WEICHAI

濰柴動力股份有限公司

WEICHAI POWER CO., LTD.

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

(Stock Code: 2338)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015

FINANCIAL HIGHLIGHTS

- Revenue amounted to approximately RMB36,455 million, increased by approximately 6.9%.
- Net Profit Attributable to the Shareholders of the Parent amounted to approximately RMB969 million, decreased by approximately 74.3%.
- Basic Earnings Per Share was approximately RMB0.24, decreased by approximately 74.5%.

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

The board of directors (the "Board") of Weichai Power Co., Ltd. (the "Company") is pleased to announce the reviewed consolidated financial statements of the Company and its subsidiaries (the "Group") prepared in accordance with the Mainland Accounting Standards for the six months ended 30 June 2015 (the "Period"), together with comparative figures for the corresponding period of 2014 as follows:

CONSOLIDATED INCOME STATEMENT

January to June 2015 (Expressed in Renminbi Yuan)

	Notes	**January to June 2015 (unaudited)**	January to June 2014 (unaudited)
Revenue	*7*	**36,455,259,868.68**	34,111,434,568.32
Cost of sales	*7*	**28,028,944,784.66**	27,143,799,729.80
Taxes and surcharges	*8*	**96,052,633.89**	146,790,621.00
Distribution and selling expenses		**2,870,010,696.32**	1,543,287,260.29
General and administrative expenses		**3,556,548,533.74**	2,078,454,681.26
Financial expenses		**183,034,068.43**	104,747,315.66
Impairment loss of assets		**192,603,210.24**	273,454,327.04
Gain on fair value changes		**(9,163,435.00)**	(150,137,868.78)
Investment income		**100,744,461.39**	1,743,670,915.56
Incl: Share of profit of associates and jointly controlled enterprises		**66,804,707.15**	94,884,597.49
Operating profit		**1,619,646,967.79**	4,414,433,680.05
Add: Non-operating income		**219,634,183.48**	74,116,130.10
Incl: Gain on disposal of non-current assets		**26,139,266.14**	1,246,684.75
Less: Non-operating expenses		**96,963,421.27**	12,397,585.18
Incl: Loss on disposal of non-current assets		**14,763,360.50**	6,156,044.70
Total profit		**1,742,317,730.00**	4,476,152,224.97
Less: Income tax expense	*9*	**436,181,443.41**	481,695,914.07
Net profit		**1,306,136,286.59**	3,994,456,310.90
Net profit attributable to the shareholders of the parent		**969,149,138.37**	3,764,836,231.86
Minority interests		**336,987,148.22**	229,620,079.04
Earnings per share	*10*		
Basic earnings per share		**0.24**	0.94
Other comprehensive income	*11*	**57,185,789.59**	(162,820,147.71)
Total comprehensive income		**1,363,322,076.18**	3,831,636,163.19
Incl:			
Total comprehensive income attributable to the shareholders of the parent		**906,286,009.42**	3,604,488,007.62
Total comprehensive income attributable to minority owners		**457,036,066.76**	227,148,155.57

CONSOLIDATED BALANCE SHEET

30 June 2015 (Expressed in Renminbi Yuan)

ASSETS	*Notes*	**30 June 2015 (unaudited)**	31 December 2014 (audited)
Current assets			
Cash and cash equivalents		**22,120,837,738.85**	24,434,414,214.89
Financial assets at fair value through profit or loss		**22,389,004.10**	66,996,021.60
Notes receivable	*3*	**10,252,234,679.19**	13,780,880,376.52
Accounts receivable	*4*	**10,395,709,850.28**	9,660,031,602.65
Prepayments		**570,186,229.49**	487,985,072.32
Interests receivable		**139,006,064.67**	134,246,230.24
Dividends receivable		**25,528,566.80**	3,040,000.00
Other receivables		**740,695,790.42**	871,642,626.76
Inventories		**13,160,511,649.97**	12,614,740,002.08
Classified as held-for-sale assets		**35,770,735.32**	35,770,735.32
Non-current assets due within one year		**1,122,816,456.00**	1,509,870,834.00
Other current assets		**1,140,314,706.98**	772,177,588.25
Total current assets		**59,726,001,472.07**	64,371,795,304.63
Non-current assets			
Available -for-sale financial assets		**545,517,665.51**	431,617,288.51
Long-term receivables		**2,959,812,916.60**	2,574,098,089.20
Long-term equity investments		**1,491,694,230.58**	1,477,725,658.30
Investment property		**592,751,797.75**	522,163,315.32
Fixed assets		**22,698,491,068.20**	23,509,392,694.25
Construction in progress		**3,058,897,979.09**	3,421,243,155.61
Materials used in construction		**687,692.29**	2,692.31
Disposal of fixed assets		**2,132,140.68**	1,965,332.73
Intangible assets		**12,646,725,315.85**	13,842,471,750.91
Development expenditure		**477,311,949.76**	533,706,390.76
Goodwill		**7,234,097,649.29**	7,774,054,477.18
Long-term prepaid expenses		**257,077,902.49**	168,785,139.70
Deferred tax assets		**3,275,429,822.93**	3,453,989,113.43
Other non-current assets		**204,191,911.35**	172,564,779.00
Total non-current assets		**55,444,820,042.37**	57,883,779,877.21
Total assets		**115,170,821,514.44**	122,255,575,181.84

LIABILITIES AND EQUITY	*Notes*	**30 June 2015 (unaudited)**	31 December 2014 (audited)
Current liabilities			
Short-term loans		**4,161,707,790.15**	2,765,864,402.35
Financial liabilities at fair value through profit or loss		**124,022,304.70**	76,807,591.20
Notes payable	*5*	**6,644,024,276.00**	10,867,683,844.51
Accounts payable	*6*	**15,173,542,800.94**	15,922,080,225.78
Advances from customers		**1,411,293,211.37**	1,479,206,814.82
Payroll payable		**2,869,006,620.07**	3,115,024,045.45
Taxes payable		**1,205,880,045.49**	1,249,956,877.43
Interests payable		**210,197,039.13**	196,311,317.66
Dividends payable		**291,758,447.43**	34,772,276.45
Other payables		**3,763,711,394.85**	4,235,819,685.51
Non-current liabilities due within one year		**5,477,862,601.76**	5,634,124,985.20
Other current liabilities		**2,024,643,393.76**	2,482,364,929.13
Total current liabilities		**43,357,649,925.65**	48,060,016,995.49
Non-current liabilities			
Long-term borrowings		**6,717,149,202.20**	7,271,880,584.20
Bonds payable		**4,726,183,850.47**	5,834,582,252.32
Long-term payables		**5,895,869,048.30**	5,185,606,146.40
Long-term payroll payable		**6,356,262,007.82**	7,073,983,911.20
Special payables		**43,000,000.00**	43,000,000.00
Accruals and provisions		**392,477,387.00**	444,249,381.60
Deferred income		**2,060,907,177.01**	1,983,761,896.93
Deferred tax liabilities		**3,971,397,724.12**	4,384,956,540.33
Other non-current liabilities		**114,982,441.32**	31,649,140.04
Total non-current liabilities		**30,278,228,838.24**	32,253,669,853.02
Total liabilities		**73,635,878,763.89**	80,313,686,848.51
Shareholders' equity			
Share capital		**1,999,309,639.00**	1,999,309,639.00
Capital reserve		**209,900,265.42**	1,288,252,938.51
Other comprehensive income		**(451,349,031.64)**	(388,485,902.69)
Special reserve		**65,829,550.69**	51,026,772.11
Surplus reserve		**3,051,742,591.19**	3,051,742,591.19
Retained earnings		**27,066,784,607.55**	26,397,531,915.03
Total equity attributable to the shareholders of the parent		**31,942,217,622.21**	32,399,377,953.15
Minority interests		**9,592,725,128.34**	9,542,510,380.18
Total shareholders' equity		**41,534,942,750.55**	41,941,888,333.33
Total liabilities and shareholders' equity		**115,170,821,514.44**	122,255,575,181.84

1. SIGNIFICANT ACCOUNTING POLICIES

a. Preparation basis of the financial statements

These interim financial statements have been prepared in accordance with Accounting Standards for Business Enterprises – No. 32 Interim Financial Reporting issued by the Ministry of Finance (the "MOF").

These interim financial statements include selected explanatory notes, which are provided for easy understanding of the Group's important events and transactions leading to its financial position and change of results of operations since the financial statements for the year 2014. These selected notes do not include all information and disclosures required under the Accounting Standards for Business Enterprises for a full set of financial statements. As such, these statements shall be read in conjunction with the financial statements for the year 2014.

The interim financial statements are presented on a going concern basis.

There are no significant uncertainties which would otherwise affect the Company's ability for its going concerns in the next 12 months as from the date hereof.

Other than certain financial instruments and held-for-sale assets, these financial statements have been prepared at historical costs. Non-current assets classified as held-for-sale and assets under disposal group classified as held-to-sale are carried at the lower of fair value less foreseeable expenses or original carrying amount upon satisfying conditions for held-for-sale. If the assets are impaired, corresponding provisions for impairment shall be made according to relevant provisions.

b. 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 involving entities under common control, including goodwill arising from the acquisition of the party being absorbed by the ultimate controller, shall be accounted for on the basis of the carrying amounts on the financial statements of the ultimate controller at the combination date. 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 equities 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 equities 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 equities 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 equities 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.

For a business combination involving enterprises not under common control and achieved in stages, the Group remeasures its previously-held equity interest in the acquiree to its fair value at the acquisition date. The difference between the fair value and the carrying amount is recognized as investment income for the current period; the amount recognized in other comprehensive income using the equity method and relating to the previously-held equity interest in the acquiree shall be accounted for in accordance with the same accounting treatment for direct disposal of relevant asset or liability by investee. Movement of other owners' equity (excluding net profit or loss, other comprehensive income and profit distribution) shall be transferred to profit or loss for the current period to which the acquisition date belongs.

c. Consolidated financial statements

The consolidation scope of consolidated financial statements is determined on the basis of control, including the financial statements for the half year ended 30 June 2015 of the Company and all of its subsidiaries. A subsidiary is an entity that is controlled by the Company, including separable parts of an enterprise or investee and structured entities controlled by the Company etc.

In preparation of consolidated financial statements, the subsidiaries use the same accounting period and accounting policies 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 assets, liabilities, equity, income, expenses and cash flows resulting from intra-group transactions are eliminated on consolidation in full.

