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潍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)**

## **OVERSEAS REGULATORY ANNOUNCEMENT**

This announcement is made pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Reference is made to an announcement made by Weichai Power Co., Ltd. (the “**Company**”) on the website of Shenzhen Stock Exchange dated 30 October 2019, which is for information only. The full text of the announcement in Chinese is published on the websites of the Stock Exchange and the Company.

By order of the Board of Directors  
**Tan Xuguang**  
*Chairman and CEO*

Weifang, Shandong, PRC

30 October 2019

*As at the date of this announcement, the executive Directors of the Company are Mr. Tan Xuguang, Mr. Zhang Quan, Mr. Xu Xinyu, Mr. Sun Shaojun, Mr. Yuan Hongming and Mr. Yan Jianbo; the non-executive Directors of the Company are Mr. Wang Yuepu, Mr. Jiang Kui, Mr. Gordon Riske and Mr. Michael Martin Macht; and the independent non-executive Directors of the Company are Mr. Zhang Zhong, Mr. Wang Gongyong, Mr. Ning Xiangdong, Mr. Li Hongwu and Mr. Wen Daocai.*

Stock Code: 000338

Abbreviation: Weichai Power

Announcement No.: 2019-033

**WEICHAI POWER CO., LTD.**  
**THIRD QUARTERLY REPORT FOR 2019**  
**(MAIN TEXT)**



## **SECTION 1 IMPORTANT NOTICE**

**The board of directors, the Supervisory Committee and the directors, supervisors and senior management of the Company warrant that no false presentations or misleading statements are contained herein, nor with any material omissions, and severally and jointly accept responsibilities for the authenticity, accuracy and completeness of the contents of this quarterly report.**

**All directors have attended the Board meeting in respect of reviewing this quarterly report.**

**Tan Xuguang, principal of the Company, Kwong Kwan Tong, principal in-charge of accounting and Li Xia, head of accounting department (in charge person of accounting), warrant that the financial statements contained in the quarterly report are true, accurate and complete.**

## SECTION 2 BASIC INFORMATION OF THE COMPANY

### 2.1 Major accounting data and financial indicators

Whether the Company has made retrospective adjustment or restatement of accounting data of the prior years

☐ Yes ☒ No

Unit: RMB

	As at the end of the reporting period	As at the end of last year		Change for the end of reporting period as compared to end of last year
Total assets (RMB)	223,726,604,498.05	205,276,365,174.18		8.99%
Net assets attributable to shareholders of listed company (RMB)	42,877,114,285.21	39,313,734,834.02		9.06%
	Reporting period	Change for the reporting period over the corresponding period of last year	From the beginning of the year to the end of the reporting period	Change for the period from the beginning of the year to the end of the reporting period over the corresponding period of last year
Revenue (RMB)	35,845,761,369.43	-0.20%	126,708,257,889.91	7.21%
Net profit attributable to shareholders of listed company (RMB)	1,770,753,119.83	10.07%	7,058,241,497.72	17.61%
Net profit attributable to shareholders of listed company after extraordinary gain/loss (RMB)	1,494,633,694.65	-0.93%	6,447,076,829.66	13.35%
Net cash flows from operating activities (RMB)	--	--	4,014,711,229.81	-38.15%
Basic earnings per share (RMB/share)	0.22	10.95%	0.89	18.55%
Diluted earnings per share (RMB/share)	0.22	10.95%	0.89	18.55%
Weighted average return on net assets	4.15%	-0.18%	17.20%	0.73%

Extraordinary gain/loss items and amounts

☒ Applicable ☐ N/A

Unit: RMB

Item	Amount from the beginning of the year to the end of the reporting period	Description
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Gains or losses from disposal of non-current assets (including the part of assets impairment provision already made and written off)	103,406,089.71	
Government subsidy accounted into profit and loss for the current period, excluding those closely associated with the business of the Company which were given in a fixed amount or volume in compliance with state standard	140,420,761.47	
Profit and loss from debt restructuring	8,891,743.08	
Profit and loss on the changes in fair value generated from financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities and investment income received from disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investments, other than effective hedging business relating to ordinary operating business of the Company	436,033,421.23	
Reversal of impairment provision in respect of receivables and contract assets for which impairment test is conducted separately	6,768,474.42	
Other non-operating income and expenses other than the above items	126,652,586.90	
Less: Effects of income tax	106,732,364.94	
Effects of minority interests (after tax)	104,276,043.81	
Total	611,164,668.06	--

