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 SIX MONTHS ENDED 30 JUNE 2009

FINANCIAL HIGHLIGHTS

- Turnover amounted to approximately RMB15,647 million, decreased by approximately 24.7%.
- Net Profit Attributable to owners of the Company amounted to approximately RMB1,222 million, decreased by approximately 26.3%.
- Basic Earnings Per Share was approximately RMB1.47, decreased by approximately 26.1%.

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 six months ended 30 June 2009 (the "Period"), together with comparative figures for the corresponding period of 2008 as follows:

UNAUDITED INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2009

		For the six months ended	
		30 June 2009	30 June 2008
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	*(Unaudited)*
REVENUE	*3*	**15,646,688**	20,789,721
Cost of sales		**(12,632,153)**	(16,793,625)
Gross profit		**3,014,535**	3,996,096
Other income and gains	*3*	**126,473**	106,398
Selling and distribution costs		**(445,642)**	(543,179)
Administrative expenses		**(541,818)**	(563,503)
Research and development costs		**(166,140)**	(152,873)
Other expenses		**(191,744)**	(215,234)
Finance costs		**(122,759)**	(166,236)
Share of profits and losses of:			
A jointly-controlled entity		**63**	—
Associates		**(4,845)**	5,292
PROFIT BEFORE TAX	*4*	**1,668,123**	2,466,761
Tax	*5*	**(246,492)**	(378,856)
PROFIT FOR THE PERIOD		**1,421,631**	2,087,905
Attributable to:			
Owners of the Company		**1,222,030**	1,659,215
Non-controlling interests		**199,601**	428,690
		1,421,631	2,087,905
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
— Basic	*7*	**RMB1.47**	RMB1.99

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

		For the six months ended	
		30 June 2008	30 June 2008
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	*(Unaudited)*
PROFIT FOR THE PERIOD		**1,421,631**	2,087,905
Net gain/(loss) on available-for-sale financial assets	*8*	**144,343**	(68,800)
Exchange differences on translation of foreign operations	*8*	**5,078**	(6,729)
Other comprehensive income/(loss) for the period, net of tax	*8*	**149,421**	(75,529)
Total comprehensive income for the period, net of tax		**1,571,052**	2,012,376
Attributable to:			
Owners of the Company		**1,371,451**	1,588,669
Non-controlling interests		**199,601**	423,707
		1,571,052	2,012,376

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2009

	Notes	**30 June 2009**	31 December 2008
		RMB'000	*RMB'000*
		(Unaudited)	*(Audited)*
NON-CURRENT ASSETS			
Property, plant and equipment		**7,387,356**	6,920,953
Investment properties		**86,231**	80,663
Prepaid land lease payments		**451,036**	278,570
Goodwill		**538,016**	538,016
Other intangible assets		**276,656**	271,727
Investment in a jointly-controlled entity		**20,995**	20,932
Investments in associates		**194,347**	179,772
Available-for-sale investments		**347,725**	178,187
Deposits paid for acquisition of property, plant and equipment		**802,759**	943,780
Deferred tax assets		**341,394**	351,903
Total non-current assets		**10,446,515**	9,764,503
CURRENT ASSETS			
Inventories		**5,002,300**	5,850,617
Trade and bills receivables	*9*	**9,765,761**	6,930,008
Prepayments, deposits and other receivables		**951,471**	1,271,235
Prepaid land lease payments		**10,947**	19,671
Pledged deposits		**3,990,571**	2,511,809
Cash and cash equivalents		**4,203,480**	3,352,138
		23,924,530	19,935,478
Assets of a disposal group classified as held for sale		**—**	249,886
Total current assets		**23,924,530**	20,185,364

	Notes	**30 June 2009**	31 December 2008
		RMB'000	*RMB'000*
		(Unaudited)	*(Audited)*
CURRENT LIABILITIES			
Trade and bills payables	*10*	**13,530,814**	10,627,951
Other payables and accruals		**2,892,019**	2,916,253
Dividends payable to non-controlling shareholders		**62,104**	79,775
Dividends payable		**108,296**	—
Debentures		**900,000**	1,700,000
Interest-bearing bank and other borrowings		**1,688,009**	1,308,304
Tax payable		**634,090**	534,476
Warranty provision		**513,063**	446,343
		20,328,395	17,613,102
Liabilities directly associated with the assets classified as held for sales		**—**	185,611
Total current liabilities		**20,328,395**	17,798,713
NET CURRENT ASSETS		**3,596,135**	2,386,651
TOTAL ASSETS LESS CURRENT LIABILITIES		**14,042,650**	12,151,154
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**1,301,780**	777,700
Deferred tax liabilities		**56,860**	46,976
Total non-current liabilities		**1,358,640**	824,676
NET ASSETS		**12,684,010**	11,326,478
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**833,046**	833,046
Reserves		**8,426,132**	7,056,412
Proposed final dividend		**—**	108,296
		9,259,178	7,997,754
Non-controlling interests		**3,424,832**	3,328,724
TOTAL EQUITY		**12,684,010**	11,326,478

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2009

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The unaudited interim condensed consolidated financial statements of Weichai Power Co., Ltd. (the "Company") and its subsidiaries (collectively the "Group") are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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 2008.

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 2008, 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:

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements — Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment — Vesting Conditions and Cancellations*
HKFRS7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosure*
HKFRS 8	*Operating Segments*
HKAS 1 (Revised)	*Presentation of Financial Statements*
HKAS 23 (Revised)	*Borrowing Costs*
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements — Puttable Financial Instruments and Obligations Arising on Liquidation*
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement*
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*
HK(IFRIC)-Int 15	*Agreements for the Construction of Real Estate*
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*

The HKAS 27 Amendment requires all dividends from subsidiaries, associates or jointly-controlled entities to be recognised in the income statement in the separate financial statements. The amendment is applied prospectively only. The adoption of this amendment has had no impact on the financial position or results of operations of the Group. The HKFRS 1 Amendment allows a first-time adopter of HKFRSs to measure its investment in subsidiaries, associates or jointly-controlled entities using a deemed cost of either fair value or the carrying amount under the previous accounting practice in the separate financial statements. As the Group is not a first-time adopter of HKFRSs, the HKFRS 1 Amendment is not applicable to the Group.