Where the amount of losses 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.

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 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.

The Group's control over an investee is re-assessed if change in relevant facts and situations causes changes in one or more of the control substances.

Where there is no loss of control, the change in minority interests is accounted for as equity transaction.

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 other automobile components ("Other components");

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

(e) forklift trucks production and warehousing technology ("Forklift trucks and warehouses technology 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, investment income, dividend income, gains from changes in fair value of financial instruments as well as head office expenses are excluded from such measurement.

Other than forklift trucks production and warehousing technology segment, 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.

Other than forklift trucks production and warehousing technology segment, 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.

	Diesel engines	Automobiles and other major automobile components	Other components	Import & export services	Forklift trucks and warehouses technology services	Total
January to June 2015 (unaudited)						
Segment revenue:						
Sale to external customers	**7,066,459,211.86**	**11,524,123,359.10**	**1,027,929,113.35**	**54,369,966.77**	**16,782,378,217.60**	**36,455,259,868.68**
Inter-segment sale	**1,691,508,415.01**	**–**	**469,415,049.50**	**16,415,093.88**	**–**	**2,177,338,558.39**
Total	**8,757,967,626.87**	**11,524,123,359.10**	**1,497,344,162.85**	**70,785,060.65**	**16,782,378,217.60**	**38,632,598,427.07**
Adjustment:						
Elimination of inner-segment sale						**(2,177,338,558.39)**
Revenue						**36,455,259,868.68**
Segment results	**816,195,214.32**	**(38,231,462.51)**	**(678,926.43)**	**(25,814,790.40)**	**812,661,826.40**	**1,564,131,861.38**
Adjustment:						
Elimination of inter-segment results						**137,804,713.45**
Interest income						**394,565,439.62**
Dividend income and unallocated income						**320,378,644.87**
Corporate and other unallocated expenses						**(96,963,421.27)**
Finance expenses						**(577,599,508.05)**
Profit before tax						**1,742,317,730.00**

	Diesel engines	Automobiles and other major automobile components	Other components	Import & export services	Forklift trucks and warehouses technology services	Total
30 June 2015 (unaudited)						
Segment assets	21,336,503,600.64	24,832,166,581.78	11,564,713,710.30	6,309,442,100.62	35,661,907,775.08	99,704,733,768.42
Adjustment:						
Elimination of inter-segment assets						(10,475,697,481.25)
Corporate and other unallocated assets						25,941,785,227.28
Total assets						115,170,821,514.45
Segment liabilities	11,501,079,512.12	16,296,378,660.04	7,594,557,472.52	473,289,643.66	20,964,070,051.70	56,829,375,340.04
Adjustment:						
Elimination of inter-segment liabilities						(8,816,897,736.16)
Corporate and other unallocated liabilities						25,623,401,160.01
Total liabilities						73,635,878,763.89
January to June 2015 (unaudited)						
Other segment information						
Share of profit and loss from:						
Loss/(gain) from associates/jointly controlled enterprises	(15,070,318.27)	11,128,114.25	–	(277,656.57)	(62,584,846.56)	(66,804,707.15)
Loss/(reversal) of impairment of inventories	20,189,442.31	29,163,185.12	547,527.14	–	15,643,539.60	65,543,694.17
Loss/(reversal) of impairment of accounts receivable and other receivables	17,327,956.24	76,661,800.37	1,671,887.58	(46,471.79)	24,806,974.60	120,422,147.00
Depreciation and amortization	(382,753,524.31)	(462,678,948.63)	(89,766,923.86)	(12,345,129.98)	(1,634,390,266.60)	(2,581,934,793.38)
Gain/(loss) from disposal of fixed assets	4,360,395.65	1,836,863.61	(76,248.55)	167.78	3,948,921.80	10,070,100.29
Gain/(loss) from disposal of intangible assets	–	1,252,463.67	–	–	–	1,252,463.67
Investment in associates/jointly controlled enterprises	581,648,245.67	508,820,378.51	–	33,203,155.73	368,022,450.67	1,491,694,230.58
Capital expenditure	(329,893,839.20)	(555,052,698.70)	(127,783,869.82)	(4,823,097.93)	(2,096,580,096.40)	(3,114,133,602.05)

	Diesel engines	Automobiles and other major automobile components	Other components	Import & export services	Forklift trucks and warehouses technology services	Total
January to June 2014 (unaudited)						
Segment revenue:						
Sale to external customers	13,203,613,889.43	19,251,488,621.11	1,613,078,710.78	43,253,347.00	–	34,111,434,568.32
Inter-segment sale	3,178,851,188.45	1,392,064.54	69,218,609.66	24,413,603.15	–	3,273,875,465.80
Total	16,382,465,077.88	19,252,880,685.65	1,682,297,320.44	67,666,950.15	–	37,385,310,034.12
Adjustment:						
Elimination of inner-segment sale						(3,273,875,465.80)
Revenue						34,111,434,568.32
Segment results	2,661,945,257.80	490,599,913.38	(161,074,322.08)	(55,578,065.96)	107,568,664.45	3,043,461,447.59
Adjustment:						
Elimination of inter-segment results						(87,375,393.10)
Interest income						165,994,973.63
Dividend income and unallocated income						1,637,211,071.32
Corporate and other unallocated expenses						(12,397,585.18)
Finance expenses						(270,742,289.29)
Profit before tax						4,476,152,224.97
31 December 2014 (audited)						
Segment assets	23,787,954,274.27	25,042,687,064.62	10,832,401,075.39	6,863,237,159.04	37,296,351,149.62	103,822,630,722.94
Adjustment:						
Elimination of inter-segment assets						(9,149,530,927.93)
Corporate and other unallocated assets						27,582,475,386.83
Total assets						122,255,575,181.84
Segment liabilities	15,073,020,200.65	18,109,778,638.28	8,715,284,039.39	506,589,743.46	21,323,858,482.80	63,728,531,104.58
Adjustment:						
Elimination of inter-segment liabilities						(9,752,792,127.56)
Corporate and other unallocated liabilities						26,337,947,871.49
Total liabilities						80,313,686,848.51

	Diesel engines	Automobiles and other major automobile components	Other components	Import & export services	Forklift trucks and warehouses technology services	Total
January to June 2014 (unaudited)						
Other segment information						
Share of profit and loss from:						
Loss/(gain) from associates/jointly controlled enterprises	(5,250,690.81)	17,921,668.62	(107,568,664.45)	13,089.15	–	(94,884,597.49)
Loss/(reversal) of impairment of inventories	8,725,278.57	26,270,358.93	6,635,781.20	–	–	41,631,418.70
Loss/(reversal) of impairment of accounts receivable and other receivables	100,687,846.96	96,926,798.09	1,974,090.36	8,125.10	–	199,596,860.51
Depreciation and amortization	(461,588,347.75)	(462,261,821.96)	(129,154,504.45)	(12,021,406.23)	–	(1,065,026,080.39)
Gain/(loss) from disposal of fixed assets	(2,599,467.11)	(2,054,468.62)	(396,180.95)	6,021.02	–	(5,044,095.66)
Gain/(loss) from disposal of intangible assets	–	–	–	–	–	–
Investment in associates/jointly controlled enterprises	581,111,467.88	520,764,331.58	–	42,412,847.83	387,832,559.90	1,532,121,207.19
Capital expenditure	(349,865,446.51)	(496,083,134.66)	(119,743,554.51)	(12,824,754.48)	–	(978,516,890.16)

Given the addition of Forklift trucks and warehousing technology services segment in January – June 2015, the comparative figures on the operating segments have been restated for the purpose of comparison.

Group information

Information about products and services

Revenue from external transactions

	January to June 2015 (unaudited)	January to June 2014 (unaudited)
Complete vehicles and key components	**16,296,279,893.77**	24,411,992,291.42
Non-automobile engines	**1,955,345,833.05**	3,472,829,719.34
Other automobile components	**141,541,273.44**	4,146,833,165.64
Forklift trucks and warehouses technology services	**16,782,378,217.60**	–
Others	**1,279,714,650.82**	2,079,779,391.92
	36,455,259,868.68	34,111,434,568.32

Geographic information

Revenue from external transactions

	January to June 2015 (unaudited)	January to June 2014 (unaudited)
China	**18,432,760,865.91**	32,913,935,988.38
Other countries and regions	**18,022,499,002.77**	1,197,498,579.94
	36,455,259,868.68	34,111,434,568.32

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

Total non-current assets

	30 June 2015 (unaudited)	31 December 2014 (audited)
China	**18,932,653,769.27**	19,313,448,073.29
Other countries and regions	**29,731,405,868.06**	32,110,627,312.78
	48,664,059,637.33	51,424,075,386.07

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 RMB3,645,506,605.13 (January to June 2014: RMB4,024,701,553.00) 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

	30 June 2015 (unaudited)	31 December 2014 (audited)
Bank acceptance bills	**10,223,813,921.80**	13,755,776,821.57
Commercial acceptance bills	**28,420,757.39**	25,103,554.95
	10,252,234,679.19	13,780,880,376.52

Among which, notes receivable which had been pledged are presented as follows:

	30 June 2015 (unaudited)	31 December 2014 (audited)
Bank acceptance bills	**2,721,442,673.70**	6,557,183,926.52

Notes receivable which had been endorsed but not yet expired as at the balance sheet date are presented as follows:

	30 June 2015 (unaudited) Derecognition	31 December 2014 (audited) Derecognition
Bank acceptance bills	**3,508,475,324.52**	12,796,570,508.51

Notes receivable already discounted but not yet expired as at the balance sheet date are presented as follows:

	30 June 2015 (unaudited) Derecognition	31 December 2014 (audited) Derecognition
Bank acceptance bills	**736,573,300.00**	26,831,833.34

As at 30 June 2015 and 31 December 2014, the Group has not transferred any notes into accounts receivable due to issuers' failure in performance.

