Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

WEICHAI

濰柴動力股份有限公司

WEICHAI POWER CO., LTD.

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

(Stock Code: 2338)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

Pursuant to the Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong published by The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") in December 2010, Mainland incorporated issuers listed in Hong Kong shall be allowed to prepare their financial statements using China Accounting Standards for Business Enterprises, and large-scale Mainland audit firms approved by the Ministry of Finance ("MOF") of The People's Republic of China and the China Securities Regulatory Commission ("CSRC") shall be allowed to service these issuers to satisfy the disclosure requirements of the Hong Kong Stock Exchange. As such, on the annual general meeting 2010 of the Company held on 18 May 2011, the appointment of Ernst & Young Hua Ming Certified Public Accountants as the auditor of the Company was considered and approved. At the same time, it was resolved that with effect from 2011, the Company would only adopt Mainland accounting standards in its preparation of financial statements and would no longer use Hong Kong accounting standards at the same time in preparing financial statements.

(Important notice: This announcement is published in Chinese and English versions. In case of inconsistency, the Chinese version shall prevail.)

FINANCIAL HIGHLIGHTS

- Revenue amounted to approximately RMB60,019 million, decreased by approximately 5.15%.
- Net Profit Attributable to the Shareholders of the Parent amounted to approximately RMB5,597 million, decreased by approximately 17.48%.
- Basic Earnings Per Share was approximately RMB3.36, decreased by approximately 17.44%.

The board of directors (the "Board") of Weichai Power Co., Ltd. (the "Company") is pleased to announce the audited consolidated financial statements of the Company and its subsidiaries (the "Group") prepared in accordance with the Mainland Accounting Standards for the year ended 31 December 2011 (the "Year"), together with comparative figures for the corresponding period of 2010 as follows:

CONSOLIDATED INCOME STATEMENT

January to December 2011 (Expressed in Renminbi Yuan)

	Notes	**2011**	2010
Revenue	*7*	**60,019,265,103.58**	63,279,564,389.91
Cost of sales	*7*	**46,806,606,604.13**	47,704,053,850.19
Taxes and surcharges	*8*	**222,009,260.83**	295,049,546.47
Distribution and selling expenses		**2,906,855,606.90**	2,925,227,452.74
General and administrative expenses		**3,022,275,680.02**	2,584,262,241.41
Finance expenses		**30,780,700.73**	95,080,920.58
Impairment loss of assets		**18,599,453.24**	505,740,061.77
Add: Gain arising from fair value changes		**–**	3,672,000.00
Investment income		**157,770,576.61**	71,358,571.62
Incl: Share of profit of associates and jointly controlled enterprises		**118,940,019.23**	9,604,609.93
Operating profit		**7,169,908,374.34**	9,245,180,888.38
Add: Non-operating income		**288,970,341.49**	188,970,460.79
Less: Non-operating expenses		**40,372,441.85**	37,493,718.17
Incl: Loss on disposal of non-current assets		**24,318,163.27**	5,266,179.86
Total profit		**7,418,506,273.98**	9,396,657,631.00
Less: Income tax expenses	*9*	**1,098,510,615.05**	1,397,553,299.10
Net profit		**6,319,995,658.93**	7,999,104,331.90
Net profit attributable to the shareholders of the parent		**5,596,927,166.88**	6,782,145,439.63
Minority interests		**723,068,492.05**	1,216,958,892.27
Earnings per share	*10*		
Basic earnings per share		**3.36**	4.07
Other comprehensive income	*11*	**(487,719,868.08)**	380,573,373.69
Total comprehensive income		**5,832,275,790.85**	8,379,677,705.59
Incl:			
Total comprehensive income attributable to the shareholders of the parent		**5,109,242,298.64**	7,162,718,813.32
Total comprehensive income attributable to minority owners		**723,033,492.21**	1,216,958,892.27

CONSOLIDATED BALANCE SHEET
31 December 2011 (Expressed in Renminbi Yuan)

ASSETS	*Notes*	**2011**	2010
Current assets			
Cash and cash equivalents		**16,612,740,784.48**	11,158,565,486.77
Financial assets held for trading		**–**	3,672,000.00
Notes receivable	*3*	**9,551,350,772.66**	11,289,227,182.23
Accounts receivable	*4*	**4,737,509,830.84**	4,577,505,700.52
Prepayments		**431,537,902.92**	677,028,827.51
Dividends receivable		**39,529,218.53**	3,040,000.00
Interests receivable		**300,495.58**	–
Other receivables		**240,646,814.45**	221,203,557.34
Inventories		**10,357,553,534.02**	8,793,347,227.21
Other current assets		**737,579,223.78**	361,857,521.95
Total current assets		**42,708,748,577.26**	37,085,447,503.53
Non-current assets			
Available-for-sale financial assets		**234,011,928.12**	489,211,778.85
Long-term receivables		**27,720,035.60**	29,090,809.00
Long-term equity investments		**955,698,174.11**	1,067,518,190.25
Investment property		**250,328,337.12**	156,786,592.19
Fixed assets		**9,653,054,092.86**	7,840,832,156.38
Construction in progress		**5,103,645,581.44**	3,369,491,364.69
Materials used in construction		**10,275,638.26**	11,549,685.01
Disposal of fixed assets		**2,837,542.66**	3,226,332.68
Intangible assets		**1,155,490,455.27**	918,559,035.39
Development expenditure		**2,994,232.00**	–
Goodwill		**538,016,278.33**	538,016,278.33
Long-term prepaid expenses		**160,574,819.39**	168,679,364.28
Deferred tax assets		**741,151,727.82**	819,209,766.78
Other non-current assets		**–**	19,584,000.00
Total non-current assets		**18,835,798,842.98**	15,431,755,353.83
Total assets		**61,544,547,420.24**	52,517,202,857.36

LIABILITIES AND SHAREHOLDER'S EQUITY	*Notes*	**31 December 2011**	31 December 2010
Current liabilities			
Short-term loans		**1,541,238,008.87**	545,176,001.50
Notes payable	*5*	**5,965,759,459.51**	4,109,729,681.29
Accounts payable	*6*	**13,078,975,509.97**	13,137,584,334.00
Advances from customers		**882,764,570.36**	1,166,047,586.10
Payroll payable		**1,134,476,103.29**	1,086,021,884.18
Taxes payable		**2,004,611,473.20**	2,272,791,403.71
Interests payable		**57,505,831.82**	22,730,310.28
Dividends payable		**59,135,231.94**	72,963,509.34
Other payables		**2,990,669,199.84**	3,169,636,229.37
Non-current liabilities due within one year		**700,000,000.00**	31,990,000.00
Other current liabilities		**998,201,870.63**	1,053,832,320.13
Total current liabilities		**29,413,337,259.43**	26,668,503,259.90
Non-current liabilities			
Long-term borrowings		**352,254,546.00**	954,727,273.00
Bonds payable		**2,687,471,069.22**	1,285,239,261.49
Long-term payables		**36,377,700.00**	36,877,700.00
Special payables		**23,000,000.00**	55,090,000.00
Provisions		**–**	8,367,573.99
Deferred tax liabilities		**50,837,782.39**	89,944,991.07
Other non-current liabilities		**78,506,251.10**	48,324,202.38
Total non-current liabilities		**3,228,447,348.71**	2,478,571,001.93
Total liabilities		**32,641,784,608.14**	29,147,074,261.83
Shareholders' equity			
Share capital		**1,666,091,366.00**	1,666,091,366.00
Capital reserve		**1,520,836,404.54**	1,993,318,265.70
Surplus reserve		**1,935,774,543.04**	1,424,081,328.77
Retained earnings		**17,813,666,654.13**	13,445,984,645.13
Exchange differences on foreign currency translation		**(32,925,707.62)**	(14,556,610.52)
Total equity attributable to the shareholders of the parent		**22,903,443,260.09**	18,514,918,995.08
Minority interests		**5,999,319,552.01**	4,855,209,600.45
Total shareholders' equity		**28,902,762,812.10**	23,370,128,595.53
Total liabilities and shareholders' equity		**61,544,547,420.24**	52,517,202,857.36

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2011

1. SIGNIFICANT ACCOUNTING POLICIES

1. Preparation basis of the financial statements

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises-Basic Standard and 38 specific accounting standards issued in February 2006, and the implementation guidance, interpretations and other relevant provisions issued subsequently by MOF (collectively referred to as "Accounting Standards for Business Enterprises").

The financial statements are presented on a going concern basis.

In preparing these financial statements, all the assets (other than certain financial instruments) are carried at historical cost. If the assets are impaired, corresponding provisions for impairment shall be made according to relevant provisions.

2. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements present, fairly and fully, the financial position of the Company and the Group as at 31 December 2011 and the results of operations and the cash flows for the year ended 2011 in accordance with Accounting Standards for Business Enterprises.

3. Business combination

A business combination is a transaction or event that brings together two or more separate entities into one reporting entity. Business combinations are classified into business combinations involving entities under common control and business combinations not involving entities under common control.

Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. For a business combination involving entities under common control, the party that, on the combination date, obtains control of another entity participating in the combination is the absorbing party, while that other entity participating in the combination is a party being absorbed. Combination date is the date on which the absorbing party effectively obtains control of the party being absorbed.

Assets and liabilities that are obtained by the absorbing party in a business combination shall be measured at their carrying amounts at the combination date as recorded by the party being absorbed. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate face value of shares issued as consideration) shall be adjusted to share premium under capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Business combinations not involving entities under common control

A business combination not involving entities under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the combination. For a business combination not involving entities under common control, the party that, on the acquisition date, obtains control of another entity participating in the combination is the acquirer, while that other entity participating in the combination is the acquiree. Acquisition date refers to the date on which the acquirer effectively obtains control of the acquiree.

The acquirer shall measure the acquiree's identifiable assets, liabilities and contingent liabilities acquired in the business combination not involving entities under common control at their fair values on the acquisition date.

The excess of the sum of the consideration paid (or equity securities issued) for business combination and equity interests in the acquiree held prior to the date of acquisition over the share of the attributable net identifiable assets of the acquiree, measured at fair value, was recognized as goodwill, which is subsequently measured at cost less cumulative impairment loss. In case the fair value of the sum of the consideration paid (or equity securities issued) and equity interests in the acquiree held prior to the date of acquisition is less than the fair value of the share of the attributable net identifiable assets of the acquiree, a review of the measurement of the fair values of the identifiable assets, liabilities and contingent liabilities, the consideration paid for the combination (or equity securities issued) and the equity interests in the acquiree held prior to the date of acquisition is conducted. If the review indicates that the fair value of the sum of the consideration paid (or equity securities issued) and equity interests in the acquiree held prior to the date of acquisition is indeed less than the fair value of the share of the attributable net identifiable assets of the acquiree, the difference is recognized in current profit or loss.

4. Consolidated financial statements

The consolidation scope of consolidated financial statements is determined on the basis of control, including the financial statements for the year ended 31 December 2011 of the Company and all of its subsidiaries. A subsidiary is an enterprise or entity that is controlled by the Company.

In preparation of consolidated financial statements, the subsidiaries use the same accounting period as those of the Company. When the accounting policies of a subsidiary are different from those of the Company, the Company shall make adjustments to the financial statements of the subsidiary based on its own accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Where the amount of loses of a subsidiary attributable to the minority shareholders in the current period exceeds their share of the opening balance of owner's equity of the subsidiary, the excess shall be allocated against minority interests. A change in the minority interests, without a loss of control, is accounted for as an equity transaction.

