2007

	As previously reported	Adjustment for TAGC as a subsidiary	As restated
	RMB'000	*RMB'000*	*RMB'000*
Turnover	9,308,412	5,026,821	14,335,233
Profit before tax	1,250,623	350,586	1,601,209
Profit for the period	1,072,134	245,761	1,317,895
ATTRIBUTABLE TO:			
Equity holders of the Company	926,158	(77,667)	848,491
Minority interests	145,976	323,428	469,404
	1,072,134	245,761	1,317,895

3. SEGMENT INFORMATION

Business Segments

Segment information is presented by way of the Group's primary segment reporting basis, by business segment. In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. No further geographical segment information is presented as over 90% of the Group's revenue is derived from customers based in Mainland China, and over 90% of the Group's assets are located in Mainland China.

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

(i) manufacturing and sales of diesel engines and related parts ("Diesel engines");

(ii) manufacturing and sale of automobiles and major automobile components other than diesel engines ("Automobiles and other major automobile components");

(iii) manufacturing and sale of minor automobile components ("Minor automobile components"); and

(iv) provision and import of export services ("Import & export services").

The following tables present revenue and profit of the Group's business segments for the six months ended 30 June 2008 (the "Period"):

	Diesel engines	Automobiles and other major automobile components	Minor automobile components	Import & export services	Elimination	Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue						
Sales to external customer	7,019,191	12,309,934	463,556	257,070	—	20,049,751
Inter-segment sales	1,874,034	542,709	45,892	37,111	(2,499,746)	—
	8,893,225	12,852,643	509,448	294,181	(2,499,746)	20,049,751
Segment results	1,563,470	934,734	40,629	7,583	(101,938)	2,444,478
Other income and gains						183,227
Share of results of associates	129	5,163				5,292
Finance costs						(166,236)
Profit before tax						2,466,761
Tax						(378,856)
Profit for the period						2,087,905

The following tables present revenue and profit of the Group's business segments for the six months ended 30 June 2007 (unaudited and restated):

	Diesel engines *RMB'000*	Automobiles and other major automobile components *RMB'000*	Minor automobile components *RMB'000*	Import & export services *RMB'000*	Elimination *RMB'000*	Consolidated *RMB'000*
Segment revenue						
Sales to external customer	4,393,841	8,871,281	385,892	684,219	—	14,335,233
Inter-segment sales*	1,406,484	400,263	44,088	—	(1,850,835)	—
	5,800,325	9,271,544	429,980	684,219	(1,850,835)	14,335,233
Segment results	871,738	934,007	19,683	(26,661)	(93,400)	1,705,367
Corporate and other unallocated expenses						(25,465)
Other income and gains						64,423
Share of results of associates	(369)	(489)		(324)		(1,182)
Finance costs						(141,934)
Profit before tax						1,601,209
Tax						(283,314)
Profit for the period						1,317,895

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts, net of sales taxes and surcharges.

There is no major seasonality for the Group's revenue. An analysis of the Group's revenue, other income and gains is as follows:

	For the six months ended 30 June 2008 RMB'000 *(Unaudited)*	30 June 2007 RMB'000 *(Unaudited and restated)*
Revenue		
Sales of goods	**20,049,751**	14,335,233

	For the six months ended 30 June 2008 RMB'000 (Unaudited)	30 June 2007 RMB'000 (Unaudited and restated)
Other income		
Interest income	**23,903**	14,584
Gross rental income	**1,910**	2,344
Profit from the sale of raw materials, spare parts and semi-finished goods	**74,919**	23,943
Subsidy income	**56,087**	16,785
Others	**14,420**	5,198
	171,239	62,854
Gains		
Gain on disposal of items of property, plant and equipment	**2,766**	1,569
Gain on disposal of associates	**9,222**	—
	11,988	1,569
Total	**183,227**	64,423

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June 2008 RMB'000 (Unaudited)	30 June 2007 RMB'000 (Unaudited and restated)
Depreciation of property, plant and equipment	**359,130**	176,190
Depreciation of investment properties	**634**	180
Amortization of intangible assets	**10,504**	33,884
Recognition of prepaid lease payments	**4,301**	1,624
Cost of inventories sold	**15,663,672**	10,905,372
Staff costs	**878,800**	830,446
Minimum lease payments under operating leases	**28,008**	18,346
Bank interest income	**(15,894)**	(12,225)

6. TAX

	For the six months ended	
	30 June	30 June
	2008	2007
		(Unaudited
	(Unaudited)	*and restated)*
	RMB'000	*RMB'000*
Group:		
Current — Mainland China	**497,305**	355,395
Current — Elsewhere	**1,586**	6,256
	498,891	361,651
Deferred	**(120,035)**	(78,337)
Total tax charge for the period	**378,856**	283,314

The Company and all its subsidiaries that operate in Mainland China are subject to the statutory corporate income tax rate of 25% for the Period under the income tax rules and regulations of the People's Republic of China ("the PRC"), except that:

- Certain subsidiaries are subject to a corporate income tax rate of 15% as they are assessed as high-tech enterprises in accordance with relevant rules and regulations.

- Certain subsidiaries are subject to a corporate income tax rate of 15% as they are located in Western Region and engaged in government-encouraged sectors in accordance with relevant rules and regulations.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong for the Period.

7. DIVIDEND

The directors do not recommend the payment of interim dividend. (six months ended 30 June 2007: Nil)

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amount is based on the profit for the Period attributable to ordinary equity holders of the Company of RMB1,659.2 million (six months ended 30 June 2007: RMB848.5 million) and the weighted average number of 520,654,000 ordinary shares in issue during the Period (six months ended 30 June 2007: 402,680,083 ordinary shares).

No diluted earnings per share have been presented for the six months ended 30 June 2008 and 2007 as no diluting events occurred during these periods.