4. ACCOUNTS RECEIVABLE

The Group trades with its customers primarily on credit terms, and generally requires prepayments or cash on delivery for new customers. Credit period is generally one to six months, 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:

	30 June 2015 (unaudited)	31 December 2014 (audited)
Within 1 year	**9,857,731,639.66**	9,343,376,537.16
1 to 2 years	**557,247,601.27**	340,718,426.91
2 to 3 years	**161,855,389.30**	113,710,835.72
Over 3 years	**735,824,142.83**	684,646,310.69
	11,312,658,773.06	10,482,452,110.48
Less: provision for bad debt in respect of accounts receivable	**916,948,922.78**	822,420,507.83
	10,395,709,850.28	9,660,031,602.65

Changes in provision for bad debts in respect of accounts receivable are presented as follows:

	30 June 2015 (unaudited)	31 December 2014 (audited)
Opening balance	**822,420,507.83**	728,922,061.65
Provision for the period/year	**138,933,151.95**	134,945,691.88
Decrease during the period/year:		
Reversal	**(18,260,302.78)**	(40,482,285.79)
Write-off	**(25,012,961.12)**	(1,360,790.35)
Decrease upon disposal of subsidiary(ies)	**(1,494,867.60)**	–
Exchange gains and losses	**363,394.50**	395,830.44
Closing balance	**916,948,922.78**	822,420,507.83

	30 June 2015 (unaudited)			
	Gross carrying amount	**Proportion (%)**	**Provision for bad debt**	**Percentage (%)**
Individually significant items for which provision for bad debt is recognized separately	**600,025,129.16**	**5.30**	**343,359,102.15**	**57.22**
Items for which provision for bad debt is recognized by group with distinctive credit risk characteristics	**10,469,532,793.93**	**92.55**	**474,152,931.53**	**4.53**
Not individually significant items for which provision for bad debt is recognized separately	**243,100,849.97**	**2.15**	**99,436,889.10**	**40.90**
	11,312,658,773.06	**100.00**	**916,948,922.78**	

	31 December 2014 (audited)			
	Gross carrying amount	Proportion (%)	Provision for bad debt	Percentage (%)
Individually significant items for which provision for bad debt is recognized separately	613,010,848.57	5.85	309,797,447.50	50.54
Items for which provision for bad debt is recognized by group with distinctive credit risk characteristics	9,462,787,340.55	90.27	437,475,207.60	4.62
Not individually significant items for which provision for bad debt is recognized separately	406,653,921.36	3.88	75,147,852.73	18.48
	10,482,452,110.48	100.00	822,420,507.83	

As at 30 June 2015, individually significant items for which provision for bad debt is recognized separately are presented as follows:

	Gross carrying amount	Provision for bad debt	Percentage	Reasons
FAMIHAO LIMITADA	64,404,927.35	644,049.27	1%	Repayment from Sinosure and partially uncollectible
China Civil Engineering Construction Corporation	59,851,461.01	49,809,156.96	83%	Bad repayment ability
Hubei Aoma Special Automobile Co., Ltd.	59,212,611.99	11,842,522.40	20%	Bad repayment ability
Shanxi Tong Tai Automobile Sales Services Co., Ltd	56,927,140.00	51,234,426.00	90%	Long credit age
OOO SHANKIRUS	53,878,105.05	10,775,621.01	20%	Bad repayment ability
Guangzhou Jinqi Trading Company Limited	49,159,575.31	39,327,660.25	80%	Bad repayment ability
Shaanxi Rong Chang Yuan Trading Co., Ltd	43,173,316.66	34,538,653.33	80%	Not full coverage of preservation
Anhui Anyu Engineering Machinery Sales Co., Ltd	42,763,993.80	17,105,597.52	40%	Bad repayment ability
Dalian Shaanxi Automobile Sales Co., Ltd	40,525,626.59	28,367,938.61	70%	Bad repayment ability
Nanjing Lerong Trading Company Limited	33,443,140.43	26,754,512.34	80%	Assets have been preserved
Others	96,685,230.97	72,958,964.46	75%	Cessation of business etc.
	600,025,129.16	343,359,102.15		

As at 31 December 2014, individually significant items for which provision for bad debt is recognized separately are presented as follows:

	Gross carrying amount	Provision for bad debt	Percentage	Reasons
FAMIHAO LIMITADA	81,438,361.52	1,106,142.08	1%	Repayment from Sinosure and partially uncollectible
OOO SHANKIRUS	61,907,184.06	1,118,175.20	2%	Partially uncollectible
China Civil Engineering Construction Corporation	61,195,995.97	36,717,597.58	60%	Bad repayment ability
Shanxi Tong Tai Automobile Sales Services Co., Ltd	56,927,140.00	51,234,426.00	90%	Long credit age
Guangzhou Jinqi Trading Company Limited	49,159,575.31	39,327,660.25	80%	Bad repayment ability
Shaanxi Rong Chang Yuan Trading Co., Ltd	43,173,316.66	34,538,653.33	80%	Not full coverage of preservation
Anhui Anyu Engineering Machinery Sales Co., Ltd	42,763,993.80	17,105,597.52	40%	Bad repayment ability
Dalian Shaanxi Automobile Sales Co., Ltd	40,556,826.59	28,389,778.61	70%	Bad repayment ability
Nanjing Lerong Trading Company Limited	33,443,140.43	26,754,512.34	80%	Assets have been preserved
Datong City Yi Fu Commercial and Trading Co., Ltd	32,068,898.11	12,827,559.24	40%	Bad repayment ability
Others	110,376,416.12	60,677,345.35	55%	Cessation of business etc.
	613,010,848.57	309,797,447.50		

The Group's accounts receivable for which bad debts are provided for using aging analysis are presented as follows:

	30 June 2015 (unaudited)				31 December 2014 (audited)			
	Gross carrying amount	**proportion** *(%)*	**Provision for bad debt**	**percentage** *(%)*	Gross carrying amount	proportion *(%)*	Provision for bad debt	percentage *(%)*
Within 1 year	**4,980,271,972.68**	**89.62**	**222,900,870.47**	**4.48**	4,600,211,695.68	92.20	230,199,578.80	5.00
1 to 2 years	**331,429,112.98**	**5.96**	**53,994,421.31**	**16.29**	176,704,041.01	3.54	26,101,352.11	14.77
2 to 3 years	**62,077,542.70**	**1.12**	**18,145,566.82**	**29.23**	27,421,657.60	0.55	8,254,005.73	30.10
3 to 4 years	**23,493,036.45**	**0.42**	**11,746,518.23**	**50.00**	40,286,747.02	0.81	20,154,109.52	50.03
4 to 5 years	**30,859,830.79**	**0.56**	**24,687,864.63**	**80.00**	25,543,732.35	0.51	20,399,749.75	79.86
Over 5 years	**128,722,068.53**	**2.32**	**128,539,435.87**	**99.86**	119,348,934.09	2.39	119,348,934.09	100.00
	5,556,853,564.13	**100.00**	**460,014,677.33**	**8.28**	4,989,516,807.75	100.00	424,457,730.00	8.51

The Group's accounts receivable for which bad debts are provided for using overdue periods as credit risk profile are presented as follows:

	30 June 2015 (unaudited)			31 December 2014 (audited)		
	Gross carrying amount	**Provision for bad debt**	**percentage** *(%)*	Gross carrying amount	Provision for bad debt	percentage *(%)*
An overseas segment combination	**4,912,679,229.80**	**14,138,254.20**	**0.29%**	4,473,270,532.80	13,017,477.60	0.29%

In January to June 2015, provisions for bad debts in the amount of RMB138,933,151.95 (2014: RMB134,945,691.88) were made, while provisions for bad debts in the amount of RMB18,260,302.78 (2014: PMB40,482,285.79) were reversed or recovered.

In January to June 2015, accounts receivable written off amounted to RMB25,012,961.12 (2014: RMB1,360,790.35).

As at 30 June 2015, the top five balances in respect of accounts receivable had a lot closing balance of RMB980,992,623.49, accounting for 8.67% of the total of closing balance of accounts receivable. The closing balance in respect of bad debt provided for the top five amounted to RMB41,015,690.25.

As at 31 December 2014, the top five balances in respect of accounts receivable had a lot closing balance of RMB1,079,580,523.62, accounting for 10.31% of the total of closing balance of accounts receivable. The closing balance in respect of bad debt provided for the top five amounted to RMB37,976,081.31.

As at 30 June 2015, accounts receivable with carrying amount of RMB1,909,440,615.70 (31 December 2014: 1,758,522,549.60) was pledged for securing bank borrowings.

5. NOTES PAYABLE

	30 June 2015 (unaudited)	31 December 2014 (audited)
Bank acceptance bills	**6,264,433,180.64**	10,387,172,130.11
Commercial acceptance bills	**379,591,095.36**	480,511,714.40
Total	**6,644,024,276.00**	10,867,683,844.51

As at 30 June 2015, the Group had no notes payable which were due and outstanding (31 December 2014: Nil).

6. ACCOUNTS PAYABLE

Accounts payable are non-interest bearing, and are generally settled within three to four months.

	30 June 2015 (unaudited)	31 December 2014 (audited)
Accounts payable	**15,173,542,800.94**	15,922,080,225.78

As at 30 June 2015, the aging analysis of accounts payable based on the invoice date is presented as follows:

	30 June 2015 (unaudited)	31 December 2014 (audited)
Within 1 year	**14,383,633,488.60**	15,258,565,628.90
Over 1 year	**789,909,312.34**	663,514,596.88
Total	**15,173,542,800.94**	15,922,080,225.78

As at 30 June 2015, there were no payables which were individually significant and aged over one year (31 December 2014: nil).

7. REVENUE AND COST OF SALES

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 values 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.