For subsidiaries acquired through business combinations not involving entities under common control, the operating results and cash flows of the acquiree shall be included in the consolidated financial statements, from the day on which the Group gains control, till the Group ceases the control of it. While preparing the consolidated financial statements, the acquirer shall adjust the subsidiary's financial statements, on the basis of the fair values of the identifiable assets, liabilities and contingent liabilities recognized on the acquisition date.

For subsidiaries acquired through business combinations involving entities under common control, the operating results and cash flows of the acquiree shall be included in the consolidated financial statements from the beginning of the period in which the combination occurs. While preparing the comparative consolidated financial statements, adjustments are made to related items in the financial statements for the prior period as if the reporting entity established through combination has been existing since the ultimate controller begins to exercise control.

2. SEGMENT REPORTING

Operating segments

The Group organizes and manages its operating business in accordance with the nature of business and provision of products and services. Each operating segment of the Group is one operating group, providing products and services with risks and rewards different from those of other operating segments.

The details of operating segments are as follows:

(a) manufacturing and sale of diesel engines and related parts ("Diesel engines");

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

(c) manufacturing and sale of non-major automobile components ("Non-major automobile components");

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

Management monitors the results of operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted total profits. The adjusted total profits are measured consistently with the Group's total profits, except that interest income, finance expenses, dividend income, gains from changes in fair value of financial instruments as well as head office expenses are excluded from such measurement.

Segment assets exclude equity investments at fair value through profit or loss for the current period, derivative instruments, dividends receivable, interests receivable, available-for-sale financial assets, long-term equity investments, goodwill, deferred tax assets and other unallocated head office assets as these assets are managed on a group basis.

Segment liabilities exclude derivative instruments, borrowings, income tax payable, deferred tax liabilities and other unallocated head office liabilities as these liabilities are managed on a group basis.

Inter-segment transfers are transacted with reference to the prices used in the transactions carried out with third parties.

2011

	Diesel engines	Automobiles and other major automobile components	Non-major automobile components	Import & export services	Total
Segment revenue:					
Sale to external customers	24,395,968,527.76	33,908,776,948.53	1,540,979,572.86	173,540,054.43	60,019,265,103.58
Inter-segment sale	4,460,028,701.02	615,699.32	172,565,906.84	–	4,633,210,307.18
Total	28,855,997,228.78	33,909,392,647.85	1,713,545,479.70	173,540,054.43	64,652,475,410.76
Adjustment:					
Elimination of inter-segment sale					(4,633,210,307.18)
Revenue					60,019,265,103.58
Segment results	5,612,203,964.50	1,689,982,887.50	122,279,324.95	(19,874,524.77)	7,404,591,652.18
Adjustment:					
Elimination of inter-segment results					(361,673,153.72)
Interest income					212,115,787.51
Dividend income and unallocated income					446,740,918.10
Corporate and other unallocated expenses					(40,372,441.85)
Finance expenses					(242,896,488.24)
Profit before tax					7,418,506,273.98
31 December 2011					
Segment assets	20,395,172,153.98	23,155,033,858.92	1,335,817,706.65	666,318,120.09	45,552,341,839.64
Adjustment:					
Elimination of inter-segment receivables					(1,655,244,665.81)
Corporate and other unallocated assets					17,647,450,246.41
Total assets					61,544,547,420.24
Segment liabilities	12,639,396,308.66	13,683,690,256.90	564,768,086.61	245,648,027.91	27,133,502,680.08
Adjustment:					
Elimination of inter-segment payables					(1,699,381,896.45)
Corporate and other unallocated liabilities					7,207,663,824.51
Total liabilities					32,641,784,608.14
2011					
Other segment information:					
Share of profit and loss from:					
Gain/(loss) from associates	128,897,916.48	(11,052,293.55)	–	1,094,396.30	118,940,019.23
Impairment gain/(loss) of inventories	1,693,972.73	(91,768,801.80)	(3,803,946.92)	–	(93,878,775.99)
Impairment reversal/(loss) of accounts receivable and other receivables	25,989,352.41	56,977,020.38	(2,080,810.89)	(1,906,336.62)	78,979,225.28
Depreciation and amortization	(634,286,709.52)	(775,687,569.62)	(38,607,356.20)	(12,699,747.68)	(1,461,281,383.02)
Gain/(loss) from disposal of fixed assets	4,494,922.16	(4,373,202.34)	(5,493,514.65)	–	(5,371,794.83)
Gain from disposal of intangible assets	19,990,251.31	–	–	–	19,990,251.31
Product warranty fees	(938,362,121.89)	(436,920,392.77)	–	–	(1,375,282,514.66)
Investment in associates	584,959,883.74	267,535,254.47	–	41,612,709.35	894,107,847.56
Capital expenditure	(3,264,221,948.15)	(3,451,531,296.17)	(219,162,699.46)	(56,991,100.40)	(6,991,907,044.18)

2010

	Diesel engines	Automobiles and other major automobile components	Non-major automobile components	Import & export services	Total
Segment revenue:					
Sale to external customers	27,244,804,275.81	34,563,210,409.93	1,285,495,213.13	186,054,491.04	63,279,564,389.91
Inter-segment sale	5,128,959,211.77	736,156.75	180,387,179.49	–	5,310,082,548.01
Total	32,373,763,487.58	34,563,946,566.68	1,465,882,392.62	186,054,491.04	68,589,646,937.92
Adjustment:					
Elimination of inter-segment sale					(5,310,082,548.01)
Revenue					63,279,564,389.91
Segment results	6,767,444,646.32	2,719,173,884.84	153,620,376.74	6,321,985.80	9,646,560,893.70
Adjustment:					
Elimination of inter-segment results					(377,657,656.36)
Interest income					125,645,341.20
Dividend income and unallocated income					260,329,032.41
Corporate and other unallocated expenses					(37,493,718.17)
Finance expenses					(220,726,261.78)
Profit before tax					9,396,657,631.00
31 December 2010					
Segment assets	19,910,844,421.04	20,079,608,810.12	1,131,387,771.26	646,397,073.46	41,768,238,075.88
Adjustment:					
Elimination of inter-segment receivables					(1,835,734,094.77)
Corporate and other unallocated assets					12,584,698,876.25
Total assets					52,517,202,857.36
Segment liabilities	12,065,475,477.49	13,636,341,497.44	514,503,033.19	41,335,213.76	26,257,655,221.88
Adjustment:					
Elimination of inter-segment payables					(1,835,734,094.77)
Corporate and other unallocated liabilities					4,725,153,134.72
Total liabilities					29,147,074,261.83
2010					
Other segment information:					
Share of profit from:					
Gain/(loss) from associates	7,490,968.00	143,895.79	–	1,969,746.14	9,604,609.93
Impairment gain/(loss) of inventories	(6,469,153.76)	(213,799,749.35)	(904,799.92)	–	(221,173,703.03)
Impairment reversal/(loss) of accounts receivable and other receivables	(22,574,003.48)	(264,783,442.38)	(2,298,537.62)	5,296,651.74	(284,359,331.74)
Depreciation and amortization	(505,926,510.96)	(752,397,025.78)	(36,613,987.77)	(5,117,879.50)	(1,300,055,404.01)
Gain/(loss) from disposal of fixed assets	9,518,728.47	(770,939.48)	10,766,503.31	–	19,514,292.30
Product warranty fees	(1,134,168,683.01)	(287,896,894.11)	(8,789,413.24)	–	(1,430,854,990.36)
Investment in associates	563,331,192.01	323,907,131.06	–	33,738,322.53	920,976,645.60
Capital expenditure	(1,726,389,256.36)	(1,446,979,122.93)	(75,919,624.84)	(263,761,388.34)	(3,513,049,392.47)

Group information

Information about products and services

Revenue from external transactions

	2011	2010
Diesel engines	**24,395,968,527.76**	27,244,804,275.81
Automobiles and other major automobile components	**33,908,776,948.53**	34,563,210,409.93
Non-major automobile components	**1,540,979,572.86**	1,285,495,213.13
Import & export services	**173,540,054.43**	186,054,491.04
	60,019,265,103.58	63,279,564,389.91

Geographic information

Revenue from external transactions

	2011	2010
Mainland China	**59,715,239,695.76**	62,950,349,879.33
Other countries and regions	**304,025,407.82**	329,214,510.58
	60,019,265,103.58	63,279,564,389.91

Revenue from external transactions is attributable to the areas where customers are located.

Total non-current assets

	31 December 2011	31 December 2010
Mainland China	**17,711,809,904.30**	14,048,592,308.65
Other countries and regions	**148,825,282.74**	74,741,499.55
	17,860,635,187.04	14,123,333,808.20

Non-current assets are attributable to the areas where the assets are located, excluding financial assets and deferred tax assets.

Information about major customers

Revenue of RMB5,715,414,615.50 (2010: RMB6,488,330,477.43) (which is 10% or more of the Group's total revenue from principal operations) was derived from sales by Diesel engines segment and Automobiles and other major automobile components segment to a single customer, including sales to a group of entities which are known to be under common control by that customer.

3. NOTES RECEIVABLE

	31 December 2011	31 December 2010
Bank acceptance bills	**9,537,263,772.66**	11,201,259,288.41
Commercial acceptance bills	**14,087,000.00**	87,967,893.82
	9,551,350,772.66	11,289,227,182.23

As at 31 December 2011, top five notes receivable that were pledged are presented as follows:

Issuer	**Issuing date**	**Expiry date**	**Amount**	**Issued by**
一汽解放汽車銷售有限公司	2011.10.14	2012.4.14	42,850,000.00	China Minsheng Bank
一汽非洲投資有限公司	2011.8.22	2012.2.22	24,530,103.00	Bank of China
Dongfeng Motor Co., Ltd (Commercial Vehicle Company)	2011.7.18	2012.1.18	10,000,000.00	China Merchants Bank
Dongfeng Motor Co., Ltd (Commercial Vehicle Company)	2011.7.18	2012.1.18	10,000,000.00	China Construction Bank
Dongfeng Motor Co., Ltd (Commercial Vehicle Company)	2011.7.18	2012.1.18	10,000,000.00	China Construction Bank
			97,380,103.00	

As at 31 December 2010, top five notes receivable that were pledged are presented as follows:

Issuer	**Issuing date**	**Expiry date**	**Amount**	**Issued by**
Baotou Northern Benz Heavy Truck Company Limited	2010.8.30	2011.2.28	20,000,000.00	Bank of China
Dongfeng Motor Co., Ltd (Commercial Vehicle Company)	2010.10.15	2011.4.15	20,000,000.00	China Everbright Bank
Jinan Mingchi Heavy Duty Vehicle Trade Co., Ltd.	2010.8.26	2011.2.26	12,000,000.00	China Everbright Bank
Xuzhou Chiyuan Automobile Sales Co., Ltd.	2010.12.3	2011.6.3	12,000,000.00	Rural Credit of Cooperatives Tongshan County
Shanghai Huadong Construction Machinery Co., Ltd.	2010.7.21	2011.1.21	10,703,400.00	China Everbright Bank
			74,703,400.00	

As at 31 December 2011 and 31 December 2010, the Group has not transferred any notes into accounts receivable due to issuers' failure in performance.

As at 31 December 2011, notes receivable amounting to RMB772,759,667.65 (31 December 2010: RMB546,525,332.00) was pledged to banks for establishment of bank acceptance bills.

4. ACCOUNTS RECEIVABLE

The Group trades with its customers primarily on credit terms, and generally requires payment in advance or cash on delivery for new customers. Credit period is generally one month, extending up to six months for major customers. Accounts receivable is non-interest-bearing.