Notes for the Company's extraordinary gain or loss items as defined in the Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No.1 - Extraordinary Gains or Losses and the extraordinary gain or loss items as illustrated in the Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No.1 - Extraordinary Gains or Losses defined as its recurring gain or loss items

☐ Applicable    ☒ N/A

During the reporting period, the Company did not define any extraordinary gain or loss items as defined and illustrated in the Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No.1 – Extraordinary Gains or Losses as its recurring gain or loss items.

## 2.2 Total number of shareholders and information on shareholdings of the top ten shareholders as at the end of the reporting period

### 1. Number of shareholders of ordinary shares and shareholders of preference shares with resumed voting rights and information on shareholdings of the top tenshareholders

Unit: Share

Total number of shareholders of ordinary shares as at the end of the reporting period	180,939	Total number of shareholders of preference shares with resumed voting rights as at the end of the reporting period, if any	0			
Information on shareholdings of the top ten shareholders						
Name of shareholder	Nature of shareholder	Shareholding ratio	Number of shares held	Number of restricted shares held	Pledged or frozen	
					Status of shares	Quantity
HKSCC Nominees Limited	Foreign shareholder	24.43%	1,938,406,116			
Weichai Group Holdings Limited	State-owned legal person	17.72%	1,406,100,000	1,345,905,600		
Hong Kong Securities Clearing Company Limited	Overseas legal person	5.13%	407,084,690			
Weifang Investment Group Company Limited	State-owned legal person	3.74%	296,625,408	296,625,408		
China Securities Finance Corporation Limited	Domestic non-state-owned legal person	2.06%	163,608,906			
IVM Technical Consultants Wien Gesellschaft m.b.H	Overseas legal person	1.58%	125,265,203			
Central Huijin Assets Management Company Limited	State-owned legal person	1.37%	108,492,800			
Shandong Enterprise Trust Operation Company Limited	Domestic non-state- owned legal person	0.83%	66,180,960			
Tan Xuguang	Domestic natural person	0.74%	58,842,596	44,131,947		
Hu Zhongxiang	Domestic natural person	0.63%	50,264,177			
Information on shareholdings of the top ten non-restricted shareholders						
Name of shareholder	Number of non-restricted shares held		Types of shares			
			Types of shares		Quantity	
HKSCC Nominees Limited	1,938,406,116		Overseas listed foreign shares		1,938,406,116	
Hong Kong Securities Clearing Company Limited	407,084,690		RMB	ordinary shares	407,084,690	
China Securities Finance Corporation Limited	163,608,906		RMB	ordinary shares	163,608,906	

IVM Technical Consultants Wien Gesellschaft m.b.H	125,265,203	RMB	ordinary shares	125,265,203
Central Huijin Assets Management Company Limited	108,492,800	RMB	ordinary shares	108,492,800
Shandong Enterprise Trust Operation Company Limited	66,180,960	RMB	ordinary shares	66,180,960
Weichai Group Holdings Limited	60,194,400	RMB	ordinary shares	60,194,400
Hu Zhongxiang	50,264,177	RMB	ordinary shares	50,264,177
China Merchants Bank Co., Ltd. – Orient Hong Rui Feng Flexible Allocation Mixed Securities Investment Fund (LOF) (招商银行股份有限公司－东方红睿丰灵活配置混合型证券投资基金(LOF))	43,424,254	RMB	ordinary shares	43,424,254
Abu Dhabi Investment Authority	37,241,939	RMB	ordinary shares	37,241,939
Statement on the connected relationship or acting in concert relationship among the aforementioned shareholders	Among the aforesaid shareholders, Mr. Tan Xuguang is the chairman of Weichai Group Holdings Limited. The Company is not aware whether there is any connected relationship among the aforementioned shareholders, or whether there is any acting in concert relationship among them.			
Description of top 10 shareholders' involvement in financing and securities lending businesses	Among the top 10 shareholders of the Company, Hu Zhongxiang held 49,369,177 shares through a client credit trading guarantee securities account of China Galaxy Securities Co., Ltd..			