	January-June 2015 (unaudited)		January-June 2014 (unaudited)	
	Revenue	**Cost**	Revenue	Cost
Revenue from principal operations	**35,652,402,920.85**	**27,314,875,631.89**	32,838,421,336.11	25,997,030,433.26
Other revenue	**802,856,947.83**	**714,069,152,77**	1,273,013,232.21	1,146,769,296.54
	36,455,259,868.68	**28,028,944,784.66**	34,111,434,568.32	27,143,799,729.80

The revenue is listed as follows:

	January-June 2015 (unaudited)	January-June 2014 (unaudited)
Revenue from principal operations		
Sales of goods and others	**28,019,213,155.25**	32,838,421,336.11
Forklift trucks services	**7,633,189,765.60**	–
	35,652,402,920.85	32,838,421,336.11
Other revenue		
Sales of materials	**465,039,233.16**	848,565,475.14
Sales of power	**17,780,467.40**	21,072,928.41
Lease income	**77,932,128.14**	36,084,272.17
Others	**242,105,119.13**	367,290,556.49
	802,856,947.83	1,273,013,232.21
	36,455,259,868.68	34,111,434,568.32

8. TAXES AND SURCHARGES

	January-June 2015 (unaudited)	January-June 2014 (unaudited)
Business tax	**3,403,665.60**	2,949,300.74
City construction tax	**47,038,265.07**	79,590,724.88
Educational surtax	**33,323,736.07**	57,348,818.39
Others	**12,286,967.15**	6,901,776.99
	96,052,633.89	146,790,621.00

9. INCOME TAX EXPENSES

	January-June 2015 (unaudited)	January-June 2014 (unaudited)
Current tax expenses	**496,543,757.39**	647,381,202.89
Deferred tax expenses	**(60,362,313.98)**	(165,685,288.82)
	436,181,443.41	481,695,914.07

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

		January-June 2015 (unaudited)	January-June 2014 (unaudited)
Total profit		**1,742,317,730.00**	4,476,152,224.97
Tax at statutory tax rate	*Note*	**435,579,432.50**	1,119,038,056.24
Effect of different tax rates applicable to parent company and some subsidiaries		**(139,498,940.77)**	(220,018,010.26)
Adjustments to current tax of previous periods		**(12,123,212.98)**	(3,810,824.42)
Profits and losses attributable to associates		**(14,228,711.64)**	(29,525,646.08)
Income not subject to tax		**(30,383,582.60)**	(448,390,211.92)
Expenses not deductible for tax		**48,719,130.40**	12,369,837.85
Tax incentives on eligible expenditures		**(25,149,261.49)**	(31,019,033.49)
Utilization of deductible losses from prior years		**(3,020,004.24)**	(25,168,138.07)
Unrecognized deductible losses		**162,020,156.39**	91,400,421.96
Effect of unrecognized deductible temporary difference		**1,753,494.82**	16,819,462.26
Others		**12,512,943.02**	–
Tax expense at the Group's effective tax rate		**436,181,443.41**	481,695,914.07

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 taxable profits arising in Hong Kong for the period.

10. EARNINGS PER SHARE (EPS)

The basic EPS is calculated by dividing the net profit of the current period attribute 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:

	January-June 2015 (unaudited)	January-June 2014 (unaudited)
Earnings		
Net profit of the current period attribute to ordinary shareholders of the Company	**969,149,138.37**	3,764,836,231.86
Shares		
Weighted average number of the ordinary shares outstanding of the Company *(Note 1)*	**3,998,619,278.00**	3,998,619,278.00
Basic EPS (RMB/share)	**0.24**	0.94

The Company holds no potential shares that are dilutive.

Note 1: Pursuant to the profit distribution scheme 2014 considered and approved on the 2014 annual general meeting of the Company, the capitalisation of surplus reserve occurred between the balance sheet date and the date of approval of these financial statements. Under the Accounting Standards for Business Enterprises, the earnings per share for each of the periods presented has been re-calculated based on the adjusted number of shares, namely 3,998,619,278 shares.

11. OTHER COMPREHENSIVE INCOME

	January-June 2015 (unaudited)	January-June 2014 (unaudited)
Net other comprehensive income attributable to shareholders of the parent after tax	**(62,863,128.95)**	(160,348,224.24)
Those other comprehensive income not to be reclassified into profit or loss in subsequent periods		
Changes arising from re-measuring net assets or net liabilities of defined benefit plan	**70,669,720.12**	–
Share of investee's other comprehensive income not to be reclassified into profit or loss using the equity method	**–**	(162,692,384.76)
Those other comprehensive income to be reclassified into profit or loss in subsequent periods		
Share of investee's other comprehensive income to be reclassified into profit or loss using the equity method	**(87,328.44)**	37,789,447.00
Change of fair value of available-for-sale financial assets	**87,380,000.00**	–
Effective portion of cashflow from hedging instrument	**(15,796,243.61)**	–
Exchange differences on foreign currency translation	**(205,029,277.02)**	(35,445,286.48)
Net other comprehensive income attributable to minority owners after tax	**120,048,918.54**	(2,471,923.47)
Net other comprehensive income after tax	**57,185,789.59**	(162,820,147.71)

12. DIVIDEND

The Board proposed on 27 August 2015 to distribute a 2015 interim cash dividend of RMB1.00 (including tax) for every 10 shares based on the total share capital of 3,998,619,278 shares of the Company (six months ended 30 June 2014: cash dividend of RMB1.00 for every 10 shares (including tax)). Please refer to the further announcement to be issued by the Company for details on the closure of registers of members in determining the shareholders who are eligible for the 2015 interim dividend.

Pursuant to an annual general meeting of shareholders of the Company held on 30 June 2015, a mandate has been given to the Board for the payment of the 2015 interim dividend.

13. COMPARABLE FIGURES

The Group obtained control over KION Group AG on 12 June 2014. As the assessment work was not yet completed at that stage, the fair value of the identifiable assets, liabilities or contingent liabilities acquired under the consolidation were only temporarily determined. Pursuant to s. 16 of the "Accounting Standards for Business Enterprises No. 20 – Business Combinations" (《企業會計準則第20號－企業合併》), recognition and measurement for the business combination based on the temporary values determined by the Group and adjustments to the temporary values so determined within 12 months upon acquisition shall be deemed to be recognition and measurement as at the date of acquisition. Adjustments have been made to the temporary values of the relevant items in these interim financial statements pursuant to the requirements under the accounting standard, and re-statements have been made for the relevant statements. Major impacts on the consolidated balance sheet for January to June 2015 caused by the re-statements to the aforesaid items are as follows:

January – June 2015

	Before re-statement at beginning of period	Re-statement "Accounting Standard for Business Enterprises No. 20 – Business Combination"	After re-statement at beginning of period
Fixed assets	22,219,357,185.13	1,290,035,509.12	23,509,392,694.25
Intangible assets	12,715,477,787.47	1,126,993,963.44	13,842,471,750.91
Goodwill	8,347,260,453.97	(573,205,976.79)	7,774,054,477.18
Deferred tax liabilities	3,628,608,697.29	756,347,843.04	4,384,956,540.33
Other comprehensive income	(342,209,472.70)	(46,276,429.99)	(388,485,902.69)
Retained earnings	26,419,607,056.45	(22,075,141.42)	26,397,531,915.03
Minority interests	8,386,683,156.04	1,155,827,224.14	9,542,510,380.18

As the purchase date is 12 June 2014, the aforesaid adjustments have had no significant impact on the comparative figures of these interim consolidated income statement of the Group, i.e. the consolidated income statement for the period from January to June 2014. Retrospective adjustments to the figures in the consolidated income statement for year 2014 of the Group are as follow:

January – December 2014

	Before re-statement	Re-statement	After re-statement
	Incurred during the year	"Accounting Standard for Business Enterprises No. 20 – Business Combination"	Incurred during the year
Cost of sales	62,547,775,525.88	71,134,984.61	62,618,910,510.49
Distribution and selling expenses	5,088,075,987.64	4,502,598.00	5,092,578,585.64
General and administrative expenses	6,405,263,078.43	21,610,568.03	6,426,873,646.46
Income tax expenses	1,181,199,964.08	(30,956,434.66)	1,150,243,529.42
Minority interests	759,993,324.72	(44,216,574.56)	715,776,750.16
Other comprehensive income	(1,274,541,284.32)	(138,968,258.23)	(1,413,509,542.55)

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I would like to present the reviewed interim results of the Company for the six months ended 30 June 2015.

I. Review of Operations

In the first half of 2015, amidst the complexity and adversity of the macroeconomic conditions and the increasing downside pressure, the Central Committee of the Communist Party of China and the State Council stood firmly by the main theme of making progress while maintaining stability in their work. Efforts were made to actively adapt to and lead the "new norms", implement macroscopic austerity measures in a scientific and precise manner, and steadfastly foster institutional reforms and innovations. The national economy was within a reasonable range, demonstrating a trend of gradual development towards stability and positivity amidst stability. In the first half of the year, gross domestic product reached RMB29.69 trillion, representing a year-on-year growth of 7.0%. On a quarter-to-quarter basis, it grew by 7.0% in the first quarter and 7.0% in the second quarter.

During the reporting period, under the influence of a multitude of factors including the slackened growth of the general economy, the drop in the pace of growth of fixed-asset investments, the doldrums of the development of the manufacturing industry, and the advanced spending under the implementation of the China IV Emission Standards, the heavy-duty truck market in the PRC remained gloomy and reported a substantial drop of sales volume, delivering sales of 295,500 units, representing a year-on-year decrease of 31.1%. Under such influence, during the reporting period, the Company reported sales of 64,900 units of heavy-duty truck engines, representing a year-on-year drop of 61.5%. The Company's market share in the auxiliary market for heavy-duty truck with a gross weight of above 14 tonnes reached 22.0%, maintaining the Company's leading position in the industry. Shaanxi Heavy-duty Motor Company Limited (陝西重型汽車有限公司), a controlling subsidiary of the Company, reported an aggregate sales of 27,900 units of heavy-duty trucks for the first half of the year, representing a year-on-year decrease of 43.6%, maintaining its ranking within the top five in the domestic heavy-duty truck industry in the PRC. Shaanxi Fast Gear Co., Ltd. (陝西法士特齒輪有限責任公司), a controlling subsidiary of the Company, has maintained its leading position in the industry with its aggregate sales of 229,300 units of gear boxes, representing a year-on-year decrease of 41.3%.

In the first half of 2015, fixed-asset investments in the PRC (excluding agricultural households) reached RMB23.71 trillion, representing a year-on-year growth of 11.4%, a drop of 5.9 percentage points in growth rate year-on-year. The total planned investments for newly-commenced construction projects reached RMB19.19 trillion, representing a year-on-year growth of 1.6%, a drop of 12 percentage point in growth rate year-on-year. Investments in property development reached RMB4.40 trillion, representing a year-on-year growth of 4.6%, a drop of 9.5 percentage points in growth rate year-on-year. Generally speaking, the pace of growth of fixed-asset investments in the PRC further decreased in the first half of the year, resulting in an inability to supply adequate drive for construction projects. As such, the construction machinery industry continued to show a pattern of suppressed performance as in last year, with a substantial drop in the sales of all of its segment markets. During the reporting period, the construction machinery market in the PRC reported sales of approximately 299,000 units, representing a year-on-year decrease of 23.4%, and among which, the sales volume of wheel loaders with a load capacity of 5 tonnes was 24,900 units, representing a year-on-year decrease of 56.3%. The Company sold a total of 17,300 units of engines for wheel loaders with a load capacity of 5 tonnes, representing a year-on-year decrease of 48.5% and accounting for 69.4% market share in the market of wheel loaders with a load capacity of 5 tonnes, representing an increase of 10.5 percentage points and maintaining its leading position in this sector.