The HKFRS 2 Amendments clarify that vesting conditions are service conditions and performance conditions only. Any other conditions are non-vesting conditions. Where an award does not vest as a result of a failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this is accounted for as a cancellation. The Group has not entered into share-based payment schemes, and therefore, the adoption of these amendments has had no impact on the financial position or results of operations of the Group.

The HKFRS 7 Amendments require additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. In addition, a reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between Level 1 and Level 2 fair value measurements. The amendments also clarify the requirements for liquidity risk disclosures. The adoption of these amendments has had no impact on the financial position or results of operations of the Group.

HKFRS 8, which replaces HKAS 14 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group determined that the operating segments were the same as the business segments previously identified under HKAS 14 Segment Reporting. Disclosures about each of these segments are shown in note 2 to the unaudited interim condensed consolidated financial statements.

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present them in two statements.

HKAS 23 has been revised to require capitalisation of borrowing costs when such costs are directly attributable to the acquisition, construction or production of a qualifying asset. As the Group's current policy for borrowing costs aligns with the requirements of the revised standard, the adoption of the revised standard has had no impact on the financial position or results of operations of the Group.

The HKAS 32 Amendments provide a limited scope exception for puttable financial instruments and instruments that impose specified obligations arising on liquidation to be classified as equity if they fulfil a number of specified features. The HKAS 1 Amendments require disclosure of certain information relating to these puttable financial instruments and obligations classified as equity. As the Group currently has no such financial instruments or obligations, the adoption of these amendments has had no impact on the financial position or results of operations of the Group.

The HK(IFRIC)-Int 9 Amendments require an entity to assess whether an embedded derivative must be separated from a host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. The HKAS 39 Amendment now states that if an embedded derivative cannot be reliably measured, the entire hybrid instrument must remain classified as at fair value through profit or loss. The adoption of these amendments has had no impact on the financial position or results of operations of the Group.

HK(IFRIC)-Int 13 requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted. The consideration received in the sales transaction is allocated between the loyalty award credits and the other components of the sale. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed or the liability is otherwise extinguished. As the Group currently has no customer loyalty award scheme, the interpretation has had no impact on the financial position or results of operations of the Group.

HK(IFRIC)-Int 15 replaces HK Interpretation 3 Revenue — Pre-completion Contracts for the Sale of Development Properties. It clarifies when and how an agreement for the construction of real estate should be accounted for as a construction contract in accordance with HKAS 11 Construction Contracts or an agreement for the sale of goods or services in accordance with HKAS 18 Revenue. As the Group currently is not involved in any construction of real estate, the interpretation has had no impact on the financial position or results of operations of the Group.

HK(IFRIC)-Int 16 provides guidance on the accounting for a hedge of a net investment in a foreign operation. This includes clarification that (i) hedge accounting may be applied only to the foreign exchange differences arising between the functional currencies of the foreign operation and the Company entity; (ii) a hedging instrument may be held by any entities within a group; and (iii) on disposal of a foreign operation, the cumulative gain or loss relating to both the net investment and the hedging instrument that was determined to be an effective hedge should be reclassified to the income statement as a reclassification adjustment. As the Group currently has no hedge of a net investment in a foreign operation, the interpretation has had no impact on the financial position or results of operations of the Group.

In October 2008, the HKICPA issued its first Improvements to HKFRSs which sets out certain amendments to a number of HKFRSs. The Group adopts the amendments to HKFRSs that became effective for annual periods beginning on or after 1 January 2009. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments have a significant financial impact on the Group.

2. SEGMENT INFORMATION

For management purposes, the Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. The operating segments are identified on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Summary details of the operating segments are as follows:

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

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

(iii) manufacturing and sales of non-major automobile components ("Non-major automobile components"); and

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

Inter-segment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The following tables present revenue and profit of the Group's operating segments for the six-month periods ended 30 June 2009 (the "Period") and 30 June 2008:

Period ended 30 June 2009 (unaudited)	**Diesel engines** *RMB'000*	**Automobiles and other major automobile components** *RMB'000*	**Non-major automobile components** *RMB'000*	**Import and export services** *RMB'000*	**Eliminations** *RMB'000*	**Consolidated** *RMB'000*
Segment revenue:						
Sales to external customers	**6,428,292**	**8,644,771**	**412,327**	**161,298**	**—**	**15,646,688**
Inter-segment sales	**1,079,892**	**291,418**	**28,336**	**—**	**(1,399,646)**	**—**
Total	**7,508,184**	**8,936,189**	**440,663**	**161,298**	**(1,399,646)**	**15,646,688**
Segment results	**1,393,325**	**548,483**	**34,886**	**6,593**	**(121,732)**	**1,861,555**
Interest and dividend income and unallocated gains						**126,473**
Corporate and other unallocated expenses						**(192,364)**
Finance costs						**(122,759)**
Share of profits and losses of associates and a jointly-controlled entity	**(56)**	**(4,607)**	**—**	**(119)**		**(4,782)**
Profit before tax						**1,668,123**
Tax						**(246,492)**
Profit for the Period						**1,421,631**

Period ended 30 June 2008 (unaudited)	Diesel engines	Automobiles and other major automobile components	Non-major automobile components	Import and export services	Eliminations	Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue:						
Sales to external customers	7,257,323	12,807,642	467,640	257,116	—	20,789,721
Inter-segment sales	1,874,034	542,709	45,892	37,111	(2,499,746)	—
Total	9,131,357	13,350,351	513,532	294,227	(2,499,746)	20,789,721
Segment results	1,621,928	1,079,881	42,173	4,262	(101,938)	2,646,306
Interest and dividend income and unallocated gains						106,398
Corporate and other unallocated expenses						(124,999)
Finance costs						(166,236)
Share of profits and losses of associates and a jointly-controlled entity	129	5,163	—	—		5,292
Profit before tax						2,466,761
Tax						(378,856)
Profit for the period						2,087,905