9. TRADE AND BILLS RECEIVABLES

	30 June 2008 RMB'000 (Unaudited)	31 December 2007 RMB'000 (Audited)
Third party customers	**3,240,857**	1,843,700
Related party and connected person customers	**175,729**	96,840
Impairment	**(314,169)**	(211,279)
	3,102,417	1,729,261
Bills receivable	**6,543,171**	4,180,241
	9,645,588	5,909,502
Trade and bills receivables attributable to a disposal group classified as held for sale	**142,220**	195,196
	9,787,808	6,104,698

The credit terms granted by the Group to its customers are normally in the range from 30 days to 180 days. However, customers with established trading records could be granted a longer credit period. An aged analysis of trade and bills receivables, net of impairment losses, as at the balance sheet date, based on the invoice date, is as follows:

	30 June 2008 RMB'000 (Unaudited)	31 December 2007 RMB'000 (Audited)
Within 90 days	**6,911,222**	4,172,994
Between 91 to 180 days	**2,391,091**	1,738,859
Between 181 to 365 days	**286,683**	39,136
Over 365 days	**198,812**	153,709
	9,787,808	6,104,698

Included in the above balance are debtors with an aggregate carrying amount of RMB452 million (31 December 2007: RMB193 million) which were past due but not impaired. The Group does not hold any collateral over these balances. The average age of these receivables is 180 days (31 December 2007: 180 days).

Aging of trade receivables which are past due but not impaired

	30 June 2008	31 December 2007
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Between 181 to 365 days	**253,183**	39,136
Over 1 year but less than 2 years	**130,793**	95,894
Over 2 years but less than 3 years	**47,127**	39,519
Over 3 years but less than 4 years	**16,429**	17,041
Over 4 years but less than 5 years	**4,463**	1,255
Total	**451,995**	192,845

The Group has provided fully for all receivables over 5 years because historical experience is such that receivables that are past due beyond 5 years are generally not recoverable. For amounts which were past due at the balance sheet date, the Group has not provided for those receivables as there has not been significant change in credit quality and the amounts are still considered recoverable.

10. TRADE AND BILLS PAYABLES

	30 June 2008	31 December 2007
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Third party suppliers	**7,001,493**	5,102,391
Related party and connected person suppliers	**366,796**	242,083
	7,368,289	5,344,474
Bills payable *(Note)*	**2,897,986**	1,920,299
	10,266,275	7,264,773
Trade and bills payables attributable to a disposal group classified as held for sale	**69,284**	125,821
	10,335,559	7,390,594

Note: The bills are non-interest bearing and have a maturity of six months.

An aged analysis of trade and bills payables as at the balance sheet date, based on the invoice date, is as follows:

	30 June 2008 *RMB'000* *(Unaudited)*	31 December 2007 *RMB'000* *(Audited)*
Within 90 days	**7,349,798**	6,307,453
Between 91 to 180 days	**2,404,618**	729,789
Between 181 to 365 days	**489,472**	146,610
Over 365 days	**91,671**	206,742
	10,335,559	7,390,594

CHAIRMAN'S STATEMENT

Dear Shareholders:

On behalf of the Board, I would like to present the unaudited interim results of the Company for the six months ended 30 June 2008.

I. Review of Operations

Entering 2008, China's economy continued to grow in a rapid pace. In the first half of the year, China recorded a GDP year-on-year growth of 10.4%, while its fixed asset investment achieved a year-on-year increase of 26.3%, representing an increase of 0.4% over the corresponding period of last year. This stable and fast-growing macro-economic environment provides the heavy-duty vehicle, construction machinery and coach industries with huge growth potential.

In line with the continuous improvement of the nationwide road network and, in particular, the increase in the length and coverage of expressways, the road cargo volume and cargo turnover experienced significant growth which propelled the rapid development of the logistics sector. Furthermore, further steps by the Government to regulate the heavy-duty sector which included, the increasing crack down on truck overloading and the implementation of the charge-by-weight policy, and the cost effectiveness the heavy-duty truck for transportation, have directly enhanced the sector development toward a product structure of high-tonnage and high-efficiency. All these have laid a solid foundation for the growth of the heavy-duty truck industry. During the reporting period, the heavy-duty truck market in China experienced record growth. Sales of heavy-duty trucks reached approximately 380,139 units, representing a year-on-year growth of approximately 48.6%.

During the Period, the heavy-duty truck market in China recorded an overall growth with competition intensifying. According to the statistics of 中國汽車工業協會 (China Association of Automobile Manufacturers), the Company's major customers such as 陝西重型汽車有限公司(Shaanxi Heavy-duty Motor Company Limited) ("Shaanxi Zhongqi"), 北汽福田汽車股份有限公司(Beiqi Futian Motor Company Limited) ("Beiqi Futian"), 包頭北方奔馳重型汽車有限責任公

司(Baotou North-Benz Heavy-Duty Truck Co., Ltd.), 重慶紅岩汽車有限責任公司(Chongqing Hongyan Heavy Duty Motor Company Limited), 安徽華菱重型汽車有限公司(Anhui Hualing Heavy-Duty Automobile Group Co., Ltd.) and 安徽江淮汽車股份有限公司(Anhui Jianghuai Automotive Co., Ltd.), etc. all recorded strong growth, hence driving the growth of the Company's product sales. The Company's aggregate sales of heavy-duty truck engines reached approximately 137,000 units in the first half of 2008, representing a year-on-year increase of approximately 60.4%. According to the statistics of 中國汽車工業協會(China Association of Automobile Manufacturers), the Company's market share in the 14 tonnes (and above) gross weight heavy-duty truck market achieved 36.1%, remained relatively stable when compared to the corresponding period of last year. Shaanxi Zhongqi, a subsidiary of the Company, reported aggregate sales of approximately 42,800 units of heavy-duty trucks, representing an increase of 39.9% over the corresponding period of 2007. 陝西法士特齒輪有限責任公司(Shaanxi Fast Gear) ("SFGC"), a subsidiary of the Company, reported an aggregate sales of 331,100 units of gear boxes, representing an increase of 35.9% over the corresponding period of 2007.