During the reporting period, the passenger vehicle market achieved growth while maintaining stability. Benefiting from favorable factors including urbanization, China's passenger vehicle market reported an aggregate sales figure of 282,000 units, representing a year-on-year growth of 0.9%. Among such, the light passenger vehicle market further expanded in terms of proportion and continued to maintain its relatively fast growth momentum, registering a 4.4% growth year-on-year, and became the major force in driving the growth of the passenger vehicle market. Supported by national policies, the new-energy passenger vehicles segment demonstrated a pattern of rapid growth and fueled the passenger vehicles market with a positive driving force, and is poised to achieve further growth in future. On the other hand, with a share of the transportation market having been taken up by China's national express rail, and the increasingly stringent regulatory regime on the supervision of passenger transportation, market sectors including the public transportation market did not perform well, with a 9.2% year-on-year drop of the market of large-sized and medium-sized passenger vehicles. Affected by the aforesaid, during the reporting period, the Company's aggregate sales of engines for use in passenger vehicles amounted to 9,300 units, representing a year-on-year decrease of 7.5%, and accounted for 14.5% of the market share of the large-sized and medium-sized passenger vehicles, representing an increase of 0.3 percentage points year-on-year.

During the reporting period, the Company worked around the needs of the market in fostering structural adjustments of its products. Equipped with innovation, the Company led the trend of industrial development and continued to maintain a pattern of steady growth. In the first half of 2015, the Company reported a sales figure of 92,000 units of 10L, 12L and 13L engines, maintaining the stable leading position of heavy-duty engine products in the heavy-duty truck market, the market of wheel loaders with a load capacity of 5 tonnes and the market of passenger vehicles with a span of over 11 metres. Meanwhile, the Company's self-researched and self-developed "Landking" WP5 and WP7 engines, to which it owns intellectual property rights, generated total sales of 5,905 units during the first half of the year, representing a year-on-year decrease of 18.5%, and among which, 4,548 units were used in passenger vehicles, representing a year-on-year decrease of 20.5%. This demonstrated the prominent competitive advantages of our integrated engine products and the ample prospects for corporate development. During the reporting period, Shaanxi Heavy-duty Motor Company Limited, a controlling subsidiary of the Company, explored the possible implementation of products series operations business model with the interdisciplinary connections among product design, delivery, marketing etc. based on customer requirements. Remarkable growth was reported in sales volume of truck market. The growth of the gear box business of Shaanxi Fast Gear Co., Ltd. amidst the adversity faced by the market, together with the steady rise of its overall market share and market sales volume, acted as an important support to guard against the market fluctuations in the industry, and further articulated the effectiveness of the adjustment of product structure.

During the reporting period, the Company remained committed to the main theme of reforms and innovations. It adhered to the scientific approach of development under the notion of "Grow organically and driven by innovation", expedited its transformation, uplifted the all-round quality of development, and attained sound and stable development. Firstly, we became a pioneer in the market by launching its "Smart Power Platform" by integrating Weichai's WOS operation management system, the global research and development community, the global supply chain system and the whole-life-cycle membership-based dedicated service system, and leveraged on the smart products including the high-power and high-performance heavy-duty engines WP13 products, the medium-to-heavy-duty series Jing V (京Ⅴ) Products (including both General Jing V and Special Jing V), to lead the pace of replacement of internal combustion engines in China. Secondly, we adhered to a market-oriented approach in the adjustments of our product structure and our fostering of the collaborated development of traditional products and strategic products. Meanwhile, we adjusted our market strategies timely to better respond to the threat arising from the vertical integration of the industry. Thirdly, we intensified our efforts on the after-sales market business. By focusing on the potential needs of our customers and proactively innovating our business models, the Group has, on the foundation of its business of assembling parts, expanded its scope of business to two new areas, namely, repairing parts and re-engineering parts, thus forming a three-in-one system of spare parts and components and achieved important breakthroughs. Fourthly, we have gained solid progress in respect of international development. With the commencement of operation of the Linde Hydraulics factory in China, the localization of hydraulics products entered a new stage, better augmenting the synergy presented by the availability of global resources. With the stable implementation of our factory construction projects in India and the technology export projects in Myanmar and Ethiopia, the model of local manufacturing in overseas market has become more sophisticated. We also forged closer cooperation with strategic customers in countries including Vietnam, Russia and Iran, setting new scene for exploring international markets for the products of Weichai. Fifthly, we stood firmly by management innovation to achieve higher efficiency in the Company's operation. Under the guiding notion of "Authorization in place, Duties in place and Assessment in place", we further rationalized our model of management of control, and continued to optimize our organizational structure, processes and systems. In tandem with our development planning and taking into account our business requirements, we embarked upon the analysis of job positions and engaged the work of matching right persons with the right positions, thereby uplifting the level of fundamental management and raising the operational efficiency of the organization.

During the reporting period, the Company's revenue increased by approximately 6.9% compared with that in 2014 to approximately RMB36,455 million. The net profit attributable to shareholders of the parent company was approximately RMB969 million, representing a decrease of approximately 74.3% compared with that in 2014. The basic earnings per share was RMB0.24, representing a decrease of approximately 74.5% compared with that in 2014.

II. Dividends and Capitalisation of Surplus Reserve

On 30 June 2015, the 2014 profit distribution scheme was considered and approved on the 2014 annual general meeting, the first general meeting of holders of A Shares in 2015 and the first general meeting of holders of H Shares in 2015. Based on the total share capital of 1,999,309,639 shares as at 31 December 2014 of the Company, the Company distributed to all shareholders a cash dividend of RMB1.50 (including tax) for every 10 shares held and issued 10 shares to all shareholders by capitalisation of surplus reserve for every 10 shares held.

On 27 August 2015, under the authority granted by the shareholders of the Company, the Company considered and approved the distribution to all shareholders of a cash dividend of RMB1.00 (including tax) for every 10 shares held based on the 3,998,619,278 shares, representing the total share capital of the Company, without any capitalisation of reserve. Please refer to the further announcement to be issued by the Company for further details of the closure of register of members for the purpose of determining the entitlement of shareholders in receiving the interim dividend for 2015.

III. Acquisition and Consolidation

In the first half of the year, in order to enhance the core competitiveness of the Company and uplift the level of its international operation, and in view of the sound business performance of KION Group AG ("KION") during the period, it was resolved by the Board of Directors that the Company shall acquire 4.95% of shares of KION held by Superlift, pursuant to which our shareholding in KION increased from 33.3% to 38.25%, maintaining the Company's status as the single largest shareholder of KION.

IV. Outlook and Prospects

In the second half of 2015, the macroeconomic conditions are still expected to be complicated. On a global perspective, the economy will maintain its trend of slow recovery with an anticipated annual growth of approximately 2.8%. The generally positive economic outlook in major developed economies including Europe, the United States and Japan is bringing an upturn in their contribution rate to the global growth, whilst the economic growth in emerging economies will remain slow given the existing uncertainties and instability. In China, the economy is undergoing a key stage of transformation and structural adjustments. Despite the downside pressure of the economy in the short run under the persistent impact of the overlapping among the period of switching pace of economic growth, the period of agony amidst structural adjustments and the period of digesting previous stimulus policies as well as the transition between old and new drives for growth, there is still ample room for economic growth in the long run with the ongoing release of reform benefit. Generally speaking, economic growth of China in the second half of the year is not expected to experience significant fluctuation. On the whole, the economy will demonstrate a rising trend while maintaining stability. It is expected that the full-year GDP will grow at about 7.0%, and a higher GDP growth in the second half of the year is highly-probable.

The Company is cautiously optimistic about the development trend of its related industries. In the second half of 2015, with the successive introduction of national policies to stabilize growth, the economy is expected to show signs of stability, which will be beneficial to the development of heavy-duty truck market: The steady progress of the three major strategies, being "One Belt and One Road", the economic integration of Beijing, Tianjin and Hebei and the development of Yangtze River Economic Zone, will lead to a new trend of investment boom; the expedition of China's "new-model" urbanization will drive growth in related industries such as infrastructure construction; new opportunities for the development of the logistics industry will be opened up by the establishment of new free trade zones and e-commence development; the expedited elimination of yellow-label (i.e. highly polluting) vehicles will also stimulate the sales of heavy-duty trucks to a certain extent. Briefly speaking, the heavy-duty truck market will experience a rebound in the second half of the year. The overall decline is expected to be further narrowed, and truck sales is expected to attain approximately 600,000 on a full-year basis. But, the situation still remains difficult, and the industry will enter into an adjustment cycle. Revitalization of the market is still dependent on the support of the sustainable, robust and effective national policies.

The driving force generated by the national policy on stabilizing growth will further expedite the construction of infrastructure facilities including railways, highways and hydraulic works. In the second half of the year, the construction machinery industry is expected to stabilize and come to a rising period, following the previous decline. In the first half of 2015, 228 projects under the "seven key investment projects" have commenced, with an accumulated investment amounting to RMB3.3 trillion. Together with the recent addition of four new major construction projects, there are a total of 11 construction projects, which will undoubtedly lead to a new round of infrastructure construction boom. The efforts in railway construction have been increasingly expanding with its annual total investments amounting to RMB800 billion. In the first half of the year, only RMB265.13 billion of the investment has been utilized, which means there is tremendous room for further construction. In addition, the favorable news including the "Made in China 2025" strategy, "One Belt and One Road", China's "new-model" urbanization and the large-scale renovation of shack areas, will bring forth sound opportunities for the growth of the industry. However, due to the present structural problems such as the excessively high inventory holding, a longer period of time for the release of investment will be required for the recovery of the industry.