The following table presents assets of the Group's operating segments as at 30 June 2009 and 31 December 2008:

	Diesel engines	**Automobiles and other major automobile components**	**Non-major automobile components**	**Import and export services**	**Eliminations**	**Consolidated**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets						
At 30 June 2009 (Unaudited)	15,513,006	18,989,440	1,143,612	561,725	(1,836,738)	34,371,045
At 31 December 2008 (Audited)	13,344,474	16,147,918	991,682	717,813	(1,252,020)	29,949,867

3. 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 2009	30 June 2008
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Revenue		
Turnover		
Sale of goods	**15,129,038**	19,853,039
Rendering of services	**53,123**	167,603
Other revenue		
Sales of scrap and other materials	**462,229**	767,074
Gross rental income	**2,298**	2,005
	15,646,688	20,789,721
Other income		
Bank interest income	**41,688**	23,903
Government subsidies	**33,338**	56,087
Others	**15,720**	14,420
	90,746	94,410
Gains		
Gain on debt restructuring	**35,727**	—
Gain on disposal of items of property, plant and equipment	**—**	2,766
Gain on disposal of associates	**—**	9,222
	35,727	11,988
	126,473	106,398

4. PROFIT BEFORE TAX

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

	For the six months ended	
	30 June 2009	30 June 2008
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Cost of inventories sold	**12,299,347**	16,203,914
Cost of services provided	**49,116**	152,008
Write-down of inventories to net realisable value	**35,946**	28,667
Product warranty provision		
Additional provision	**247,744**	409,036
Amounts utilised during the period	**(181,024)**	(182,604)
	66,720	226,432
Staff costs (including directors' and supervisors' remuneration):		
Wages and salaries	**509,161**	734,576
Defined contribution pension scheme	**67,331**	85,457
Medical benefits costs	**13,943**	14,714
Housing fund	**21,116**	18,738
Cash housing subsidies costs	**20,700**	25,315
Total staff costs	**632,251**	878,800
Gross rental income	**(2,298)**	(2,005)
Bank interest income	**(41,688)**	(23,903)
Research and development costs	**166,140**	152,873
Minimal lease payment under operating leases	**49,818**	28,008
Loss/(gain) on disposal of items of property, plant and equipment	**3,699**	(2,766)
Depreciation of property, plant and equipment	**418,150**	361,578
Depreciation of investment property	**2,125**	634
Recognition of prepaid land lease payments	**3,816**	4,301
Amortisation of other intangible assets	**6,723**	8,056
Impairment of trade and other receivables	**162,202**	122,636
Foreign exchange differences, net	**1,114**	16,437

5. TAX

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 ("PRC"), except that:

(1) The Company and certain subsidiaries are subject to a preferential rate of 15% as they are assessed by relevant government authorities as High and New Technology Enterprises ("HNTE") for a period of three years commencing 1 January 2008. Pursuant to the PRC Income Tax Law, enterprises assessed as "HNTE" are entitled to a preferential income tax rate of 15%; and

(2) Pursuant to Notice of the State Administration of Taxation concerning the Opinions on the Implementation of the Relevant Taxation Policies for the Western Development《國家稅務總局關於落實西部大開發有關稅收政策具體實施意見的通知》, certain subsidiaries which are approved as domestic enterprises engaged in the industries encouraged by the State in Western Region《西部地區國家鼓勵產業的內資企業》are also subject to a preferential tax rate of 15%.

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.

	For the six months ended	
	30 June 2009	30 June 2008
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Group:		
Current — Mainland China		
Charge for the period	**249,643**	497,305
Current — Elsewhere		
Charge for the period	**2,064**	1,586
Deferred	**(5,215)**	(120,035)
Total tax charge for the period	**246,492**	378,856

6. DIVIDEND

The directors do not recommend the payment of interim dividend (six months ended 30 June 2008: Nil).

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

The calculation of basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the six months ended 30 June 2009 and 2008, as adjusted to reflect the bonus issue during the year ended 31 December 2008.

No diluted earnings per share amounts have been presented for the six months ended 30 June 2009 and 2008 as no diluting events existed during the periods.

	For the six months ended	
	30 June 2009	30 June 2008
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Earnings		
Profit attributable to ordinary equity holders of the Company used in the basic earnings per share calculation	**1,222,030**	1,659,215
	In '000	*In '000*
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**833,046**	833,046

8. COMPONENTS OF OTHER COMPREHENSIVE INCOME

	For the six months ended	
	30 June 2009	30 June 2008
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Available-for-sale financial assets:		
Gains (losses) arising during the period	**169,951**	(80,941)
Income tax	**(25,608)**	12,141
	144,343	(68,800)
Exchange differences on translating foreign operations	**5,078**	(6,729)
Other comprehensive income for the period, net of tax	**149,421**	(75,529)

9. TRADE AND BILLS RECEIVABLES

	30 June 2009	31 December 2008
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Trade receivables	**5,240,898**	3,256,425
Bills receivables	**4,983,641**	3,995,709
Impairment	**(458,778)**	(322,126)
	9,765,761	6,930,008

The Group's trading terms with its customers are mainly on credit except for new customers, where payment in advance or cash on delivery is normally required. The credit period is generally 90 days to 180 days, however, customers with established trading records could be granted a longer credit period. Trade receivables are non-interest-bearing.

An aged analysis of trade and bills receivables as at the end of the reporting period, based on the invoice date and net of provision for impairment loss, is as follows:

	30 June 2009	31 December 2008
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Within 3 months	**4,830,286**	4,998,810
3 to 6 months	**4,421,997**	1,417,465
6 to 12 months	**239,897**	386,053
1 to 2 years	**214,273**	79,219
2 to 3 years	**30,860**	24,449
3 to 4 years	**16,283**	18,923
4 to 5 years	**12,165**	5,089
	9,765,761	6,930,008

As at 30 June 2009, trade and bills receivables of approximately RMB61,000,000 (2008: RMB338,815,000) were pledged to secure bank loans and credit facilities of the Group.