Whether any of the top ten shareholders of ordinary shares and the top ten non-restricted shareholders of ordinary shares of the Company conducted any transactions on agreed repurchases during the reporting period

☐ Yes ☒ No

None of the top ten shareholders of ordinary shares or the top ten non-restricted shareholders of ordinary shares of the Company conducted any transactions on agreed repurchases during the reporting period.

## 2. Total number of shareholders of preference shares and information on shareholdings of the top ten shareholders of preference shares as at the end of the reporting period

☐ Applicable ☒ N/A

## SECTION 3 IMPORTANT EVENTS

### 3.1 Information on and reasons for the changes of financial statistics and financial indicators during the reporting period

√ Applicable    □ N/A

Unit: RMB

Item on Statements	As at the end of the reporting period	As at the end of last year	Percentage change	Reason
Financial assets held for trading	5,915,503,031.17	4,115,199,600.23	43.75%	It is mainly attributable to the increase in structured deposits in the current period.
Construction in progress	5,523,692,606.42	2,848,101,239.62	93.94%	It is mainly attributable to the increase in investments in some construction projects of the Company in the current year.
Short-term loans	8,037,340,704.45	5,472,765,901.24	46.86%	It is mainly attributable to the general working capital requirements.
Long-term payables	3,520,442,033.45	9,895,419,535.20	-64.42%	It is mainly attributable to the effect of implementation of new lease standards.
Item on Statements	From the beginning of year to the end of the reporting period	Corresponding period of last year	Percentage change	Reason
Research & development expenses	3,585,775,633.45	2,684,165,691.90	33.59%	It is mainly attributable to the increase in research and development expenditure during the period.
Finance expenses	141,092,090.41	99,589,936.90	41.67%	It is mainly attributable to the increase in structured deposits in the current period and the recognition of interest income in investment income.
Investment income	490,916,366.16	336,382,718.03	45.94%	It is mainly attributable to the increase in income of structured deposits in the current period.



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Gain on change of fair value	127,437,168.43	27,992,650.96	355.25%	It is mainly attributable to the increase in gain on cross currency swap instruments.
Impairment loss of assets	-389,707,627.13	-266,412,361.68	-46.28%	It is mainly attributable to the increase in provision for decline in value of inventories.
Net cash flows from operating activities	4,014,711,229.81	6,491,451,894.12	-38.15%	It is mainly attributable to the impact caused by the time point of cash collection from sales of merchandises.
Net cash flows from investing activities	-6,687,742,942.65	-4,566,690,774.44	-46.45%	It is mainly attributable to the increase in structured deposits and acquisition of fixed assets in the current period.

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

☐ Applicable ☒ N/A

Progress of implementation of share repurchase

☐ Applicable ☒ N/A

Progress of implementation of the disposal of repurchased shares by way of centralized bidding

☐ Applicable ☒ N/A

**3.3 Commitments made by the Company's de facto controllers, shareholders, connected parties, acquirers entities and other related committing parties not yet implemented during the reporting period**

☒ Applicable ☐ N/A

The commitment	Commitments by	Type of commitment	Contents of commitments	Time of commitments	Period of commitments	Implementation situation
Other commitments to medium and minority shareholders of the Company	Shaanxi Automotive Group Co., Ltd., Shaanxi Heavy-duty Motor Company Limited	Other commitments	I. Issues relating to the qualification of Shaanxi Zhongqi: 1. The business scope of Shaanxi Zhongqi covers the production and sale of full-set automobiles ("Sale and export trade (licensed operation) of automobiles (excluding sedans), auto parts and components and engines produced by the company" as stated in its Business License of Corporate Legal	9 April 2007	Before 30 June 2007	Implementation of commitments was not yet completed.