At present, regulations on emissions are increasingly tightened and the upgrade of technology is undergoing development at an accelerated pace. The relevant national authorities are actively raising the emission standard on motor vehicles and are planning to fully implement the China V Emission Standards on petrol-driven and diesel-driven vehicles in major cities of the Beijing-Tianjin-Hebei Area, Yangtze River Delta and Pearl River Delta with effect from 2016; whilst China VI Emission Standards to be applicable to heavy-duty diesel vehicles has also been officially been released and the switching process is expected to be completed by the end of 2016. As such, some segments of the market will experience a new round of shuffling and the elimination of backward production capacities shall be accelerated. Leveraging upon its advanced technology, large-scale production of high-quality products, synergy presented by the availability of global resources and strong base of loyal customers, the Company has started its preparation work in advance and made positive progress, capturing a leading position in the new round of upgrade and will be poised to maintain its leading position in the market of high power engines, heavy-duty gear boxes and complete heavy-duty truck. The Board has full confidence in the development prospect of the Company.

In 2015, the Company identified eleven battles that it must win, covering various aspects of business operations such as cultural construction, management enhancement, formation of core product competence, cost saving, efficiency enhancement, and international corporate development, etc. constituted a new target to direct the Company's next round of reforms and innovations. In the second half of the year, the Company will work strenuously on the following:

Firstly, the Company will adhere to a customer-oriented approach, stand firmly by producing good products, benchmark itself against leading industry standards and build new engines to drive corporate development with internal capability and innovation. Through the competitive advantages in managing as well as controlling costs with the perspective of the whole value chain and products diversity which creates value for customers, the Company will shape products with the "Three Core Competitiveness" in terms of cost, technology and quality, ensuring that it will maintain its leading position in the market amidst the increasingly fierce market competition. Secondly, by taking into account its business operations, the Company will enhance the Weichai WOS operation management model to systematically streamline the indicators, processes and systems, establish a hierarchical meeting management system, forming an operation management system that is replicable, feasible and evaluable, in order to further regulate management order and unify management language. Thirdly, the Company will solidly foster the construction of IT engineering infrastructure and smart manufacturing projects, and closely align the Internet's DNA with the actual reality of Weichai to construct a smart manufacturing model with Weichai's characteristics so as to uplift the standards of smart manufacturing for the enterprise. Fourthly, the Company will implement innovative business models by relying on resources including customer relationship management system, all-process service system and global distribution system for accessories, explore the setting up of an e-commence platform, and create a responsive, highly effective and comprehensive customer service network to achieve positive interactions between online and offline resources and assist the enterprise to migrate from production-based manufacturing to service-based manufacturing. R&D efforts on the new-generation heavy-duty truck products will steadily proceed for the heavy-duty truck segment. The Company will continue to explore the integration potentials of the existing products of tractors and self-unloading vehicles, seeking to expand the market share of the natural-gas-driven vehicles and doing full preparation work in anticipation of subsequent growth. Companies producing gear boxes will carry on with their efforts on products which are light-weighted, automated and multi-gear by expediting the progress of major R&D projects on AT/AMT, S-series gearboxes and gearboxes for passenger vehicles and stepping up marketing efforts for new products. For the components segment, we will intensify our research and innovation, enhance core competitiveness of our products and make good use of the synergy between the component business segment and the engine business segment.

At the same time, we will follow the notion of global development. Under the principle of "Unified Strategy, Independent Operation, Resources Sharing", we will further streamline the mechanism for the control over overseas branches and subsidiaries, coordinate the needs for expanding the domestic and international markets and international business development, accelerate the coordinated development of our business in complete vehicles, powertrains, hydraulics controlling parts, automobile components and after-sales market business segment, in order to fully utilize the synergetic advantage of the brands, technology, manufacturing, market and management of the domestic and overseas companies, continue to enhance the quality and image of the Company's development, and boost the overall capability to manage risks.

V. Appreciation

Last but not least, I would like 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 last six months!

MANAGEMENT DISCUSSION AND ANALYSIS

The Directors are pleased to present a management discussion and analysis of the results of operations of the Group for the Period as follows:

I. Industry Analysis

The Company is one of the vehicles and equipments manufacturing conglomerate in China with the best comprehensive strengths. It is a leading company in the market of powertrain, complete vehicles and machines, hydraulic controlling parts and automotive electronics parts and components. It is equipped with the most comprehensive supply chain of engines, gear boxes and axles and offers the related after-sales market services.

1. Heavy-duty Vehicle Industry

In the first half of 2015, the macroeconomic conditions in the PRC continued to sustain a slowing pace of growth as in the previous year. In the first half of the year, gross domestic product reached RMB29.69 trillion, representing a year-on-year growth of 7.0%. Influenced by a multitude of factors including the doldrums of the development of the manufacturing industry, the drop in the pace of growth of fixed-asset investments, and the advanced spending under the implementation of the China IV Emission Standards, the heavy-duty truck market in the PRC reported substantial drop of sales volume. During the Period, the heavy-duty truck market in the PRC delivered sales of approximatety 295,500 units, representing a year-on-year decrease of 31.1%.

2. Construction Machinery

During the Period, fixed-asset investments of China reached RMB23.71 trillion, representing a year-on-year growth of 11.4%, a drop of approximately 5.9 percentage points year-on-year. Both the total planned investments for newly-commenced construction projects and investments in property development grew at much lower rates, with a drop of approximately 12 and 9.5 percentage points respectively. As such, the construction machinery industry reported substantial drop in the sales of all of its segment markets. During the Period, the construction machinery market in the PRC reported sales of approximately 299,000 units, representing a year-on-year decrease of 23.4%.

3. Passenger Vehicle Market

During the Period, supported by the government's policy concerning new-energy vehicles and in view of urbanization construction, the light passenger vehicle and the new-energy passenger vehicles segment became the driving force for the passenger vehicles market. In the first half of 2015, the passenger vehicle market in the PRC achieved growth while maintaining stability. China's passenger vehicle market reported an aggregate sales figure of 282,000 units, representing a year-on-year growth of 0.9%.

4. Forklift Truck Industry

In the first half of 2015, benefiting from low oil prices, export growth of the Eurozone as driven by the weak Euro, and the expansionary monetary policies adopted in a number of countries, the global order for forklift trucks increased to approximately 575,000 units, representing an increase of 3.4% year-on-year. The markets of Western Europe and North America continued to recover, while emerging markets demonstrated downturns of varying degrees, with Russia, Brazil and China reporting a drop of 51.4%, 37.4% and 10.2% respectively.

II. The Group's Business

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

1. Sale of Diesel Engines

For use in Heavy-duty Trucks

In the first half of the year, under the substantial drop of sales volume in the heavy-duty truck market in the PRC, the Company's aggregate sales of heavy-duty truck engines amounted to approximately 64,900 units during the Period, representing a year-on-year drop of 61.5% from approximately 168,300 units in the corresponding period last year. The Company's market share in the heavy-duty truck with a gross weight of above 14 tonnes reached 22.0%, maintaining the Company's leading position in the industry.

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 in the PRC. During the Period, the Group's sales of engines for wheel loader with a load capacity of 5 tonnes were approximately 17,300 units, representing a year-on-year decrease of 48.5%. The Company's market share in the market of wheel loader with a load capacity of 5 tonnes was approximately 69.4%, representing an increase of approximately 10.5 percentage points from the same period last year, and maintaining the Company's leading position in the market.

For use in Passenger Vehicles

During the Period, despite the slight growth of the domestic passenger vehicle market, the segment market of large-sized and medium-sized passenger vehicles reported a decrease of 9.2% year-on-year in light of the weak demand in the public passenger transportation market. The Company's aggregate sales of engines for use in passenger vehicles amounted to approximately 9,300 units, representing a year-on-year decrease of approximately 7.5%, and accounting for approximately 14.5% of the market share of the large-sized and medium-sized passenger vehicles, representing slight year-on-year increase from the corresponding period last year.

2. Forklift Trucks Production and Warehousing Technology Services

Benefiting from the growth of the forklift truck industry, the ongoing recovery of the Western European market and the robust growth in the North American and Asian markets, the Group reported an increase of orders for forklift trucks to approximately 85,400 units in the first half of 2015, representing an increase of 6.9% year-on-year. Orders on hand amounted to EUR2,565 million, representing an increase of 8.2%. Before elimination of intra-group sales, the forklift trucks production and warehousing technology services business contributed sales revenue of approximately RMB16,782 million to the Group during the Period.

3. Sale of Heavy-duty Trucks

During the Period, the Group reported an aggregate sales of approximately 27,900 units of heavy-duty trucks, representing a decrease of 43.6% from approximately 49,500 units sold during the corresponding period of 2014. Shaanxi Heavy-duty Motor Company Limited, a controlling subsidiary of the Company, maintained its ranking within the top five in the domestic heavy-duty truck industry in the PRC. Before elimination of intra-group sales, the heavy-duty trucks business contributed sales revenue of approximately RMB8,151 million to the Group during the Period.

4. Sale of Heavy-duty Gear Boxes

During the Period, the Group sold approximately 229,300 units of heavy-duty gear boxes, representing a decrease of 41.3% compared to approximately 390,000 units sold in the corresponding period of 2014, and maintaining its leading position in the industry. Before elimination of intra-group sales, the gear boxes business contributed sales revenue of approximately RMB3,246 million to the Group during the Period.

5. *Sale of Parts and Components of Engine and Heavy-duty Trucks and Hydraulics Controlling Parts*

Apart from the production and sale of diesel engines for trucks and construction machinery, heavy-duty trucks and heavy-duty gear boxes, the Group is also engaged in the production and sales of engine parts and components and other truck parts and components such as: spark plugs, axles, chassis, air-conditioner compressors, hydraulics controlling parts etc. During the Period, the Group's sales of parts and components of engines and trucks and hydraulics controlling parts were approximately RMB2,634 million, representing a year-on-year decrease of approximately 15.0%, compared to the sales revenue of RMB3,100 million in the corresponding period in last year.