Although the Government is cautious toward the pace of fixed asset investment amid the pressure from inflation, increasing urbanization, the Western China development strategy, the invigoration of industrial base in the Northeast and development of new villages, as well as the demand from rebuilding following the snow storm and earthquake, have driven the growth of China's infrastructural investments in areas such as hydraulic power, nuclear power, oil fields, railways, roads and ports. These in turn have brought the rapid growth of the construction machinery sector. A total of approximately 267,275 units of construction machines were sold in China in the reporting period, in which sales of wheel loader with a load capacity of 5 tonnes (and above) was 68,540 unit, representing a growth of 39.9%. At the same time, the production of construction machinery was further concentrated in a few players. According to the statistics of 中國工程機械協會(China Construction Machinery Association), the Company's major customers such as中國龍工控股有限公司(China Infrastructure Machinery Holdings Limited), 廣西柳工機械股份有限公司(Guangxi Liugong Machinery Co., Ltd.), 山東臨工工程機械有限公司(Shandong Lingong Construction Machinery Co., Ltd.), 成都成工机械有限公司 (Chengdu Chenggong Construction Machinery Co., Ltd), 山東山工機械有限公司(Shandong SEM Machinery Co., Ltd.) all recorded substantial growth over the corresponding period of last year. The Company's sales of engines for construction machinery were approximately 60,300 units in the first half of 2008, representing a year-on-year growth of 17.1%. According to the information published on the website of 中國工程機械信息網(China Construction Machinery Network), the Company maintained the significant leading edge in the industry with a market share of approximately 84.4% in the market of wheel loaders with a load capacity of 5 tonnes (and above), representing a year-on-year growth of approximately 2%.

In 2008, with our technology innovation, the Company continued to lead the power-transmission development in China. During the reporting period, over 18,982 units of 12-litre high-speed high-power WD12 engines, the only mature product of the same kind in China, were sold, representing a year-on-year growth of 193.4%. Over 20,000 units of our proprietary China III emission standard compliant high-power high-speed Landking (藍擎) engines were sold. In addition, following the successful vehicle match of China IV emission standard compliant engines, the research and development of China V emission standard compliant engines is completed, indeed realizing "produces a generation of products, prepares a generation of products, and researches a generation of products".

The Company places strong emphasis on intensive development and innovative management and adopts international best practices including information management, comprehensive budget management, excellent performance management, Six Sigma management and 5S Management, as well as engages domestic and international famous consultant firms to review our strategies, procedures and brands. All these have enhanced the Company's overall management efficiency.

The Company sold approximately 201,600 units of different models of diesel engines in the Period, representing an increase of 43.9% over the corresponding period of last year. Shaanxi Zhongqi sold approximately 42,800 units of heavy-duty trucks in the Period, representing an increase of 39.9% over the corresponding period of last year. SFGC sold approximately 331,100 units of gearboxes in the Period, representing an increase of 35.9% over the corresponding period of last year. Revenue increased by approximately 39.9% over the corresponding period of 2007 to approximately RMB20,049.8 million. The net profit attributable to shareholders increased by approximately 95.5% over the corresponding period of 2007 to approximately RMB1,659.2 million, while basic earnings per share increased by approximately 51.2% over the corresponding period of 2007 to approximately RMB3.19.

II. Interim Dividend and Share Issuing by Conversion of Capital Reserve

On 20 August 2008, the Board of the Company passed a resolution, pursuant to which the Company proposed not to pay any interim dividend in the period and proposed to distribute to all shareholders at the rate of 6 shares for every 10 shares by conversion of capital reserve based on the total share capital of 520,653,552 shares as at 30 June 2008, being the date of record. Upon the implementation of above resolution, the total share capital of the Company will be increased by approximately 312,392,131 shares to approximately 833,045,683 shares. This resolution in respect of share issuing by conversion of capital reserve is subject to the approval of the general meeting of the Company and the permission for the listing of the H shares issued by conversion of the listing committee of Hong Kong Stock Exchange.

III. Acquisition and Consolidation

On 28 June 2008, the Company and Beiqi Futian have entered enforceable Strategic Alliance Framework Agreement. Pursuant to the agreement, the Company, as a strategic investor, has subscribed new shares issued by Beiqi Futian by private placement, and the both parties agreed that they will closely collaborate in product match, new product development, service network, technology research, marketing, brand promoting and advertising, so as to complement each other and achieve resources sharing.

During the reporting period, in a view to improve the technology and product structure of the Company and achieve sustainable and stable development, the Company has acquired, under the agreement of Weichai Group Holdings Limited ("Weichai Holdings"), the 50% state-owned equity interests of 濰柴培新氣體機公司 (Weichai Peterson Gas Engine Company Limited) held by Weichai Holdings and introduced Canadian Westport Innovations Inc., a foreign-owned company equipped core technology of new energy engine to invest and participant the research and manufacture of new energy gas engine to establish the joint venture called Weichai Power Westport New Energy Engine Co. Ltd., so as to further extend the industry chain of the Company and establish ourselves as a international company offering high-power high-speed heavy-duty trucks and new vehicle energy. The joint venture will equip the capacity of 20,000 units of high-power vehicle new energy gas engine per annum when in full production.