The amounts due from related parties included above are analysed as follows:

	30 June 2009	31 December 2008
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Weichai Holdings and its subsidiaries	**74,696**	28,953
Lonking Holdings and its subsidiaries	**28,713**	431
Jointly-controlled entity	**2,003**	5,036
Associates	**45,810**	42,627
Non-controlling shareholders groups	**93,528**	224,505
	244,750	301,552

The amounts due from related parties are on credit terms similar to those offered to the major customers of the Group.

10. TRADE AND BILLS PAYABLES

	30 June 2009	31 December 2008
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Trade payables	**7,947,601**	6,442,175
Bills payables	**5,583,213**	4,185,776
	13,530,814	10,627,951

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2009	31 December 2008
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Within 3 months	**9,141,006**	5,798,843
3 to 6 months	**3,465,464**	3,570,389
6 to 12 months	**451,013**	921,325
Over 1 year	**473,331**	337,394
	13,530,814	10,627,951

The amounts due to related parties included above are analysed as follows:

	30 June 2009 *RMB'000* *(Unaudited)*	31 December 2008 *RMB'000* *(Audited)*
Weichai Holdings and its subsidiaries	**5,971**	2,335
Jointly-controlled entity	**26**	5,096
Associates	**25,023**	67,819
Non-controlling shareholders groups	**223,496**	213,151
	254,516	288,401

The trade payables are non-interest-bearing and are normally settled on 90-day terms. The amounts due to related parties are on credit terms similar to those offered by the major suppliers of the Group.

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 2009.

I. REVIEW OF OPERATIONS

In the first half of 2009, under the double impact of global financial crisis and cyclical adjustment of China economy, China economic growth significantly slowed down. In the first half of 2009, China's GDP reached RMB13,986.2 billion, representing a year-on-year increase of 7.1%. With the implementation of economic stimulus packages launched by the Chinese government, the number of positive factors in China's national economy keep increasing and there are more signs of stabilization in Q2. In particular, the agriculture sector maintained its momentum, while industrial production saw a faster rebound; consumption continued to grow rapidly, and investment growth was accelerated. In the first half of the year, the fixed asset investment in China maintained a fast growth, as China's fixed asset investment amounting to RMB9,132.1 billion, representing a year-on-year increase of 33.5%, 7.2% higher than that of the corresponding period of last year. This provides the heavy-duty vehicle and construction machinery industries with large growth potential.

During the reporting period, the heavy-duty truck market in China was generally in consolidation with intensified competition. China's heavy-duty truck market recorded an aggregate sales of approximately 274,000 units, representing a year-on-year decrease of 28.0%. At the same time, demand for engineering truck such as tipper trucks and concrete mixer trucks had been thriving since March during this period, driven by catalysts like national investment, the launch of industry revitalization proposals, and fuel tax reform, while the stabilization of logistic market after May substantially brought up the sales of tractors to a large extent. In consideration of factors such as the booming economy in the corresponding period of last year and the early release of capabilities relating to the implementation of China III emission standard, the heavy-duty truck market performed generally better than expected during the reporting period. 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), 北汽福田汽車股份有限公司 (Beiqi Futian Motor Company Limited), 包頭北方奔馳重型汽車有限責任公司 (Baotou North-Benz Heavy-Duty Truck Co., Ltd.), and 安徽江淮汽車股份有限公司 (Anhui Jianghuai Automotive Co., Ltd.), etc. all recorded a decrease in sales over the corresponding period of 2008, but a mild increase in market share, hence guaranteeing the growth of the market share of the Company's products. The Company's aggregate sales of heavy-duty truck engines reached approximately 102,000 units in the first half of 2009, representing a year-on-year decrease of 25.9%, which was 2.1% lower than average level of the industry. 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 37.1%, representing an increase of 1.0% over the corresponding period of last year. 陝西重型汽車有限公司 (Shaanxi Heavy-duty Motor Company Limited), a subsidiary of the Company, reported an aggregate sales of approximately 28,000 units of heavy-duty trucks, representing a decrease of 35.7% over the corresponding period of last year. 陝西法士特齒輪有限責任公司 (Shaanxi Fast Gear), a subsidiary of the Company, reported an aggregate sales of approximately 235,000 units of gear boxes, representing a year-on-year decrease of 29.0%.

During the first half of 2009, the spread of international financial crisis had a great impact on the construction machinery market in China, with sales of each segment recorded a trend of year-on-year decrease. Since China is still undergoing rapid urbanization and industrialization, the strategies such as the Western China Development Strategy, the Rise of Central China Strategy, the invigoration of industrial base in the Northeast and development of new villages have been gradually implemented, and the government significantly increased the infrastructural investments and accelerated the development in areas such as railways, roads, airports, projects for people's well-being and reconstruction of disaster areas in order to help mitigate damage of the crisis. These in turn had partially offset the negative impact from the financial crisis. A total of approximately 213,000 units of construction machines were sold in China during the reporting period, representing a year-on-year decrease of approximately 24%, among which sales of wheel loaders with a load capacity of 5 tonnes (and above) amounted to approximately 48,000 units, representing a year-on-year decrease of 29.9%. 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.), 徐工工程機械集團有限公司 (Xuzhou Construction Machinery Group Inc.), 成都成工機械有限公司 (Chengdu Construction Machinery Co., Inc.), 山東山工機械有限公司 (Shandong SEM Machinery Co., Ltd.), all recorded a decrease in sales over the corresponding period of last year, hence affecting the growth of the Company's product sales. The Company's sales of engines for construction machinery were approximately 41,000 units in the first half of 2009, representing a year-on-year decrease of 31.4%, among which the sales of engines for wheel loaders with a load capacity of 5 tonnes were approximately 39,000 units, representing a year-on-year decrease of 32.7%. According to the information published on the website of 中國工程機械信息網 (China Construction Machinery Network), the Company had a market share of 80.9% in the market of wheel loaders with a load capacity of 5 tonnes (and above), representing a decrease of 3.5% over last year.