III. Financial Review

1. *The Group's Results of Operations*

a. *Revenue*

The Group's revenue increased by approximately RMB2,344 million or approximately 6.9% from approximately RMB34,111 million in the corresponding period of 2014 to approximately RMB36,455 million for the Period. In particular, the revenue from principal operations increased by approximately 8.6%, from approximately RMB32,838 million in the corresponding period of 2014 to approximately RMB35,652 million for the Period. The revenue of the period increased by approximately RMB16,357 million after the consolidation of KION Group AG ("KION") during the Period. Disregarding the effect of consolidation of KION, the revenue would have decreased by approximately 41.1%. This was primarily due to the substantial decrease in the sales of the heavy-duty truck industry during the Period. Other revenue decreased by approximately 36.9%, from approximately RMB1,273 million in the corresponding period of last year to approximately RMB803 million for the Period.

b. *Profit from Principal Operations*

During the Period, the Group generated gross profit from principal operations in the amount of approximately RMB8,338 million, representing an increase of approximately RMB1,497 million or 21.9% as compared to approximately RMB6,841 million recorded in the corresponding period of 2014. The Group's efforts in fostering international development, diversifying product mix, innovating and optimizing product structure, as well as controlling the cost effectively increased the profit margin of principal operations. The profit margin of principal operations increased by approximately 2.6 percentage points, from approximately 20.8% in the corresponding period of 2014 to approximately 23.4% for the Period.

c. Distribution and Selling Expenses

Distribution and selling expenses increased by approximately RMB1,327 million or 86.0% to approximately RMB2,870 million in the Period from approximately RMB1,543 million in the corresponding period of 2014. The increase of distribution and selling expenses was primarily attributable to the consolidation of KION Group AG. At the same time, with the different business model of KION, the distribution and selling expenses as a percentage of revenue was relatively higher at approximately 12.1%. Leading to overall percentage increased from approximately 4.5% in the corresponding period of last year to approximately 7.9% in the Period.

d. General and Administrative Expenses

General and administrative expenses increased by approximately RMB1,479 million or 71.1% from approximately RMB2,078 million in the corresponding period of 2014 to approximately RMB3,557 million in the Period, which was mainly due to the increase of approximately RMB1,789 million in the general and administrative expenses after the consolidation of KION during the period.

e. Operating Profit before Finance Expenses

During the Period, the Group's operating profit before finance expenses decreased by approximately RMB2,656 million or a substantial decrease of approximately 58.0% to approximately RMB1,925 million in the Period from approximately RMB4,581 million in the corresponding period of the last year. It was primarily attributable to the substantial decrease of revenue in the PRC during the Period and one-off gain of approximately RMB1,671 million arising from the consolidation of KION in the corresponding period of the last year, causing the Group's operating margin to drop to approximately 5.3% from approximately 13.4% for the corresponding period of 2014.

f. Finance Expenses

Finance expenses increased by approximately 74.7% to approximately RMB183 million in the Period from approximately RMB105 million in the corresponding period of 2014. The consolidation of KION increased the financial expenses, which eliminated the saving in interest expenses upon the repayment of RMB1.3 billion medium-term notes as in the second half of 2014. By the end of this Period, the bank borrowings and corporates bonds of KION was approximately EUR 934 million in total.

g. Income Tax Expenses

The Group's income tax expenses decreased by 9.4% from approximately RMB482 million in the corresponding period of 2014 to approximately RMB436 million in the Period. During the Period, the Group's average effective tax rate was approximately 25.0%, representing a substantial increase as compared to approximately 10.8% in the corresponding period of last year, which was primarily because the average effective tax rate of KION during the period was up to 31.7% and the comparative number in the corresponding period of 2014 was affected by the one-off gain arising from the consolidation of KION.

h. Net Profit and Net Profit Margin

The Group's net profit for the Period decreased by approximately RMB2,688 million or 67.3% from approximately RMB3,994 million in the corresponding period of 2014 to approximately RMB1,306 million in the Period. Net profit margin for the Period was approximately 3.6%, a substantial decrease of 8.1 percentage points from approximately 11.7% in the corresponding period of last year. This was primarily attributable to the decrease of revenue in the PRC, the lower net profit margin of KION and the one-off gain incurred arising from the consolidation of KION in the corresponding period of last year.

i. Liquidity and Cash Flow

During the Period, the Group generated operating cash flows of approximately RMB1,528 million. A portion of such proceeds was applied to acquiring 4,900,000 KION shares held by Superlift (representing 4.95% of the issued share capital of KION), and for paying for the acquisition of property, plant and equipment for the expansion of the Group's business. As at 30 June 2015, the Group had a net cash (cash and cash equivalents net of interest-bearing debts) of approximately RMB910 million (31 December 2014: net cash (cash and cash equivalents net of interest-bearing debts) of approximately RMB1,877 million). Based on the calculation above, the debt to equity ratio was not applicable to the Group as the Group was in a net cash position (as at 31 December 2014: 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 Accounting Standards for Business Enterprises. As such, on the annual general meeting 2010 of the Company held on 18 May 2011, it was resolved that with effect from 2011, the Company would only adopt Mainland accounting standards in its preparation of financial statements. 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 30 June 2015, the Group had total assets of approximately RMB115,171 million, of which approximately RMB59,726 million were current assets. As at 30 June 2015, the Group had cash and cash equivalents of approximately RMB22,121 million (as at 31 December 2014: RMB24,434 million). On the same date, the Group's total liabilities amounted to approximately RMB73,636 million, of which approximately RMB43,358 million were current liabilities. The current ratio was approximately 1.38 (as at 31 December 2014: 1.34).

c. *Capital Structure*

As at 30 June 2015, the Group had total equity of approximately RMB41,535 million, of which approximately RMB31,942 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 30 June 2015 amounted to approximately RMB18,846 million, including debenture of approximately RMB5,525 million and bank borrowings of approximately RMB13,321 million. The bank borrowings included approximately RMB4,667 million of fixed interest rate bank borrowings and approximately RMB8,654 million of floating interest rate bank borrowings. The Group's borrowings maturing within one year from 30 June 2015 amounted to approximately RMB7,402 million and borrowings maturing in more than one year from 30 June 2015 amounted to approximately RMB11,444 million. As at 30 June 2015, the Group's borrowings mainly comprised Renminbi-denominated borrowings and Euro-denominated borrowings. The Group's revenue was mainly Renminbi-denominated, while the revenue generated by KION, a subsidiary of the Group, was mainly denominated in Euro. The Group, therefore, does not consider its foreign exchange risk significant. However, the management will monitor its foreign exchange risk and consider to hedge against any material foreign exchange risk as and when necessary. 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 30 June 2015, bank deposits, notes receivables and accounts receivable of approximately RMB7,023 million (as at 31 December 2014: RMB12,276 million) were pledged to banks to secure the Group's notes payables and notes receivables issued by banks. The pledged bank deposits carry interest at prevailing bank interest rates. The pledge will be released upon the settlement of the relevant bank borrowings. The fair value of the bank deposits at the balance sheet date is approximately the same as the carrying amount.

e. *Contingencies*

As at 30 June 2015, the Group provided to certain distributors and agents bank guarantee amounting to approximately RMB912 million (as at 31 December 2014: approximately RMB812 million) to secure their obtaining and use of banking facilities.

As at 30 June 2015, 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 amounted to approximately RMB892 million (as at 31 December 2014: approximately RMB1,142 million).

f. Commitments

As at 30 June 2015, the Group had approximately RMB2,020 million capital commitments (as at 31 December 2014: approximately RMB2,120 million), among which contracted capital commitments amounted to approximately RMB2,020 million, principally for the capital expenditure in respect of acquisition of property, plant and equipment.

As at 30 June 2015, the Group had no investment commitments (as at 31 December 2014: nil).

3. Other Financial Information

a. Employees

As at 30 June 2015, the Group had approximately 62 thousand employees (including approximately 23 thousand employees of KION). During the Period, the Group had paid remuneration of approximately RMB6,818 million. 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 merits, qualifications and competence.

b. Major Investment

During the Period, Weichai Power (Luxembourg) Holding S.a r.l. ("Weichai Lux"), a wholly-owned subsidiary of the Group, acquired 4,900,000 KION shares, representing 4.95% of the issued share capital of KION, from Superlift Holding, S.a r.l. ("Superlift") at a total consideration of EUR186,935,000 or EUR38.15 per KION share. Upon completion of the acquisition, the Group's shareholding in KION has increased from 33.3% to 38.25%, further consolidating the Company's control over KION, which is in line with the Company's strategy of further enhancing the strategic alliance with KION and optimising the allocation of the Group's assets.

c. Major Acquisition and Disposal

As at 7 May 2015, KION had signed an agreement with the Belgian automation specialist Egemin Group to purchase its Handling Automation division for approximately €72 million. The transaction is expected to be closed in the course of the third quarter of this year.

Save as disclosed above, the Group did not have any other major acquisition or disposal during the Period.

d. Subsequent Events

(i) Issuance of Bonds by an overseas wholly-owned subsidiary and the Company's provision of guarantee

Pursuant to the resolutions of the Board in its sixth provisional meeting held on 13 July 2015, in order to repay the bank loans involved in the Group's acquisition of further shares in KION, Weichai International (Hong Kong) Energy Group Co., Ltd., a wholly-owned subsidiary of the Company, intends to issue bonds overseas in the total amount of EUR500 million or its equivalent amount in US Dollars. The Company intends to provide unconditional and unsubordinated guarantee for this issuance of bonds.

(ii) Exercise of Put Option by LMH

On 31 August 2012, the Company, through its indirectly wholly-owned subsidiary Weichai Lux, entered into a Framework Agreement with KION, for the acquisition of a 70% interest in both LHY GP and LHY Co from KION. Linde Material Handling GmbH ("LMH"), a wholly-owned subsidiary of KION, held the remaining 30% shareholding in LHY GP and LHY Co (hereinafter the "Transaction"). The Transaction was completed on 27 December 2012. Pursuant to the Framework Agreement, LMH was granted a put option to request Weichai Lux to acquire from LMH a 20% interest in both LHY GP and LHY Co and such option is exercisable during any time (i) within the six months after the fourth anniversary of Completion, or (ii) within three months after the second anniversary of the completion of the listing of KION. The trading of the KION shares on the Frankfurt Stock Exchange commenced on 28 June 2013 (Central European Time).

On 20 July 2015, LMH exercised the put option by serving a written notice to Weichai Lux, to request Weichai Lux to acquire from LMH a 20% interest in both LHY GP and LHY Co. The consideration for this Transaction was EUR77,429,000. As of the date of this announcement, the Transaction was yet to be completed.

OTHER INFORMATION

Directors' and Supervisors' Interests in Shares and Underlying Shares

As at 30 June 2015, 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 (the "Model Code"), were as follows:

Name of Director	Capacity	Number of "A" shares held	Number of "H" shares held	Percentage of the issued share capital of the Company
Tan Xuguang	Beneficial owner	14,710,649 *(Note 1)*	–	0.74%
Zhang Quan	Beneficial owner	3,421,081 *(Note 1)*	–	0.17%
Xu Xinyu	Beneficial owner	3,421,081 *(Note 1)*	–	0.17%
Sun Shaojun	Beneficial owner	3,421,081 *(Note 1)*	–	0.17%

Name of Supervisor	Capacity	Number of "A" shares held	Number of "H" shares held	Percentage of the issued share capital of the Company
Lu Wenwu	Beneficial owner	150,000	–	0.008%

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

3. The percentage shareholding is calculated on the basis of 1,999,309,639 issued shares of the Company as at 30 June 2015 (comprising 1,513,549,639 "A" shares and 485,760,000 "H" shares).