An aging analysis of accounts receivable based on invoice dates is presented as follows:

	31 December 2011	31 December 2010
Within 3 months	**3,340,541,665.83**	3,656,899,927.91
3 to 6 months	**561,200,249.38**	484,803,387.79
6 months to 1 year	**772,279,665.14**	522,817,741.12
1 to 2 years	**351,849,915.70**	435,704,590.19
2 to 3 years	**290,295,211.06**	165,791,727.57
Over 3 years	**133,022,646.07**	92,219,978.22
	5,449,189,353.18	5,358,237,352.80
Less: provision for bad debt of account receivables	**711,679,522.34**	780,731,652.28
	4,737,509,830.84	4,577,505,700.52

Changes in provision for bad debts of account receivables are presented as follows:

	31 December 2011	31 December 2010
Opening balance	**780,731,652.28**	528,861,842.18
Provision for the year	**41,936,260.13**	316,127,208.55
Decrease during the year:		
Reversal	**(102,632,355.59)**	(10,474,275.63)
Write-off	**(8,356,034.48)**	(53,783,122.82)
Closing balance	**711,679,522.34**	780,731,652.28

	31 December 2011			
	Gross carrying amount	**Proportion** *(%)*	**Provision for bad debts**	**Percentage** *(%)*
Individually significant items for which provision for bad debt is recognized separately	**502,876,031.87**	**9.23**	**318,517,284.15**	**63.34**
Items for which provision for bad debt is recognized by group	**4,839,326,909.81**	**88.81**	**322,955,442.91**	**6.67**
Not individually significant items for which provision for bad debt is recognized separately	**106,986,411.50**	**1.96**	**70,206,795.28**	**65.62**
	5,449,189,353.18	**100.00**	**711,679,522.34**	

	31 December 2010			
	Gross carrying amount	Proportion *(%)*	Provision for bad debts	Percentage *(%)*
Individually significant items for which provision for bad debt is recognized separately	569,958,075.74	10.64	385,850,497.03	67.70
Items for which provision for bad debt is recognized by group	4,678,495,928.81	87.31	328,420,031.18	7.02
Not individually significant items for which provision for bad debt is recognized separately	109,783,348.25	2.05	66,461,124.07	60.54
	5,358,237,352.80	100.00	780,731,652.28	

Items for which provision for bad debt is recognized by group are presented as follows:

	31 December 2011				31 December 2010			
	Gross carrying amount	**Proportion** *(%)*	**Provision for bad debts**	**Percentage** *(%)*	Gross carrying amount	Proportion *(%)*	Provision for bad debts	Percentage *(%)*
Within 1 year	**4,572,217,468.44**	**94.48**	**211,294,936.28**	**4.62**	4,401,223,174.55	94.07	217,551,447.46	4.94
1 to 2 years	**123,459,992.41**	**2.55**	**15,462,647.78**	**12.53**	104,965,951.50	2.24	15,744,892.73	15.00
2 to 3 years	**42,536,151.15**	**0.88**	**12,726,554.70**	**29.92**	99,090,992.92	2.12	29,727,297.88	30.00
3 to 4 years	**28,975,100.03**	**0.60**	**14,659,978.10**	**50.60**	12,246,349.32	0.26	6,123,174.66	50.00
4 to 5 years	**16,634,358.32**	**0.34**	**13,307,486.65**	**80.00**	8,481,210.33	0.18	6,784,968.26	80.00
Over 5 years	**55,503,839.46**	**1.15**	**55,503,839.40**	**100.00**	52,488,250.19	1.13	52,488,250.19	100.00
	4,839,326,909.81	**100.00**	**322,955,442.91**		4,678,495,928.81	100.00	328,420,031.18	

In 2011, the reversal or recovery of significant receivables (31 December 2010: nil) is presented as follows.

	Reason for reversal or recovery	The basis for determination of provision for original bad debts	Amount of accumulated provision for bad debts made before the reversal or recovery	Amount reversed or recovered
Inner Mongolia Yunchou Industry and Trade Co., Ltd	Partial or wholly recovery	Estimated recoverable amount	19,744,151.97	19,744,151.97
陜西榮昌源貿易有限公司	Partial or wholly recovery	Estimated recoverable amount	60,975,763.95	19,528,221.87
浙江同岳實業有限公司	Partial or wholly recovery	Estimated recoverable amount	15,547,730.62	12,503,594.62
大同市易富商貿有限責任公司	Partial or wholly recovery	Estimated recoverable amount	38,817,085.59	12,242,005.20
			135,084,732.13	64,017,973.66

In 2011, accounts receivable written off amounted to RMB8,356,034.49 (2010: RMB53,783,122.82). This is related to various individual accounts receivable which were expected to be unrecoverable and thus approved to be written off. Such accounts receivable written off did not arise from related party transactions.

As at 31 December 2011, within the aforesaid balance of accounts receivable, there was no amount due from shareholders that held 5% or more of the Company's voting shares (31 December 2010: nil). Balance of accounts receivable with other related parties are set out in Note VI. 6 to the financial statements of the Company's 2011 Annual Report.

As at 31 December 2011, the top five accounts receivable are presented as follows:

	Gross carrying amount	Age	Percentage of total accounts receivable *(%)*
Dongfeng Motor Co., Ltd (Commercial Vehicle Company)	465,078,713.33	Within 1 year	8.53
Beiqi Foton Motor Co., Ltd	249,130,456.08	Within 1 year	4.57
Shaanxi Automobile Group Changsha Huantong Automobile Manufacturing Co., Ltd	193,772,878.75	Within 2 years	3.56
LLC PC ARGO	153,993,791.80	Within 1 year	2.83
(Algeria) EURL GM TRADE	152,296,133.59	Within 1 year	2.79
	1,214,271,973.55		22.28

As at 31 December 2010, the top five accounts receivable are presented as follows:

	Gross carrying amount	Age	Percentage of total accounts receivable (%)
Dongfeng Motor Co., Ltd (Commercial Vehicle Company)	540,126,901.94	Within 1 year	10.08
(Algeria) EURL GM TRADE	321,474,261.09	Within 1 year	6.00
Beiqi Foton Motor Co., Ltd	293,551,730.75	Within 1 year	5.48
Baotou Northern Benz Heavy Truck Company Limited	206,455,787.10	Within 1 year	3.85
Faw Jiefang Automotive Co., Ltd	139,553,606.65	Within 1 year	2.60
	1,501,162,287.53		28.01

Accounts receivable denominated in foreign currencies are as follows:

	31 December 2011			31 December 2010		
	Original currency	**Exchange rate**	**RMB equivalent**	Original currency	Exchange rate	RMB equivalent
Accounts receivable						
– USD	**110,002,093.71**	**6.3009**	**693,112,192.28**	14,582,132.37	6.6227	96,573,088.05
– EUR	**12,858,770.66**	**8.1625**	**104,959,715.53**	7,472,873.28	8.8065	65,809,858.54
– HKD	**116.18**	**0.8107**	**94.19**	116.31	0.8509	98.97
– GBP	**348.29**	**9.7116**	**3,382.47**	3,041.16	10.2182	31,075.18
			798,075,384.47			162,414,120.74

5. NOTES PAYABLE

	31 December 2011	31 December 2010
Bank acceptance bill	**5,965,759,459.51**	4,109,729,681.29

As at 31 December 2011, the amount of notes payable falling due in the next accounting period was RMB5,965,759,459.51.

As at 31 December 2011, notes payable did not include amounts payable to shareholders that held 5% or more of the Company's voting shares (31 December 2010: nil). Please refer to Note VI. 6 to the financial statements of the Company's 2011 Annual Report for the balance of notes payable between the Group and other related parties.

6. ACCOUNTS PAYABLE

Accounts payable are non-interest-bearing, and generally have an average term of three months.

	31 December 2011	31 December 2010
Accounts payable	**13,078,975,509.97**	13,137,584,334.00

As at 31 December 2011, the aging analysis of accounts payable, based on the invoice date, are presented as follows:

	31 December 2011	31 December 2010
Within 3 months	**12,204,971,043.43**	12,436,510,058.57
3 to 6 months	**539,622,179.76**	319,641,246.63
6 to 12 months	**215,204,458.29**	217,329,228.96
Over 1 year	**119,177,828.49**	164,103,799.84
Total	**13,078,975,509.97**	13,137,584,334.00

As at 31 December 2011, there was no material accounts payable which aged over one year (31 December 2010: nil).

As at 31 December 2011, amounts payable to shareholders that held 5% or more of the Company's voting shares included in accounts payable amounted to RMB283,674.76 (31 December 2010: RMB286,344.53). Please refer to Note VI. 6 to the financial statements of the Company's 2011 Annual Report for the balance of accounts payable between the Group and other related parties.

Accounts payable denominated in foreign currencies are set out as follows:

	31 December 2011			31 December 2010		
	Original currency	**Exchange rate**	**RMB equivalent**	Original currency	Exchange rate	RMB equivalent
Accounts payable						
– USD	**5,142,173.67**	**6.3009**	**32,400,322.08**	3,925,475.97	6.6227	25,997,249.71
– EUR	**9,157,948.79**	**8.1625**	**74,751,757.01**	4,558,490.91	8.8065	40,144,350.20
			107,152,079.09			66,141,599.91

7. REVENUE AND COST OF SALES

The revenue is listed as follows:

Revenue includes turnover and other revenue that arise in the course of the Group's ordinary activities. The Group's turnover, which arises from the principal activities of the Group, represents the net invoiced value of goods sold, after allowances for returns, trade discounts and the value of services rendered; and gross rental income received and receivable from investment properties.

	2011	2010
Revenue from principal operations	**56,613,805,475.77**	60,586,949,178.55
Other revenue	**3,405,459,627.81**	2,692,615,211.36
	60,019,265,103.58	63,279,564,389.91

Cost of sales is listed as follows:

	2011	2010
Cost of sales for principal operations	**43,751,789,812.10**	45,343,037,086.85
Other cost of sales	**3,054,816,792.03**	2,361,016,763.34
	46,806,606,604.13	47,704,053,850.19

Information related to principal operations is listed by sector as follows:

	2011		2010	
	Revenue	**Cost**	Revenue	Cost
Manufacturing of equipment	**56,185,894,218.18**	**43,356,760,106.90**	60,042,327,187.41	44,854,092,393.68
Others	**427,911,257.59**	**395,029,705.20**	544,621,991.14	488,944,693.17
	56,613,805,475.77	**43,751,789,812.10**	60,586,949,178.55	45,343,037,086.85

Information related to principal operations is listed by regions as follows:

	2011		2010	
	Revenue	**Cost**	Revenue	Cost
Domestic	**53,792,900,482.89**	**41,234,118,786.83**	58,452,836,361.82	43,501,842,617.07
Overseas	**2,820,904,992.88**	**2,517,671,025.27**	2,134,112,816.73	1,841,194,469.78
	56,613,805,475.77	**43,751,789,812.10**	60,586,949,178.55	45,343,037,086.85

Information related to principal operations is listed by product type as follows:

	2011		2010	
	Revenue	**Cost**	Revenue	Cost
Complete vehicles and key components	**43,129,720,935.95**	**32,875,768,516.26**	47,399,534,981.78	34,807,506,610.41
Non-automobile engines	**5,891,140,247.53**	**4,586,062,871.21**	5,796,499,411.62	4,357,934,278.85
Other automobile components	**6,962,181,959.70**	**5,745,332,915.85**	6,592,593,029.35	5,456,412,255.04
Others	**630,762,332.59**	**544,625,508.78**	798,321,755.80	721,183,942.55
	56,613,805,475.77	**43,751,789,812.10**	60,586,949,178.55	45,343,037,086.85