IV. Outlook and Prospects

Looking ahead, in the second half of 2008, China's economic environment will continue to flourish and the domestic market will drive the robust growth of the economy. This upswing cycle will continue and China's economy is expected to experience further strong growth. Nonetheless, negative factors such as surging prices of raw markets in both domestic and international markets, crash financial market, RMB appreciation and great natural disasters in a row, the economic growth will slightly slow down in the second half of 2008 amid the macro control measures by the government to tackle inflation. However, we expect the overall development of China's economy will not be affected and the macroeconomic environment in China will continue to move forward in a stable and fast pace in the second half of 2008.

Industries related to the Company are expected to enjoy healthy growth. In the heavy-duty truck market, the implementation of the China III Emission Standard will have impact to a certain extent on overall sales, resulting in advance ordering from customers. However, the development of the logistics industry, the charge-by-weight policy, fixed asset investment, the increase in export and rising demand for high-power products are favorable factors driving the continuous growth of the heavy-duty truck market. The construction machinery market will also maintain its robust development as a result of growing fixed asset investment in China.

Given the implementation of China III Emission Standard, we anticipate that there will be fierce competition in China's engine market in the coming years. Leveraging on our advanced technology and loyal customer base, we have consolidated our leading position in the high-power engine market and the directors have full confidence in the prospect of the Company. The Company will strengthen and reinforce its edge in the high-power engine market, and capitalize on the synergies of the new company.

The Company will spare no effort in the marketing of China III high-power high-speed engines. We will utilize our unique resources and technical edge to meet the requirements in the areas of environmental protection, energy conservation and the high-efficiency requirement of heavy-duty trucks. We shall continue to lead and foster the rapid development of the high-power high-speed diesel engines industry in China.

At the same time, under the principle of "unifying strategy, independent operation, resources sharing", we will accelerate the segmental development of commercial vehicle, power chain and automobile components. We shall further integrate the Company's resources, fully utilize synergies and improve our capability to resist risk, building the Company as a global leading transport and construction equipment supplier with power chain as the core.

V. Appreciation

Last but not least, I would like to take this opportunity to express my sincere appreciation to all our shareholders, the general public and our customers for their care and support, as well as all our staff for their hard work and dedication in the first half of the year.

MANAGEMENT DISCUSSION AND ANALYSIS

The Directors are pleased to provide a management discussion and analysis of the results of operations of the Group for the period ended 30 June 2008, (the "Period") as follow:

I. Industry Analysis

The Group is one of the largest manufacturers of high-power, high-speed diesel engines in the PRC. The Group has become the strongest player in the power chain supplier market. It is equipped with the most comprehensive supply chain in engine, gear box and truck axle.

1. *Heavy-duty Vehicle Industry*

During the Period, the sales of the heavy-duty truck in the PRC remained robust. According to the statistics of 中國汽車工業協會 (China Association of Automobile Manufacturers), the domestic sales of heavy-duty trucks amounted to 380,139 units, representing a year-on-year growth of approximately 48.6%. This is mainly attributed to:

First, during the Period, the country's macro economy continued to have a strong growth momentum. According to the National Bureau of Statistics of China, GDP recorded a year-on-year increase of 10.4% while fixed asset investment recorded a year-on-year increase of 26.3%. The heavy-duty vehicle industry benefited from the favourable macro-economic environment.

Second, during the Period, thanks to the implementation of Euro III starting from 1st of July 2008, the high-power, high-speed and heavy-duty vehicle industry has become the market focus which led to a strong demand for heavy-duty trucks. All these laid a solid foundation for the heavy-duty vehicle industry.

Third, the State prioritized its support towards the development of rural areas, environmental protection, development of the Western region, and the growth of the industries based in the Northeast. This, coupled with the full opening of the domestic financial sector and the rapid growth of export, generated a pulling effect on the demand side of the heavy-duty vehicle market during the Period.

2. ***Construction Machinery — The Wheel Loader Industry***

During the Period, according to the statistics of 中國工程機械工業協會 (China Construction Machinery Association), approximately 103,546 units of wheel loaders were sold in the PRC, which recorded a year-on- year growth of approximately 31.5%. Among the wheel loaders sold, approximately 68,540 units of wheel loaders with a load capacity of 5 tonnes (and above) were sold during the Period, which recorded a growth of approximately 39.9%. The wheel loader industry continued to grow at a healthy and fast pace. This is mainly attributed to:

The construction machinery industry has entered a medium to long-term rapid growth period. The PRC economy is entering the developing stage of heavy industrialization. According to the experience of some developed countries, heavy industrialization results in long-term prosperity in the construction machinery industry. While the PRC's huge infrastructure construction is still under development, the investment in the urbanization of rural areas, construction of new villages, railways, road infrastructure and public infrastructure have fostered a continuous growth of domestic demand, macro adjustment and control in a mild manner. Soaring export growth has offset the cyclical fluctuation, and the construction machinery industry has maintained its rapid growth.

III. The Group's Business

An analysis of the Group's business segments is set out in note 3 to the unaudited interim condensed consolidated financial statements. The following are the highlights of the major products and its performance of the Group.

1. ***Sales of Diesel Engines***

For use in Heavy-duty Trucks

The Group is the largest supplier of diesel engines to major manufacturers of heavy-duty trucks with a load capacity of 15 tonnes (and above) in the PRC. The key customers included: Shaanxi Zhongqi, Beiqi Futian, 包頭北方奔馳重型汽車有限責任公司 (Baotou North-Benz Heavy-Duty Truck Co., Ltd.), 重慶紅岩汽車有限責任公司 (Chongqing Hongyan Heavy Duty Motor Company Limited), 安徽華菱重型汽車有限公司 (Anhui Hualing Heavy- Duty Automobile Group Co., Ltd.) and 安徽江淮汽車股份有限公司 (Anhui Jianghuai Automotive Co., Ltd.), etc. Due to the reasons mentioned above, these customers expanded their market share rapidly in the PRC during the Period. During the Period, the Group sold approximately 201,600 units of diesel engines in total, compared to approximately 140,100 units in the corresponding period of 2007, representing an increase of approximately 43.9%. Of the diesel engines sold during the Period, approximately 137,000 units (2007: 85,400 units) were truck engines, representing an increase of approximately 60.4% compared to the corresponding period in 2007.