			<p>Person). According to the announcement “Vehicle Manufacturers and Products” made by the State Development and Reform Commission (the “SDRC”), Shaanxi Automotive, the other shareholder of Shaanxi Zhongqi, remained as the manufacturer of the “Shaan-qi” branded automobiles.</p> <p>2. In establishing Shaanxi Zhongqi jointly with TAGC, the contribution from Shaanxi Automotive was represented by the operating assets relating to the operation of heavy-duty automobile production, whereas the corresponding undertakings and human resources were taken over by Shaanxi Zhongqi. Whilst the qualification of Shaanxi Automotive for producing and selling heavy-duty full-set automobile products shall be succeeded by Shaanxi Zhongqi, the formalities for the change of qualification have not been completed under the influence of the “Delong-league” crisis and other factors. Shaanxi Automotive has committed to cooperate in procuring the change of qualification as mentioned above according to the law.</p> <p>II. Issues relating to land lease:</p> <p>1. Shaanxi Zhongqi leased from Shaanxi Automotive land parcels and buildings located in No. 39 and No. 71 of Xingfu Bei Road in Xincheng District, Xi’an City and Caojia Town in Qishan County.</p> <p>2. Shaanxi Automotive failed to provide the relevant title documents including property ownership certificates, land use certificates or leasing registration certificates, etc.</p> <p>3. Shaanxi Automotive and Shaanxi Zhongqi undertook that they shall fully negotiate and communicate with local governments to seek elimination of the irregularities existing in the leased land and properties, within the shortest possible timeframe. Where losses are suffered by Shaanxi Zhongqi in this regard, Shaanxi Automotive shall be responsible for its full compensation.</p>			
	Shaanxi Fast Gear Co., Ltd.	<b>Other commitments</b>	<p>1. Shaanxi Fast Gear Co., Ltd., a subsidiary controlled by the Company leased from Shaanxi Auto Gear General Works (currently named Shaanxi Fast Gear Automotive Transmission Co., Ltd., and hereinafter “Fast Transmission”) two parcels of land located in Daqing Road, Lianhu District, Xi’an City and Wu Zhang</p>	1 December 2006	One year	Implementation of commitments was not yet completed.

			<p>Yuan Town in Qishan County and Shucang Village in Baoji County, both in Shaanxi Province. The aforesaid two parcels of land were acquired by Fast Transmission by way of allocation, but Fast Transmission failed to provide competent government authorities with documents testifying agreed leasing of the land use rights concerning such allocated land.</p> <p>2. SFGC leased from Fast Transmission buildings located in the west section of Daqing Road, Lianhu District, Xi'an City and Wu Zhang Yuan Town in Qishan County and Shucang Village in Baoji County. For some of the buildings, title documents including property ownership certificates, corresponding land use right certificates and leasing registration etc. have not yet been obtained.</p> <p>3. Fast Transmission and SFGC undertook to fully negotiate and communicate with the local governments to seek lawful and effective regulations or adjustments to the leasing of land and properties within one year and seek elimination of the existing circumstances of irregularities in respect of the leasing of land parcels and properties.</p>			
	Weichai Power Co., Ltd.	Other commitments	<p>During the merger by absorption with TAGC, Weichai Power built some properties on a parcel of land acquired by way of land grant, allocation and leasing which is to the west of Weizhou Road and to the south of Min Sheng Road East Street by Weifang Diesel Engine Factory (currently named Weichai Group Holdings Limited, and hereinafter "Weichai Group").</p> <p>Application has been made by Weichai Power for the grant (transfer) of six parcels of land under Weichai Group where the aforesaid buildings are located, to obtain the land use rights by way of land grant to the aforesaid land parcels.</p>	1 December 2006	One year	Implementation of commitments was not yet completed.
Whether the commitments have been implemented timely	No					