Interests in the shares of associated corporations of the Company

Name of Director	Name of associated corporation	Nature of interest	Class and number of securities interested or deemed to be interested	Approximate percentage interest in the entire issued share capital of associated corporations
Gordon Riske *(Note)*	KION Group AG	Beneficial owner	227,350 ordinary shares	0.23%
		Interest held by spouse	3,000 ordinary shares	0.003%

Note: Gordon Riske, a non-executive Director, was the beneficial owner of 227,350 shares in KION Group AG and he was also deemed to be interested in 3,000 shares in KION Group AG which were beneficially held by his wife, Ms. Benita Riske.

Save as disclosed above, as at 30 June 2015, 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.

Details of Changes in Share Capital and Substantial Shareholders' Shareholdings

(I) Changes in share capital

Changes in share capital (as at 30 June 2015)

	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	467,464,752	23.38%	–	–	–	–	–	467,464,752	23.38%
1. State-owned shares	–	–	–	–	–	–	–	–	–
2. State-owned legal person shares	410,632,752	20.54%	–	–	–	–	–	410,632,752	20.54%
3. Shares held by other domestic entities	56,832,000	2.84%	–	–	–	–	–	56,832,000	2.84%
including: Shares held by domestic non-state-owned legal persons	–	–	–	–	–	–	–	–	–
Shares held by domestic natural persons	56,832,000	2.84%	–	–	–	–	–	56,832,000	2.84%
4. Shares held by foreign entities	–	–	–	–	–	–	–	–	–
including: Shares held by overseas legal persons	–	–	–	–	–	–	–	–	–
Shares held by overseas natural persons	–	–	–	–	–	–	–	–	–
II. Non-restricted circulating shares	1,531,844,887	76.62%	–	–	–	–	–	1,531,844,887	76.62%
1. RMB ordinary shares	1,046,084,887	52.32%	–	–	–	–	–	1,046,084,887	52.32%
2. Domestic listed foreign shares	–	–	–	–	–	–	–	–	–
3. Overseas listed foreign shares	485,760,000	24.30%	–	–	–	–	–	485,760,000	24.30%
4. Others	–	–	–	–	–	–	–	–	–
III. Total number of shares	1,999,309,639	100%	–	–	–	–	–	1,999,309,639	100%

(II) Shareholdings of the Substantial Shareholders (as at 30 June 2015)

Total number of Shareholders The number of shareholders is 169,730 among which 169,460 are shareholders of "A" shares and 270 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	24.23%	484,419,934	–	N/A
Weichai Group Holdings Limited	State-owned legal person	16.83%	336,476,400	336,476,400	–
Weifang Investment Company	State-owned legal person	3.71%	74,156,352	74,156,352	–
IVM Technical Consultants Wien Gesellschaft m.b.H	Overseas legal person	1.98%	39,600,000	–	–
Peterson Holdings Company Limited	Overseas legal person	1.84%	36,796,538	–	–
Shenzhen Chuangxin Investment Group Co., Ltd	Domestic non-state-owned legal person	1.37%	27,426,912	–	–
Tan Xuguang	Domestic natural person	0.74%	14,710,649	14,710,649	
CITIC Securities Company Limited	Domestic non-state-owned legal person	0.57%	11,365,388	–	–
Shandong Enterprise Trust Operation Company Limited	Domestic non-state-owned legal person	0.48%	9,572,200	–	–
Guangxi Liugong Company Limited	State-owned legal person	0.43%	8,621,856	–	–

Shareholdings of the top ten non-restricted shareholders

Name of shareholder	**Number of the non-restricted shares held**	**Types of shares**
HKSCC Nominees Limited	484,419,934	Overseas listed foreign shares
IVM Technical Consultants Wien Gesellschaft m.b.H	39,600,000	RMB ordinary shares
Peterson Holdings Company Limited	36,796,538	RMB ordinary shares
Shenzhen Chuangxin Investment Group Co., Ltd	27,426,912	RMB ordinary shares
CITIC Securities Company Limited	11,365,388	RMB ordinary shares
Shandong Enterprise Trust Operation Company Limited	9,572,200	RMB ordinary shares
Guangxi Liugong Group Company Limited	8,621,856	RMB ordinary shares
PICC Life Insurance Company Limited	7,519,437	RMB ordinary shares
Credit Suisse (Hong Kong) Limited	6,048,748	RMB ordinary shares
Gao Xiang	5,571,900	RMB ordinary shares

Note:

1. It is not certain whether there is any connected relationship among the top ten shareholders and the other top ten non-restricted shareholder or whether there is any acting in concert relationship among them.

2. Among the shareholders, Gao Xiang, a shareholder held 5,062,900 shares through general account and 509,000 shares through client account of collateral securities for margin trading at Huatai Securities Company Limited, totaling 5,571,900 shares.

3. No earmarked repurchase transaction has been conducted by the top ten shareholders and the top ten non-restricted shareholders of the Company during the reporting period.

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 30 June 2015, the following persons (other than the directors, chief executive and 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	336,476,400	22.23%	–	–	16.83%
Shandong Heavy Industry Group Co., Ltd. *(Note 1)*	Held by controlled corporation	Long	336,476,400	22.23%	–	–	16.83%
State-owned Assets Supervision and Administration Commission of Shandong Province ("Shandong SASAC") *(Note 1)*	Held by controlled corporation	Long	336,476,400	22.23%	–	–	16.83%
Brandes Investment Partners, LP	Investment manager	Long	–	–	78,578,612	16.18%	3.93%
Lazard Asset Management LLC	Investment manager	Long	–	–	63,164,476	13.00%	3.16%
JPMorgan Chase & Co.	Beneficial owner	Long	–	–	2,621,183	0.54%	0.13%
	Investment manager	Long	–	–	13,493,548	2.78%	0.68%
	Custodian – Corporation/ approved lending agent	Long	–	–	51,856,120	10.67%	2.59%
					67,970,851	13.99%	3.40%
	Beneficial owner	Short	–	–	1,600	0.00%	0.00%
Templeton Investment Counsel, LLC	Investment manager	Long	–	–	34,224,980	7.05%	1.71%
Lazard Emerging Markets Equity Portfolio *(Note 2)*	Investment manager	Long	–	–	23,707,500	5.86%	1.42%
Barclays PLC	Person having a security interest in shares	Long	–	–	525,552	0.11%	0.03%
	Interest of corporation controlled by the substantial shareholders	Long	–	–	25,453,050	5.24%	1.27%
					25,978,602	5.35%	1.30%
	Interest of corporation controlled by the substantial shareholders	Short	–	–	24,102,475	4.96%	1.21%

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
Deutsche Bank Aktiengesellschaft	Beneficial owner	Long	–	–	19,585,133	4.03%	0.98%
	Person having a security interest in shares	Long	–	–	1,931,000	0.40%	0.10%
	Interest of corporation controlled by the substantial shareholders	Long	–	–	104,300	0.02%	0.01%
	Custodian–Corporation/ approved lending agent	Long	–	–	5,728,400	1.18%	0.28%
					27,348,833	5.63%	1.37%
	Beneficial owner	Short	–	–	18,718,000	3.85%	0.94%
BlackRock, Inc.	Interest of corporation controlled by the substantial shareholders	Long	–	–	24,519,055	5.05%	1.23%
	Interest of corporation controlled by the substantial shareholders	Short	–	–	69,000	0.01%	0.00%

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 Holdings Limited (formerly known as Weifang Diesel Engine Works).

2. The number of H shares reported above held by the relevant substantial shareholder does not take into consideration the Company's bonus share issuance on 17 August 2012 as there is no disclosure of interest obligation under the SFO where there is no change in percentage of shareholdings for a substantial shareholder.

3. The percentage shareholding is calculated on the basis of 1,999,309,639 issued shares of the Company as at 30 June 2015 (comprising 1,513,549,639 "A" shares and 485,760,000 "H" shares).

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 30 June 2015.

EMOLUMENT POLICY

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

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

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the Period was the Company and 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 Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

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

AUDIT COMMITTEE

The Audit Committee of the Company (the "Audit Committee") comprises five independent non-executive Directors of the Company. The Chairman of the Audit Committee is Mr. Wang Gongyong, an independent non-executive Director. Mr. Wang has 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. During the Period, 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 reviewed consolidated financial statements for the Period.

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

Throughout the Period, other than the roles of the Chairman and the Chief Executive Officer being performed by Mr. Tan Xuguang ("Mr. Tan"), and that the directors of the Company did not attend each of the Company's annual general meeting and extraordinary general meeting during the Period due to other essential business engagements, the Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

Mr. Tan is in charge of the overall management of the Company. The Company considers that the combination of the roles of the Chairman and the Chief Executive Officer can promote the efficient formulation and implementation of the Company's strategies which will enable the Group to grasp business opportunities efficiently and promptly. The Company considers that through the supervision of its board and its independent non-executive Directors, there is adequate balance of power and authority in place.

COMPLIANCE WITH THE MODEL CODE

During the Period, the Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code. 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 Period.

SUFFICIENCY OF PUBLIC FLOAT

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

APPROVAL OF THE FINANCIAL STATEMENTS

The reviewed consolidated financial statements for the Period were approved by the Board on 27 August 2015.

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

The 2015 interim 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.weichaipower.com in due course.

Tan Xuguang
Chairman and Chief Executive Officer

Hong Kong, 27 August 2015

As at the date of this announcement, the executive Directors of the Company are Mr. Tan Xuguang, Mr. Zhang Quan, Mr. Xu Xinyu, Mr. Li Dakai and Mr. Sun Shaojun; the non-executive Directors of the Company are Mr. Wang Yuepu, Mr. Jiang Kui and Mr. Gordon Riske; and the independent non-executive Directors of the Company are Mr. Loh Yih, Mr. Zhang Zhenhua, Mr. Zhang Zhong, Mr. Wang Gongyong and Mr. Ning Xiangdong.