For use in Construction Machinery

The Group is also the largest supplier of diesel engines to major manufacturers of construction machinery (mainly wheel loaders) with a load capacity of 5 tonnes (and above) in the PRC. The key customers of the Group are: 廣西柳工機械股份有限公司 (Guangxi Liugong Machinery Co., Ltd.), 中國龍工控股有限公司 (China Infrastructure Machinery Holdings Limited), 山東臨工工程機械有限公司 (Shandong Lingong Construction Machinery Co., Ltd.), 徐州工程機械集團有限公司 (Xuzhou Construction Machinery Group Inc.), 山東山工機械有限公司 (Shandong SEM Machinery Co., Ltd.), etc. During the Period, the Group sold approximately 201,600 units of diesel engines, compared to approximately 140,100 units in the corresponding period of 2007, representing an increase of approximately 43.9%. Of the diesel engines sold during the Period, approximately 60,300 units (2007: 51,500 units) were construction machinery engines, representing an increase of approximately 17.1% compared to that in last period in 2007.

2. ***Sale of Heavy-duty Trucks***

During the Period, the Group sold approximately 42,800 units of heavy-duty trucks, representing an increase of approximately 39.9% compared to 30,600 units sold in the corresponding period in 2007. Prior to intra-group elimination, the Truck Business contributed revenues RMB8,576.4 million to the Group in the Period.

3. ***Sale of Heavy-duty Gear Box***

During the Period, the Group sold approximately 331,100 units of heavy-duty gear boxes, representing an increase of approximately 35.9% compared to 243,600 units sold in the corresponding period in 2007. Prior to intra-group elimination, the Gear Boxes Business contributed revenues approximately RMB3,816.2 million to the Group in 2008.

4. ***Sale of Engine and Heavy-duty Truck Parts***

Apart from the production and sale of diesel engines for trucks and construction machinery, heavy-duty trucks and heavy-duty gear boxes, the Group also manufacture and sales of engine parts and other truck parts such as: spark plugs, axles, chassis, air-conditioner compressors etc. During the Period, the Group recorded an approximately 33.3% increase in sales of engine parts and truck parts to approximately RMB968.2 million. The surge was mainly attributable to the increase in accumulated sales volume of diesel engines in the previous years.

IV. Financial Review

1. *Restatement of 2007 Interim Accounts*

Torch Automobile Group Co. Ltd ("TAGC") was accounted for as an associate using the equity method in the Company's interim consolidated financial statements for the period ended 30 June 2007. However, upon further discussion with its advisors, the directors conducted detailed analyses of the nature and extent of the Company's control over the financial and operating policies of TAGC. Based on these analyses, the directors have concluded that the Company had de facto control over TAGC before 31 December 2006. Accordingly, the Company has restated its unaudited interim consolidated financial statements for the period ended 30 June 2007 and in summary, as follows:

For the six months ended 30 June 2007

	As previously reported *RMB'000*	**Adjustment for TAGC as a subsidiary** *RMB'000*	**As restated** *RMB'000*
Turnover	9,308,412	5,026,821	14,335,233
Profit before tax	1,250,623	350,586	1,601,209
Profit for the period	1,072,134	245,761	1,317,895
ATTRIBUTABLE TO:			
Equity holders of the Company	926,158	(77,667)	848,491
Minority interests	145,976	323,428	469,404
	1,072,134	245,761	1,317,895

2. *The Group's Results of Operations*

a. *Turnover*

The Group's turnover increased from approximately RMB14,335.2 million for the corresponding period of 2007 to approximately RMB20,049.8 million in the Period, representing an increase of approximately 39.9%. The increase in turnover was mainly attributable to the rising demand in the heavy-duty trucks and its diesel engines. During the Period, the Group sold approximately 137,000 units of heavy-duty truck diesel engines, compared to approximately 85,400 units sold in the corresponding period of 2007, representing an increase of approximately 60.4%. During the Period, Shaanxi Zhongqi sold approximately 42,800 units of heavy-duty trucks, representing an increase of approximately 39.9% compared to 30,600 units sold in the corresponding period of last year, while the unit average selling price of its diesel engines and heavy-duty truck remained relatively stable.

b. *Gross Profit and Gross Profit Margin*

During the Period, the Group's gross profit increased by approximately 27.9% from approximately RMB3,429.9 million in the corresponding period of 2007 to approximately RMB4,386.1 million in the Period, as a result of the increase in the sales volume of diesel engines from approximately 140,100 units in the corresponding period of 2007 to approximately 201,600 units in the Period. Gross profit margin decreased from approximately 23.9% in the corresponding period of 2007 to approximately 21.9% in the Period, which was mainly due to increases in raw materials.

c. *Other Income*

Other income increased by approximately 184.5% to approximately RMB183.2 million in the Period from approximately RMB64.4 million in the corresponding period of 2007. The increase was mainly due to increases in government subsidies on VAT refund, gain on sale of scraps and gain on disposal of associates.

d. *Distribution Costs*

Distribution costs increased by approximate 27.2% from approximately RMB771.5 million in the corresponding period of 2007 to approximately RMB981.3 million in the Period. As a percentage of turnover, distribution costs decreased from approximately 5.4% in the corresponding period of 2007 to approximately 4.9% in the Period, which was mainly due to achieved in cost efficiency even with the significant increase in the Company‘s scale of operations.

e. *Administrative Expenses*

Administrative expenses of the Group decreased by approximately 10.8% from approximately RMB632.0 million in the corresponding period of 2007 to approximately RMB563.5 million in the Period. The derease in administrative expenses was mainly due to the effective control on administrative expenses. As a percentage of turnover, the administrative expenses decreased from approximately 4.4% in the corresponding period of 2007 to approximately 2.8% in the Period, which was mainly due to the decrease in administrative expenses and the significant increase in the Company's scale of operations.