In 2011, revenue from the top 5 customers is presented as follows:

	Amount	**Proportion of total revenue** *(%)*
Beiqi Foton Motor Co., Ltd	5,715,414,615.50	9.52
Faw Jiefang Automotive Co., Ltd	3,254,161,257.99	5.42
Dongfeng Motor Co., Ltd (Commercial Vehicle Company)	1,612,994,888.88	2.69
Baotou Northern Benz Heavy Truck Company Limited	1,515,186,462.10	2.52
Pang Da Automobile Trade Co., Ltd	1,203,364,393.60	2.00
	13,301,121,618.07	22.16

In 2010, revenue from the top 5 customers is presented as follows:

	Amount	**Proportion of total revenue** *(%)*
Beiqi Foton Motor Co., Ltd	6,488,330,477.43	10.25
Faw Jiefang Trade Co., Ltd	5,384,308,723.95	8.51
Baotou Northern Benz Heavy Truck Company Limited	2,579,468,091.44	4.08
Pang Da Automobile Trade Co., Ltd	1,921,714,329.67	3.04
Anhui Hualing Heavy-Duty Automotive Co., Ltd	1,816,404,977.78	2.87
	18,190,226,600.27	28.75

Revenue is listed as follows:

	2011	2010
Revenue from principal operations		
Sales of goods and others	**56,613,805,475.77**	60,586,949,178.55
Other revenue		
Sales of materials	**2,455,373,102.79**	2,267,627,364.29
Sales of power	**33,199,250.02**	42,302,940.00
Lease of fixed assets	**73,085,716.76**	44,468,331.16
Provision of non-industrial labour	**15,367,116.10**	2,112,536.20
Others	**828,434,442.14**	336,104,039.71
	3,405,459,627.81	2,692,615,211.36
	60,019,265,103.58	63,279,564,389.91

8. TAXES AND SURCHARGES

	2011	2010
Business tax	**9,419,975.18**	8,320,725.14
City construction tax	**125,279,594.83**	184,499,590.98
Educational surtax	**78,440,506.80**	97,667,683.55
Others	**8,869,184.02**	4,561,546.80
	222,009,260.83	295,049,546.47

Refer to Note III-Taxes to the financial statements of the Company’s 2011 Annual Report for tax rates.

9. INCOME TAX EXPENSES

	2011	2010
Current tax expenses	**1,021,492,840.18**	1,781,142,113.61
Deferred tax expenses	**77,017,774.87**	(383,588,814.51)
	1,098,510,615.05	1,397,553,299.10

The relationship between income tax expenses and the total profit is listed as follows:

		2011	2010
Total profit		**7,418,506,273.98**	9,396,657,631.00
Tax at statutory tax rate	*Note*	**1,849,744,812.45**	2,347,822,941.30
Effect of different tax rates applicable to some subsidiaries		**(722,241,043.56)**	(902,449,143.89)
Effects of change in tax rates to the balances of deferred tax at beginning of period		**–**	2,366,423.42
Adjustments to current tax of previous periods		**4,439,644.54**	6,645,516.91
Profits and losses attributable to associates		**(19,794,333.92)**	(1,897,059.14)
Income not subject to tax		**(4,439,100.07)**	(7,434,965.11)
Expenses not deductible for tax		**8,483,290.31**	13,054,077.84
Tax incentives on eligible expenditures		**(71,596,745.08)**	(67,683,920.62)
Utilization of prior year deductible losses		**(7,689,412.47)**	(18,724,421.02)
Unrecognized deductible losses		**50,733,437.09**	14,233,286.13
Effect of unrecognized deductible temporary difference		**10,870,065.76**	11,620,563.28
Tax expense at the Group's effective tax rate		**1,098,510,615.05**	1,397,553,299.10

Note: The income tax of the Group is calculated based on the estimated taxable income gained in the PRC and applicable tax rate. Tax arising from the taxable income in other regions is calculated at applicable tax rate according to existing laws, interpretations and practices of the country in which the Group operates.

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

10. EARNINGS PER SHARE (EPS)

The basic EPS is calculated by dividing the net profit of the current period attributable to the ordinary shareholders of the Company by the weighted average number of outstanding ordinary shares.

The calculation of basic EPS is detailed as follows:

	2011	2010
Earnings		
Net profit of the current year attributable to ordinary shareholders of the Company	**5,596,927,166.88**	6,782,145,439.63
Shares		
Weighted average number of the ordinary shares outstanding of the Company *(Note)*	**1,666,091,366**	1,666,091,366
EPS (RMB/share)	**3.36**	4.07

The Company holds no potential shares that are dilutive.

Note: With the approval by the Company's 12th meeting of the second session of the Board on 23 August 2010, the first extraordinary general meeting, the first general meeting of A Shares shareholders and first general meeting of H Shares shareholders held on 26 October 2010, the Company proposed to transfer from capital reserve 10 ordinary shares for every 10 shares held by shareholders based on the total share capital of 833,045,683 shares on the record date namely 30 June 2010. Upon completion of the transfer, the total share capital of the Company was 1,666,091,366 shares.

11. OTHER COMPREHENSIVE INCOME

	2011	2010
Losses from changes in fair value of available-for-sale financial assets	**(255,199,850.73)**	103,215,047.80
Less: Income tax effects of changes in fair value of available-for-sale financial assets	**(38,479,962.68)**	15,343,761.95
	(216,719,888.05)	87,871,285.85
Share of investee's other comprehensive income under equity method	**(252,595,883.09)**	299,532,543.75
Exchange differences on foreign currency translation of foreign operations	**(18,404,096.94)**	(6,830,455.91)
	(487,719,868.08)	380,573,373.69

12. DIVIDENDS

	2011	2010
	RMB'000	*RMB'000*
Proposed final dividends – RMB0.10 (2010: RMB0.43) per ordinary share	**166,609**	716,419

On 29 March 2012, the 2011 profit distribution plan of the Company was considered and approved at the 15th meeting of the second session of the Board: the Company proposed to distribute 2 bonus shares for every 10 shares held by shareholders and a cash dividend of RMB 1.00 for every 10 shares (including tax) based on the total share capital of 1,666,091,366 shares. The completion of the proposal is subject to the approval by 2011 Annual General Meeting, the first general meeting of A Shares shareholders in 2012 and first general meeting of H Shares shareholders in 2012.

CHAIRMAN'S STATEMENT

Dear Shareholders:

On behalf of the Board, I would like to present the audited annual results of the Company for the year ended 31 December 2011.

I. Review of Operations

Entering 2011, the PRC government continued to implement its proactive fiscal policies and robust monetary policies, maintaining the relatively rapid growth of fixed asset investment and fostering the steady development of industrial production. At the same time, macro-economic measures were intensified continually by raising in six consecutive times the deposit reserve ratio during the year. This initially restrained the excessively fast growth of general prices and the upward trend of the prices of commodity housing, pushed forward the transformation of economic growth in an orderly manner, and effectively promoted the rapid growth of new strategic industries. Throughout the year, the national economy continued to grow in the same way as anticipated under the macro-economic measures of the PRC. Gross domestic product reached RMB47.1 trillion, respresenting a year-on-year growth of 9.2%. Growth of nationwide consumer price levels have been on a downward trend since July, relieving inflationary pressure to a certain extent. Aggregate profit accruing to above-scale industrial enterprises on a national basis amounted to RMB5.45 trillion, representing a year-on-year growth of 25.4%. Per-capita net income of rural and urban residents amounted to RMB6,977 and RMB21,810 respectively, representing a year-on-year growth of 17.9% and 14.1% respectively, showing an increasing standard of living in the PRC. The economy of the PRC demonstrated a sound pattern of relatively rapid growth, a trend of stable prices, relatively good efficiency and improved livelihood of the people, and signified a good start for the economic and social development of the Twelfth Five-Year Plan Period.

In its process of steady economic development, the PRC entered a period of strategic adjustment for its equipment manufacturing industry, among which:

Signs of downturn appeared in the heavy-duty truck market. During the reporting period, the aggregate sales of heavy-duty trucks were 880,600 units, representing a year-on-year decrease of 13.44%. This was a result of the impact of the austerity policies adopted by the PRC, as well as the lag-effect of the excessively rapid growth in the heavy-duty truck market in 2010 and the first quarter of 2011. Affected by the adjustment in the heavy-duty truck market, the Company's aggregate sales of heavy-duty truck engines amounted to 318,400 units during the reporting period, representing a year-on-year decrease of 23.09%. Market share nevertheless remained stable, reaching 36.16% of the market of heavy-duty trucks with a gross weight of above 14 tonnes. The Group maintained a leading position in the auxiliary market for heavy-duty trucks. With the outstanding performance of its new vehicle model, Shaanxi Heavy-duty Motor Company Limited (陝西重型汽車有限公司), a holding subsidiary of the Company, continued to lead the industry, reporting an aggregate sales exceeding 100,300 units of heavy-duty trucks during the year, representing a year-on-year increase of 0.30%. Shaanxi Fast Gear Co. Ltd. (陝西法士特齒輪有限責任公司), a holding subsidiary of the Company, maintained its absolute leading position in the industry albeit reporting an aggregate sales of 701,200 units of gear boxes, representing a year-on-year decrease of 17.74%.

The industry of construction machinery grew at a high pace. In 2011, the fixed asset investment in the PRC maintained a fast growth, with the PRC's fixed asset investment amounting to RMB30.1 trillion, representing a year-on-year growth of 23.8%. Investment in real estate developments amounted to RMB6.l7 trillion, representing a nominal growth of 27.9% over last year. However, the rapid growth of the construction machinery industry was affected by the control policies on the real estate market and the stable monetary policies adopted by the PRC to a certain extent. During the reporting period, the aggregate sales in the PRC's construction machinery market were 835,600 units, representing a year-on-year growth of 10.92%. In particular, 162,200 units of wheel loaders with a load capacity of 5 tonnes were sold, representing a year-on-year growth of 7.47%. Attributable to the sound market environment, the Company's sales of engines for construction machinery were 139,100 units, representing a year-on-year decrease of 1.61%, whereas the sales of engines for wheel loaders with a load capacity of 5 tonnes (and above) were 126,300 units, commanding a market share of 77.87% and maintaining a leading position in the industry.

The passenger vehicle market grew at a steady pace. In 2011, benefiting from favorable factors including the development of municipal transportation, the passenger vehicle market reported a sales figure of 487,900 units during the reporting period, representing a year-on-year increase of 10.11%. Among the total sales, 73,800 units were medium-sized and large-sized passenger vehicles, representing a year-on-year increase of 7.26%. Driven by the sound market conditions, our engines for use in large-sized passenger vehicles reported a sales figure of 15,900 units, representing a year-on-year growth of 9.67%, and a share in the market of large-sized passenger vehicles of 21.61%, representing a year-on-year increase of 0.48%.