During the reporting period, with our technology innovation, the Company continued to lead the power-transmission development in China. Following the implementation of the China III emission standard, our proprietary high-power, high-speed "Landking" (藍擎) engines received positive response and maintained its leading position in the electronically-controlled high-pressure low-emission engine market leveraged by its features such as environmental-friendly, fuel saving and reliable, with approximately 67,000 10-12L China III emission standard compliant engines sold during the period. Meanwhile, "Landking" China IV emission standard compliant engines entered the trial sale stage of small batch production and successful complete the vehicle match with Futian Motor. The Company accelerated the adjustment of its product structure with the view to build the competitive advantages of product portfolio. Our proprietary 5-7L "Landking" engine, which fully complies with China III and China IV emission standards, has completed the 2nd round of capability development and durability test and is undergoing the trial sale stage of small batch production. This in turn highlighted the further enhancement of our research and development capability, greater competitive advantages of our product portfolio, and a better future of the Company.

During the reporting period, the Company placed emphasis on its organic growth and continued to upgrade its management level. To implement and improve the lean management tool and the control model, we focused on three innovation tasks of management in the first half of 2009. First, the introduction of "competency assessment model", where we reformed the traditional way of assessing cadres' performance based on our own development. The model has established a comprehensive assessment system for our cadres with five standards being "quality assessment, examination, position assessment, mutual assessment between middle-level employees and cadres as well as opinions from management" as its core. Second, the implementation of an innovative system for performance management, which reformed our remuneration system by turning the "salary distributing" concept into "salary earning". Third, the re-rationalization of our marketing structure and process with the help of a world-renowned consulting firm, which strengthened the functions of our market planning and management, promotions and information management, and provided support for our long term development. It marks the significant progress made in the re-invention of our business flow.

The Company sold 148,000 units of different models of diesel engines in the period, representing a decrease of 26.6% over the corresponding period of 2008. Revenue decreased by approximately 24.7% over the corresponding period of 2008 to approximately RMB15,647 million. The net profit attributable to shareholders decreased by approximately 26.3% over the corresponding period of 2008 to approximately RMB1,222 million, while basic earnings per share decreased by approximately 26.1% over the corresponding period of 2008 to approximately RMB1.47.

II. DIVIDEND

The Board proposed not to declare any interim dividend for the six months ended 30 June 2009.

III. ACQUISITION AND CONSOLIDATION

During the reporting period, the Company captured the opportunities arising from the global crisis and actively consolidated quality resources at home and abroad. On 23rd January 2009, we successfully acquired Moteurs Baudouin, a France-based engine manufacturer, through our subsidiary, Weichai Power (Hong Kong) International Development Limited, at a consideration of 2.99 million Euro. The century-old company is mainly engaged in the design, development and sales of professional engines and power chain. Its leading product, M26 engine, is an ideal driving force for luxury yachts, ships and power generating equipments, and is highly complementary to Weichai's existing product portfolio. Through this acquisition, Weichai has obtained Moteurs Baudouin's products, technologies and brands at one stroke. In addition, it has enriched our experience in carrying out M&A overseas and laid a solid foundation for the Company to enhance its product portfolio and strengthen its core competitiveness.

IV. OUTLOOK AND PROSPECTS

Looking ahead, in the second half of this year, the pace and quality of China's macroeconomic growth will depend on the following three conditions. First, whether government investments can further bolster business investment and uphold the rapid growing of consumer spending, given that the global financial crisis still lingers and there will be little change in the major decline in foreign demands in the second half of the year. Second, whether large capital flows brought by the easing monetary policy would trigger another round of inflation, and whether there would be relevant adjustments in government's monetary policies given the expanding asset bubbles. Third, whether the Chinese government and companies can capture opportunities to carry out reforms and transform the model for economic growth and development during this downturn. According to China's economic data in the first half of the year, business confidence has been gradually recovering and total consumer spending has seen a significant growth, but the price index is still staying low. On the other hand, there is still high growth potential in China's economy. There is still a big room for the growth in domestic demand due to the great imbalance in the development between urban and rural areas as well as different regions. Meanwhile, the government has already set out the principal tasks for the economy in 2009 of "to boost domestic demand, to sustain economic growth, to adjust the structure of the economy, to promote reform, and to give top priority to ensure people's well-being", meaning that a proactive fiscal policy and moderately loose monetary policy will be in place throughout the year. Therefore, we expect China's overall economy will grow on a relatively firm and healthy foundation in the second half of 2009.

The Company is cautiously optimistic about the development of the related industries. In the heavy-duty truck market, on one hand, the demand for heavy-duty trucks is under great pressure as a result of the long-lasting global economic crisis, weakening demand in the global market, and the pressure of rising price of domestic gasoline. On the other hand, as China's economy is in a stage of stabilization and has started to recover, investment in fixed assets will maintain a rapid growth. Meanwhile, the State Council and the government in Shandong province have launched their automobile industry restructuring and revitalization plans. As a priority area in the plan, heavy-duty vehicles will certainly play a positive role in promoting the steady and sustainable development of the heavy-duty sector. On the construction machinery front, the market will continue to gain momentum from the central government's 4-trillion fixed assets investment plan. The area of newly constructed property has started to expand, and projects in highways, railways and other infrastructure have been initiated one after another, programs for modern logistics, energy saving and emission reduction as well as people's well-being will also be in place. Therefore, according to the law of the industry's development, the construction machinery market will maintain a mild growth in the second half of 2009 as compared with this period.