f. *Operating Profit before Finance Costs*

As a result of greater scale of operations of the Company in the Period, the Group's operating profit before finance cost increased by approximately 51.1% to approximately RMB2,633.0 million in the Period from approximately RMB1,743.1 million in the corresponding period of 2007. The Group's operating margin increased from approximately 12.2% in corresponding of 2007 to approximately 13.1% in the Period, which was mainly due to the effective control on operation cost.

g. *Finance Costs*

Finance costs increased by approximately 17.1% to approximately RMB166.2 million in the Period from approximately RMB141.9 million in the corresponding period of 2007, which was mainly due to the increase in the Company's borrowings.

h. *Income Taxes*

The Group's income tax expenses increased by approximately 33.7% to approximately RMB378.9 million in the Period from approximately RMB283.3 million in the corresponding period of 2007, which was mainly attributable to the substantial increase in assessable profit of the Group. In the Period, the Group's average effective tax rate decreased from approximately 17.7% in the corresponding period of 2007 to approximately 15.4% in the Period. The decrease was mainly due to the offset impact of higher deferred tax assets recognised by the Company as a result of change in corporate income tax rate from 15% in the corresponding period of 2007 to 25% as a result of unified corporate income tax of 25% with effect from 1 January 2008.

i. *Net Profit and Net Profit Margin*

The Group's net profit for the Period increased by approximately 58.4% from approximately RMB1,317.9 million in the corresponding period of 2007 to approximately RMB2,087.9 million in the Period, whilst the net profit margin increased from approximately 9.2% in the corresponding period of 2007 to approximately 10.4% in the Period.

j. *Share Issuing by Conversion of Capital Reserve*

On 20 August 2008, the Board of the Company passed a resolution, pursuant to which the Company proposed to distribute to all shareholders at the rate of 6 shares for every 10 shares by conversion of capital reserve based on the total share capital of 520,653,552 shares as at 30 June 2008, being the date of record. Upon the implementation of above resolution, the total share capital of the Company will be increased by approximately 312,392,131 shares to 833,045,683 shares. This resolution in respect of share issuing by conversion of capital reserve is subject to the approval of the general meeting of the Company and the permission for the listing of the H shares issued by conversion of the listing committee of Hong Kong Stock Exchange.

k. *Liquidity and Cash Flow*

During the Period, the Group generated RMB1,272.3 million in operating cash flows, most of which were applied in expanding the Group's operations by acquisition of property, plant and equipment; and in reducing its borrowings. At 30 June 2008, the Group had a net debt of RMB798.9 million (as at 31 December 2007: RMB894.5 million), represent a net debt to equity ratio of 7.2% (as at 31 December 2007: 9.5%).

3. *Financial Position*

a. *Assets and Liabilities*

At 30 June 2008, the Group had total assets of approximately RMB28,748.9 million assets, of which approximately RMB19,796.4 million were current assets. At 30 June 2008, the Group had total cash in bank of approximately RMB2,505.0 million (as at 31 December 2007: RMB1,819.6 million). On the same date, the Group's total liabilities amounted to approximately RM17,644.0 million, of which approximately RMB16,750.3 million were current liabilities. The current ratio was approximately 1.2 times (as at 31 December 2007: 1.1 times).

b. *Capital Structure*

At 30 June 2008, the Group had total equity of approximately RMB11,105.0 million, of which RMB7,743.1 million was attributable to equity owner of the Company, the balance being minority interests. The Group currently does not rely heavily on borrowings which at 30 June 2008 amounted to approximately RMB3,303.9 million which included debenture of RMB800.0 million and bank borrowings of approximately RMB2,503.9 million. As a policy, the Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debts and equity balance. The Group's overall strategy remains unchanged from prior years.

c. *Pledge of Assets*

At 30 June 2008, bank deposits and bills receivables of approximately RMB1,590.4 million (as at 31 December 2007: RMB870.1 million) were pledged to banks to secure bills payables issued and bills receivables by the Group. The pledged bank deposits carry prevailing bank interest rates. The pledge will be released upon the settlement of the relevant bank borrowings. The fair value of the bank deposits at the balance sheet dates approximates the carrying amount.

Certain other assets were also pledged by the Group to secure the Group's borrowings. Details are set out in note 16 to the consolidated financial statements.

d. *Contingent Liabilities*

The Group had no material contingent liabilities as at 30 June 2008.

e. *Capital Commitments*

As at 30 June 2008, the Group had approximately RMB968.2 million capital commitments contracted (as at 31 December 2007: RMB844.6 million), principally for the capital expenditure in respect of acquisition of property, plant and equipment.

OTHER INFORMATION

Director's and Supervisors' Interests in Shares and Underlying Shares

As at 30 June 2008, the interests of the Directors, Supervisors and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code"), were as follows:

Name of Director	Capacity	Number of "A" shares held	Percentage of the issued share capital of the Company
Tan Xuguang	Beneficial owner	4,300,000 *(Note 1)*	0.8%
Xu Xinyu	Beneficial owner	1,000,000 *(Note 1)*	0.2%
Sun Shaojun	Beneficial owner	1,000,000 *(Note 1)*	0.2%
Zhang Quan	Beneficial owner	1,000,000 *(Note 1)*	0.2%
Liu Huisheng	Beneficial owner	600,000 *(Note 1)*	0.1%
Yeung Sai Hong *(Note 3)*	Held by controlled corporation	23,500,000 *(Note 2)*	4.5%

Name of Director	Capacity	Number of "A" shares held	Percentage of the issued share capital of the Company
Li San Yim *(Note 4)*	Held by spouse and controlled corporation	21,500,000 *(Note 1)*	4.1%
Julius G. Kiss *(Note 5)*	Held by controlled corporation	10,750,000 *(Note 2)*	2.1
Ding Yingdong	Beneficial Owner	350,000 *(Note 1)*	0.1%

Notes:

1. These were previously domestic shares of the Company. The domestic shares were ordinary shares issued by the Company, with a Renminbi-denominated par value of RMB1.00 each, which were subscribed for and paid up in Renminbi or credited as fully paid up. These shares became "A" shares of the Company upon the "A" share listing of the Company on the Shenzhen Stock Exchange in 2007.