<p>If implementation of commitments is not yet completed, state detailed reasons for not completing implementation of commitments and next plan</p>	<p><b>1. Regarding the commitments made by Shaanxi Automotive Group Co., Ltd. and Shaanxi Heavy-duty Motor Company Limited</b></p> <p>According to the Decision Concerning the Administrative and Regulatory Measures under No. (2014) 9 issued by Shandong Regulatory Bureau of China Securities Regulatory Commission (《中国证券监督管理委员会山东监管局(2014)9号行政监管措施决定书》), Shaanxi Automotive Group, through Weichai Power Co., Ltd., issued announcements in designated media on 13 August 2014, stating the reasons for not implementing the commitments, updates on progress, next solutions and relevant risk factors as follows: “I. Since 2007, Shaanxi Automotive has striven to transfer the qualification for producing full-set heavy-duty vehicles to Shaanxi Heavy-duty Motor Company Limited, a controlling subsidiary of Weichai Power. However, in actual practice, due to the change of austerity measures and industry policies of the state, competent authorities including the State Development and Reform Commission and the Ministry of Industry and Information Technology do not permit the segregation and partial transfer of qualification with respect to full-set automobile. As such, the “change of holder of sale and production qualification in respect of full-set heavy-duty vehicle products to Shaanxi Heavy-duty Motor Company Limited, a controlling subsidiary of Weichai Power Co., Ltd.” as stated in the Decision Concerning the Administrative and Regulatory Measures under No. (2014) 92 issued by Shandong Regulatory Bureau of China Securities Regulatory Commission (《中国证券监督管理委员会山东监管局(2014)92号行政监管措施决定书》) has not been completed due to the aforesaid policy ground albeit efforts made by various parties. Going forward, the Company will actively trace the changes of state policies applicable to the automobile industry. Once permitted under policies, we commit that transfer of sale and production qualification in respect of full-set heavy-duty vehicles will be completed within half a year. II. Since its establishment in 2002, Shaanxi Heavy-duty Motor Company Limited has undergone rapid and healthy development and fully safeguarded the interests of investors. The qualification issue has never had any impact on the normal operation and development of the company. This management approach has also won recognition from competent state authorities. Shareholders from both sides and relevant regulatory bodies have been satisfied with the operation, development and result of performance of the company. III. The land and buildings located at No. 39 and No. 71 of Xingfu Bei Road in Xincheng District, Xi'an City, Shaanxi Province are listed under the “Comprehensive Renovation Work Plan for the Neighborhood at Xingfu Road (《幸福路地区综合改造工作方案》)” in accordance with the Notice Concerning the Issuance of Comprehensive Renovation Work Plan for the Neighborhood at Xingfu Road (《关于印发幸福路地区综合改造工作方案的通知》) under Shi Zheng Bang Fa No. (2013) 89 issued by the General Office of Xi'an People's Government, requiring enterprises to complete removal by the due date, and the relevant matters shall be implemented according to the government's arrangements. Shaanxi Heavy-duty Motor Company Limited moved to its registered address namely Jingwei Industrial Park, Economic and Technological Development Zone, Xi'an in 2006 and obtained state-owned land use right in respect of land parcels occupying approximately 2,700 mu, satisfying its operation and development needs. Regarding the aforesaid matters, the company will lawfully issue announcement in a timely manner through Weichai Power Co., Ltd.”</p> <p><b>2. Regarding the commitments made by Shaanxi Fast Gear Co. Ltd.</b></p> <p>According to the Decision Concerning the Administrative and Regulatory Measures under No. (2014) 10 issued by Shandong Regulatory Bureau of China Securities Regulatory Commission (《中国证券监督管理委员会山东监管局(2014)10号行政监管措施决定书》), Fast Transmission, through Weichai Power Co., Ltd., stated the reasons for not implementing the commitments, updates on progress, next solutions and relevant risk factors as follows: “I. Regarding the regulations on the land and parcels and buildings located in Daqing Road, Lianhu District, Xi'an City and Wu Zhang Yuan Town in Qishan County and Shucang Village in Baoji County, both in Shaanxi Province, which were originally committed by the group for leasing to Shaanxi Fast Gear Co., Ltd., a controlling subsidiary of Weichai Power Co., Ltd., to date, the land use right certificates and property ownership certificates for the buildings located in Wu Zhang Yuan Town in Qishan County and Shucang Village in Baoji County, both in Shaanxi Province have been completed. The land use right certificate for the land parcels in Daqing Road, Lianhu District, Xi'an City has been completed, but the property ownership certificate is on hold as suggested by the government because Lianhu District is located in the zone that has been designated as part of the government's removal area. The factories located in Lianhu District, Xi'an City, Shaanxi Province has been, in accordance with the Notice by Xi'an People's Government Concerning the Administration of the Construction Projects in the Comprehensive Renovation Zone in Tumen Area(《西安市人民政府关于加强土门地区综合改造区域建设项目管理的通告》) under Shi Zheng Gao No. [2013] 4 issued by Xi'an People's Government, the land parcel has been included under the Working Plan of the Comprehensive Renovation of Tumen Area, requiring enterprises to complete removal by the due date, and the relevant matters shall be implemented according to the government's arrangements. The company shall remove on a planned and step-by-step basis and this will not affect the production operation and development of Shaanxi Fast Gear Co. Ltd. II. The group is a wholly state-owned enterprise and its reform and development has been strongly supported by Shaanxi Government and the local government for its region. Its land and properties have been endorsed by the local government and are not subject to risks. The group commits, once again, that it shall bear all losses to be incurred as a result of any failure to normally use/ failure to use those land parcels and buildings by Shaanxi Fast Gear Co. Ltd. which is in turn due to any claim of rights over those land parcels and buildings made by any third parties or imposition of any penalty by the relevant government bodies during the leasing period. Regarding the aforesaid matters, the group will lawfully issue announcement in a timely manner through Weichai Power Co., Ltd.”</p>
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**3. Regarding the commitments made by Weichai Power**