Given the implementation of the China III emission standard, we anticipate that there will be fiercer competition in China's engine market in the coming years. Leveraging on our advanced technology, high-quality products 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 further strengthen its research and development capability, start in advance the small batch marketing of its China IV compliant products, and improve the performance of its products in order to better meet the requirements of our clients and prepare the technological reserve for the upcoming China IV phase. Meanwhile, the Company will further enhance its products and market restructure. On the high power front, we will accelerate the optimization and localization of Moteurs Baudouin 16L (or above) engines to build a complete product range for Weichai industrial power products; on the mid/low power front, the Company will continue to explore emerging markets including coaches, non-loaders construction machinery and medium to heavy duty trucks with its newly developed 5-7L engines to unswervingly build up its strengths in market diversification to form a coordinated market layout.

At the same time, under the principle of "unifying strategy, independent operation, resources sharing", we will accelerate the segmental development of commercial vehicles, power chain and automobile parts and components. We shall further integrate the Company's resources, fully utilize their synergies and improve our capability against risks, building the Company as a global leading transport and construction equipment supplier with power chain as its 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 last six months!

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 2009 as follow:

I. Industry Analysis

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

1. *Heavy-duty Vehicle Industry*

During the period, under the double impacts of the global financial crisis and cyclical adjustment of China economy, China's heavy-duty truck market was generally in a stage of consolidation and recorded an aggregate sales of approximately 274,000 units, representing a year-on-year decrease of 28.0%. However, in consideration of factors such as the booming economy in the corresponding period of last year and the early release of capabilities relating to the implementation of China III emission standard, the heavy-duty truck market performed generally better than expected during the reporting period. Given the potential benefits arising from the following favorable factors, the heavy-duty truck market shall have a better future.

First, China's GDP reached RMB13,986.2 billion in the first half of the year, representing a year-on-year increase of 7.1%. Meanwhile, its fixed asset investment maintained a fast growth in the same period, as China's fixed asset investment amounted to RMB9,132.1 billion, representing a year-on-year increase of 33.5%, which is 7.2% higher than that of the corresponding period of last year. This provides the heavy-duty vehicle and construction machinery industries with large growth potential.

Second, demand for engineering trucks such as tipper trucks and concrete mixer trucks have been thriving since March this period, driven by catalysts like national investment, the launch of industry revitalization proposals, and fuel tax reform, in particular. Furthermore, the stabilization of the logistic market after May has substantially brought up the sales of tractors.

2. ***Construction Machinery***

According to the statistics of 中國工程機械協會 (China Construction Machinery Association), a total of approximately 213,000 units of construction machines were sold in China during the period, representing a decrease of approximately 24% over the corresponding period of last year; among which sales of wheel loaders with a load capacity of 5 tonnes (and above) amounted to approximately 48,000 units, representing a decrease of approximately 29.9% over the corresponding period of last year.

During the reporting period, the spread of the global financial crisis had a great impact over the construction machinery market in China, with sales of each segment decreasing as compared with the corresponding period of last year. However, China is still undergoing rapid urbanization and industrialization, the strategies such as the Western China Development Strategy, the Rise of Central China Strategy, the invigoration of old industrial base in the Northeast and development of new rural villages have been gradually implemented, and the government has significantly increased the infrastructural investments and accelerated the development in areas such as railways, highways, airports, projects for people's well-being and reconstruction of disaster areas in order to help mitigate damage of the crisis. All these have partially offset the negative impact from the financial crisis.

II. The Group's Business

An analysis of the Group's business segments is set out in note 2 to the consolidated financial statements. The following are the highlights of the operations of major product lines 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: 陝西重型汽車有限公司 (Shaanxi Heavy-duty Motor Company Limited), 北汽福田汽車股份有限公司 (Beiqi Futian Motor Company Limited), 包頭北方奔馳重型汽車有限責任公司 (Baotou North-Benz Heavy-Duty Truck Co., Ltd.) and 安徽江淮汽車股份有限公司 (Anhui Jianghuai Automotive Co., Ltd.), etc. During the Period, the heavy-duty truck market in China was generally in a stage of consolidation with intensified competition. Such customers all recorded a decrease in sales over the corresponding period of 2008, but a mild increase in market share, hence guaranteeing the growth of the market share of the Company's products. During the period, the Group sold approximately 148,000 units of diesel engines in total, compared to approximately 202,000 units in the corresponding period of 2008, representing a decrease of approximately 26.6%. Of the diesel engines sold during the period, approximately 102,000 units (2008: approximately 137,000 units) were truck engines, representing a decrease of approximately 25.9% compared to the corresponding period of 2008.

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: 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.), 徐州工程機械集團有限公司 (Xuzhou Construction Machinery Group Inc.), 成都成工機械有限公司 (Chengdu Construction Machinery Co., Inc.), 山東山工機械有限公司 (Shandong SEM Machinery Co., Ltd.), etc. During the period, the Group sold approximately 41,000 units (2008: approximately 60,000 units) of construction machinery engines, representing a decrease of approximately 31.4% compared to that in the corresponding period of 2008.

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

During the period, the Group sold approximately 28,000 units heavy-duty trucks, compared to approximately 43,000 units in the corresponding period of 2008, representing a decrease of approximately 35.7%. Prior to intra-group elimination, the truck business contributed approximately RMB5,910 million to the Group's revenue during the period.

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

During the period, the Group sold approximately 235,000 units of heavy-duty gear boxes, representing a decrease of approximately 29.0%, compared to approximately 331,000 units in the corresponding period of 2008. Prior to intra-group elimination, the gear boxes business contributed approximately RMB2,405 million to the Group's revenue during the period.

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 is also engaged in the production and sales of engine parts and other truck parts such as: spark plugs, axles, chassis, air-conditioner compressors etc. During the period, the Group's sales of engine parts and truck parts amounted to approximately RMB749 million, representing a decrease of approximately 22.6% or RMB219 million, compared to RMB968 million in the corresponding period of 2008.