During the reporting period, by adhering to an approach of technological innovation, leveraging upon the increasingly enhanced global research and development platform spanning "three countries and seven regions", and relying on the newly established research and development team consisting a thousand members, the Company was persistently upgrading the research and development attainment of its product technology and strengthening its core competitiveness, which would continue to lead the trend of power technology development in China. Since the launch of the stage of China III Emission Standard in heavy-duty trucks, the Company's high-power high-speed "Landking" engines, to which we own intellectual property rights, have been well received by the market for their advantages in areas such as environment protection, energy saving and reliability. In 2011, the Company sold a total of 304,100 units of 10L and 12L China III engines, commanding an advantageous position in the markets of heavy-duty trucks and wheel loader engines with a load capacity of 5 tonnes (and above). It also won a special prize for technological advancement in the mechanical industry in the PRC (中國機械工業科技進步特等獎) in recognition of such products and their key technologies. Meanwhile, the Company's self-researched and developed WP5 and WP7 engines, to which we own intellectual property rights, attained breakthrough in the area of auxiliary products to passenger vehicles and excavators, marking the continual expansion in the market share and making the Group an important player in the industry. During the reporting period, the sales of WP5 and WP7 engines grew by 97.22% year-on-year, showing more prominently the competitive advantage enjoyed by the engine products, and thus a more promising prospect for the corporation. Along with the expedition of product research and development, the Group also took a proactive approach in pushing forward the research of cutting-edge and core technologies around the globe, and attained important breakthroughs in areas such as new energy power, electricity-controlled system and post-processing. In 2011, Weichai Power was recognized as a nationwide innovative enterprise by the Ministry of Science and Technology of the PRC.

During the reporting period, the Company continued to adhere to the approach of "Driven by innovation, and grow organically" for its development, by continuously enhancing its level of management, accelerating the adjustment of its model and structure and boosting its scientific development. Firstly, we pushed forward the formation of our internal control system on full swing and made good progress. In areas such as corporate governance, strategic management and control, operational management, procurement management, production management, fixed asset management, sales management, overall budgeting and human resources, we established sound standards and requirements for internal control, solidifying the basis of our management and basically satisfying the needs for our internal control. Secondly, we continually improved the formation of our information platforms. The six information platforms, which were built upon the core systems of ERP, PDM, MES, SOA, PORTAL+OA, fully cover different aspects of the business operation including research and development, procurement and logistics, production and manufacturing, sales and after-sales services, effectively delivering synergy brought by such IT features in the entire production chain of the Company. Thirdly, we continued to enhance our quality management focusing on physical quality, having formed a 3-tier structure of product quality committee, implemented the quality control system, established key quality benchmark assessment criteria and putting in place a quality-wage system. We successfully passed the GJB9001 comprehensive assessment and upgrading review, and the continuing examination conducted to obtain the grant of exemption from inspection for import-and-export purpose. The formation of such a quality control system proved to be highly effective and promoted the further enhancement of the standard of physical quality. Fourthly, we endeavoured to enhance our on-site management by establishing an Office for the Betterment of WOS, designating a person-in-charge of the unit and recruiting experts from Japan to implement betterment production projects, organize trainings at all levels of the Company and refine the System of Patrolling by Division, thereby effectively improving the order of on-site production and increasing our labour productivity.

During the reporting period, the Company's revenue decreased by 5.15% over the same period of 2010 to approximately RMB60,019.27 million. The net profit attributable to shareholders of the parent was approximately RMB5,596.93 million, representing a decrease of 17.48% over the same period of 2010. The basic earnings per share were RMB3.36, representing a decrease of 17.44% over the same period of 2010.

II. Dividend

Putting shareholders' interests and return as its top priority, the Company has maintained a relatively stable dividend policy. On 29 March 2012, the Company's 2011 profit distribution proposal was approved by the Company's 15th meeting of the second session of the Board: the Company proposed to distribute 2 bonus shares for every 10 shares held by its shareholders and a cash dividend of RMB1.00 for every 10 shares (including tax), based on the total share capital of 1,666,091,366 shares. Completion of the proposal is subject to the consideration and approval by 2011 Annual General Meeting, the first general meeting of A Shares in 2012 and the first general meeting of H Shares in 2012. Please refer to the further announcement or notice convening the 2011 Annual General Meeting to be issued by the Company for details on the closure of registers of members in determining the shareholders who are eligible to attend and vote at the 2011 Annual General Meeting and for the final dividend.

III. Acquisition and Consolidation

During the reporting period, there was no material acquisition and consolidation.

IV. Outlook and Prospects

Taking into account the policy information published by the PRC and projection information from industrial organizations, it has been analyzed that in 2012, the PRC economy will continue to undergo transformation and the macro-economic landscape, both domestically and abroad, will be relatively complicated, with a number of uncertainties including rise of general prices, persistent inflation, insufficient domestic demand, downturn of export etc. It is expected that the PRC Government will focus on stability-oriented policies and seek to maintain the development trend. Subject to firmly maintaining the core focus of austerity measures of keeping up the rapid and steady economic development, adjusting economic structure and managing the expectation of inflation, the PRC Government is expected to continue to implement its proactive fiscal policies and stable monetary policies, ensure the consistency and stability of the macro-economic policies, continually improving the monitoring, forecast and alert of the economy as well as enhancing the pertinence and flexibility of the macro-economic measures.

At present, the monetary policies of the PRC will remain robust, without, nevertheless, rejecting the possibility of fine-tuning as and when appropriate. Since the Central Economic Working Meeting in 2011, the central bank has repeatedly stressed the stability of the monetary policies. At the same time, consumer price indices are at high levels and inflationary pressure still exists. Despite the temporary effect of the control measures on property prices for the time being, any relaxation of the monetary policy may trigger a rebound of property prices. Therefore, the PRC's monetary policy is not expected to be relaxed to a great extent. Under multifaceted considerations such as the desire to maintain economic growth and resolve local debts, it is still possible for the PRC Government to finetune the measures as and when appropriate. After raising the deposit reserve ratio for six consecutive times, on 5 December 2011, the central bank reduced the ratio by 0.5% for the first time, which was followed by another reduction by 0.5% on 24 February 2012. It is anticipated that under the macro-environment witnessing the slowdown of economic growth, the tightening trend of liquidity and steady fall of inflation, the central bank may continue to reduce the deposit reserve ratio and moderately loosen the total supply of money based on the principle of "stability in an upward trend", in order to cater for steady economic development of the PRC.

According to the data supplied by MOF, in 2011, the fiscal income of the nation amounted to RMB10.37 trillion, an increase of more than RMB2 trillion or 24.8% year-on-year, reflecting the combined effect of the rapid and steady economic growth, increase in general price level, sound profitability of enterprises and the allocation of funding outside of the original budget into budget management. Economic growth is the most influencing factor among them. Driven by the proactive fiscal policies, 2011 saw the growth of industrial value by 13.9%, growth of fixed asset investment by 23.8%, growth of total retail sales of consumer products by 17.1%, growth of total import and export by 22.5%, which would in turn drive the rapid growth of value-added tax, business tax, import tax etc. All these make it more likely that a proactive fiscal policy by the PRC Government will still be in place in 2012. In addition, structural tax cut will be a new focal point for the fiscal policy of 2012.

Information released by relevant ministries and commissions of the PRC reveals that government investment will receive increasing support from the nation's fiscal budget. In particular, investments in hydraulic construction in 2012 will exceed the scale than those in 2011, and hydraulic investments from the central government is anticipated to reach RMB140 billion. Fixed asset investments in railway construction will amount to RMB500 billion, among which investments in infrastructure is projected to remain at RMB400 billion. In addition, it is anticipated that the urbanization of the PRC will be increasingly faster and will exceed 50%. The Ministry of Housing and Urban-Rural Development has indicated the intention to prioritize the use of income from new local government bonds for the construction of affordable housing. It has been planned that more than 7 million new units of affordable housing and residences redeveloped from shanty towns will be constructed. As a preliminary estimate, the aforesaid figure plus those 10 million units of affordable housing already under construction at the moment, will add up to appropriate 18 million units to be under construction in 2012.

In addition, the PRC will strenuously push forward the strategic adjustment of the nation's economic structure in 2012. More policy incentives will be rolled out in areas such as investment, tax revenue, finance and human resources. Dedicated planning in the four areas namely new-generation information technology, high-end equipment manufacturing, new materials and new-energy automobiles will be implemented, with further planning for 15 segmental areas including the internet of things (IOT) and intelligent manufacturing equipment. Substantial development in industry innovation and projects of application demonstration will also be implemented, and the development of emerging strategic industries will be expedited. Furthermore, in the PRC, the nation will continue to promote the optimization and upgrading of traditional industries; continue to implement investment projects for revitalizing key industries and conducting technological renovation; push forward cross-regional, cross-industrial and cross-ownership mergers and acquisitions in respect of industries such as coal, iron and petroleum. Excessive expansion of those "Two-High" industries and those having extra capacity will be strictly controlled, while underperforming capacity will be eliminated at a faster pace, in order to raise the standard of traditional industries.

Summarizing the aforesaid, 2012 will witness further stepped up efforts in the PRC's policies on expanding domestic demand, curbing inflation and constructing for the well-being of the general public, and the PRC Government's flexible use of stable monetary policies and proactive fiscal policies, in an attempt to amplify the role of the macro-economic measures in stabilizing economic growth. In 2012, the PRC is expected to experience sound and rapid economic growth under the master plan of "making progress while remaining stable".

The Company is positive, optimistic and cautious about the development of its related industries. With regard to the heavy-duty trucks market, it is expected that the market of logistics and transportation vehicles and construction-related heavy-duty trucks will have long-term development, in view of the stable economic development of the PRC, and along with the progression of the urbanization process, construction of affordable housing, construction of hydraulic projects and the implementation of policies such as the Regulation on Protection Highway Safety (《公路安全保護條例》) and the Eight Measures of the State Council on the Logistic Industry (物流"國八條"), together with the expectation for moderately relaxed monetary policies. The demand for various models of vehicles in the heavy-duty trucks market will undergo changes, under the increase in the aggregate social consumption and the new requirements applicable to the development of the logistics industry. In the meantime, the upsurge of raw material prices, austerity measures imposed on the property market, and the curb on inflation will also affect the growth of the heavy-duty trucks market in the PRC. Export of heavy-duty truck products is, to a certain extent, affected by the appreciation of Renminbi and the intensified international competition. In 2012, the heavy-duty trucks market may enter a period of steady adjustment, where small fluctuations at high levels will be observed in the total volume, whereas structural adjustment will be increasingly obvious. On the other hand, the construction machinery market will maintain its sound development trend in general and maintain a fast pace of growth, due to a number of favorable factors including government investment in infrastructural construction, the inelastic demand for affordable housing and commodity housing, and the urbanization process, expedition of industrialization, support from the government for investment in the mineral industries, increased investment from the private sector, as well as the thorough progression of the PRC's strategy of developing the western part of the country.

According to the information published by the Ministry of Environmental Protection of the PRC, in 2012, thorough implementation of China III Emission Standard will continue while China IV Emission Standard is tentatively scheduled to be put to implementation on 1 July 2013. More time is available for suppliers of heavy-duty trucks and construction machinery to push forward the establishment of plants for manufacturing engines, and it is anticipated that there will be more intense competition in PRC's engine market in the coming years. However, leveraging on our advanced technology, a fully-integrated production chain, the capability of mass production of high-quality products, a comprehensive and effective global service network, our unparalleled synergy and a stable and loyal customer base, we will maintain our leading position in the market of high-power engines and gear boxes. The directors have full confidence in the prospect of the Company. The Company anticipates that the sales revenue will amount to approximately RMB66 billion in 2012, representing an increase of approximately 10%.