The 6 parcels of land proposed to be granted have been listed by Weifang People's Government as part of the overall planning for land use under the government's "From City to Industrial Park" initiative, and legal procedures for granting land to Weichai Power will no longer proceed. During the transitional period under the staged implementation of the overall planning of the "From City to Industrial Park" initiative, Weichai Power shall continue to lease those land parcels in the original manner. According to the further communication between the Company and the government, the Company shall implement, by stages, the overall planning of the government's "From City to Industrial Park" initiative.

**3.4. Investments in securities**

√ Applicable    □ N/A

Unit: RMB

Type of securities	Stock code	Short name	Initial Investment cost	Accounting method	Carrying value at the beginning of period	Gain or loss on fair value changes arising during the period	Accumulated fair value changes included in equity during the period	Purchase amount for the period	Sale amount for the period	Gain/loss for the period	Carrying value at the end of period	Accounted for under	Source
Domestic and overseas equity	600166	Foton Motor	194,000,000.00	Fair value measurement	145,600,000.00		12,800,000.00				158,400,000.00	Investment in other equity instruments	Internal funding
Domestic and overseas equity	000425	XCMG	1,199,540,273.14	Fair value measurement	1,006,304,269.98		411,690,684.76				1,417,994,954.74	Investment in other equity instruments	Internal funding
Total			1,393,540,273.14	--	1,151,904,269.98		424,490,684.76				1,576,394,954.74	--	--

**3.5. Entrusted wealth management**

□ Applicable      ✓ N/A

The Company had no entrusted wealth management in the reporting period.

**3.6. Investments in derivatives**

✓ Applicable      □ N/A

Unit: in ten thousand RMB

Name of operators of derivatives investment	Connection	Whether or not a connected transaction	Type of Derivatives investment	Initial Investment amount of derivatives investment	Effective Date	Expiry Date	Investment at the beginning of the Period	Amount acquired during the reporting period	Amount disposed of during the reporting period	Amount of provision for impairment (if any)	Investment at the end of the Period	Proportion of investment to the net asset of the Company at the end of the reporting period	Actual amount of profit and loss during the reporting period
The Hong Kong and Shanghai Banking Corporation Limited, the Bank of China, Barclays	No	No	Cross Currency Swap Business	0.00	30 September 2015	30 September 2020	-16,132.92				2,478.12	0.04%	18,415.50
The Hong Kong and Shanghai Banking Corporation Limited, Australia and New Zealand Banking Group Limited, BNP Paribas, JP Morgan	No	No	Cross Currency Swap Business	0.00	14 September 2017	14 September 2022	8,523.64				44,679.25	0.67%	36,024.30
Overseas non-connecting financial institutions etc.	No	No	Cash flow hedge in respect of forward exchange contracts	0.00	1 January 2017	2019-2020	1,923.37				-2,496.72	-0.04%	-19,230.62
Overseas non-connecting financial institutions etc.	No	No	Interest rate swaps hedging	0.00	21 February 2017	2020-2024	-6,169.55				-11,962.56	-0.18%	-12,359.60
Overseas non-connecting financial institutions etc.	No	No	Fair value hedging	0.00	22 June 2018	1 June 2025	823.38				2,137.72	0.03%	6,809.83
Domestic connecting financial institution	No	No	Structured deposit	1,643,700.00	27 April 2018	27 March 2020	361,500.00	1,282,200.00	1,123,200.00		517,000.00	7.75%	16,592.73
<b>Total</b>				1,643,700.00	--	--	350,467.92	1,282,200.00	1,123,200.00		551,835.81	8.27%	46,252.16
Source of derivatives investment funding				Internal funding									
Litigation involved (if applicable)				Not applicable									
Date of the announcement disclosing the approval by the board of directors of derivatives investment by the Board (if any)				23 September 2015									
				31 August 2017									
				22 August 2018									
				11 January 2019									
Risk analysis of positions in derivatives during the reporting period and explanations of risk control measures (including but not limited to market risk, liquidity risk, credit risk, operation risk, legal risk etc.)				There is appropriate internal control system for the management of the Company to control the relevant risks. At the end of reporting period, there was no significant exposure for the positions in derivatives of the Company.									