III. Financial Review

1. *The Group's Results of Operations*

a. *Turnover*

The Group's turnover decreased from approximately RMB20,790 million in the corresponding period of 2008 to approximately RMB15,647 million in the period, representing a decrease of approximately 24.7%. The decrease in turnover was mainly attributable to the double impact of global financial crisis and cyclical adjustment of China economy. During the period, the Group sold approximately 102,000 units of diesel engines for use in heavy-duty trucks in total, compared to approximately 137,000 units in the corresponding period of 2008, representing a decrease of approximately 25.9%. During the Period, Shannxi Zhongqi recorded an aggregate sales of approximately 28,000 units of heavy-duty trucks, compared to approximately 43,000 units in the corresponding period of last year, representing a decrease of 35.7%.

b. *Gross Profit and Gross Profit Margin*

During the period, the Group's gross profit decreased from approximately RMB3,996 million in the corresponding period of 2008 to approximately RMB3,015 million in the period, representing a decrease of approximately 24.5%, coincided with the decrease in turnover. Gross profit margin maintained at 19.3%, which almost unchanged when compared with the same in the corresponding period of 2008 of 19.2%.

c. *Selling and Distribution Costs*

Selling and distribution costs decreased by approximately 17.9% to approximately RMB446 million in the period from approximately RMB543 million in the corresponding period of 2008. As a percentage of turnover, selling and distribution costs increased from approximately 2.6% in the corresponding period of 2008 to approximately 2.8% in the period, which was mainly due to the decrease in turnover of 24.7% as compared to the corresponding period of last year.

d. *Administrative Expenses*

Administrative expenses of the Group decreased by approximately 3.9% or RMB22 million from approximately RMB564 million in the corresponding period of 2008 to approximately RMB542 million in the period.

e. *Operating Profit before Finance Costs*

During the period, the Group's operating profit decreased by approximately 32% to approximately RMB1,791 million in the period from approximately RMB2,633 million in the corresponding period of 2008, which was mainly due to the contraction of the scale of operations. The Group's operating margin decreased from approximately 12.7% in the corresponding period of 2008 to approximately 11.4% in the period.

f. *Finance Costs*

Finance costs decreased by approximately 25.9% to approximately RMB123 million in the period from approximately RMB166 million in the corresponding period of 2008. This decrease was mainly due to the Company having settled the bonds due for payment of RMB800 million and the interest rate of bank and other borrowings ranging from 3.25% to 6.72% per annual in the period being relatively lower as compared with the same in the corresponding period of last year, ranging from 5.2% to 9.9%.

g. *Income Taxes*

The Group's income tax expenses decreased by approximately 35.1% from approximately RMB379 million in the corresponding period of 2008 to approximately RMB246 million in the period. During the period, the Group's average effective tax rate decreased from approximately 15.4% in the corresponding period of 2008 to approximately 14.8% in the period.

h. *Net Profit and Net Profit Margin*

The Group's net profit for the period decreased by approximately 31.9% from approximately RMB2,088 million in the corresponding period of 2008 to approximately RMB1,422 million in the period, whilst the net profit margin also decreased from approximately 10.0% in the corresponding period of 2008 to approximately 9.1% in the period.

i. *Liquidity and Cash Flow*

During the period, the Group generated operating cash flows of RMB2,982 million, part of which were applied in expanding the Group's operations by acquisition of property, plant and equipment; and in reducing its borrowings. As at 30th June 2009, the Group had a net cash (cash and cash equivalents net of interest-bearing debts) of RMB314 million (as at 31st December 2008: the Group had a net debt (interest-bearing debts net of cash and cash equivalents) of RMB573 million). Based on the calculation above, there is no debt to equity ratio available as the Group is in a net cash position (as at 31st December 2008: debt to equity ratio is 5.06%).

2. *Financial Position*

a. *Assets and Liabilities*

As at 30th June 2009, the Group had total assets of approximately RMB34,371 million, of which approximately RMB23,925 million were current. As at 30th June 2009, the Group had cash and cash equivalents of approximately RMB4,203 million (as at 31st December 2008: RMB3,352 million). On the same date, the Group's total liabilities amounted to approximately RMB21,687 million, of which approximately RMB20,329 million were current. The current ratio was approximately 1.18x (as at 31st December 2008: 1.13x).

b. *Capital Structure*

At 30th June 2009, the Group had total equity of approximately RMB12,684 million, of which approximately RMB9,259 million was attributable to equity holders of the Company and the balance was non-controlling interests. The Group currently does not rely heavily on borrowings. The borrowings of the Group as at 30th June 2009 amounted to approximately RMB3,890 million, which included debenture of RMB900 million and bank borrowings of RMB2,990 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*

As at 30th June 2009, bank deposits and bills receivable of approximately RMB4,052 million (as at 31st December 2008: RMB2,851 million) were pledged to banks to secure the Group's bills payable and bills receivable issued by banks. 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 date 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 17 to the consolidated financial statements in the interim report.

d. *Contingent Liabilities*

As at 30th June 2009, the Group had approximately RMB993 million (as at 31st December 2008: RMB1,754 million) guarantees given to banks in connection with facilities granted to and utilised by third parties.

e. *Capital Commitments*

As at 30th June 2009, the Group had approximately RMB1,002 million capital commitments contracted (as at 31st December 2008: RMB1,168 million), principally for the capital expenditure in respect of acquisition of property, plant and equipment.

OTHER INFORMATION

Directors' and Supervisors' Interests in Shares and Underlying Shares

As at 30 June 2009, 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	6,880,000 *(Note 1)*	0.8%
Xu Xinyu	Beneficial owner	1,600,000 *(Note 1)*	0.2%
Sun Shaojun	Beneficial owner	1,600,000 *(Note 1)*	0.2%
Zhang Quan	Beneficial owner	1,600,000 *(Note 1)*	0.2%
Liu Huisheng	Beneficial owner	960,000 *(Note 1)*	0.1%
Yeung Sai Hong *(Note 3)*	Held by controlled corporation	37,600,000 *(Note 2)*	4.5%
Li San Yim *(Note 4)*	Held by spouse and controlled corporation	34,400,000 *(Note 1)*	4.1%
Julius G. Kiss *(Note 5)*	Held by controlled corporation	17,200,000 *(Note 2)*	2.1%
Name of Supervisor			
Ding Yingdong	Beneficial owner	560,000 *(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 37,600,000 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 34,400,000 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 17,200,000 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 2009.