In 2012, the Company will continue to adhere to the approach of "Driven by innovation, and grow organically" for its development. Focusing on technology innovation, it will further step up its research and development efforts and embark upon its "2012 Product Year" campaign, with vast enhancements in processes ranging from platform planning, product research and development, process optimization, supplier management, quality control to after-sales services. For our engine products, we will thoroughly look into diesel-saving technology, emission technology and whole-vehicle matching technology, with a view to continually enhancing the overall performance of products and better catering for the needs of customers. We will complete the marketing for China IV products in batches ahead of schedule. We will also push forward the technological research in relation to China V products, and expedite the integrated application of cutting edge technology such as electric-controlled system and mixed-power system. In addition, the Company will, on an ongoing basis, foster the structural adjustments to both products and markets. The Company will accelerate the pace of optimization and localization of Moteurs Baudouin's engines of above 16L, and keep refining the series of Weichai industry power products. With our WP5/WP7 diesel engines, we will keep exploring emerging markets such as passenger vehicles, non-loader construction machinery and medium to heavy-duty trucks. For the heavy-duty vehicle products, we will expedite the research and production of our third-generation heavy-duty trucks, focusing on the goals of heavy-duty, large-tonnage, high-power, multi-gear, multi-axle, high-speed and light-weight, and will keep enhancing the technological contents of such products. For the gear box products, the Company will leverage upon the joint-venture projects in collaboration with Caterpillar to intensify its efforts in research and development of AMT and gear boxes for passenger vehicles, with a view to achieving new breakthrough. For component products, we will intensify our research and innovation, get rid of the situation of homogenous competition, and gradually transit to whole-vehicle products, making the component segment an important part of our business.

At the same time, under the principle of "unifying strategy, independent operation, resources sharing", we will accelerate the coordinated development of commercial vehicle segment, power chain segment and automobile component segment. We will further integrate the Company's advantageous resources, fully utilize synergies and improve our capability against risks. The Company will strive to become an international enterprise with an orientation on complete vehicles and complete machines having the core technology for power assembly, so as to develop into a unique and world-leading equipment manufacturer.

Under the existing macro-economic landscape of the PRC, the Company considers that 2012 will inevitably be a period of adjustment of key strategies of equipment manufacturers in the PRC. This represents an important opportunity for a thorough review of the overall quality of an enterprise. Taking advantage of such rare strategic opportunity, the Company will start by introducing the WOS betterment management model to fully embark upon its all-inclusive quality review, to enhance its system and framework, streamline business processes, optimize management chain, and enhance its self-innovation capability and the level of scientific operation, with a view to attaining sustainable development in a more healthy, high-quality and rapid manner.

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 of our staff for their hard work and dedication in the past year!

MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS

The Directors are pleased to present a management discussion and analysis of the annual results of operations of the Group for the year ended 31 December 2011 as follows:

I. Industry Analysis

The Company is one of the largest manufacturers of high-speed diesel engines in the PRC and a leading company in the power chain market. It is equipped with the most comprehensive supply chain of engines, gear boxes and axles.

1. Heavy-duty Vehicle Industry

During the year, signs of downturn appeared in the heavy-duty truck market in the PRC. During the reporting period, the aggregate sales of heavy-duty trucks were 880,600 units, representing a year-on-year decrease of 13.44%, which was primarily attributable to the austerity policies adopted by the PRC, as well as the lag-effect of the excessive growth rate of the heavy-duty truck market in 2010 and the first quarter in 2011. Entering 2011, the PRC government continued to implement its pro-active fiscal policies and stable monetary policies, maintaining the relatively rapid growth of fixed asset investment and fostering the steady development of industrial production. At the same time, macro-economic measures were intensified continually by raising in six consecutive times the deposit reserve ratio during the year. This initially restrained the excessively fast growth of general prices and the upward trend of the prices of commodity housing, pushed forward the transformation of economic growth in an orderly manner, and effectively promoted the rapid growth of new strategic industries. Throughout the year, the national economy continued to grow in the same way as anticipated under the macro-economic policies of the PRC. Gross domestic product reached RMB47.1 trillion, representing a year-on-year growth of 9.2%. Growth of nationwide consumer price levels have been on a downward trend since July, relieving inflationary pressure to a certain extent. Aggregate profit accruing to above-scale industrial enterprises on a national basis amounted to RMB5.45 trillion, representing a year-on-year growth of 25.4%. Per-capita net income of rural and urban residents amounted to RMB6,977 and RMB21,810 respectively, representing year-on-year growth of 17.9% and 14.1% respectively, showing an increasing standard of living in the PRC. The economy of the PRC demonstrated a sound pattern of relatively rapid growth, a trend of stable prices, relatively good efficiency and improved livelihood of the people, and signified a good start for the economic and social development of the Twelfth Five-Year Plan Period.

2. *Construction Machinery*

During the reporting period, the aggregate sales of the PRC's construction machinery market were 835,600 units, representing a year-on-year growth of 10.92%. In particular, approximately 162,200 units of wheel loaders with a load capacity of 5 tonnes were sold, representing a year-on-year growth of 7.47%. During 2011, the fixed asset investment in the PRC maintained a fast growth, with the PRC's fixed asset investment amounting to RMB30.1 trillion, representing a year-on-year growth of 23.8%. Investment in real estate developments amounted to RMB6.17 trillion, representing a nominal growth of 27.9% over last year. However, the rapid growth of the construction machinery industry was affected by the control policies on the real estate market and the stable monetary policies adopted by the PRC to a certain extent.

II. The Group's Business

An analysis of the Group's business segments is set out in Note 2. The following are the highlights of the operations conditions of major products of the Group:

1. *Sale of Diesel Engines*

For use in Heavy-duty Trucks

The Group is the largest supplier of diesel engines among major manufacturers of heavy-duty trucks of 15 tonnes (and above) in the PRC. Affected by the adjustment of the heavy-duty truck market, among the diesel engines sold during the year, truck diesel engines totalled approximately 318,400 units (2010: approximately 413,900 units), a decrease of approximately 23.09% as compared to the corresponding period of 2010. Market share was nevertheless stable, commanding 36.16% of the market of heavy-duty trucks with a gross weight of above 14 tonnes, maintaining the Group's leading position in the auxiliary market for heavy-duty trucks.

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. During the year, the Group sold approximately 139,100 units (2010: approximately 141,400 units) of construction machinery engines, representing a decrease of approximately 1.61% compared to that in the corresponding period of 2010. The sales of engines for wheel loaders with a load capacity of 5 tonnes were approximately 126,300 units, representing a market share of 77.87% and maintaining the Group's leading position in the industry.

2. *Sale of Heavy-duty Trucks*

During the year, the Group continued to lead the industry by selling over 100,300 units of heavy-duty trucks, representing an increase of approximately 0.3% over the corresponding period of 2010. Prior to intra-group elimination, the truck business contributed approximately RMB24,711 million to the Group's revenue during the year.

3. *Sale of Heavy-duty Gear Boxes*

During the year, the Group sold approximately 701,200 units of heavy-duty gear boxes, representing a decrease of approximately 17.74% compared to approximately 852,300 units of heavy-duty gear boxes sold in the corresponding period of 2010, nevertheless maintaining its absolute leading position in the industry. Prior to intra-group elimination, the gear boxes business contributed approximately RMB9,171 million to the Group's revenue during the year.

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

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 components and other truck parts and components such as: spark plugs, axles, chassis, air-conditioner compressors, etc. During the Year, the Group's sales of parts and components of diesel engines and trucks amounted to approximately RMB2,906 million, representing an increase of approximately 12.85% or approximately RMB331 million compared to RMB2,575 million in the corresponding period of 2010.

III. Financial Review

1. *The Group's Results of Operations*

a. *Revenue*

The Group's revenue decreased from approximately RMB63,280 million in the corresponding period of 2010 to approximately RMB60,019 million in the year, representing a slight decrease of approximately 5.15%. It was mainly attributable to the slowdown in the pace of economic growth in the PRC and the adoption of austerity policies by the PRC government. In particular, the revenue from principal businesses dropped by approximately 6.56%, from approximately RMB60,587 million in the corresponding period of 2010 to approximately RMB56,614 million for the year, which was mainly attributable to the adjustment in the market of heavy-duty trucks. During the year, the Group sold a total of approximately 318,400 units of diesel engines for use in heavy-duty trucks, compared to approximately 413,900 units sold in the corresponding period of 2010, representing a decrease of approximately 23.09%. During the year, the Group sold a total of approximately 139,100 units of diesel engines for use in construction machinery, compared to approximately 141,400 units sold in the corresponding period in 2010, representing a slight decrease of approximately 1.61%. During the year, Shaanxi Zhongqi recorded an aggregate sales exceeding 100,300 units of heavy-duty trucks, compared to approximately 100,000 units of heavy-duty trucks sold in the corresponding period of last year, representing an increase of approximately 0.30%. Revenue from other businesses rose by approximately 26.47%, from approximately RMB2,693 million in the corresponding period of 2010 to approximately RMB3,405 million for the year, which was primarily attributable to the 26.12% growth in revenue generated from the sales of raw materials and others as compared to the corresponding period of last year.

b. *Profit from Principal Businesses*

During the year, the Group generated profit from principal businesses in the amount of approximately RMB12,862 million, representing an decrease of approximately 15.63% as compared to approximately RMB15,244 million recorded in the corresponding period of 2010. Profit margin of principal businesses was 22.72%, slightly lower than that of approximately 25.16% recorded in the corresponding period of 2010, which was mainly attributable to the adjustment of product structure.

c. *Distribution and selling expenses*

Distribution and selling expenses decreased by approximately 0.63% to approximately RMB2,907 million in the year from approximately RMB2,925 million in the corresponding period of 2010. As a percentage of revenue, distribution and selling expenses increased from approximately 4.62% in the corresponding period of 2010 to approximately 4.84% in the year.

d. *General and Administrative Expenses*

General and administrative expenses of the Group increased by approximately 16.95% or approximately RMB438 million from approximately RMB2,584 million in the corresponding period of 2010 to approximately RMB3,022 million in the year, which was mainly due to the increase in research and development expenses which were included as part of general and administrative expenses.

e. *Operating Profit before Finance Expenses*

During the year, the Group's operating profit before finance expenses decreased by approximately 22.91% to approximately RMB7,201 million in the year from approximately RMB9,340 million in the corresponding period of 2010. During the year, the Group's operating profit margin was approximately 12%, which was 2.76 percentage points down from approximately 14.76% in the corresponding period of 2010.

f. *Finance Expenses*

Finance expenses decreased by approximately 67.63% to approximately RMB31 million in the year from approximately RMB95 million in the corresponding period of 2010. This decrease was mainly attributable to the effect of the increase in interest income in the year.

g. *Income Tax Expenses*

The Group's income tax expenses decreased by approximately 21.40% from approximately RMB1,398 million in the corresponding period of 2010 to approximately RMB1,099 million in the year. During the year, the Group's average effective tax rate was approximately 14.81%, a level similar to approximately 14.87% recorded in the corresponding period of 2010.

h. *Net Profit and Net Profit Margin*

The Group's net profit for the year decreased by approximately 20.99% from approximately RMB7,999 million in the corresponding period of 2010 to approximately RMB6,320 million in the year. During the year, the net profit margin was approximately 10.53%, a decrease of approximately 2.11 percentage points from approximately 12.64% recorded in the corresponding period of 2010.

i. *Liquidity and Cash Flow*

During the year under review, the Group generated cash flow from operating activities of approximately RMB5,953 million and cash flow from financing activities of approximately RMB1,916 million. A portion of such cash proceeds were applied in the acquisition of property, plant and equipment for the expansion of the Group's business. As at 31 December 2011, the Group had net cash (cash and cash equivalents net of interest-bearing debts) of RMB8,036 million (as at 31 December 2010: the Group had a net cash (cash and cash equivalents net of interest-bearing debts) of RMB6,286 million). Based on the calculation above, the debt to equity ratio is not applicable as the Group has a net cash position (as at 31 December 2010: N/A).