<p>Changes in market price or product fair value of invested derivatives during the reporting period, where specific methods and relevant assumptions and parameters used shall be disclosed in the analysis of derivatives' fair value</p>	<p>In the course of valuation, the Company adopted valuation techniques which were appropriate in the circumstances and for which sufficient data and other information were available for measurement, selecting inputs which were consistent with the characteristics of the assets and liabilities contemplated by market participants under the relevant assets or liabilities transactions. Priorities should be given to the use of relevant observable inputs. Where the relevant observable inputs could not be obtained in a practicable manner or at all, unobservable inputs would be used instead.</p> <p>(1) On 1 July 2016, Weichai International Hong Kong Energy Group Co., Limited ("Hong Kong Energy"), a subsidiary of the Company, used the 2015 bond cross currency swaps as hedging instrument, and conducted cash flow hedging on the foreign currency bond amounting to USD400 million against the cash flow fluctuation incurred by change in exchange rates. From January to September 2019, the gain on the changes in fair value of the hedging instruments recognized in other comprehensive income amounted to RMB184,155,042.15 (EUR23,754,565.89). The amount included in the statement of profit and loss for the current period was RMB116,624,473.45 (EUR15,034,648.58). There was no material invalid hedge for the period. Key parameters of assumption included interest payment ratio, interest receipt ratio, frequency of interest receipt, frequency of interest payment, USD interest rate curve, EUR interest rate curve, USD/EUR exchange rate curve etc.</p> <p>(2) The effective date of 2017 bond cross currency swaps contract of Weichai International Hong Kong Energy Group Co., Limited ("Hong Kong Energy"), a subsidiary of the Company, was 14 September 2017. The gain on the changes of fair value from January to September 2019 amounted to RMB360,243,027.80 (EUR46,760,517.62). Key parameters of assumption included interest payment ratio, interest receipt ratio, frequency of interest receipt, frequency of interest payment, USD interest rate curve, EUR interest rate curve, USD/EUR exchange rate curve etc.</p> <p>(3) At the inception of hedging, KION Group AG, a subsidiary of the Company, conducted cash flow hedging on forward currency contracts designated to the exchange rate risk of forecast sale, forecast purchase and firm commitment. From January to September 2019, the post-tax loss on the changes in fair value of the hedging instruments recognized in other comprehensive income amounted to RMB30,425,911.20 (EUR3,924,000.00). The post-tax included in the profit or loss for the current period was RMB25,657,324.20 (EUR3,309,000.00). There was no material invalid hedge for the period. Key parameters of assumption included contracted exchange rate, prevailing forward exchange rate, discount rate etc.</p> <p>(4) KION Group AG, a subsidiary of the Company, conducted cash flow hedging on interest rate swap contracts designated to the interest rate risk of the floating-rate borrowings for acquiring Dematic Group, a subsidiary of the Company. From January to September 2019, the amount after tax loss on the changes in fair value of the hedging instruments recognized in other comprehensive income amounted to RMB50,841,666.60 (EUR6,557,000.00). No amount was taken to profit or loss during the current period. There was no material invalid hedge for the period. Key parameters of assumption included contracted sum of payment, forward interest rate, discount rate etc.</p> <p>(5) On 22 June 2018, KION Group AG, a subsidiary of the Company, entered into interest rate swap contracts to conduct fair value hedging designated on the interest rate risk of the fixed-rate medium-term notes with a face value of EUR100,000,000.00 issued this period. On 30 September 2019, the aforesaid hedged items of the Group were presented as bonds payable in the financial statements of the Group with a carrying value of RMB615,333,814.20 (EUR79,359,000.00). The carrying value of the adjustment of changes in fair value of the hedged items taken to the hedged items was RMB121,277,185.80 (EUR15,641,000.00). There was no material invalid hedge for the current period. Key parameters of assumption included contracted sum of payment, forward interest rate, discount rate etc.</p> <p>There was a high degree of transparency of the market changes of the subject linked to the structured deposit business conducted by the Company with active transactions, whose fair values could be determined based on the prices provided or obtained by intermediary financial institutions such as banks.</p>
<p>Explanations of any significant changes in the Company's accounting policies and specific accounting and auditing principles on derivatives between the reporting period and the last reporting period</p>	<p>No change</p>
<p>Specific opinions of independent Directors on the derivatives investment and risk control of the Company</p>	<p>For details, please refer to the "Independent opinion on the Company's relevant matters by independent directors of Weichai Power Co., Ltd." disclosed by the Company on 31 August 2017 and the "independent opinion on the launch of derivative trading business by a controlling subsidiary of the Company by independent directors of Weichai Power Co., Ltd." disclosed by the Company on 22 August 2018 and 11 January 2019.</p>