Details of Changes in Share Capital and Substantial Shareholders' Shareholdings

1. *Changes in shareholdings*

	Before this period		Increase/decrease during the period (+, –)					End of the period	
	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	349,824,937	41.99%						349,824,937	41.99%
1. State-owned shares	24,224,937	2.91%						24,224,937	2.91%
2. State-owned legal person shares	162,320,000	19.49%						162,320,000	19.49%
3. Shares held by other domestic entities	108,480,000	13.02%						108,480,000	13.02%
including: Shares held by non State-owned legal persons	84,800,000	10.18%						84,800,000	10.18%
Shares held by domestic natural persons	23,680,000	2.84%						23,680,000	2.84%
4. Shares held by other foreign entities	54,800,000	6.58%						54,800,000	6.58%
including: Shares held by overseas legal persons	54,800,000	6.58%						54,800,000	6.58%
Shares held by overseas natural persons	—	—						—	—
II. Non-restricted circulating shares	483,220,746	58.01%						483,220,746	58.01%
1. RMB ordinary shares	280,820,746	33.71%						280,820,746	33.71%
2. Overseas listed foreign shares	202,400,000	24.30%						202,400,000	24.30%
III. Total number of shares	833,045,683	100%						833,045,683	100%

2. *Time over which shares are restricted*

Time	Additional shares that can be listed and traded upon expiry of the restricted period	Description
30 April 2010	349,824,937	Under the commitments of 8 legal person promoter shareholders (including Weichai Group Holdings Limited), Zhuzhou Stateowned 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*

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	124,236,640	30 April 2010	—	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	37,600,000	30 April 2010	—	
3	Fujian Longyan Construction Machinery (Group) Company Limited	34,400,000	30 April 2010	—	
4	Shenzhen Chuangxin Investment Group Company Limited	34,400,000	30 April 2010	—	
5	Weifang Investment Company	30,898,480	30 April 2010	—	
6	Zhuzhou Stateowned Assets Administration Management Company Limited	24,224,937	30 April 2010	—	
7	IVM Technical Consultants Wien Gesellschaft m.b.H	17,200,000	30 April 2010	—	
8	Shandong Enterprise Trust Operation Company Limited	16,000,000	30 April 2010	—	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.
9	Guangxi Liugong Group Limited	7,184,880	30 April 2010	—	
10	Tan Xuguang	6,880,000	30 April 2010	—	

Shareholdings of the Substantial Shareholders (as at 30 June 2009)

Total number of Shareholders	The number of shareholders is 55,568 among which 55,271 are shareholders of A share and 297 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	24.22%	201,766,318	—	unknown
Weichai Group Holdings Limited	State-owned legal person	14.92%	124,304,000	124,236,640	—
Peterson Holdings Company Limited	Overseas legal person	4.51%	37,600,000	37,600,000	—
Shenzhen Chuangxi Investment Group Co.,Ltd	Domestic non state-owned legal person	4.13%	34,400,000	34,400,000	—
Fujian Longyan Construction Machinery (Group) Company Limited	Domestic non state-owned legal person	4.13%	34,400,000	34,400,000	—
Weifang Investment Company	State-owned legal person	3.71%	30,898,480	30,898,480	—
Zhuzhou State-owned Assets Administration Management Company Limited	State-owned shares legal person	2.91%	24,224,937	24,224,937	12,112,000
IVM Technical Consultants Wien Gesellschaft m.b.H	Overseas legal person	2.06%	17,200,000	17,200,000	—
Shandong Enterprise Trust Operation Company Limited	Domestic non state-owned legal person	1.92%	16,000,000	16,000,000	—
Industrial and Commercial Bank of China — 易方達價值成長混合型證券投資基金	Others	1.18%	9,840,943	—	—

Shareholdings of the top ten non-restricted shareholders

Names of shareholders	Number of the non-restricted shares held	Types of shares
HKSCC Nominees Limited	201,766,318	Overseas listed foreign shares
Industrial and Commercial Bank of China — 易方達價值成長混合型證券投資基金	9,840,943	RMB ordinary shares
China Construction Bank — 富國天博創新主題股票型證券投資基金	6,800,000	RMB ordinary shares
Industrial and Commercial Bank of China — 廣發穩健增長證券投資基金	6,200,000	RMB ordinary shares
全國社保基金一零四組合	5,599,805	RMB ordinary shares
大成價值增長證券投資基金	5,368,330	RMB ordinary shares
Bank of China — 大成藍籌穩健證券投資基金	5,104,160	RMB ordinary shares
Agricultural Bank of China — 長盛同德主題增長股票型證券投資基金	4,946,053	RMB ordinary shares
Bank of China — 泰達蘭銀行業精選證券投資基金	4,500,000	RMB ordinary shares
Agricultural Bank of China — 鵬華動力增長混合型證券投資基金	4,499,900	RMB ordinary shares

Description of the connected relationship or acting in concert relationship among the aforesaid shareholders:

1. Among the aforementioned shareholders, 大成價值增長證券投資基金 and Bank of China — 大成藍籌穩健證券投資基金 are both managed by a fund manager, namely 大成基金管理公司.

2. Save as the aforementioned, it's not certain whether there is any connected relationship among the top ten shareholders and the other top ten non-restricted shareholders, or whether there is any acting in concert relationship among them.

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 five 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 interim condensed consolidated financial statements for the period.

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 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.

APPROVAL OF THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENT

The unaudited interim condensed consolidated financial statements for the Period have been approved by the Board on 28 August 2009.

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

The 2009 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, 28 August 2009

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 Ms. Zhang Fusheng, Mr. Liu Huisheng, Mr. Yao Yu, Mr. Yeung Sai Hong, Mr. Chen Xuejian, Mr. Li San Yim, Mr. Julius G. Kiss, Ms. Han Xiaoqun, 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.