2. Financial Position

a. Pursuant to the Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong published by the Hong Kong Stock Exchange in December 2010, Mainland incorporated issuers listed in Hong Kong shall be allowed to prepare their financial statements using China Accounting Standards for Business Enterprises, and large scale Mainland audit firms approved by MOF and CSRC shall be allowed to service these issuers to satisfy the disclosure requirements of the Hong Kong Stock Exchange. As such, in the 2010 annual general meeting of the

Company held on 18 May 2011, the appointment of Ernst & Young Hua Ming Certified Public Accountants as the auditor of the Company was considered and approved. At the same time, it was resolved that with effect from 2011, the Company would only adopt Mainland accounting standards in its preparation of financial statements and would no longer use Hong Kong accounting standards at the same time in preparing financial statements. According to the audited consolidated financial statements for the year ended 31 December 2010 of the Group prepared under China Accounting Standards for Business Enterprises and Hong Kong accounting standards respectively, there are no material differences between the profit and net assets for the year of the Company determined based on the respective accounting standards aforementioned. The Company does not consider that the adoption of China Accounting Standards for Business Enterprises in its preparation of the financial statements has any material financial impact on the Group.

b. *Assets and Liabilities*

As at 31 December 2011, the Group had total assets of approximately RMB61,545 million, of which approximately RMB42,709 million were current assets. As at 31 December 2011, the Group had cash and cash equivalents of approximately RMB16,613 million (as at 31 December 2010: RMB11,159 million). On the same date, the Group's total liabilities amounted to approximately RMB32,642 million, of which approximately RMB29,413 million were current liabilities. The current ratio was approximately 1.45 (as at 31 December 2010: 1.39).

c. *Capital Structure*

At 31 December 2011, the Group had total equity of approximately RMB28,903 million, of which approximately RMB22,903 million was attributable to equity holders of the Company and the balance was minority equity holders' interests. The Group currently does not rely heavily on borrowings. The borrowings of the Group as at 31 December 2011 amounted to approximately RMB5,281 million, which included debenture of approximately RMB2,687 million and bank borrowings of approximately RMB2,594 million. Other than approximately RMB75 million, approximately RMB217 million and approximately RMB21 million which are borrowings denominated in Hong Kong dollars, Euro and US dollars, the remaining borrowings are in Renminbi. The revenue of the Group is mainly in Renminbi. The Group does not consider its foreign exchange risk significant. 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.

d. Pledge of Assets

As at 31 December 2011, bank deposits and bills receivables of approximately RMB4,068 million (as at 31 December 2010: RMB2,603 million) were pledged to banks to secure the Group's bills payables and bills receivables 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 as at the settlement date approximates the carrying amount. Certain other assets were also pledged by the Group to secure the Group's borrowings.

e. Contingencies

On 31 December 2011, the Group provided to certain distributors and agents guarantee amounting to approximately RMB719 million (as at 31 December 2010: approximately RMB1,145 million) to secure their obtaining and use of bank borrowings. On 31 December 2011, the Group provided guarantee for joint liabilities in respect of failure of the leasee under finance lease to settle instalment payments plus interest. Risk exposure in respect of possible guarantee for joint liabilities amounts to approximately RMB101 million. Details are set out in Note VII to the financial statements of the Company's 2011 Annual Report.

f. Commitments

As at 31 December 2011, the Group had capital commitments of approximately RMB2,561 million (as at 31 December 2010: approximately RMB2,193 million), among which contracted capital commitments amounted to approximately RMB2,548 million, principally for the capital expenditure in respect of acquisition of property, plant and equipment. As at 31 December 2011, the Group had investment commitments of approximately RMB200 million (as at 31 December 2010: approximately RMB200 million). Details are set out in Note VIII to the financial statement of the Company's 2011 Annual Report.

3. Other Financial Information

a. Employees

As at 31 December 2011, the Company had approximately 41 thousand employees. During the year, the Group had paid remuneration of approximately RMB3,213 million. The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merits, qualifications and competence.

b. Major Investment

The Group did not make any major investment during the year.

c. Major Acquisition and Disposal

The Group did not make any major acquisition or disposal during the year under review.

OTHER INFORMATION

Directors' and Supervisors' Interests in Shares and Underlying Shares

As at 31st December, 2011, the interests and short position (if any) of the directors, the chief executive and the supervisors in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange 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	13,760,000 *(Note 1)*	0.83%
Xu Xinyu	Beneficial owner	3,200,000 *(Note 1)*	0.19%
Sun Shaojun	Beneficial owner	3,200,000 *(Note 1)*	0.19%
Zhang Quan	Beneficial owner	3,200,000 *(Note 1)*	0.19%
Liu Huisheng	Beneficial owner	1,920,000 *(Note 2)*	0.12%
Yeung Sai Hong *(Note 3)*	Held by controlled corporation	52,640,000 *(Note 1)*	3.16%
Li San Yim *(Note 4)*	Held by spouse and controlled corporation	54,250,200 *(Note 2)*	3.26%
Julius G. Kiss *(Note 5)*	Held by controlled corporation	34,400,000 *(Note 1)*	2.06%

Notes:

1. These shares were derived from the previous 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.

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.

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 52,640,000 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 Longyan Construction Machinery (Group) Company Limited ("Fujian Longgong")) which in turn held 54,250,200 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 34,400,000 shares in the Company.

6. All the shareholding interests listed in the above table are "long" position.

Save as disclosed above, as at 31st December, 2011, none of the directors, the chief executive nor the supervisors had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers.

Details of Changes in Share Capital and Substantial Shareholders' Shareholdings

(I) Changes in share capital

1. Changes in share capital (as at 31 December 2011)

	Before the movement		Increase/decrease in the movement (+, –)					After the movement	
	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	570,184,594	34.22%	–	–	–	–	–	570,184,594	34.22%
1. State-owned shares	–	–	–	–	–	–	–	–	–
2. State-owned legal person shares	373,224,594	22.40%	–	–	–	–	–	373,224,594	22.40%
3. Shares held by other domestic entities	118,520,000	7.11%	–	–	–	–	–	118,520,000	7.11%
including: Shares held by domestic non-state-owned legal persons	71,160,000	4.27%	–	–	–	–	–	71,160,000	4.27%
Shares held by domestic natural persons	47,360,000	2.84%	–	–	–	–	–	47,360,000	2.84%
4. Shares held by foreign entities	78,440,000	4.71%	–	–	–	–	–	78,440,000	4.71%
including: Shares held by overseas legal persons	78,440,000	4.71%	–	–	–	–	–	78,440,000	4.71%
Shares held by overseas natural persons	–	–	–	–	–	–	–	–	–
II. Non-restricted circulating shares	1,095,906,772	65.78%	–	–	–	–	–	1,095,906,772	65.78%
1. RMB ordinary shares	691,106,772	41.48%	–	–	–	–	–	691,106,772	41.48%
2. Domestic listed foreign shares	–	–	–	–	–	–	–	–	–
3. Overseas listed foreign shares	404,800,000	24.30%	–	–	–	–	–	404,800,000	24.30%
4. Others	–	–	–	–	–	–	–	–	–
III. Total number of shares	1,666,091,366	100.00%	–	–	–	–	–	1,666,091,366	100%

2. *Time over which restricted shares can be listed and traded*

Time	Additional shares that can be listed and traded upon expiry of the restricted period	Description
30th April, 2013	570,184,594	Under the commitments of Weichai Group Holdings Limited and subject to such commitments, none of the 124,236,640 shares of the Company held by it shall be listed and traded on any stock exchange system, or otherwise transferred or managed by other person on trust or repurchased by the Company within 36 months commencing from 30 April 2010; the 15,961,860 additional shares of the Company acquired by it are subject to a lock-up period commencing from 16 August 2010 to 30 April 2013, during which no such shares will be listed on any stock exchange system or otherwise transferred or managed by other person on trust or repurchased by the Company. Upon the share issuing by conversion of capital reserve in the interim period of 2010, the restricted circulating shares of the Company held by it amounted to 280,397,000 shares. Under the commitments of Weifang Investment Company, Peterson Holdings Company Limited, Fujian Longyan Construction Machinery (Group) Company Limited, IVM Technical Consultants Wien Gesellschaft m.b.H, Shandong Enterprise Trust Operation Company Limited and Guangxi Liugong Group Limited and subject to such commitments, the lock-up period for the 30,898,480, 26,320,000, 24,080,000, 12,900,000, 11,500,000 and 7,184,880 restricted shares of the Company subject to lock-up terms held by the above parties respectively will be extended for another three years since the expiration on 30 April 2010, which means no such shares will be listed and traded on any stock exchange system or transferred or managed by other person on trust or repurchased by the Company within 36 months commencing from the expiration of lock-up period on 30 April 2010. Upon the share issuing by conversion of capital reserve in the interim period of 2010, the restricted circulating shares of the Company held by such six companies amounted to 61,796,960, 52,640,000, 48,160,000, 25,800,000, 23,000,000 and 14,369,760 shares, respectively.

Time	Additional shares that can be listed and traded upon expiry of the restricted period	Description
		Under the commitments of Zhuzhou State-owned Assets Investment Holdings Company Limited and subject to such commitments, the lock-up period for the 8,330,437 shares of the Company subject to lock-up terms held by it will be extended for another three years since the expiration on 30 April 2010, which means no such shares will be listed and traded on any stock exchange system or otherwise transferred or repurchased by the Company within 36 months commencing from the expiration of lock-up period on 30 April 2010. Upon the share issuing by conversion of capital reserve in the interim period of 2010, the restricted circulating shares of the Company held by it amounted to 16,660,874 shares. Under the commitments of the 24 natural person shareholders (including Tan Xuguang) and subject to such commitments, no shares of the Company held by them will be listed and traded on any stock exchange system or otherwise transferred or managed by other person on trust or repurchased by the Company within 36 months commencing from 30 April 2010. Upon the share issuing by conversion of capital reserve in the interim period of 2010, the restricted circulating shares of the Company held by the 24 natural person promoter shareholders amounted to 47,360,000 shares.

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

Serial No	Name of restricted share shareholders	Number of restricted shares held	Time permitted to be listed and traded in the market	Number of additional Shares permitted to be listed and traded in the market	Restriction
1.	Weichai Group Holdings Limited ("Weichai Holdings")	280,397,000	30th April, 2013	–	See "Description" section of "2. Time over which restricted shares can be listed and traded"
2.	Weifang Investment Company	61,796,960	30th April, 2013	–	
3.	Peterson Holdings Company Limited	52,640,000	30th April, 2013	–	
4.	Fujian Longyan Construction Machinery (Group) Company Limited	48,160,000	30th April, 2013	–	
5.	IVM Technical Consultants Wien Gesellschaft m.b.H	25,800,000	30th April, 2013	–	
6.	Shandong Enterprise Trust Operation Company Limited	23,000,000	30th April, 2013	–	
7.	Zhuzhou State-owned Assets Administration Management Company Limited	16,660,874	30th April, 2013	–	
8.	Guangxi Liugong Group Limited	14,369,760	30th April, 2013	–	
9.	Tan Xuguang	13,760,000	30th April, 2013	–	
10.	Xu Xinyu	3,200,000	30th April, 2013	–	

(II) Shareholdings of the Substantial Shareholders (as at 31 December 2011)

Total number of Shareholders The number of shareholders is 176,694 among which 176,415 are shareholders of "A" shares and 279 are shareholders of "H" shares.