**3.7. Meetings with researchers, public relations and interviews during the reporting period**

✓ Applicable    □ N/A

Time	Way of reception	Type of guests	Basic information of research
3 July 2019	On-site research	Corporation	For details, please refer to the <i>Logbook of Investor Relations Activities as of 3 July 2019</i> disclosed by the Company on CNINFO website
9 July 2019	On-site research	Corporation	For details, please refer to the <i>Logbook of Investor Relations Activities as of 9 July 2019 (I)</i> disclosed by the Company on CNINFO website
9 July 2019	On-site research	Corporation	For details, please refer to the <i>Logbook of Investor Relations Activities as of 9 July 2019 (II)</i> disclosed by the Company on CNINFO website
15 July 2019	On-site research	Corporation	For details, please refer to the <i>Logbook of Investor Relations Activities as of 15 July 2019</i> disclosed by the Company on CNINFO website
2 September 2019	On-site research	Corporation	For details, please refer to the <i>Logbook of Investor Relations Activities as of 2 September 2019</i> disclosed by the Company on CNINFO website
3 September 2019	On-site research	Corporation	For details, please refer to the <i>Logbook of Investor Relations Activities as of 3 September 2019</i> disclosed by the Company on CNINFO website
11 September 2019	On-site research	Corporation	For details, please refer to the <i>Logbook of Investor Relations Activities as of 11 September 2019</i> disclosed by the Company on CNINFO website
17 September 2019	On-site research	Corporation	For details, please refer to the <i>Logbook of Investor Relations Activities as of 17 September 2019 (I)</i> disclosed by the Company on CNINFO website
17 September 2019	On-site research	Corporation	For details, please refer to the <i>Logbook of Investor Relations Activities as of 17 September 2019 (II)</i> disclosed by the Company on CNINFO website
17 September 2019	On-site research	Corporation	For details, please refer to the <i>Logbook of Investor Relations Activities as of 17 September 2019 (III)</i> disclosed by the Company on CNINFO website

**3.8. External guarantees in violation of regulations**

☐ Applicable ☒ N/A

The Company did not have external guarantees in violation of regulations during the reporting period.

**3.9. Non-operating funds of the listed company occupied by its controlling shareholders and their associates**

☐ Applicable ☒ N/A

There were no non-operating funds of the listed company occupied by its controlling shareholders and their associates during the reporting period.

WEICHAI POWER CO., LTD.

Tan Xuguang, Chairman

30 October 2019