2. These were previously foreign shares of the Company. The foreign shares were ordinary shares issued by the Company, with a Renminbi denominated par value of RMB1.00 each, which were subscribed for and paid up in a currency other than Renminbi. These shares became "A" shares of the Company upon the "A" share listing of the Company on the Shenzhen Stock Exchange in 2007.

3. Yeung Sai Hong, a Non-Executive Director, was directly and indirectly interested in the issued share capital of Peterson Holdings Company Limited ("Peterson"), which in turn held 23,500,000 shares in the Company.

4. Li San Yim, a Non-Executive Director, and his spouse, Ni Yinying, were interested in 69.16% and 30.84%, respectively, in the registered capital of 福建龍岩工程機械（集團）有限公司 (Fujian Longgong Construction Machinery (Group) Company Limited ("Fujian Longgong")) which in turn held 21,500,000 shares in the Company, and therefore Li San Yim was deemed to be interested in these shares of the Company.

5. Julius G. Kiss, a Non-Executive Director, was indirectly interested in the entire issued share capital of IVM Technical Consultants Wien Gesellschaft m.b.H. ("IVM"), which in turn held 10,750,000 shares in the Company.

Save as disclosed above, none of the Directors, Supervisors, nor their associates had any interests or short positions in any shares or underlying shares of the Company or any of its associated corporations as at 30 June 2008.

Details of changes in Share Capital and Substantial Shareholders' Shareholdings

1. *Changes in shareholdings*

		Before this change		Increase/decrease in this change (+, –)					After this change	
		No. of shares	Percentage	New shares issued	Bonus issue	Transfer of surplus to capital	Others	Sub-total	No. of shares	Percentage
I.	**Restricted circulating shares**	218,640,747	41.99%				-161	-161	218,640,586	41.99%
1.	State-owned shares	15,140,586	2.91%						15,140,586	2.91%
2.	State-owned legal person shares	101,450,000	19.49%						101,450,000	19.49%
3.	Shares held by other domestic entities	67,800,161	13.02%				-161	-161	67,800,000	13.02%
	including:									
	Shares held by non State-owned legal persons	53,000,000	10.18%						53,000,000	10.18%
	Shares held by domestic natural persons	14,800,161	2.84%				-161	-161	14,800,000	2.84%
4.	Shares held by other foreign entities	34,250,000	6.58%						34,250,000	6.58%
	including:									
	Shares held by overseas legal persons	34,250,000	6.58%						34,250,000	6.58%
II.	**Non-restricted circulating shares**	302,012,805	58.01%				161	161	302,012,966	58.01%
1.	RMB ordinary shares	175,512,805	33.71%				161	161	175,512,966	33.71%
2.	Overseas listed foreign shares	126,500,000	24.30%						126,500,000	24.30%
III.	**Total number of shares**	520,653,552	100%						520,653,552	100%

Notes: Other movements are that the one year lock-up period of the 161 shares of the Company held by Mr. Zhang Yupu, an executive officer, was expired on 30 April 2008. According to Rule 5 of Rules on the Management of Shares Held by the Directors, Supervisors and Senior Management Officers of Listed Companies and the Changes Thereof, these shares were converted to non-restricted circulating shares.

2. *Time over which shares are restricted*

Unit: share

Time	Additional shares that can be listed and traded upon expiry of the restricted period	Description
30 April 2010	218,640,586	Under the commitments of 8 legal person promoter shareholders (including Weichai Group Holdings Limited), Zhuzhou State-owned Assets Administration Management Company Limited and 24 natural-person promoter shareholders (including Tan Xuguang), none of their shares can be transferred within 36 months commencing from the Company's listing on the Shenzhen Stock Exchange.

3. *Shareholdings of the top ten restricted shareholders and the restrictions*

Unit: share

Serial No	Names of restricted shares shareholders	Number of restricted shares held	Time permitted to be listed and traded in the market	Number of Shares permitted to be listed and traded in the market	Restriction
1	Weichai Group Holdings Limited	77,647,900	30 April 2010	0	Under the commitments of the 8 legal person shareholders (including (Weichai Group Holdings Limited), no shares 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.
2	Peterson Holdings Company Limited	23,500,000	30 April 2010	0	
3	Fujian Longyan Construction Machinery (Group) Company Limited	21,500,000	30 April 2010	0	
4	Shenzhen Chuangxin Investment Group Company Limited	21,500,000	30 April 2010	0	
5	Weifang Investment Company	19,311,550	30 April 2010	0	

Serial No	Names of restricted shares shareholders	Number of restricted shares held	Time permitted to be listed and traded in the market	Number of Shares permitted to be listed and traded in the market	Restriction
6	Zhuzhou State-owned Assets Administration Management Company Limited	15,140,586	30 April 2010	0	
7	IVM Technical Consultants Wien Gesellschaft m.b.H	10,750,000	30 April 2010	0	
8	Shandong Enterprise Trust Operation Company Limited	10,000,000	30 April 2010	0	
9	Guangxi Liugong Group Limited	4,490,550	30 April 2010	0	Under the commitments of the 24 nature person shareholders (including Tan Xuguang), no shares 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.
10	Tan Xuguang	4,300,000	30 April 2010	0	