Shareholdings of the top ten shareholders

Name of shareholder	Type of Shareholder	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	24.16%	402,592,995	–	N/A
Weichai Group Holdings Limited	State-owned legal person	16.83%	280,397,000	280,397,000	–
Weifang Investment Company	State-owned legal person	3.71%	61,796,960	61,796,960	–
Fujian Longyan Construction Machinery (Group) Company Limited	Domestic non-state-owned legal person	3.26%	54,250,200	48,160,000	–
Peterson Holdings Company Limited	Overseas legal person	3.16%	52,640,000	52,640,000	–
Shenzhen Chuangxin Investment Group Co., Ltd	Domestic non-state-owned legal person	2.68%	44,713,552	–	–
IVM Technical Consultants Wien Gesellschaft m.b.H	Overseas legal person	2.06%	34,400,000	25,800,000	–
Shandong Enterprise Trust Operation Company Limited	Domestic non-state-owned legal person	1.70%	28,400,000	23,000,000	–
Agricultural Bank of China – 中郵核心成長股票型證券投資基金	Domestic non-state-owned legal person	1.50%	25,056,000	–	–
株洲市國有資產投資控股集團有限公司	State-owned legal person	1.00%	16,660,874	16,660,874	14,400,000

Shareholdings of the top ten non-restricted shareholders

Name of shareholder	Number of the non-restricted shares held	Types of shares
HKSCC Nominees Limited	402,592,995	Overseas listed foreign shares
Shenzhen Capital Group Co., Ltd	44,713,552	RMB ordinary shares
Agricultural Bank of China – 中郵核心成長股票型證券投資基金	25,056,000	RMB ordinary shares
Bank of China – 易方達深證100交易型開放式指數證券投資基金	11,566,240	RMB ordinary shares
Agricultural Bank of China – 中郵核心優選股票型證券投資基金	10,249,256	RMB ordinary shares
IVM Technical Consultants Wien Gesellschaft m.b.H	8,600,000	RMB ordinary shares
Industrial and Commercial Bank of China－融通深證100指數證券投資基金	7,977,341	RMB ordinary shares
博時價值增長證券投資基金	7,272,295	RMB ordinary shares
Fujian Longyan Construction Machinery (Group) Company Limited	6,090,200	RMB ordinary shares
China Construction Bank – 富國天博創新主題股票型證券投資基金	6,049,963	RMB ordinary shares

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

1. Among the aforementioned shareholders, Agricultural Bank of China – 中郵核心成長股票型證券投資基金 and Agricultural Bank of China – 中郵核心優選股票型證券投資基金 are both managed by a fund manager, namely China Post & Capital Fund Management Co., Ltd.

2. Save as the aforementioned, it is 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.

Substantial Shareholders

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO (including interests filed with the Hong Kong Stock Exchange) shows that as at 31st December, 2011, the following persons (other than the directors, the chief executive and the supervisors) had the following interests and the short positions (if any) in the shares and underlying shares of the Company:

Name	Capacity	Long/ Short position	Number of A shares	Percentage of share capital comprising only A shares	Number of H shares	Percentage of share capital comprising only H shares	Percentage of total issued share capital
Weichai Group Holdings Limited	Beneficial owner	Long	280,397,000	22.23%	–	–	16.83%
Shandong Heavy Industry Group Co., Ltd. *(Note 1)*	Held by controlled corporation	Long	280,397,000	22.23%	–	–	16.83%
State–owned Assets Supervision and Administration Commission of Shandong Province ("Shandong SASAC") *(Note 1)*	Held by controlled corporation	Long	280,397,000	22.23%	–	–	16.83%
Lazard Asset Management LLC	Investment manager	Long	–	–	62,425,757	15.42%	3.75%
JPMorgan Chase & Co.	Beneficial owner	Long	–	–	9,129,146	2.25%	0.55%
	Investment manager	Long	–	–	795,000	0.20%	0.05%
	With guarantor – Corporation/approved lending agent	Long	–	–	30,858,848	7.62%	1.85%
					40,782,994	10.07%	2.45%
	Beneficial owner	Short	–	–	7,151,146	1.77%	0.43%
The Capital Group Companies, Inc.	Investment manager	Long	–	–	32,372,600	8.00%	1.94%
Deutsche Bank Aktiengesellschaft	Beneficial owner	Long	–	–	1,151,566	0.28%	0.07%
	Investment manager	Long	–	–	5,887,000	1.45%	0.35%
	Person having a security interest in shares	Long	–	–	19,014,512	4.70%	1.14%
	With guarantor – Corporation/approved lending agent	Long	–	–	2,901,000	0.72%	0.18%
					28,954,078	7.15%	1.74%
	Beneficial owner	Short	–	–	1,434,125	0.35%	0.09%
	Person having a security interest in shares	Short	–	–	18,931,912	4.68%	1.13%
					20,366,037	5.03%	1.22%

Name	Capacity	Long/ Short position	Number of A shares	Percentage of share capital comprising only A shares	Number of H shares	Percentage of share capital comprising only H shares	Percentage of total issued share capital
Lazard Emerging Markets Equity Portifolio	Investment manager	Long	–	–	23,707,500	5.86%	1.42%
Morgan Stanley	Interest of corporation controlled by the substantial shareholder	Long	–	–	22,040,279	5.44%	1.32%
	Interest of corporation controlled by the substantial shareholder	Short	–	–	18,702,226	4.62%	1.12%
Schroder Investment Management Limited	Investment manager	Long	–	–	20,361,000	5.03%	1.22%

Notes:

1. State-owned Assets Supervision and Administration Commission of Shandong Province ("Shandong SASAC") held the entire capital of Shandong Heavy Industry Group Co., Ltd., which in turn held the entire capital of Weichai Group Holding Limited (formerly known as Weifang Diesel Engine Works).

Save as disclosed above, the Company had not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31st December, 2011.

DETAILS OF THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES

I. Shareholdings of the directors, supervisors and chief executives

Nine of the directors, supervisors and chief executives of the Company, namely Tan Xuguang, Xu Xinyu, Sun Shaojun, Zhang Quan, Liu Huisheng, Ding Yingdong, Dai Lixin, Feng Gang and Tong Dehui, are natural-person promoter shareholders and have undertaken that they will not transfer any shares of the Company within 36 months commencing from its listing on the Shenzhen Stock Exchange. When the restriction period expires, the share held thereon can be transferred in accordance with the relevant requirements of CSRC and Shenzhen Stock Exchange.

On 30 April 2010, the lock-up period undertaken by the above shareholders expired. With confidence in the development of the Company in the future, these nine natural-person promoter shareholders extended the lock-up period for another 36 months. Upon expiry of the lock-up period, shares held by them will be transferred according to the relevant requirements of CSRC and Shenzhen Stock Exchange.

II. Appointment or resignation of the directors, supervisors and officers

1. On 13th July, 2011, the Meeting of Staff Delegation Leaders held by the workers' union (工會委員會) was convened by the Company. The workers' union during the meeting passed the resolution and agreed that Mr. Ding Yingdong (丁迎東) resigned as the employee representative supervisor of the Company due to change in work assignment. Mr. Lu Wenwu was elected as the employee representative supervisor for the second session of the Supervisory Committee of the Company.

2. On 21st July, 2011, the third provisional meeting of the Board in 2011 was convened by the Company. The Board during the meeting passed the resolution and agreed that Mr. Xu Hong and Mr. Liu Xinhua resigned as the Executive President of the Company and Mr. Li Shaohua, Ms. Ren Bingbing and Mr. Ding Yingdong were appointed as vice president of the Company.

3. Subsequent to the reporting period and up to the date of issue of this report, the first provisional meeting of the Board in 2012 was convened by the Company on 12th January, 2012. The Board during the meeting considered and passed the resolution to appoint Mr. Hoe York Joo as the Chief Financial Officer, Company Secretary and Authorised Representatives and agreed that Mr. Cheung Tat Leung, Peter resigned as the Chief Financial Officer, Company Secretary, Qualified Accountant and Authorised Representatives.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee of the Company (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 regarded to the Group's operating results, individual performance and comparable market statistics.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year 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 SECURITIES OF THE COMPANY

During the year, 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 year under review attributable to the Group's five largest customers were less than 30% of the Group's total sales.

The aggregate purchase during the year under review 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 year under review 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.

SUBSEQUENT EVENTS

During the seventh meeting of the third session of the Board convened by 牡丹江富通汽車空調有限公司 (Mudanjiang Futong Automobile Air Conditioner Co., Ltd)("Futong"), a subsidiary of the Company, on 5 January 2012, the transfer of 59.84% of equity interests in Futong from the Company to a minority equity holder of Futong, namely 牡丹江華通汽車零部件有限公司 ("Mudanjiang Huatong Vehicle Component Co., Ltd) ("Huatong") was approved. The consideration of the transfer was RMB220,220,500.00. The first extraordinary general meeting in 2012 was convened by Futong on 8 January 2012, pursuant to which the equity transfer was considered and approved. The relevant equity transfer agreement was signed on 10 January 2012, pursuant to which, the Company has received 30% of the total consideration of the said equity transfer by 19 January 2011.

AUDIT COMMITTEE

The Audit Committee of the Company (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 Listing Rules, for the purpose of this appointment. Throughout the year, the Audit Committee discharged its responsibilities, reviewed and discussed the financial results and internal control matters of the Company. In accordance with the requirements of Appendix 16 to the Listing Rules, the Audit Committee has reviewed the audited consolidated financial statements for the year.

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

Throughout the year, 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 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, there is adequate balance of power and authority in place.

COMPLIANCE WITH THE MODEL CODE

During the year, 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. Having made specific enquiry of all directors, the directors have confirmed that they have complied with the required standard set out in the Model Code for the year under review.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained the prescribed public float under the Listing Rules as at the date of this announcement.

DONATIONS

During the year, the Group made charitable donation amounting to RMB11,239,654.

AUDITORS

Ernst & Young were appointed as the Company's auditors with effect from 20 August 2008 to fill the casual vacancy arising from the resignation of Deloitte Touche Tohmatsu on 19 June 2008.

Ernst & Young retired on 18 May 2011 and were not reappointed as auditors of the Company for its accounts prepared under Hong Kong Financial Reporting Standards. Shandong Zheng Xuan Hexin Accountants Limited (山東正源和信有限責任會計師事務所) also retired on 18 May 2011 and were not reappointed as auditors of the Company in the preparation of the Company's accounts under PRC accounting principles and financial regulations.

The Company appointed Ernst & Young Hua Ming Certified Public Accountants (安永華明會計師事務所) as the Company's only auditors with effect from 18 May 2011 for its accounts prepared under PRC accounting principles and financial regulations. Ernst & Young Hua Ming Certified Public Accountants (安永華明會計師事務所) will retire and a resolution for their reappointment as auditors of the Company for the year of 2012 will be proposed at the forthcoming annual general meeting.

APPROVAL OF THE FINANCIAL STATEMENTS

The audited consolidated financial statements for the Year were approved by the Board on 29 March 2012.

PUBLICATION OF THE ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The 2011 annual report will be despatched to the shareholders as well as made available on the Hong Kong Stock Exchange's website at www.hkexnews.hk and the Company's website at www.weichai.com in due course.

Tan Xuguang
Chairman and Chief Executive Officer

Hong Kong, 29 March 2012

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.