II. *Shareholdings of the Substantial Shareholders (as at 30 June 2008)*

Unit: share

Total number of Shareholders	The number of shareholders is 71,832 among which 71.545 are shareholders of A share and 287 are shareholders of H share

Shareholdings of the top ten shareholders

Names of shareholders	Type of shareholders	Approximate percentage of shares held	Total number of shares held	Number of restricted shares held	Number of shares pledged or frozen
HKSCC Nominees Limited	Foreign shareholder	24.23%	126,133,699	0	unknow
Weichai Group Holdings Limited	State-owned legal person	14.91%	77,647,900	77,647,900	0
Peterson Holdings Company Limited	Overseas legal person	4.51%	23,500,000	23,500,000	0
Shenzhen Chuangxi Investment Group Co.,Ltd	Domestic non state-owned legal person	4.13%	21,500,000	21,500,000	0
Fujian Longyan Construction Machinery (Group) Company Limited	Domestic non state-owned legal person	4.13%	21,500,000	21,500,000	0
Weifang Investment Company	State-owned legal person	3.71%	19,311,550	19,311,550	0
Zhuzhou State-owned Assets Administration Management Company Limited	State-owned	2.91%	15,140,586	15,140,586	7,570,000

Names of shareholders	Type of shareholders	Approximate percentage of shares held	Total number of shares held	Number of restricted shares held	Number of shares pledged or frozen
IVM Technical Consultants Wien Gesellschaft m.b.H	Overseas legal person	2.06%	10,750,000	10,750,000	0
Shandong Enterprise Trust Operation Company Limited	Domestic non state-owned legal person	1.92%	10,000,000	10,000,000	0
Bank of China — 華寶興業先進成長股票型證券投資基金	Others	0.86%	4,500,000	0	0

Shareholdings of the top ten non-restricted shareholders

Names of shareholders	Number of the non-restricted shares held	Types of shares
HKSCC Nominees Limited	125,954,699	Overseas listed foreign shares
Bank of China — 華寶興業先進成長股票型證券投資基金	4,500,000	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	3,934,642	RMB ordinary shares
Industrial and Commercial Bank of China — 廣發穩健增長證券投資基金	3,569,100	RMB ordinary shares
Bank of China — 大成財富管理2020生命週期證券投資基金	3,031,697	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	2,800,000	RMB ordinary shares

Names of shareholders	Number of the non-restricted shares held	Types of shares
Bank of China — 景順長城動力平衡證券投資基金	2,722,361	RMB ordinary shares
China Construction Bank — 富國天博創新主題股票型證券投資基金	2,707,859	RMB ordinary shares
Industrial and Commercial Bank of China — 諾安價值增長股票證券投資基金	2,515,388	RMB ordinary shares
GF Securities — Bank of Communications — 廣發集合資產管理計劃(3號)	2,396,377	RMB ordinary shares
Description of the connected relationship or acting in concert relationship among the aforesaid shareholders:	Unknown	

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the Directors of the Company are decided by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the Period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the PRC, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales during the Period attributable to the Group's largest customer were less than 30% of the Group's total sales.

The aggregate purchase during the Period attributable to the Group's five largest suppliers were less than 30% of the Group's total purchases.

Save as disclosed above, at no time during the Period did a Director, a Supervisor, an associate of a Director or a shareholder of the Company, which to the knowledge of the Directors, own more than 5% of the Company's share capital, have an interest in any of the Group's five largest suppliers or customers.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors of the Company. The Chairman of the Audit Committee is Mr. Koo Fook Sun, Louis, an independent non-executive Director. Mr. Koo is an experienced investment banker with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the purpose of such appointment. Throughout the Period, the Audit Committee discharged its responsibilities, reviewed and discussed the financial results and internal control system of the Company. In accordance with the requirements of Appendix 16 to the Listing Rules, the Audit Committee has reviewed the unaudited interim condensed consolidated financial statements for the Period prepared under Hong Kong Financial Reporting Standards.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES IN APPENDIX 14 OF THE LISTING RULES

Throughout the Period, other than the roles of the Chairman and the Chief Executive Officer being performed by Mr. Tan Xuguang ("Mr. Tan"), the Company has complied with all the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Mr. Tan is in charge of the overall management of the Company. The Company considers that the combination of the roles of the Chairman and the Chief Executive Officer can promote the efficient formulation and implementation of the Company's strategies which will enable the Group to grasp business opportunities efficiently and promptly. The Company considers that through the supervision of its Board and its Independent Non-executive Directors, a balancing mechanism exists so that the interests.

COMPLIANCE WITH THE MODEL CODE

During the Period, the Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of all Directors, the Directors have confirmed that they complied with the required standard set out in the Model Code for the Period under review.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the Period .

CHANGE OF AUDITORS

A resolution has been approved at the annual general meeting dated 19 June 2008 to re-appoint 山東正源和信有限責任會計師事務所(Shandong Zheng Yuan Hexin Accountants Limited) as auditor of the Company for its accounts prepared under PRC accounting principles and financial regulations.

Another resolution has also been approved at the extraordinary general meeting dated 20 August 2008 to appoint Messrs. Ernst & Young as auditor of the Company to replace Messrs. Deloitte Touche Tohmatsu for its accounts prepared under Hong Kong Financial Reporting Standards.

APPROVAL OF THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENT

The unaudited interim condensed consolidated financial statements for the Period have been approved by the Board on 20 August 2008.

PUBLICATION OF THE UNAUDITED INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANY

The 2008 Unaudited Interim Report will be despatched to Shareholders as well as made available on The Stock Exchange of Hong Kong Limited's website at www.hkex.com.hk and the Company's website at www.weichai.com in due course.

Tan Xuguang
Chairman and Chief Executive Officer

Hong Kong, 20 August 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.